

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2017

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WINTER, WISCONSIN
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WINTER, WISCONSIN
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FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

Board of Education
School District of Winter
Winter, 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 School District of Winter, Wisconsin (District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Winter, Wisconsin as of June 30, 2017, and the respective changes in the financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

The District has omitted a 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 the 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.

Supplementary 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 individual and combining fund statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and schedule of state financial assistance are presented for purposes of additional analysis as required by the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Education
School District of Winter

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



CliftonLarsonAllen LLP

Rice Lake, Wisconsin
November 16, 2017

BASIC FINANCIAL STATEMENTS

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
STATEMENT OF NET POSITION
JUNE 30, 2017**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 1,426,053
Taxes Receivable	1,327,469
Accounts Receivable	10,037
Due from Other Governments	94,909
Prepaid Expenses	31,928
Inventory	638
Capital Assets:	
Capital Assets Not Being Depreciated	13,060
Capital Assets	7,500,035
Accumulated Depreciation	(4,434,129)
Total Assets	5,970,000
DEFERRED OUTFLOWS OF RESOURCES	
Wisconsin Retirement System Pension Plan Related	887,395
LIABILITIES	
Accounts Payable	4,137
Accrued Payroll and Related Liabilities	360,341
Termination Benefit	6,000
Unearned Revenue	1,746
Current Portion of Long-Term Obligations	7,544
Long-Term Liabilities:	
Compensated Absences	206,630
Termination Benefit	30,000
WRS Pension Plan Liability	122,895
Total Liabilities	739,293
DEFERRED INFLOWS OF RESOURCES	
Wisconsin Retirement System Pension Related	388,669
NET POSITION	
Net Investment in Capital Assets	3,077,422
Restricted for:	
Community Service	7,358
Unrestricted	2,644,653
Total Net Position	\$ 5,729,433

See accompanying Notes to Financial Statements.

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
STATEMENT OF ACTIVITIES
JUNE 30, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Total Governmental Activities</u>
Primary Government:				
Governmental Activities:				
Instruction:				
Regular Instruction	\$ 1,636,427	\$ 89,918	\$ 307,847	\$ (1,238,662)
Vocational Instruction	193,210	16,847	1,500	(174,863)
Special Instruction	373,820	9,679	218,587	(145,554)
Other Instruction	195,852	7,499	-	(188,353)
Total Instruction	<u>2,399,309</u>	<u>123,943</u>	<u>527,934</u>	<u>(1,747,432)</u>
Support Services:				
Pupil Services	174,429	-	16,078	(158,351)
Instructional Staff Services	109,222	-	46,937	(62,285)
General Administration Services	185,205	-	18,826	(166,379)
Building Administration Services	186,315	-	-	(186,315)
Business Services	79,928	-	-	(79,928)
Operations and Maintenance of Plant	443,454	-	-	(443,454)
Pupil Transportation Services	295,601	-	23,090	(272,511)
Food Service	208,589	50,451	139,775	(18,363)
Central Services	93,360	-	-	(93,360)
Insurance and Judgments	71,654	-	-	(71,654)
Interest and Fiscal Fees	4,469	-	-	(4,469)
Other Support Services	27,301	-	-	(27,301)
Community Services	142,102	-	-	(142,102)
Non-Program Transactions	436,345	-	-	(436,345)
Depreciation - Unallocated *	110,268	-	-	(110,268)
Total Support Services	<u>2,568,242</u>	<u>50,451</u>	<u>244,706</u>	<u>(2,273,085)</u>
Total Primary Government	<u>\$ 4,967,551</u>	<u>\$ 174,394</u>	<u>\$ 772,640</u>	<u>(4,020,517)</u>
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				3,623,852
Property Taxes, Levied for Community Service Purposes				130,957
Other Taxes				39,345
State Aids Not Restricted to Specific Functions:				
General				331,041
Other				254
Interest and Investment Earnings				1,851
Miscellaneous				34,227
Total General Revenues				<u>4,161,527</u>
Change in Net Position				141,010
Net Position - Beginning of Year				<u>5,588,423</u>
Net Position - End of Year				<u>\$ 5,729,433</u>

* This amount excludes depreciation included in the direct expense of the various functions - see Note 3.C.

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	<u>Major Fund</u>		
	General Fund	Nonmajor Governmental Funds	<u>Totals</u>
ASSETS			
Cash and Investments	\$ 1,415,454	\$ 10,599	\$ 1,426,053
Taxes Receivable	1,327,469	-	1,327,469
Accounts Receivable	8,389	1,648	10,037
Due from Other Funds	8,698	-	8,698
Due from Other Governments	92,496	2,413	94,909
Prepaid Expenditures	26,183	5,745	31,928
Inventory	-	638	638
	<u> -</u>	<u> 638</u>	<u> 638</u>
Total Assets	<u>\$ 2,878,689</u>	<u>\$ 21,043</u>	<u>\$ 2,899,732</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 4,137	\$ -	\$ 4,137
Accrued Payroll and Related Liabilities	357,100	3,241	360,341
Termination Benefits	6,000	-	6,000
Due to Other Funds	-	8,698	8,698
Unearned Revenue	-	1,746	1,746
	<u> -</u>	<u> 1,746</u>	<u> 1,746</u>
Total Liabilities	367,237	13,685	380,922
Fund Balances:			
Nonspendable	26,183	6,383	32,566
Restricted	-	7,358	7,358
Unassigned	2,485,269	(6,383)	2,478,886
Total Fund Balances	<u>2,511,452</u>	<u>7,358</u>	<u>2,518,810</u>
Total Liabilities and Fund Balances	<u>\$ 2,878,689</u>	<u>\$ 21,043</u>	<u>\$ 2,899,732</u>

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2017**

Total Fund Balances - Governmental Funds

\$ 2,518,810

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Land	\$	13,060	
Land Improvements		72,333	
Buildings		5,792,228	
Machinery and Equipment		1,635,474	
Accumulated Depreciation		<u>(4,434,129)</u>	3,078,966

Wisconsin Retirement System Pension Plan:

Net pension liability/asset and related deferred inflows and outflows are recorded only on the Statement of Net Position. Balances at year-end are:

Net Pension (Liability) or Asset		(122,895)	
Deferred Outflows of Resources - Pension Related		887,395	
Deferred Inflows of Resources - Pension Related		<u>(388,669)</u>	375,831

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:

Capital Leases		1,544	
Compensated Absences		206,630	
Termination Benefit		<u>36,000</u>	<u>(244,174)</u>

Net Position of Governmental Activities

\$ 5,729,433

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017**

	<u>Major Fund</u>		<u>Totals</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	
REVENUES			
Local Sources:			
Property Taxes	\$ 3,623,852	\$ 130,957	\$ 3,754,809
Other Local Sources	21,994	50,951	72,945
Interdistrict Sources	123,258	-	123,258
Intermediate Sources	21,791	-	21,791
State Sources	595,747	4,618	600,365
Federal Sources	384,205	135,157	519,362
Other Sources	14,621	-	14,621
Total Revenues	<u>4,785,468</u>	<u>321,683</u>	<u>5,107,151</u>
EXPENDITURES			
Instruction:			
Regular Instruction	1,477,299	-	1,477,299
Vocational Instruction	188,000	-	188,000
Special Instruction	358,017	-	358,017
Other Instruction	189,037	-	189,037
Support Services:			
Pupil Services	163,511	-	163,511
Instructional Staff Services	102,602	-	102,602
General Administration	187,068	-	187,068
School Building Administration	174,669	-	174,669
Business Services	78,191	-	78,191
Operations and Maintenance of Plant	732,253	-	732,253
Pupil Transportation Services	320,758	-	320,758
Food Service	-	203,930	203,930
Central Services	91,149	-	91,149
Insurance and Judgments	71,803	-	71,803
Debt Service	6,735	-	6,735
Other Support Services	27,358	-	27,358
Community Services	-	142,162	142,162
Non-Program	437,254	-	437,254
Total Expenditures	<u>4,605,704</u>	<u>346,092</u>	<u>4,951,796</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	179,764	(24,409)	155,355
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Capital Assets	1,410	-	1,410
Transfers In	-	13,204	13,204
Transfers Out	(13,204)	-	(13,204)
Net Other Financing Sources (Uses)	<u>(11,794)</u>	<u>13,204</u>	<u>1,410</u>
NET CHANGE IN FUND BALANCES	167,970	(11,205)	156,765
Fund Balances, Beginning of Year	<u>2,343,482</u>	<u>18,563</u>	<u>2,362,045</u>
FUND BALANCES, END OF YEAR	<u>\$ 2,511,452</u>	<u>\$ 7,358</u>	<u>\$ 2,518,810</u>

