

**WAUTOMA AREA SCHOOL DISTRICT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**(AUDITED)**

DRAFT

**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

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JUNE 30, 2018**

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**WAUTOMA, WISCONSIN**  
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FINANCIAL SECTION

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**MILLER, BRUSSELL, EBBEN AND GLAESKE LLC**

CERTIFIED PUBLIC ACCOUNTANTS

611 E WISCONSIN ST

PORTAGE, WISCONSIN

53901

**INDEPENDENT AUDITOR'S REPORT**

Board of Education  
Wautoma Area School District  
Wautoma, Wisconsin

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wautoma Area School District (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

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### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wautoma Area School District as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note 8 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the year ended June 30, 2018. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the pension related items and the OPEB related items on pages 44 to 50 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.

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

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*Other Information*

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

The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the *State Single Audit Guidelines*, and is also not a required part of the financial statements.

This information, including the schedule of expenditures of federal and state awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 financial statements or to the 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 financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issue our report dated ~~November 29, 2018~~, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

**Miller, Brussell, Ebben and Glaeske LLC**

Portage, Wisconsin  
~~November 29, 2018~~

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## BASIC FINANCIAL STATEMENTS

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DISTRICT-WIDE FINANCIAL STATEMENTS

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**STATEMENT OF NET POSITION  
AS OF JUNE 30, 2018**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 5,093,966	\$ 227,112	\$ 5,321,078
Receivables			
Taxes	2,131,975		2,131,975
Accounts	4,584		4,584
Due from other governments	777,075	96,572	873,647
Prepaid expenses	624,558	15,134	639,692
Inventory		6,978	6,978
Total Current Assets	<u>8,632,158</u>	<u>345,796</u>	<u>8,977,954</u>
Noncurrent Assets			
Site improvements	353,836		353,836
Buildings and land	19,590,754		19,590,754
Furniture and equipment	3,021,426	313,386	3,334,812
Vehicles	1,805,577		1,805,577
Work in process	5,385,197		5,385,197
Less accumulated depreciation	<u>(12,679,557)</u>	<u>(280,070)</u>	<u>(12,959,627)</u>
Net Noncurrent Assets	<u>17,477,233</u>	<u>33,316</u>	<u>17,510,549</u>
Other Noncurrent Assets			
Net pension asset	<u>1,728,000</u>	<u>53,439</u>	<u>1,781,439</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related outflows of resources	4,754,695	147,041	4,901,736
OPEB retiree life related deferred outflows	38,619		38,619
Net deferred outflows of resources	<u>4,793,314</u>	<u>147,041</u>	<u>4,940,355</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 32,630,705</u>	<u>\$ 579,592</u>	<u>\$ 33,210,297</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accrued liabilities			
Payables	76,815	2,353	79,168
Payroll, payroll taxes, insurance	677,216	6,794	684,010
Interest	54,346		54,346
Deferred revenue		1,136	1,136
Current portion of long-term obligations	283,101		283,101
Total Current Liabilities	<u>1,091,478</u>	<u>10,283</u>	<u>1,101,761</u>
Noncurrent Liabilities			
Noncurrent portion of long-term obligations	4,750,727		4,750,727
Net OPEB liability	969,342		969,342
Total Noncurrent Liabilities	<u>5,720,069</u>		<u>5,720,069</u>
Total Liabilities	<u>6,811,547</u>	<u>10,283</u>	<u>6,821,830</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related inflows of resources	5,260,588	162,687	5,423,275
OPEB retiree life related deferred inflows	17,750		17,750
Net deferred inflows of resources	<u>5,278,338</u>	<u>162,687</u>	<u>5,441,025</u>
<b>NET POSITION</b>			
Net investment in capital assets	12,443,405	33,316	12,476,721
Restricted	1,929,398	373,306	2,302,704
Unrestricted (deficit)	6,168,017		6,168,017
Total Net Position	<u>20,540,820</u>	<u>406,622</u>	<u>20,947,442</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u>\$ 32,630,705</u>	<u>\$ 579,592</u>	<u>\$ 33,210,297</u>