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

Net Change in Fund Balances - Total Governmental Funds \$ 156,765

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. In the current period these amounts are:

Capital Outlays Reported in Governmental Fund Statements	\$ 407,780	
Depreciation Expense Reported in the Statement of Activities	<u>(205,763)</u>	202,017

In the statement of activities, the gain or loss on the sale or disposal of capital assets is recognized. The fund financial statements recognize only the proceeds from these sales

Loss on the Sale/Disposal of Capital Assets		(63,587)
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Wisconsin Retirement System Pension Plan:

Pension expenditures in the governmental funds are measured by current year employee contributions. Pension expenses on the statement of activities are measured by the change in net pension liability and the related deferred inflows and outflows of resources.		(173,226)
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Repayment of long-term debt and related obligations are reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Capital Lease Retirement	2,252	2,252
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Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:

Net Change in Compensated Absences	(11,500)	
Net Change in Termination Benefit	18,000	
Net Change in Other Postemployment Benefits	<u>10,289</u>	<u>16,789</u>

Change in Net Position of Governmental Activities \$ 141,010

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017**

	Private- Purpose Trust Funds	Agency Funds
ASSETS		
Cash and Investments	\$ 824,209	<u>\$ 58,382</u>
LIABILITIES		
Due to Student Organizations	-	<u>\$ 58,382</u>
NET POSITION		
Held in Trust	\$ 824,209	

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2017**

	Private - Purpose Trust Funds
ADDITIONS	
Interest	\$ 13,316
Gifts	56,766
Net Increase (Decrease) in Fair Value of Investments	32,561
Total Additions	102,643
 DEDUCTIONS	
Scholarships Awarded	51,000
 CHANGE IN NET POSITION	 51,643
Net Position, Beginning of Year	772,566
 NET POSITION, END OF YEAR	 \$ <u><u>824,209</u></u>

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of the School District of Winter (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental 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.

B. Reporting Entity

The School District of Winter is organized as a common school district. The District, governed by a seven member elected school board, operates grades pre-kindergarten through twelve and is comprised of all or parts of thirteen taxing districts.

The financial reporting of the District is defined by the GASB to consist of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The basic financial statements of the District consist solely of the primary government. No other organizations were identified for inclusion in the financial reporting entity of the District.

C. Government-Wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds) as described below:

Government-Wide Statements

The statement of net position and the statement of activities present financial information about the District's governmental type activities. (The District had no business-type activities for the reporting year.) These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Government-Wide and Fund Financial Statements (Continued)

Government-Wide Statements (Continued)

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

Fund Financial Statements

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

The District has the following major governmental fund:

General Fund – The General Fund is used for all financial activity that is not required to be accounted for in another fund. This is the District's primary operating fund. Special education activities are also accounted for in this fund.

Additionally, the District reports the following fund types:

Private-Purpose Trust Fund – The Private-Purpose Trust Fund is used to account for assets held by the District in a trustee capacity for individuals, private organizations and for other governmental units, including scholarship funds.

Agency Fund – The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and/or other governmental units; specifically, activities of student organizations are accounted for in the agency fund.

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Agency funds do not have a measurement focus.

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity

1. Deposits and Investments

Investments are reported at fair value, except for short-term money market investments, which are reported at cost and certain external investment pools which are reported at amortized cost.

The District is required to invest its funds in accordance with Wisconsin Statutes 66.0603 and 67.11(2). State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, U.S. Treasury obligations, U.S. agency issues, high grade commercial paper, and the local government pooled-investment fund administered by the state investment board. Available balances in the debt service fund may be invested in municipal obligations, obligations of the United States and the local government pooled-investment fund.

Donations to the District of securities or other property are considered trust funds and are invested as the donor specifies. In the absence of any specific directions, the District does hold investments for donated items which are not in accordance with the laws applicable to trust investments.

2. Receivables and Payables

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

The District's property taxes are levied on or before October 31 on the equalized property valuation certified by the Department of Revenue. As permitted by a collecting municipality's ordinance, taxes may be paid in full or two or more installments with the first installment payable the subsequent January 31st, and a final payment no later than the following July 31st. The District is paid by the collecting municipality its proportionate share of tax collections received through the last day of the preceding month on or before January 15th, and by the 20th of each subsequent month thereafter. On or before August 20th, the County Treasurer makes full settlement to the District for any remaining balance. The County assumes all responsibility for delinquent real property taxes.

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

2. Receivables and Payables (Continued)

Property Taxes (Continued). Property taxes are recognized as revenue in the period for which taxes are levied. The 2016 tax levy is used to finance operations of the District's fiscal year ended June 30, 2017. All property taxes are considered due on January 1st, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30th and are available to pay current liabilities.

Accounts Receivable. All accounts receivable are shown at gross amounts. No allowance for uncollectible accounts has been provided since such allowance would not be material.

Interfund Balances. The current portion of lending/borrowing arrangements between funds is identified as "due to/from other funds". The non-current portion of outstanding balances between funds is reported as "advances to/from other funds". Advances between funds are classified as nonspendable fund balance to indicate that they are not available for appropriation and are not expendable available financial resources. For government-wide financial statements, eliminations were made for amounts due to and due from within the same fund type.

3. Inventories and Prepaid Items

Expendable supplies or non-capital items acquired for initial use in subsequent fiscal periods are recorded as inventories and/or prepaid expenses. Prepaid insurance or service contracts are not recorded unless their recognition as an expenditure would result in more than one year's cost being recorded. Inventory and prepaid supplies are valued at the lower of cost (first-in, first-out method) or market.

4. Capital Assets

Capital assets are reported at actual cost or estimated historical costs based on an appraisal conducted by an independent third-party appraisal firm. Donated assets are reported at estimated fair market value at the time received.

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

4. Capital Assets (Continued)

Capitalization thresholds (the dollar valued above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land Improvements	\$ 1,000	Straight-line	20-50 Years
Buildings and Improvements	1,000	Straight-line	20-50 Years
Machinery and Equipment	1,000	Straight-line	5-15 Years

5. Deferred Outflows of Resources

The District would report decreases in net position or fund equity that relate to future periods as deferred outflows of resources in a separate section of its government-wide statements of net position or governmental fund balance sheet. The District reports deferred outflows of resources for net pension related items.

6. Deferred Inflows of Resources

The District's governmental activities and governmental fund financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund equity that applies to a future period. The District will not recognize the related revenue until a future event occurs. The District reports deferred inflows of resources for pension related items.

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

7. Compensated Absences

The District's policy allows non-teacher employees to earn varying amounts of vacation pay for each year employed.

A liability for compensated absences is not accrued in the District's governmental fund financial statements but is recorded as expenditure when paid. Such liability is accrued in the government-wide financial statements when earned. The District's policies and estimated liabilities at year end are further discussed in Note 4.C.

8. Termination Benefit

Eligible professional certified staff members will receive non-elective post-employment 403(b) employer contributions upon retirement from the District. The District will contribute \$500 per month for up to 60 months to the 403(b) employer contribution as set forth in the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA). This benefit is non-precedent setting and does not obligate the District to provide this benefit in future years or to any other staff.

9. Other Postemployment Benefits Payable

The District administers a single-employer defined benefit health care plan. The plan provides medical and dental insurance benefits to eligible retirees through the District's group medical insurance plan, which covers both active and retired members. The eligibility requirements are based on the retiree's position, years of service, and age at retirement. The plan does not issue a standalone report. See Note 4.B for additional information.

10. Wisconsin Retirement System Pension Benefits

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.

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

11. Long-Term Obligations

In the government-wide financial statements, outstanding long-term debt and other long-term obligations are reported as liabilities.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. As required by state statute, premium and accrued interest received as part of the proceeds are recorded in the debt service fund.