**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>						
Instruction						
Regular instruction	\$ 7,446,059	\$ 835,776	\$ 817,475	\$ (5,792,808)	\$ 0	\$ (5,792,808)
Vocational instruction	428,094			(428,094)		(428,094)
Special education instruction	2,210,613		866,409	(1,344,204)		(1,344,204)
Other instruction	793,819	98,138		(695,681)		(695,681)
Total Instruction	10,878,585	933,914	1,683,884	(8,260,787)	0	(8,260,787)
Support Services						
Pupil services	884,220			(884,220)		(884,220)
Instructional staff services	1,047,214		52,394	(994,820)		(994,820)
General administration services	381,985		4,889	(377,096)		(377,096)
Building administration services	1,164,813			(1,164,813)		(1,164,813)
Business services	276,308			(276,308)		(276,308)
Operations and maintenance	2,058,282	6,052		(2,052,230)		(2,052,230)
Pupil transportation services	502,546		71,692	(430,854)		(430,854)
Central services	461,898			(461,898)		(461,898)
Interest and other fiscal charges	153,911			(153,911)		(153,911)
Insurance	212,022			(212,022)		(212,022)
Other support services	101,092			(101,092)		(101,092)
Community services	72,785			(72,785)		(72,785)
Total Support Services	7,317,076	6,052	128,975	(7,182,049)	0	(7,182,049)
Total Governmental Activities	18,195,661	939,966	1,812,859	(15,442,836)	0	(15,442,836)
<b>Business-Type Activities</b>						
School food service program	773,980	212,503	693,664	0	132,187	132,187
<b>TOTAL SCHOOL DISTRICT</b>	<b>\$ 18,969,641</b>	<b>\$ 1,152,469</b>	<b>\$ 2,506,523</b>	<b>(15,442,836)</b>	<b>132,187</b>	<b>(15,310,649)</b>
<b>General Revenues</b>						
Property taxes						
General purposes				7,244,445		7,244,445
Debt service				429,956		429,956
Community services				70,000		70,000
State and federal aids not restricted to specific functions						
General				5,830,318		5,830,318
Other				1,338,359		1,338,359
Interest and investment earnings				56,187		56,187
Miscellaneous				215,349		215,349
Total General Revenues				15,184,614	0	15,184,614
<b>Change in Net Position</b>				(258,222)	132,187	(126,035)
<b>NET POSITION - Beginning of Year, As Restated</b>				20,799,042	274,435	21,073,477
<b>NET POSITION - END OF YEAR</b>				<u>\$ 20,540,820</u>	<u>\$ 406,622</u>	<u>\$ 20,947,442</u>

FUND FINANCIAL STATEMENTS

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2018

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 4,388,969	\$ 623,597	\$ 81,400	\$ 5,093,966
Receivables				
Taxes	2,131,975			2,131,975
Accounts	4,584			4,584
Due from other governments	777,075			777,075
Due from other funds	539			539
Prepaid expenses	621,026		3,532	624,558
<b>TOTAL ASSETS</b>	<b>\$ 7,924,168</b>	<b>\$ 623,597</b>	<b>\$ 84,932</b>	<b>\$ 8,632,697</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Due to other funds	\$ 0	\$ 0	\$ 539	\$ 539
Accrued liabilities				
Payables	76,116		699	76,815
Payroll, payroll taxes, insurance	677,216			677,216
Deferred revenue				
Total Liabilities	753,332	0	1,238	754,570
Fund Balances				
Nonspendable	621,026			621,026
Restricted for				
Capital projects		623,597		623,597
Community service			2,294	2,294
Debt service			81,400	81,400
Unassigned	6,549,810			6,549,810
Total Fund Balances	7,170,836	623,597	83,694	7,878,127
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 7,924,168</b>	<b>\$ 623,597</b>	<b>\$ 84,932</b>	<b>\$ 8,632,697</b>
Total net position reported for governmental activities in the statement of net position are different from the amount reported above as total governmental funds fund balance because:				\$ 7,878,127
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position:				
Governmental capital asset			30,156,790	
Governmental accumulated depreciation			(12,679,557)	
				17,477,233
Pension related assets and liabilities are not financial resources and therefore, are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position:				
Net pension asset			1,728,000	
Pension related deferred outflows			4,754,695	
Pension related deferred inflows			(5,260,588)	
				1,222,107
OPEB related assets and liabilities are not financial resources and therefore, are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position:				
OPEB retiree health asset (liability)			(612,245)	
OPEB retiree life asset (liability)			(357,097)	
OPEB retiree life related deferred outflows			38,619	
OPEB retiree life related deferred inflows			(17,750)	
				(948,473)
Long-term liabilities, including bonds and notes payable, are not due in the current period and therefore, are not reported in the fund statements. Long-term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:				
Bonds payable			(4,785,000)	
Premium on bonds			(248,828)	
Accrued interest			(54,346)	
				(5,088,174)
<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>				<b>\$ 20,940,820</b>

See Accompanying Notes to the Basic Financial Statements

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 7,244,445	\$ 0	\$ 499,956	\$ 7,744,401
Other local sources	178,911	14,084	43	193,038
Interdistrict sources	835,776			835,776
Intermediate sources	183,799			183,799
State sources	7,701,448			7,701,448
Federal sources	1,128,327			1,128,327
Other sources	150,650			150,650
Total Revenues	<u>17,423,356</u>	<u>14,084</u>	<u>499,999</u>	<u>17,937,439</u>
<b>EXPENDITURES</b>				
Instruction				
Regular instruction	7,071,285			7,071,285
Vocational instruction	406,499			406,499
Special instruction	2,106,865			2,106,865
Other instruction	752,798			752,798
Total Instruction	<u>10,337,447</u>	<u>0</u>	<u>0</u>	<u>10,337,447</u>
Support Services				
Pupil services	852,151			852,151
Instructional staff services	993,832			993,832
General administration services	362,932			362,932
Building administration services	1,126,796			1,126,796
Business services	261,298			261,298
Operations and maintenance	1,910,952	2,498,739		4,409,691
Pupil transportation	591,414			591,414
Principal and interest			348,912	348,912
Central services	444,225			444,225
Insurance	212,022			212,022
Community service			70,000	70,000
Other support services	97,224			97,224
Total Support Services	<u>6,852,846</u>	<u>2,498,739</u>	<u>418,912</u>	<u>9,770,497</u>
Total Expenditures	<u>17,190,293</u>	<u>2,498,739</u>	<u>418,912</u>	<u>20,107,944</u>
<b>Net Change in Fund Balances</b>	233,063	(2,484,655)	81,087	(2,170,505)
<b>FUND BALANCES - Beginning of Year</b>	<u>6,937,773</u>	<u>3,108,252</u>	<u>2,607</u>	<u>10,048,632</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 7,170,836</u>	<u>\$ 623,597</u>	<u>\$ 83,694</u>	<u>\$ 7,878,127</u>

**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (2,170,505)</b>
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Amounts reported for governmental activities in the statement of activities are different because:

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

Capital outlay reported in governmental fund statements	2,725,645	
Depreciation expense reported in the statement of activities	<u>(777,666)</u>	
Amount by which capital outlays are greater (less) than depreciation in the current period		1,947,979

Employer pension contributions are reported in the governmental funds when the amounts are paid but not reported in the statement of activities since they are included in the net pension asset and deferred outflows.	553,122
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Pension expense is included in the statement of activities but not reported in the governmental funds since it is an actuarially determined amount for the pension plan.	(819,694)
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Employer OPEB contributions are reported in the governmental funds when the amounts are paid but not reported in the statement of activities since they are included in the net OPEB liability and deferred outflows.	98,990
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OPEB expense is included in the statement of activities but not reported in the governmental funds since it is an actuarially determined amount for the OPEB plan.	(63,115)
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Governmental funds report the effect of debt premiums and discounts when debt is first issued. However, in the statement of net position, they are deferred and amortized over the life of the debt and reported as revenue or expense in the statement of activities. Amortization on bond premium	13,201
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Bond proceeds on long-term debt are reported in the governmental funds as a revenue, but is reported as an increase in long-term debt in the statement of net assets and does not affect the statement of activities.

The amount of bond proceeds in the current year is:

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is:	180,000
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In governmental funds, interest payments on outstanding long-term debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.

The amount of interest paid during the current period on long-term debt	168,912	
The amount of interest expensed during the current period on long-term debt	<u>(167,112)</u>	
Interest paid is greater (less) than interest expensed by:		<u>1,800</u>

<b>CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES</b>	<b>\$ <u>(258,222)</u></b>
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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

STATEMENTS OF NET POSITION  
PROPRIETARY FUND  
AS OF JUNE 30, 2018 AND 2017

	Food Service Fund	
	2018	2017
<b>ASSETS</b>		
Current Assets		
Cash and investments	\$ 227,112	\$ 150,607
Due from other governments	96,572	30,548
Prepaid expenses	15,134	8,292
Inventory	6,978	7,799
Total Current Assets	<u>345,796</u>	<u>197,246</u>
Noncurrent Assets		
Furniture and equipment	313,386	313,386
Less accumulated depreciation	(280,070)	(271,344)
Net Noncurrent Assets	<u>33,316</u>	<u>42,042</u>
Other Noncurrent Assets		
Net pension asset	<u>53,439</u>	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related outflows of resources	<u>147,041</u>	<u>132,162</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 579,592</u>	<u>\$ 371,450</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 2,353	\$ 358
Deferred revenue	1,136	9,640
Payroll, payroll taxes, insurance	6,794	3,122
Total current liabilities	<u>10,283</u>	<u>13,120</u>
Noncurrent liabilities		
Net pension liability		16,251
Total noncurrent liabilities		<u>16,251</u>
Total Liabilities	<u>10,283</u>	<u>29,371</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related inflows of resources	<u>162,687</u>	<u>67,644</u>
<b>NET POSITION</b>		
Net investment in capital assets	33,316	42,042
Restricted for food service*	335,513	218,680
Restricted for pension related items	37,793	48,267
Total Net Position	<u>406,622</u>	<u>308,989</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u>\$ 579,592</u>	<u>\$ 406,004</u>

\*Fund balance restricted per state regulations.