12. Use of Restricted Resources

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.

13. Equity Classifications

Fund equity, representing the difference between assets, deferred inflows/outflows of resources and liabilities, is classified as follows in the District's financial statements:

Government-Wide Statements. Fund equity is classified as net position in the government-wide financial statements and is displayed in three components. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is displayed as unrestricted.

Fund Financial Statements. In the fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Nonspendable fund balance represents amounts that are inherently nonspendable or assets that are legally or contractually required to be maintained intact. Restricted fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties. Committed fund balance represents constraints on spending that the government imposes upon itself by high-level formal action prior to the close of the fiscal period. Assigned fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or body delegated to exercise such authority in accordance with policy established by the board. Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

13. Equity Classifications (Continued)

Fund Financial Statements (Continued). The District has not set a policy on minimum unassigned fund balance. Committed fund balance is required to be established, modified, or rescinded by resolution of the District Board prior to each year end. Based on resolution of the District Board, the District Administrator has the authority to establish or modify assigned fund balance. When restricted and unrestricted fund balance is available for an expenditure, it is the District's policy to first use restricted fund balance. When committed, assigned, and unassigned fund balance is available for an expenditure, it is the District's policy to use committed, assigned and finally unassigned fund balance.

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

The District's budget is adopted in accordance with Chapter 65 of the Wisconsin Statutes and on a basis consistent with generally accepted accounting principles. Changes to appropriations authorized in the adopted budget generally require a vote of two-thirds of the entire membership of the governing body. The District's legal budget is adopted at the major function level in the general fund (i.e., general government). General fund expenditures were greater than budgeted expenditures for fiscal year 2017 for vocational curriculum, pupil services, debt service and other non-program expenditures by a total amount of \$55,392. These overages were determined necessary and authorized by management and the school board.

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The trust and agency funds use separate and distinct accounts. All other funds share in common cash and investment accounts.

The District's cash and investments balances at June 30, 2017 were shown in the financial statements as follows:

Governmental Funds	\$ 1,426,053
Fiduciary Funds:	
Private Purpose Trust Funds	824,209
Agency Funds	58,382
	\$ 2,308,644

The above balances at June 30, 2017 consisted of the following:

Deposits at Financial Institutions:	
Bank Accounts Subject to Federal and State	
Depository Coverage	\$ 1,590,520
Brokered Investments	717,824
Petty Cash	300
	\$ 2,308,644

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Deposits at Financial Institutions

The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term 'time and savings deposits' includes NOW accounts and money market deposit accounts but does not include interest-bearing demand deposit accounts (which were permitted after July 21, 2011). The term 'demand deposits' means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal.

The insurance coverage of accounts held by government depositors is different if the depository institution is located outside the State in which the public unit is located. In that case, all deposits, both time and savings deposits and demand deposits, owned by the public unit and held by the public unit's official custodian are added together and insured up to \$250,000. Time and savings deposits are not insured separately from demand deposits. Coverage under the State Guarantee Fund may not exceed \$400,000 above the amount of coverage under federal depository insurance at any institution and is limited by the availability of the appropriations authorized therein. (Due to the relatively small size of the State Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.) Also, Section 34.07 of the Wisconsin Statutes authorizes the District to collateralize its deposits that exceed the amount of coverage provided by federal depository insurance and the State Guarantee Fund. Custodial credit risk for deposits is the risk that, in the event of failure, the District's deposits may not be returned.

Custodial credit risk for deposits is the risk that, in the event of bank failure, the District's deposits may not be returned. At June 30, 2017, the District's deposits were not exposed to custodial credit risk.

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Investments

The District's investments at June 30, 2017 consisted of deposits in the following external investment pool:

Investment in State Local Government Pooled-Investment Fund. The State of Wisconsin offers a Local Government Investment Pool (LGIP) to local government units to enable them to voluntarily invest idle funds in State Investment Fund. Local funds are pooled with state funds and invested by the State Investment Board. There is no minimum or maximum amount that can be invested by a local governmental unit. Interest is earned on a daily basis and withdrawals are generally available on the day of request. Deposits in the LGIP are not covered by federal depository insurance but are subject to coverage under the State Guarantee Fund. Also, the State of Wisconsin Investment Board has obtained a surety bond to protect deposits in the LGIP against defaults in principal payments on the LGIP's investments (subject to certain limitations). The average monthly weighted average maturity of the State Investment Fund's investments for 2017 was 63 days.

Custodial Credit Risk – Investments: Is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. The District's policy is to invest its funds in accordance with provisions of the Wisconsin Statutes as previously discussed in Note 1.E.1.

Interest Rate Risk: Is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with maturity dates farther into the future are more sensitive to changes in market interest rates. The short weighted average maturities of the investments in the above external investment pool mitigates this risk to the District.

<u>Description</u>	<u>Totals</u>	<u>< 1</u>	<u>1 to 3</u>	<u>4 to 6</u>	<u>7 to 10</u>	<u>Than 10</u>
U.S. Treasury and Agencies	\$ 36,720	\$ -	\$ 36,720	\$ -	\$ -	\$ -
Corporate Bonds	40,580	20,131	20,449	-	-	-
Municipal Bonds	73,662	-	5,356	10,682	17,125	40,499
	<u>\$ 150,962</u>	<u>\$ 20,131</u>	<u>\$ 62,525</u>	<u>\$ 10,682</u>	<u>\$ 17,125</u>	<u>\$ 40,499</u>

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Investments (Continued)

Credit Risk – Investments: State statute limits investments in commercial paper and corporate bonds at the top two ratings issued by nationally recognized statistical organizations. Ratings are not required, or available, for the Wisconsin Local Government Investment Pool (LGIP). The District has no investment policy that would further limit its investment choices. The actual ratings, as rated by Standards and Poor's, for each investment type at June 30, 2017, was as follows:

<u>Description</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>B</u>	<u>Total</u>
U.S. Treasury and Agencies	\$ 36,720	\$ -	\$ -	\$ -	\$ -	\$ 36,720
Corporate Bonds	-	-	20,449	20,131	-	40,580
Municipal Bonds	-	49,962	23,700	-	-	73,662
	<u>\$ 36,720</u>	<u>\$ 49,962</u>	<u>\$ 44,149</u>	<u>\$ 20,131</u>	<u>\$ -</u>	<u>\$ 150,962</u>

Concentration of Credit Risk – Investments: The District does not currently have a policy that addresses concentration of credit risk. At June 30, 2017, the District had no investments in any one issuer (excluding U.S. Treasury Securities, those insured by the U.S. government, and mutual funds) that represented 5 percent or more of the total of the District's investments.

B. Fair Value Measurements

The District uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The District follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the District has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Fair Value Measurements (Continued)

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

Assets measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
U.S. Treasury and Agencies	\$ -	\$ 36,720	\$ -	\$ 36,720
Corporate Bonds	-	40,580	-	40,580
Municipal Bonds	-	73,662	-	73,662
Equity Securities	234,850	-	-	234,850
Mutual Funds - Equities	332,012	-	-	332,012
Total	<u>\$566,862</u>	<u>\$150,962</u>	<u>\$ -</u>	<u>\$717,824</u>

C. Capital Assets

Changes in the capital assets for the year ended June 30, 2017 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 13,060	\$ -	\$ -	\$ 13,060
Capital Assets Being Depreciated:				
Land Improvements	72,333	-	-	72,333
Buildings and Improvements	5,492,229	299,999	-	5,792,228
Machinery and Equipment	1,617,826	107,781	(90,133)	1,635,474
Total Capital Assets Being Depreciated	<u>7,182,388</u>	<u>407,780</u>	<u>(90,133)</u>	<u>7,500,035</u>
Accumulated Depreciation:				
Land Improvements	51,896	1,998	-	53,894
Buildings and Improvements	2,902,368	114,166	-	3,016,534
Machinery and Equipment	1,300,648	89,599	(26,546)	1,363,701
Total Accumulated Depreciation	<u>4,254,912</u>	<u>205,763</u>	<u>(26,546)</u>	<u>4,434,129</u>
Governmental Activities Capital Assets Net of Accumulated Depreciation	<u>\$ 2,940,536</u>	<u>\$ 202,017</u>	<u>\$ (63,587)</u>	<u>\$ 3,078,966</u>