See Accompanying Notes to the Basic Financial Statements



**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	Food Service Fund	
	2018	2017
<b>REVENUES</b>		
Food sales	\$ 212,503	\$ 190,703
State sources	16,189	18,301
Federal sources	607,278	599,101
Federal commodities	70,187	55,406
Other sources	10	
Total Revenues	<u>906,167</u>	<u>863,511</u>
<b>OPERATING EXPENSES</b>		
Salaries and wages	305,975	309,203
Employer paid benefits	76,202	112,627
Purchased services	12,324	16,603
Supplies, food and materials	370,753	281,462
Depreciation	8,726	9,062
Total Operating Expenses	<u>773,980</u>	<u>828,957</u>
<b>Change in Net Position</b>	132,187	34,554
<b>NET POSITION - Beginning of Year</b>	<u>274,435</u>	<u>239,881</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 406,622</u>	<u>\$ 274,435</u>

**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

STATEMENTS OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	Food Service Fund	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from user charges	\$ 203,999	\$ 199,533
Cash received from other government payments	557,453	617,324
Cash payments to employees for services	(368,031)	(385,356)
Cash payments for utilities and other purchased services	(12,324)	(16,603)
Cash payments to suppliers for goods and services	(304,592)	(334,265)
Net Cash Provided by (Used for) Operating Activities	<u>76,505</u>	<u>80,633</u>
<b>Net Increase in Cash and Cash Equivalents</b>	76,505	80,633
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	<u>150,607</u>	<u>69,974</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 227,112</u>	<u>\$ 150,607</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 132,187	\$ 34,554
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	8,726	9,062
Net change in pension related items	10,474	37,877
Changes in assets and liabilities		
Due from other governments	(66,024)	(78)
Payroll, payroll taxes, insurance	3,672	(1,403)
Prepaid expenses	(6,842)	1,417
Inventory	821	4,543
Accounts payable	1,995	(14,169)
Deferred revenue	(8,504)	8,830
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>\$ 76,505</u>	<u>\$ 80,633</u>
<b>NONCASH NONCAPITAL FINANCING ACTIVITIES</b>		
During the year, the District received commodities from the U.S. Department of Agriculture in the amount of	<u>\$ 70,187</u>	<u>\$ 55,406</u>

**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
AS OF JUNE 30, 2018

	<u>Private-Purpose Trust Funds</u>	<u>Special Revenue Trust Funds</u>	<u>Agency Funds</u>
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 449,441	\$ 131,306	\$ 108,124
<b>TOTAL ASSETS</b>	<u>\$ 449,441</u>	<u>\$ 131,306</u>	<u>\$ 108,124</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 0	\$ 0	\$ 0
Due to Student Groups	<u>131,306</u>	<u>131,306</u>	<u>108,124</u>
<b>TOTAL LIABILITIES</b>	<u>0</u>	<u>\$ 131,306</u>	<u>\$ 108,124</u>
<b>NET POSITION</b>			
Held in Trust	<u>\$ 449,441</u>		

**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS - PRIVATE-PURPOSE TRUST  
FOR THE YEAR ENDED JUNE 30, 2018**

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	<b>ADDITIONS</b>	2018
Private donations		\$ 39,698
Interest and dividend income		<u>3,868</u>
Total Additions		<u>43,566</u>
	<b>DEDUCTIONS</b>	
Scholarships awarded		<u>52,106</u>
Change in Net Position		(8,540)
NET POSITION - Beginning of Year		<u>457,981</u>
NET POSITION - END OF YEAR		<u>\$ 449,441</u>

**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The Wautoma Area School District is organized as a common school district governed by an elected seven-member board. The District is comprised of all or parts of eleven taxing districts.

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

The reporting entity for the District is based upon criteria set forth by the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. The financial reporting entity consists of (a) organizations for which the standalone government is financially accountable and (b) the standalone government that is controlled by a separately elected governing body that is legally separate and is fiscally independent. All of the accounts of the District comprise the standalone government.

**B. Basis of Presentation**

**District-Wide Statements**

The statement of net position and the statement of activities present financial information about the District's governmental and business-type activities. 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. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties.

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

**DRAFT**

**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Presentation (Continued)**

**Fund Financial Statements**

The fund statements provide information about the District's funds, including Fiduciary Funds. Separate statements for each fund category - Governmental, Proprietary, and Fiduciary - are presented. The emphasis of fund financial statements is on major Governmental and Enterprise Funds, each displayed in a separate column. All remaining Governmental and Enterprise Funds are aggregated and reported as other Governmental Funds.

Proprietary Fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal value. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major Governmental Funds:

General Fund - This is the District's primary operating fund. It accounts for all financial activity that is not required to be accounted for in another fund. This includes the General Fund (Fund 10) and the Special Education Fund (Fund 27), which accounts for activities associated with providing educational programs for students with disabilities. Excess expenditures of Fund 27 are financed with a transfer from Fund 10.

Capital Projects Fund - This fund accounts for the activities and resources used to finance the acquisition or construction of capital facilities, equipment, and other capital-related resources.

The District operates one Enterprise Fund, the Food Service Fund. This fund accounts for the activities of the District's food service, generally school hot lunch program.

The District accounts for assets held as an agent in a Special Revenue Trust Fund.

The District accounts for assets held as an agent for various student and parent organizations in an Agency Fund.

The District accounts for assets held that were accumulated from donations that are used to pay scholarships in the Private-Purpose Trust Funds.

**C. Measurement Focus and Basis of Accounting**

The District-Wide, Proprietary 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.

**DRAFT**

**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus and Basis of Accounting (Continued)**

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.

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.

Reports for the District's Food Service Fund are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or after November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

**D. Assets and Liabilities**

**Cash and Investments**

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. All funds share common (pooled) checking and investment accounts unless regulations require separate investment accounts.

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.

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets and Liabilities (Continued)**

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statements as increases or decreases in investment income.

**Property Tax Levy**

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. Second installment real estate taxes and delinquent taxes are collected by the county treasurer who then makes settlement with the city, town, village and school districts before retaining any for county purposes.

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 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 estate taxes.

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2016 tax levy is used to finance operations of the District's fiscal year ended June 30, 2018. 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 with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since such allowance would not be material.

**Inventories and Prepaid Items**

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of Governmental Fund type inventories are recorded as expenditures when consumed rather than when purchased. Inventories were considered not material to the financial statements; therefore no inventories are recorded at June 30. Prepaid items represent payments made by the District for which benefits extend beyond June 30.

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets and Liabilities (Continued)**

A reserve for these non-liquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures, except in cases where inventories are offset by deferred revenues.

**Due To/Due From Other Funds**

The amounts reported on the statement of net position for due to and due from funds represents amounts due between different fund types (governmental activities, business-type activities and Fiduciary Funds). Eliminations have been made for amounts due to and due from within the same fund type.

**Capital Assets**

Capital assets are reported at actual cost for acquisitions. Donated assets are reported at estimated fair market value at the time received.

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 district-wide statements and Proprietary Funds are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$5,000	Straight-line	50 years
Site improvements	\$5,000	Straight-line	20 years
Furniture & equipment	\$5,000	Straight-line	5-30 years
Computer & related hardware*	\$5,000	Straight-line	5 years
Software	\$5,000	Straight-line	10-15 years

\*For purposes of determining the capitalization threshold for these items, the District groups all purchases for the year.

**Vested Employee Benefits**

**Compensated Absences**

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees based on their contracts with more than one year of service.

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets and Liabilities (Continued)**

Vacation - The Wautoma Area School District employees are granted vacation in varying amounts, based on length of service. Vacation leave earned in the preceding year must be used within one year of the employee's anniversary date.

The District's policy allows employees to earn varying amounts of sick pay each year employed, accumulating to a maximum vested amount of 100 days for teachers, 110 days for administrators and year-round secretaries, 90 days for aides and cooks and 90 days for bus drivers, support staff and custodians.

Teachers, administrators and secretaries	\$40 per day
Aides, cooks, custodians and maintenance	\$15 per day

For Governmental Fund financial statements, the unpaid compensated absences are not expected to be paid using expendable available resources and, therefore, the liability is not reported.

Retirement Plans - District employees participate in the Wisconsin Retirement System. All contributions made by the District are reported as expenditures when paid.

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

Net Position - Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets.

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

**E. Fund Balance Reporting**

The Wautoma Area School District reports under provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Fund Balance Reporting (Continued)**

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

1. Nonspendable, such as fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),
2. Restricted fund balance classification includes amounts that can be spent only for the specific purposes stipulated by constitution, external resources providers, or through enabling legislation,
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors (the district's highest level of decision-making authority),
4. Assigned fund balance classification is intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund balance amounts are reported in conformance with generally accepted accounting principles and shall be reclassified not less than the end of each fiscal year for general purpose financial statements. The District will report inventories, prepaid expenses, long-term receivables, and amounts legally or contractually required to be maintained intact as non-spendable. The fund balance for the spendable portion of permanent funds and balance, if any, in the special revenue trust fund, debt service funds, food service fund, community service fund, and other funds established by regulatory authority will be classified as restricted.

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

The School Board may authorize and direct an individual to assign fund balances for specific purposes; to the extent such assignment does not create a negative unassigned fund balance. As of June 30, 2018, the School Board has not authorized any individual with the authority to assign funds.

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

The District implemented GASB Statement No. 65, *Items previously reports as Assets and Liabilities*, for the year ended June 30, 2018. In addition to reporting assets and liabilities in the statement of net position and balance sheet the following are the provisions for reporting a separate section for deferred outflows and inflows of resources:

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Deferred Outflows/Inflows of Resources (Continued)**

Deferred Outflows of Resources: The District reports decreases in net position and fund balances that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statement of net position and governmental funds balance sheet. There were deferred outflows of resources reported in this year's government-wide and proprietary funds statement of net position for pension related items, which are detailed in Note 7 and for OPEB related items, which are detailed in Note 8 and 9.

Deferred Inflows of Resources: The District's government-wide and governmental funds report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position and fund balance that relates to a future period. There were deferred inflows of resources reported in this year's government-wide and proprietary funds statement of net position for pension related items, which are detailed in Note 7 and for OPEB related items, which are detailed in Note 8 and 9.