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

Depreciation was charged to governmental functions as follows:

Instruction:			
Regular Instruction		\$	27,043
Support Services:			
General Administrative Services			12,327
Operation and Maintenance of Plant			2,913
Pupil Transportation Services			51,970
Food Services			1,242
Unallocated Depreciation			110,268
Total Depreciation for Governmental Activities		\$	205,763

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2017 was as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Food Service Fund	\$ 8,698	Cashflow

Interfund Transfers

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Purpose</u>
Food Service Fund	General Fund	\$ 13,204	District's Share of Costs
		\$ 13,204	

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations

Changes in Long-Term Obligations

Changes in long-term obligations of the District for the year ended June 30, 2017 were as follows:

	Balances July 1, 2016	Additions	Reductions	Balances June 30, 2017	Amounts Due Within One Year
Other Long-Term Obligations:					
Capital Lease Payable	\$ 3,796	\$ -	\$ 2,252	\$ 1,544	\$ 1,544
Compensated Absences	195,130	106,616	95,116	206,630	-
Termination Benefit	54,000	-	18,000	36,000	6,000
Subtotal	<u>252,926</u>	<u>106,616</u>	<u>115,368</u>	<u>244,174</u>	<u>7,544</u>
Total	<u>\$ 252,926</u>	<u>\$ 106,616</u>	<u>\$ 115,368</u>	<u>\$ 244,174</u>	<u>\$ 7,544</u>

The District's other long-term obligations are generally liquidated from the general fund and special revenue funds. The District's estimated liabilities for compensated absences, termination benefits and other postemployment benefits are discussed in Note 4.C, 4.D and 4.B, respectively.

General Obligation Debt

State Statutes limit the amount of debt the District can have outstanding based on the equalized valuation of the District as certified by the Wisconsin Department of Revenue. The legal debt limit and margin of indebtedness as of June 30, 2017 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt Limit (10% of \$454,803,663)	\$ 45,480,366
Deduct Long-Term Debt Application to Debt Margin	-
Margin of Indebtedness	<u>\$ 45,480,366</u>

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Capital Lease Agreements

The District entered into a lease purchase agreement to acquire a black and white printer. The printer is reported in the District's capital assets at a cost of \$2,785 with accumulated depreciation at June 30, 2017 of \$2,089. The lease agreement is due on December 15, 2017 with an interest rate of 9.714 percent. The repayment schedule is as follows:

<u>Description</u>	<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Capital Lease - Color Printer Dated December 15, 2013	2018	\$ 1,544	\$ 408	\$ 1,952

F. Governmental Fund Balances

The governmental fund balances reported on the fund financial statements at June 30, 2017 consisted of the following:

	<u>Total</u>	<u>Nonspendable</u>	<u>Restricted</u>	<u>Unassigned</u>
Major Funds:				
General Fund				
Prepays	\$ 26,183	\$ 26,183	\$ -	\$ -
Unassigned	2,485,269	-	-	2,485,269
Subtotal General Fund	2,511,452	26,183	-	2,485,269
Nonmajor Funds				
Special Revenue Funds:				
Food Service				
Inventory	6,383	6,383	-	-
Other Food Service Programs	(6,383)	-	-	(6,383)
Community Service	7,358	-	7,358	-
Subtotal Nonmajor Funds	7,358	6,383	7,358	(6,383)
Total Governmental Fund Balances at June 30, 2017	<u>\$ 2,518,810</u>	<u>\$ 32,566</u>	<u>\$ 7,358</u>	<u>\$ 2,478,886</u>

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 4 OTHER INFORMATION

A. Wisconsin Retirement System Pension Plan Benefits

General Information about the Pension Plan

Plan Description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

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

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

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

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

The WRS also provides death and disability benefits for employees.

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

General Information about the Pension Plan (Continued)

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

During the District's fiscal year reporting period June 30, 2016 through June 30, 2017, the WRS recognized \$147,009 in contributions from the employer.

Contribution rates as of June 30, 2017 are:

	2016		2017	
	Employee	Employer	Employee	Employer
General	6.60%	6.60%	6.80%	6.80%
Teachers	6.60%	6.60%	6.80%	6.80%

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2007	3.0%	10.0%
2008	6.6	0.0
2009	(2.1)	(42.0)
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

Pension Liability/Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the District reported a liability of \$122,895 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015 rolled forward to December 31, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. At December 31, 2016, the District's proportion was 0.01491017 percent, which was a decrease of 0.00023518% from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$317,773. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 46,860	\$ 386,495
Changes of Assumptions	128,492	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	611,734	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	8,992	2,174
District Contributions Subsequent to the Measurement Date	91,317	-
Total	<u>\$ 887,395</u>	<u>\$ 388,669</u>

\$91,317 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a decrease to the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	<u>Pension Expense Amount</u>
2017	\$ 164,514
2018	164,514
2019	113,287
2020	(35,188)
2021	282

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

Pension Liability/Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset):	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	5-Year Smoothed Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Inflation:	2.0% to 2.7% - approximate
Salary Increases:	3.2% to 8.8% including inflation
	WRS experience projected to
Mortality:	2017 with scale BB
Post-retirement Adjustments*:	5.0%

*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 2013 using experience from 2010-2012.

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

Asset Class	Core Asset Allocation		Variable Asset Allocation	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	N/A	N/A	70%	4.7%
International Equity	N/A	N/A	30%	5.6%
Equities	45%	5.4%	N/A	N/A
Fixed Income	37%	1.4%	N/A	N/A
Inflation Sensitive Assets	20%	1.5%	N/A	N/A
Real Estate	7%	3.6%	N/A	N/A
Private Equity/Debt	7%	6.5%	N/A	N/A
Multi-Asset	4%	3.7%	N/A	N/A
Cash	-20%	1%	N/A	N/A
Totals	<u>100%</u>		<u>100%</u>	

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

Pension Liability/Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount rate. A single discount rate of 7.20 percent 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 percent and a long term bond rate of 3.78 percent. Because of the unique structure of WRS, the 7.20 percent expected rate of return implies that a dividend of approximately 2.1 percent will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,616,768	\$ 122,895	\$ (1,027,454)

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://legis.wisconsin.gov/lab/> and reference report number 17-16.

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Plan

The District adopted Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The District engaged an actuary to determine the District's liability for postemployment healthcare benefits other than pensions.

Single-Employer Plan Description

The District, through its substantive commitment to provide other postemployment benefits (OPEB), maintains a single-employer defined benefit plan to provide certain post-retirement healthcare benefits to all former employees who meet retirement eligibility requirements and continue retiree medical coverage for a specific period. The District is under contractual obligation to provide these postemployment healthcare benefits. Because the Plan consists solely of the District's firm commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

Funding Policy

The District funds its OPEB obligation on a pay as you go basis. For fiscal year 2017, the District contributed \$22,725 to the plan.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually paid from the plan, and changes in the District's net OPEB obligation. As of June 30, 2017, the plan was closed and the balance of the obligation has been reduced to zero.

Annual Required Contribution	\$	12,689
Interest on Net OPEB Obligation		309
Adjustment to Annual Required Contribution		(562)
Annual OPEB Cost (Expense)		12,436
Contributions Made		(22,725)
Change in Net OPEB Obligation		(10,289)
Net OPEB Obligation - Beginning of Year		10,289
Net OPEB Obligation - End of Year	\$	-

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Plan (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017, and the two preceding years is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/17	\$ 12,436	182.7%	\$ -
6/30/16	10,979	640.5	10,289
6/30/15	8,212	1,471.6	69,635

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the District's unfunded actuarial accrued liability (UAAL) was \$232,563 and covered payroll was \$2,402,149. This resulted in a UAAL as a percentage of covered payroll of 9.7%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Plan (Continued)

Actuarial Methods and Assumptions (Continued)

In the July 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.0% interest discount rate of return, which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The initial healthcare trend rate was zero based on the District's average health insurance rate increase for 2017. The rate is increased to 8.0% in year two and then reduced by decrements to an ultimate rate of 5.5%. The UAAL is being amortized as a level dollar of projected payrolls on an open basis. The remaining amortization period at June 30, 2017 was less than 30 years.