**NOTE 2 EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS**

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

**A. Explanation of Differences Between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities**

Differences between the Governmental Funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown in the columns on the following page represent:

- A) Long-term revenue differences arise because Governmental Funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because Governmental Funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities. The long-term expenses reported below recognize the change in vested employee benefits.
- B) Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on Governmental Fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the Governmental Fund statements, and capitalization and recording depreciation expense on those items as recorded in the statement of activities.

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**WAUTOMA A7,REA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 2 EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (CONTINUED)**

**A. Explanation of Differences Between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities (Continued)**

C) Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the Governmental Fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability, interest expense is recorded as incurred, and principal payments are recorded as a reduction of liabilities.

	Total Governmental Funds	Long-Term Revenues/ Expenses (a)	Capital Related Items (b)	Long-Term Debt Transactions (c)	Statement Of Activities Total
Revenues and Other Sources					
Property taxes	\$ 7,744,401	\$ 0	\$ 0	\$ 0	\$ 7,744,401
Other local sources					
Interest and investment earnings	56,187				56,187
Miscellaneous	32,661				32,661
Charges for services	104,190				104,190
Interdistrict sources					
Charges for services	835,776				835,776
Intermediate sources					
Operating grants and contributions	183,799				183,799
State sources					
General state aid	5,830,318				5,830,318
Other state aid	1,338,359				1,338,359
Operating grants and contributions	500,733				500,733
Miscellaneous	32,038				32,038
Federal sources					
Operating grants and contributions	1,128,327				1,128,327
Other revenue sources					
Miscellaneous	150,650				150,650
Total Revenues	\$17,937,439	\$ 0	\$ 0	\$ 0	\$17,937,439

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 2 EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (CONTINUED)**

**A. Explanation of Differences Between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities (Continued)**

Expenditures/Expenses	Total		Pension/OPEB Related Items		Capital Related Items		Long-Term Debt	Statement Of
	Governmental	Funds	Employer	Pension/OPEB	Acquisitions	Depreciation	Transactions	Activities
			Contributions	Expense				Total
Regular instruction	\$7,071,285		\$(295,433)	\$414,915	\$ (26,035)	\$281,327	\$ 0	\$7,446,059
Vocational instruction	406,499		(19,564)	26,484	(1,497)	16,172		428,094
Special education								
instruction	2,106,865		(78,253)	105,938	(7,757)	83,820		2,210,613
Other instruction	752,798		(39,126)	52,969	(2,772)	29,950		793,819
Pupil services	852,151		(37,146)	35,313		33,902		884,220
Instructional staff								
services	993,832		(39,126)	52,969		39,539		1,047,214
General administration								
services	362,932		(13,042)	17,656		14,439		381,985
Building administration								
services	1,126,796		(39,126)	52,969	(20,655)	44,829		1,164,813
Business services	261,298		(13,042)	17,656		10,396		276,308
Operations and maintenance	4,409,691		(39,126)	52,969	(2,540,689)	175,437		2,058,282
Pupil transportation	591,414		(39,126)	52,969	(126,240)	23,529		502,546
Other support services	97,224					3,868		101,092
Central services	444,225					17,673		461,898
Principal and interest	348,912						(195,001)	153,911
Insurance	212,022							212,022
Community service	70,000					2,785		72,785
Total Expenditures/								
Expenses	20,107,944		(652,110)	882,807	(2,725,645)	777,666	(195,001)	18,195,661
Net Change for Year	\$(2,170,505)		\$ 652,110	\$(882,807)	\$ 2,725,645	\$(777,666)	\$ 195,001	\$(258,172)

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 3 CASH AND INVESTMENTS**

The Debt Service Fund accounts for its transactions through separate and distinct bank and investment accounts as required by state statutes. In addition, Trust and Agency Funds use separate and distinct accounts. All other funds share in common bank and investment accounts.

**Deposits:** Deposits in banks are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 per official custodian, per official depository institution for each ownership category and will remain for the foreseeable future. In addition, the State of Wisconsin has a State Guarantee Fund, which provides a maximum of \$400,000 per entity above the amount provided by the FDIC. However, due to the relatively small size of the Guarantee Fund in relation to the total coverage, total recovery of losses may not be available. However, since the risk that an economic event would occur of the magnitude that would deplete the fund has been assessed as minimal, this coverage has been included in computing the amounts in Category 1 below.

**Investments:** Wisconsin Statute 66.04(2) and 67.11(2) restrict investment of temporarily idle cash. The School Board has adopted an investment policy pursuant to these statutes, which allows the District to invest in time deposits, securities guaranteed by the U.S. Government, securities of the Wisconsin Local Government Pooled Investment Fund, the Wisconsin School District Liquid Asset Fund and commercial paper if the security has the highest or second highest rating of a nationally recognized rating agency.

**Custodial Credit Risk**

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

- Category 1 - Insured or registered which are collateralized with securities held by the District or by its agent in the District's name.
- Category 2 - Uninsured and unregistered deposits and investments, which are collateralized with securities, held by the counter party's trust department or agent in the District's name.
- Category 3 - Uncollateralized deposits and uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent but not in the District's name.

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 3 CASH AND INVESTMENTS (CONTINUED)**

The District's deposit and investment balances at June 30, 2018 were as follows:

	Category			Bank	Carrying
	1	2	3	Balance	Amount
Old National Bank	\$ 466,468	\$ 0	\$ 0	\$ 466,468	\$ 466,468
BMO Harris Bank	191,905			191,905	191,905
Citizen's Bank	2,266			2,266	2,266
US Bank	373,693			373,693	373,93
Hometown Bank	650,000	4,338,027		4,988,027	4,988,029
Totals	<u>\$1,684,332</u>	<u>\$4,338,027</u>	<u>\$ 0</u>	<u>\$6,022,359</u>	
Investments held in					
Fiduciary Funds					(701,283)
Cash and Investments Reported on Statement of Net Position					<u>\$5,321,078</u>

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the statement of revenues, expenses and change in net position as increases or decreases in investment income.

The District currently has no investments.

The difference between carrying amounts and bank balances is due to outstanding checks and/or deposits in transit.

**NOTE 4 CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2018 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets being depreciated				
Site improvements	\$ 353,836	\$ 0	\$ 0	\$ 353,836
Buildings and land	19,596,754		(6,000)	19,590,754
Work in process	2,844,508	2,540,689		5,385,197
Vehicles	1,751,434	136,246	(82,103)	1,805,577
Furniture and equipment	<u>2,947,016</u>	<u>48,710</u>	<u>(3,300)</u>	<u>3,021,426</u>
Total Capital Assets Being Depreciated	<u>27,522,548</u>	<u>2,725,645</u>	<u>(91,403)</u>	<u>30,156,790</u>
Less accumulated depreciation for				
Site improvements	(325,763)	(6,221)	0	(331,984)
Buildings	(8,202,364)	(392,721)	6,000	(8,589,085)
Vehicles	(1,338,116)	(111,206)	82,103	(1,367,219)
Furniture and equipment	<u>(2,127,051)</u>	<u>(267,517)</u>	<u>3,300</u>	<u>(2,391,269)</u>
Total Accumulated Depreciation	<u>(11,993,294)</u>	<u>(777,666)</u>	<u>91,403</u>	<u>(12,679,557)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$15,529,254</u>	<u>\$1,947,979</u>	<u>\$ 0</u>	<u>\$17,477,233</u>

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

Business-Type Activities

Capital assets being depreciated

Furniture and equipment	\$ 313,386	\$ 0	\$ 0	\$ 313,386
Less accumulated depreciation	<u>(271,344)</u>	<u>(8,726)</u>	<u>          </u>	<u>(280,070)</u>

Business-Type Activities Capital

Assets, Net of Accumulated

Depreciation	<u>\$ 42,042</u>	<u>\$ (8,726)</u>	<u>\$ 0</u>	<u>\$ 33,316</u>
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Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$281,325
Vocational instruction	16,170
Special education instruction	83,923
Other instruction	29,945
Pupil services	33,897
General administration services	14,437
Instructional staff services	39,533
Building administration services	44,822
Business services	10,394
Operations and maintenance of plant	175,411
Pupil transportation services	23,526
Central services	17,671
Community service	2,784
Other support services	<u>3,828</u>

Total Depreciation for Governmental Activities \$777,666

**NOTE 5 LONG-TERM LIABILITIES**

Long-term liability balances and activity for the year ended June 30, 2018 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds payable	\$4,965,000		180,000	4,785,000	270,000
Bond premium	262,029	0	13,201	248,828	13,101
Total	<u>\$5,227,029</u>	<u>\$ 0</u>	<u>\$193,201</u>	<u>\$5,033,828</u>	<u>\$283,101</u>

Payments on bonds payable are made by the debt service fund.

The School District does not currently have any long-term liabilities for business-type activities.

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

Total interest and other fiscal charges paid and accrued during the year:

	<u>Expense</u>	<u>Paid</u>
Bonds payable	\$167,112	\$168,912
Bonds premium amortization	(13,201)	0
Total	<u>\$153,911</u>	<u>\$168,912</u>

The full faith, credit, and taxing powers of the District secure all general obligation debt, including business-type activities, if any. Bonds payable is comprised of the following individual issues:

	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Dates of Maturity</u>	<u>Balance 6/30/18</u>
G.O. Refunding Bonds	3/01/2017	3.00-4.00%	3/01/2037	\$4,785,000

The legal debt limit and margin of indebtedness is set at 10% of equalized value by Section 67.03(1)(b), Wisconsin Statutes. The margin of indebtedness at June 30, 2018 is:

Equalized value certified by Wisconsin Department of Revenue for 2018	<u>\$1,032,103,860</u>
Margin of indebtedness at 10%	\$ 103,210,386
*Deduct long-term debt applicable to debt margin	<u>4,785,000</u>
Margin of Indebtedness	<u>\$ 98,425,386</u>

Aggregate cash flow requirements for retirement of long-term principal and interest on bonds as of June 30, 2018 are as follows:

<u>Governmental Activities Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	270,000	163,038	433,038
2020	280,000	154,938	434,938
2021	290,000	146,538	436,538
2022	190,000	137,830	327,830
2023-2037	<u>3,755,000</u>	<u>1,198,506</u>	<u>4,953,506</u>
Totals	<u>\$4,785,000</u>	<u>\$1,800,850</u>	<u>\$6,585,850</u>

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 6 INTERFUND BALANCES AND ACTIVITY**

There were no interfund balances as of June 30, 2018.