C. Compensated Absences

School District of Winter employees meeting eligibility requirements will be compensated for their accumulated sick leave as negotiated and approved in their individual contracts. The District's estimated liability for this leave totaled \$206,630 at June 30, 2017.

D. Termination Benefits

School District of Winter employees meeting eligibility requirements will be provided a termination benefit. At June 30, 2017, the District had only two employees that continue to qualify for this benefit. The District's estimated liability for this leave totaled \$42,000 at June 30, 2017. The balance of this benefit is recorded between both the fund level financial statements and the government-wide financial statements. The long-term and half of the current portion of \$36,000 are recorded on the government-wide financial statements and the remaining \$6,000 is recorded as a current liability on the fund level financial statements.

E. Self-Funded Health Insurance Program

Effective February 1, 1988 the District entered into the Northern Wisconsin Schools Employee Benefit Plan and Trust dental self-insurance program (hereinafter "Trust"). Delta Dental of Wisconsin acts as the third party administrator for the Trust. The Northern Wisconsin Schools Association Board of Trustees annually shall establish such benefit structure as it deems necessary for the smooth operation of the Trust and shall establish a dental self-insurance plan. At a minimum, the Board of Trustees shall establish an individual stop/loss and an aggregate stop/loss for all the options which shall be averaged on a per participant basis on a monthly basis to arrive at the aggregate attachment point.

The Board of Trustees will annually, on recommendation of the Third Party Administrator, determine the basic premium levels and may at any time during that year or thereafter establish any charges annually so as to balance the individual employer units account up to 10 percent of that employer units calculated aggregate attachment point plus cost of administration, stop/loss, legal and other operational costs.

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (CONTINUED)

F. Limitation on School District Revenues

Wisconsin statutes limit the amount of revenues school districts may derive from general school aids and property taxes. The annual revenue increase from these sources is based on pupil count and is limited to the amount approved by legislative action unless a higher amount has been approved by a referendum. The State also placed a limit on the decrease in the annual revenue cap due to declining enrollments. The State further allows an exemption equal to 75% of the prior year unused allowable revenue.

This limitation does not apply to revenues 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 a referendum prior to August 12, 1993.
- A referendum on or after August 12, 1993.

G. 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; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the last three years.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 3,625,052	\$ 3,623,852	\$ 3,623,852	\$ -
Other Local Sources	7,500	8,700	21,994	13,294
Interdistrict Sources	111,976	111,976	123,258	11,282
Intermediate Sources	33,683	33,683	21,791	(11,892)
State Sources	583,458	583,458	595,747	12,289
Federal Sources	382,430	382,430	384,205	1,775
Other Revenues	15,343	15,343	14,621	(722)
Total Revenues	<u>4,759,442</u>	<u>4,759,442</u>	<u>4,785,468</u>	<u>26,026</u>
EXPENDITURES				
Instruction:				
Regular Curriculum	1,477,999	1,494,643	1,477,299	17,344
Vocational Curriculum	173,840	173,840	188,000	(14,160)
Special Curriculum	397,958	397,958	358,017	39,941
Physical Curriculum	103,246	103,246	93,919	9,327
Co-Curricular Activities	107,263	107,263	95,118	12,145
Total Instruction	<u>2,260,306</u>	<u>2,276,950</u>	<u>2,212,353</u>	<u>64,597</u>
Support Services:				
Pupil Services	130,109	130,109	163,511	(33,402)
Instructional Staff Services	109,281	109,281	102,602	6,679
General Administration	193,855	193,855	187,068	6,787
School Building Administration	175,708	175,708	174,669	1,039
Business Services	80,422	80,422	78,191	2,231
Operation and Maintenance of Plant	743,972	743,972	732,253	11,719
Pupil Transportation Services	362,766	362,766	320,758	42,008
Central Services	119,012	119,012	91,149	27,863
Insurance and Judgments	75,840	75,840	71,803	4,037
Debt Services	-	-	6,735	(6,735)
Other Support Services	32,185	32,185	27,358	4,827
Total Support	<u>2,023,150</u>	<u>2,023,150</u>	<u>1,956,097</u>	<u>67,053</u>
Non-Program:				
Instructional Services	454,278	437,634	436,159	1,475
Other Non-Program	-	-	1,095	(1,095)
Total Non-Program	<u>454,278</u>	<u>437,634</u>	<u>437,254</u>	<u>380</u>
Total Expenditures	<u>4,737,734</u>	<u>4,737,734</u>	<u>4,605,704</u>	<u>132,030</u>
EXCESS OF REVENUES OVER EXPENDITURES	21,708	21,708	179,764	158,056
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	-	1,410	1,410
Transfers Out	(21,708)	(21,708)	(13,204)	8,504
Total Other Financing Sources (Uses)	<u>(21,708)</u>	<u>(21,708)</u>	<u>(11,794)</u>	<u>9,914</u>
NET CHANGE IN FUND BALANCE	-	-	167,970	167,970
Fund Balance, Beginning of Year	<u>2,343,482</u>	<u>2,343,482</u>	<u>2,343,482</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,343,482</u>	<u>\$ 2,343,482</u>	<u>\$ 2,511,452</u>	<u>\$ 167,970</u>

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS (OPEB)
JUNE 30, 2017**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2014	\$ -	\$ 232,563	\$ 232,563	0.0%	\$ 2,402,149	9.7%
7/1/2011	-	734,479	734,479	0.0%	2,021,017	36.3%
7/1/2008	-	4,638,377	4,638,377	0.0%	2,000,905	231.8%

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF
WISCONSIN RETIREMENT SYSTEM NET PENSION LIABILITY/ASSET
LAST TEN FISCAL YEARS
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability (asset)	0.01531406%	0.01514535%	0.01491017%
District's proportionate share of the net pension liability (asset)	\$ (376,155)	\$ 246,109	\$ 122,895
District's covered payroll	\$ 2,078,046	\$ 2,134,576	\$ 2,156,304
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-18.10%	11.53%	5.70%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%	98.20%	99.12%

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO
WISCONSIN RETIREMENT SYSTEM PENSION PLAN
LAST TEN FISCAL YEARS
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

	Fiscal Year Ending June 30, 2015	Fiscal Year Ending June 30, 2016	Fiscal Year Ending June 30, 2017
Contractually Required Contribution	\$ 143,463	\$ 147,103	\$ 147,009
Contributions in Relation to the Contractually Required Contributions	(143,463)	(147,103)	(147,009)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 2,086,590	\$ 2,163,282	\$ 2,161,894
Contributions as a Percentage of Covered Payroll	6.88%	6.80%	6.80%

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

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

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017**

BUDGETARY INFORMATION

GASB Statement No. 34 requires the presentation of budgetary comparison schedules for the general fund and for each major special revenue fund. Budgetary information for the general fund is derived from the District's annual operating budget.

Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. The District's legally adopted budget and budgetary expenditure control is exercised at the function level in the general fund and at the fund level for all other funds. Reported budget amounts are as originally adopted or as amended by School Board resolution.

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

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

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
COMBINING BALANCE SHEET
GENERAL FUND
JUNE 30, 2017**

	General Fund (Fund 10)	Special Education Fund (Fund 27)	Elimination Entry	Total General Fund
ASSETS				
Cash and Investments	\$ 1,394,228	\$ 21,226	\$ -	\$ 1,415,454
Taxes Receivable	1,327,469	-	-	1,327,469
Accounts Receivable	8,389	-	-	8,389
Due from Other Funds	8,698	-	-	8,698
Due from Other Governments	67,435	25,061	-	92,496
Prepaid Expenditures	26,183	-	-	26,183
	<u>2,832,402</u>	<u>46,287</u>	<u>-</u>	<u>2,878,689</u>
Total Assets	\$ 2,832,402	\$ 46,287	\$ -	\$ 2,878,689
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 3,501	\$ 636	\$ -	\$ 4,137
Accrued Payroll and Related Liabilities	314,449	42,651	-	357,100
Termination Benefit	3,000	3,000	-	6,000
Total Liabilities	<u>320,950</u>	<u>46,287</u>	<u>-</u>	<u>367,237</u>
Fund Balances:				
Nonspendable	26,183	-	-	26,183
Unassigned	2,485,269	-	-	2,485,269
Total Fund Balance	<u>2,511,452</u>	<u>-</u>	<u>-</u>	<u>2,511,452</u>
Total Liabilities and Fund Balances	\$ 2,832,402	\$ 46,287	\$ -	\$ 2,878,689

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
COMBINING BUDGETARY COMPARISON SCHEDULE
FUND 10 AND FUND 27
YEAR ENDED JUNE 30, 2017**

	Original Budgets				Final Budgets				Actuals			
	Fund 10	Fund 27	Elimination	Combined	Fund 10	Fund 27	Elimination	Combined	Fund 10	Fund 27	Elimination	Combined
	General	Special			General	Special			General	Special		
	Fund	Education Fund		Original	Fund	Education Fund		Final	Fund	Education Fund		Actual
REVENUES												
Local Sources:												
Property Taxes	\$ 3,625,052	\$ -	\$ -	\$ 3,625,052	\$ 3,623,852	\$ -	\$ -	\$ 3,623,852	\$ 3,623,852	\$ -	\$ -	\$ 3,623,852
Other Local Sources	7,500	-	-	7,500	8,700	-	-	8,700	21,994	-	-	21,994
Interdistrict Sources	111,976	-	-	111,976	111,976	-	-	111,976	123,258	-	-	123,258
Intermediate Sources	11,729	21,954	-	33,683	11,729	21,954	-	33,683	1,500	20,291	-	21,791
State Sources	480,212	103,246	-	583,458	480,212	103,246	-	583,458	492,584	103,163	-	595,747
Federal Sources	277,816	104,614	-	382,430	277,816	104,614	-	382,430	266,341	117,864	-	384,205
Other Revenues	15,343	-	-	15,343	15,343	-	-	15,343	14,621	-	-	14,621
Total Revenues	4,529,628	229,814	-	4,759,442	4,529,628	229,814	-	4,759,442	4,544,150	241,318	-	4,785,468
EXPENDITURES												
Instruction:												
Regular Curriculum	1,477,999	-	-	1,477,999	1,494,643	-	-	1,494,643	1,477,299	-	-	1,477,299
Vocational Curriculum	173,840	-	-	173,840	173,840	-	-	173,840	188,000	-	-	188,000
Special Curriculum	-	397,958	-	397,958	-	397,958	-	397,958	-	358,017	-	358,017
Physical Curriculum	103,246	-	-	103,246	103,246	-	-	103,246	93,919	-	-	93,919
Co-Curricular Activities	107,263	-	-	107,263	107,263	-	-	107,263	95,118	-	-	95,118
Total Instruction	1,862,348	397,958	-	2,260,306	1,878,992	397,958	-	2,276,950	1,854,336	358,017	-	2,212,353
Support Services:												
Pupil Services	88,180	41,929	-	130,109	88,180	41,929	-	130,109	87,777	75,734	-	163,511
Instructional Staff Services	41,092	68,189	-	109,281	41,092	68,189	-	109,281	34,104	68,498	-	102,602
General Administration	193,855	-	-	193,855	193,855	-	-	193,855	187,068	-	-	187,068
School Building Administration	175,708	-	-	175,708	175,708	-	-	175,708	174,669	-	-	174,669
Business Services	80,422	-	-	80,422	80,422	-	-	80,422	78,191	-	-	78,191
Operation and Maintenance of Plant	743,972	-	-	743,972	743,972	-	-	743,972	732,253	-	-	732,253
Pupil Transportation Services	360,951	1,815	-	362,766	360,951	1,815	-	362,766	320,176	582	-	320,758
Central Services	119,012	-	-	119,012	119,012	-	-	119,012	91,149	-	-	91,149
Insurance and Judgments	75,840	-	-	75,840	75,840	-	-	75,840	71,803	-	-	71,803
Debt Services	-	-	-	-	-	-	-	-	6,735	-	-	6,735
Other Support Services	24,000	8,185	-	32,185	24,000	8,185	-	32,185	20,156	7,202	-	27,358
Total Support	1,903,032	120,118	-	2,023,150	1,903,032	120,118	-	2,023,150	1,804,081	152,016	-	1,956,097
Non-Program:												
Instructional Services	454,278	-	-	454,278	437,634	-	-	437,634	436,159	-	-	436,159
Other Non-Program	-	-	-	-	-	-	-	-	-	1,095	-	1,095
Total Non-Program	454,278	-	-	454,278	437,634	-	-	437,634	436,159	1,095	-	437,254
Total Expenditures	4,219,658	518,076	-	4,737,734	4,219,658	518,076	-	4,737,734	4,094,576	511,128	-	4,605,704
EXCESS OF REVENUES OVER EXPENDITURES	309,970	(288,262)	-	21,708	309,970	(288,262)	-	21,708	449,574	(269,810)	-	179,764
OTHER FINANCING SOURCES (USES)												
Proceeds from Sale of Fixed Assets	-	-	-	-	-	-	-	-	1,410	-	-	1,410
Transfers In	-	288,262	(288,262)	-	-	288,262	(288,262)	-	-	269,810	(269,810)	-
Transfers Out	(309,970)	-	288,262	(21,708)	(309,970)	-	288,262	(21,708)	(283,014)	-	269,810	(13,204)
Total Other Financing Sources (Uses)	(309,970)	288,262	-	(21,708)	(309,970)	288,262	-	(21,708)	(281,604)	269,810	-	(11,794)
NET CHANGE IN FUND BALANCE	-	-	-	-	-	-	-	-	167,970	-	-	167,970
Fund Balance, Beginning of Year	2,343,482	-	-	2,343,482	2,343,482	-	-	2,343,482	2,343,482	-	-	2,343,482
FUND BALANCE, END OF YEAR	\$ 2,343,482	\$ -	\$ -	\$ 2,343,482	\$ 2,343,482	\$ -	\$ -	\$ 2,343,482	\$ 2,511,452	\$ -	\$ -	\$ 2,511,452

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
FUND 10
YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Local Sources:				
Property Taxes	\$ 3,625,052	\$ 3,623,852	\$ 3,623,852	\$ -
Other Local Sources	7,500	8,700	21,994	13,294
Interdistrict Sources	111,976	111,976	123,258	11,282
Intermediate Sources	11,729	11,729	1,500	(10,229)
State Sources	480,212	480,212	492,584	12,372
Federal Sources	277,816	277,816	266,341	(11,475)
Other Sources	15,343	15,343	14,621	(722)
Total Revenues	<u>4,529,628</u>	<u>4,529,628</u>	<u>4,544,150</u>	<u>14,522</u>
EXPENDITURES				
Instruction:				
Regular Instruction	1,477,999	1,494,643	1,477,299	17,344
Vocational Instruction	173,840	173,840	188,000	(14,160)
Physical Instruction	103,246	103,246	93,919	9,327
Co-Curricular Activities	107,263	107,263	95,118	12,145
Total Instruction	<u>1,862,348</u>	<u>1,878,992</u>	<u>1,854,336</u>	<u>24,656</u>
Support Services:				
Pupil Services	88,180	88,180	87,777	403
Instructional Staff Services	41,092	41,092	34,104	6,988
General Administration	193,855	193,855	187,068	6,787
School Building Administration	175,708	175,708	174,669	1,039
Business Services	80,422	80,422	78,191	2,231
Operation and Maintenance of Plant	743,972	743,972	732,253	11,719
Pupil Transportation Services	360,951	360,951	320,176	40,775
Central Services	119,012	119,012	91,149	27,863
Insurance and Judgments	75,840	75,840	71,803	4,037
Debt Services	-	-	6,735	(6,735)
Other Support Services	24,000	24,000	20,156	3,844
Total Support Services	<u>1,903,032</u>	<u>1,903,032</u>	<u>1,804,081</u>	<u>98,951</u>
Non-Program:				
Instructional Services	<u>454,278</u>	<u>437,634</u>	<u>436,159</u>	<u>1,475</u>
Total Expenditures	<u>4,219,658</u>	<u>4,219,658</u>	<u>4,094,576</u>	<u>125,082</u>
EXCESS OF REVENUES OVER EXPENDITURES	309,970	309,970	449,574	139,604
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	-	1,410	1,410
Transfers Out	(309,970)	(309,970)	(283,014)	26,956
Total Other Financing Sources (Uses)	<u>(309,970)</u>	<u>(309,970)</u>	<u>(281,604)</u>	<u>28,366</u>
NET CHANGE IN FUND BALANCE	-	-	167,970	167,970
Fund Balance, Beginning of Year	2,343,482	2,343,482	2,343,482	-
FUND BALANCE, END OF YEAR	<u>\$ 2,343,482</u>	<u>\$ 2,343,482</u>	<u>\$ 2,511,452</u>	<u>\$ 167,970</u>

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
FUND 27
YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intermediate Sources	\$ 21,954	\$ 21,954	\$ 20,291	\$ (1,663)
State Sources	103,246	103,246	103,163	(83)
Federal Sources	104,614	104,614	117,864	13,250
Total Revenues	<u>229,814</u>	<u>229,814</u>	<u>241,318</u>	<u>11,504</u>
EXPENDITURES				
Instruction:				
Special Education Curriculum	397,958	397,958	358,017	39,941
Support Services:				
Pupil Services	41,929	41,929	75,734	(33,805)
Instructional Staff Services	68,189	68,189	68,498	(309)
Pupil Transportation Services	1,815	1,815	582	1,233
Other Support Services	8,185	8,185	7,202	983
Total Support Services	<u>120,118</u>	<u>120,118</u>	<u>152,016</u>	<u>(31,898)</u>
Non-Program:				
Other Non-Program	-	-	1,095	(1,095)
Total Expenditures	<u>518,076</u>	<u>518,076</u>	<u>511,128</u>	<u>6,948</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(288,262)	(288,262)	(269,810)	18,452
OTHER FINANCING SOURCES				
Transfers In	<u>288,262</u>	<u>288,262</u>	<u>269,810</u>	<u>(18,452)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017**

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Community Service	Trust Fund	Food Service	
ASSETS				
Cash and Investments	\$ 10,599	\$ -	\$ -	\$ 10,599
Accounts Receivable	-	-	1,648	1,648
Due from Other Governments	-	-	2,413	2,413
Prepaid Expenses	-	-	5,745	5,745
Inventory	-	-	638	638
Total Assets	<u>\$ 10,599</u>	<u>\$ -</u>	<u>\$ 10,444</u>	<u>\$ 21,043</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accrued Salaries and Wages	\$ 3,241	\$ -	\$ -	\$ 3,241
Due to Other Funds	-	-	8,698	8,698
Unearned Revenue	-	-	1,746	1,746
Total Liabilities	<u>3,241</u>	<u>-</u>	<u>10,444</u>	<u>13,685</u>
Fund Balances:				
Nonspendable	-	-	6,383	6,383
Restricted	7,358	-	-	7,358
Unassigned	-	-	(6,383)	(6,383)
Total Fund Balance	<u>7,358</u>	<u>-</u>	<u>-</u>	<u>7,358</u>
Total Liabilities and Fund Balances	<u>\$ 10,599</u>	<u>\$ -</u>	<u>\$ 10,444</u>	<u>\$ 21,043</u>

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES
YEAR ENDED JUNE 30, 2017**

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Community Service	Trust Fund	Food Service	
REVENUES				
Property Taxes	\$ 130,957	\$ -	\$ -	\$ 130,957
Other Local Sources	-	500	50,451	50,951
State Sources	-	-	4,618	4,618
Federal Sources	-	-	135,157	135,157
Total Revenues	<u>130,957</u>	<u>500</u>	<u>190,226</u>	<u>321,683</u>
EXPENDITURES				
Food Service	-	500	203,430	203,930
Community Service	142,162	-	-	142,162
Total Expenditures	<u>142,162</u>	<u>500</u>	<u>203,430</u>	<u>346,092</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(11,205)	-	(13,204)	(24,409)
OTHER FINANCING SOURCES:				
Transfers In	-	-	13,204	13,204
NET CHANGE IN FUND BALANCES	(11,205)	-	-	(11,205)
Fund Balances, Beginning of Year	<u>18,563</u>	<u>-</u>	<u>-</u>	<u>18,563</u>
FUND BALANCES, END OF YEAR	<u>\$ 7,358</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,358</u>

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
STUDENT ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS AND
CHANGE IN BALANCES
YEAR ENDED JUNE 30, 2017**

<u>Organization</u>	<u>Balance July 1, 2016</u>	<u>Receipts and Transfers In</u>	<u>Disbursements and Transfers Out</u>	<u>Balance June 30, 2017</u>
Miscellaneous	\$ 5,264	\$ 2,882	\$ 1,942	\$ 6,204
Freshmen	1,157	1,369	2,048	478
Sophomores	1,042	6,824	6,030	1,836
Juniors	920	7,797	5,711	3,006
Seniors	-	8,888	7,470	1,418
Student Council	1,765	3,844	2,804	2,805
Annual	8,838	1,958	6,514	4,282
Band Fundraiser	3,666	16,742	10,189	10,219
Bach	877	-	-	877
Art	55	44	99	-
Drama	1,156	2,204	2,926	434
WRG	3,421	1,945	3,699	1,667
NHS	3,349	4,360	3,879	3,830
Athletics	4,835	1,881	2,657	4,059
VICA/Skills USA	5,595	2,708	1,889	6,414
Library	368	4,483	3,934	917
Middle School Student Council	1,844	250	311	1,783
K-5	4,141	84	1,304	2,921
School Based Enterprise	1,445	253	400	1,298
Elementary Kids Club	758	2,339	1,664	1,433
G5	310	1,250	1,560	-
Kemps	243	-	-	243
PTO	2,343	3,630	3,885	2,088
Band-Resale	435	1,147	1,412	170
Acorn Project	111	-	111	-
Prior Years	201	-	201	-
SBE-Elementary	133	-	133	-
Total Cash Held for Student Activities	<u>\$ 54,272</u>	<u>\$ 76,882</u>	<u>\$ 72,772</u>	<u>\$ 58,382</u>

OTHER SCHEDULES

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA #	Pass-Through Entity	Pass-Through Entity Identifying Number	Accrued Receivable (Deferred Revenue) July 1, 2016	Expenditures	Grant Reimburse- ments	Accrued Receivable (Deferred Revenue) June 30, 2017
<u>U.S. Department of Agriculture</u>							
Child Nutrition Cluster:							
School Breakfast Program	10.553	WI DPI	2017-576615-SB-546	\$ 421	\$ 39,849	\$ 39,436	\$ 834
Snack Program	10.555	WI DPI	2017-576615-NSL-Snacks-566	-	4,607	4,607	-
Food Distribution	10.555	WI DPI	A001-00000-576615	-	11,962	11,962	-
School Lunch Program	10.555	WI DPI	2017-576615-NSL-547	762	76,403	75,585	1,580
Summer School Program	10.559	WI DPI	2017-576615-SFSP-586	-	2,336	2,336	-
Total Child Nutrition Cluster				1,183	135,157	133,926	2,414
Total Department of Agriculture				1,183	135,157	133,926	2,414
<u>U.S. Department of Education</u>							
Direct Grant:							
Small, Rural School Achievement Program	84.358	N/A	S358A151004	-	3,220	3,220	-
Title VII	84.060	N/A	S060A150503	-	4,000	4,000	-
Impact Aids	84.041	N/A	59-WI-2014-1405, 59-WI-2015-1405, 59-WI-2016-1405	-	255	255	-
Wisconsin Department of Public Instruction:							
ESEA Title I-A Basic Grant	84.010	WI DPI	17-576615-Title I-141	50,629	140,102	136,579	54,152
Special Education Cluster:							
PL 94-142 (Flow Through)	84.027	WI DPI	2017-576615-IDEA-341	21,160	81,250	78,046	24,364
IDEA - SOARing Initiative	84.027	WI DPI, CESA #12	2017-576615-IDEA-341	-	7,500	7,500	-
PL 99-457 (Preschool Entitlement)	84.173	WI DPI	17-576615-Pre-S-347	-	4,364	4,364	-
Total Special Education Cluster				21,160	93,114	89,910	24,364

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA #	Pass-Through Entity	Pass-Through Entity Identifying Number	Accrued Receivable (Deferred Revenue) July 1, 2016	Expenditures	Grant Reimburse- ments	Accrued Receivable (Deferred Revenue) June 30, 2017
<u>U.S. Department of Education (Continued)</u>							
21st Century Learning Grant	84.287	WI DPI	17-576615-367-CLC	\$ 22,183	\$ 50,000	\$ 62,305	\$ 9,878
ESEA Title II-A Teacher and Principal Training and Recruiting Fund	84.367	WI DPI	17-576615-Title II-365	29,736	29,419	59,155	-
Total Department of Education				123,708	320,110	355,424	88,394
<u>U.S. Department of Health and Human Services</u>							
Medical Assistance Program	93.778	WI DHS	44230800	-	32,250	32,250	-
Total Federal Program Awards				\$ 124,891	\$ 487,517	\$ 521,600	\$ 90,808

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2017**

Award Agency/ Pass-Through Agency/Award Description	State I.D. Number	Accrued Receivable (Deferred Revenue) July 1, 2016	Expenditures	State Reimburse- ments	Accrued Receivable (Deferred Revenue) June 30, 2017
<u>Wisconsin Department of Public Instruction</u>					
Entitlement Programs:					
Major State Programs:					
General Equalization	255.201			\$ 79,128	[2]
Nonmajor State Programs:					
Handicapped Pupils and School Age Parents:	255.101	[1]			
Internal District Programs				25,529	
State School Lunch Aid	255.102			1,578	
Common School Fund	255.103			8,995	
Pupil Transportation	255.107			23,090	
Morning Milk Program	255.109			782	
Special Adjustment Aid	255.203			32,111	
High Cost Special Education Aid at CESA No.12	255.210			12,791	
Sparsity Aid	255.212			91,133	
Peer Review and Mentoring	255.301			1,762	
School Breakfast Program	255.344			2,258	
Student Achievement Guarantee in Education	255.504			107,424	
Aid for High Poverty School District	255.926			21,174	
High Cost Transportation Aid	255.947			23,722	
Per Pupil Adjustment Aid	255.945			77,000	
Educator Effective Eval Sys	255.940			2,560	
Career and Technical Ed. Incentive Grant	255.950			641	
Assessments of Reading Readiness	255.956			508	
Total Nonmajor Programs				<u>433,058</u>	
Total State Financial Assistance				<u>\$ 512,186</u>	

[1] District's 2016-2017 Aidable Costs Reported to DPI Totaled \$349,133.

[2] Includes \$1,350 Receivable at 06/30/2017.

OTHER REPORTS

**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**

Board of Education
School District of Winter
Winter, Wisconsin

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Winter (District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 16, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District of Winter'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 have not been identified. We consider items 2017-001 and 2017-002 in the accompanying schedule of findings and questioned costs to be material weaknesses.

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*.

The School District of Winter's Response to Findings

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Rice Lake, Wisconsin
November 16, 2017



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

Board of Education
School District of Winter
Winter, Wisconsin

Report on Compliance for Each Major State Program

We have audited the School District of Winter, Wisconsin's (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 its major state programs for the year ended June 30, 2017. The District's major state programs are identified in the schedule of state financial assistance.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Programs

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 identified in the schedule of state financial assistance for the year ended June 30, 2017.

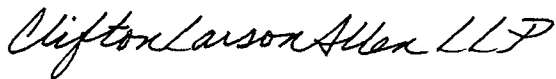
Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 result 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.



CliftonLarsonAllen LLP

Rice Lake, Wisconsin
November 16, 2017

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2017**

PART I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X yes none reported
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to financial statements noted? yes X none reported

State Awards

Internal control over major programs:

- Material weakness(es) identified? yes X none reported
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes X none reported

Type of auditors' report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the *Wisconsin Public School District Audit Manual*?

 yes X no

Identification of major State programs:

<u>State ID Number(s)</u>	<u>Name of State Program or Cluster</u>
----------------------------------	------------------------------------------------

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

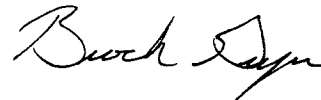
Auditee qualified as low-risk auditee? yes X no

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
SCHEDULE OF FINDINGS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

PART I: SUMMARY OF AUDITOR'S RESULTS (CONTINUED)

OTHER ISSUES

- | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| 1. Do the auditors' report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? | No |
| | |
| 2. Does the auditors' report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weaknesses, significant deficiencies, management letter comments, excess revenue or excess reserve) related to grants or contracts with funding agencies that require audits to be in accordance with the <i>State Single Audit Guidelines</i> : | |
| Department of Public Instruction | No |
| Department of Health Services | No |
| | |
| 3. Was a management letter or other document conveying audit comments issued as a result of this audit? | No |



- | | |
|------------------------------------|-------------------|
| 4. Name and signature of Principal | Brock Geyen, CPA |
| 5. Date of Report | November 16, 2017 |

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
SCHEDULE OF FINDINGS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

FINDING: 2017-001 Material Audit Adjustments

- Criteria:** The District should have controls in place to prevent or detect a material misstatement in the financial statements in a timely manner.
- Condition:** The audit firm proposed and the District posted to its general ledger accounts adjusting journal entries for correcting certain misstatements.
- Context:** The District has informed us that they will continue to rely upon the audit firm to propose such audit adjustments as are necessary to adjust accounts in accordance with Generally Accepted Accounting Principles (GAAP). Management will review and approve those entries prior to recording them.
- Cause:** The District has not established controls to ensure that all accounts are adjusted to their appropriate year end balances in accordance with GAAP.
- Effect:** The financial statements of the District may include inaccurate information not detected or prevented by District staff.
- Recommendation:** The District should continue to evaluate its internal control processes to determine if additional internal control procedures should be implemented to ensure that accounts are adjusted to their appropriate year end balances in accordance with GAAP.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Findings

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The District agrees with the finding. The District relies on the audit firm to propose journal entries relating to some of the transactions and year end closing items. District management will review, approve and accept responsibility for these journal entries prior to posting to the finance system. The District will continue to improve in proper recording of transactions and monitoring of account balances.

Official Responsible for Ensuring CAP:

The District Superintendent is the official responsible for ensuring corrective action of the deficiency.

Planned Completion Date for CAP:

The CAP is ongoing.

Plan to Monitor Completion of CAP:

The School Board will be monitoring this corrective action plan.

**SCHOOL DISTRICT OF WINTER
WINTER, WISCONSIN
SCHEDULE OF FINDINGS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS: (CONTINUED)

FINDING: 2017-002 Limited Segregation of Duties

- Criteria:** Generally, a system of internal control contemplates separation of duties such that no individual has responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction.
- Condition:** The size of office staff may preclude a proper separation of duties to assure adequate internal control.
- Context:** The limited size of the District's staff responsible for accounting and financial duties may preclude a complete segregation of incompatible duties. The District has informed us that it may not be cost effective to hire the additional personnel required to achieve complete segregation of duties.
- Cause:** The condition is due to limited staff available.
- Effect:** Lack of segregation of duties could result in a financial statement misstatement caused by error or fraud that would not be detected or prevented by District staff.
- Recommendation:** The District should continue to evaluate its staffing in order to segregate incompatible duties whenever possible.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Findings

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The District is aware of this situation and attempts to segregate incompatible duties as much as practical given the size and expertise of available personnel.

Official Responsible for Ensuring CAP:

The District Superintendent is the official responsible for ensuring corrective action of the deficiency.

Planned Completion Date for CAP:

The CAP is ongoing.

Plan to Monitor Completion of CAP:

The School Board will be monitoring this corrective action plan.

Compensating Controls and Mitigating Factors:

The cash disbursement process includes approval of the disbursements by the Board of Education. Review of vouchers and account coding is completed by the School Board Treasurer. The payroll disbursement process includes School Board Treasurer review and approval. The School Board reviews monthly payroll and general disbursement reports for approval. The reconciliation and monthly receipt reports are approved by the School Board Treasurer.