There were no transfers between funds during the year ended June 30, 2018.

**NOTE 7 EMPLOYEE RETIREMENT PLANS**

**Summary of Significant Accounting Policies**

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

**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.

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

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

**Benefits provided.** Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement plan participants, if hired before 12/31/16) are entitled to receive a retirement benefit based on a formula factor, their final average earnings creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current and prior service for which a participant received earnings and made contributions as required. Credible service also includes credible military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 7      EMPLOYEE RETIREMENT PLANS (CONTINUED)**

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

The WRS also provides death and disability benefits for employees.

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)

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

During the reporting period, the WRS recognized \$570,228 in contributions from the employer.

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 7      EMPLOYEE RETIREMENT PLANS (CONTINUED)**

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

Contribution rates as of June 30, 2018 are:

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

At June 30, 2018, the Wautoma Area School District reported a liability (asset) of \$1,781,439 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Wautoma Area School District's proportion of the net pension liability (asset) was based on the Wautoma Area School District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the Wautoma Area School District's proportion was 0.05999892%, which was a decrease of 0.00278433% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the Wautoma Area School District recognized pension expense of \$842,275.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,263,363	\$ (1,058,726)
Changes in assumptions	351,977	0
Net differences between projected and actual earnings on pension plan investments	1,906,657	(4,355,079)
Changes in proportion and differences between employer contributions and proportionate share of contributions	51,849	(9,470)
Employer contributions subsequent to the measurement date	327,890	0
Total	<u>\$4,901,736</u>	<u>\$ (5,423,275)</u>

\$327,890 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 7      EMPLOYEE RETIREMENT PLANS (CONTINUED)**

<u>Year ended June 30:</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
2018	\$1,825,875	\$ (1,622,618)
2019	\$1,617,483	\$ (1,618,425)
2020	\$ 586,607	\$ (1,184,887)
Thereafter	\$ 543,879	\$ (997,345)

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

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset)	December 31, 2017
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 - 2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

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

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	50%	8.3%	5.3%
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	<u>110%</u>	<u>7.3%</u>	<u>4.4%</u>

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 7      EMPLOYEE RETIREMENT PLANS (CONTINUED)**

Variable Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
US Equities	70%	7.5%	4.6%
International Equities	30	7.8	4.9
Total Variable Fund	<u>100%</u>	<u>7.9%</u>	<u>5.0%</u>

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%. Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

*Single Discount rate.* A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan 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 Wautoma Area School District's proportionate share of the net pension liability (asset) to changes in the discount rate.* The following presents the Wautoma Area School District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the Wautoma Area School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
Wautoma Area School District's proportionate share of the net pension liability (asset)	\$4,609,191	\$(1,781,439)	\$(6,638,515)

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

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 8    POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

*Postemployment Benefits Other Than Pensions (OPEB).* For purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Wautoma Area School District's retiree benefits plan and additions to/deductions from the Wautoma Area School District's retiree benefits plan fiduciary net position have been determined on the same basis as they are reported by the Wautoma Area School District retiree benefits plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

**General Information About the OPEB Plan**

*Plan Description.* The Wautoma Area School District retiree benefits plan is a single-employer retiree benefit plan that provides postemployment health insurance benefits to eligible employees and their spouses. The Plan is administered by Actuarial and Health Care Solutions, Inc. Benefits and eligibility for administrators, supervisors and non-represented support staff are established and amended by the governing body.

*Benefits provided.* The Wautoma Area School District retiree benefits plan provides healthcare insurance benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of the benefits is covered by the plan.

*Employees covered by benefit terms.* At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	20
Inactive employees entitled to but not yet receiving benefit payments	3
Active employees	<u>178</u>
Total	<u>201</u>

*Contributions.* The Wautoma Area School District governing body has the authority to establish and amend the contribution requirements of the District and employees. The Board establishes rates based on an actuarially determined rate. For the year ended June 30, 2018, the District's average contribution rate was not applicable since there was no covered-employee payroll. Employees are not required to contribute to the plan.

**Net OPEB Liability**

The District's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

*Actuarial assumptions.* The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 8    POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Net OPEB Liability (Continued)**

Actuarial Valuation Date:	July 1, 2017
Measurement Date:	June 30, 2018
Actuarial Cost Method:	Entry Age Normal
Amortization Method:	5 Year Level %
Amortization Period:	5 Years
Asset Valuation Method:	Market Value
Inflation	3.0%
Investment Rate of Return:	3.5%
Salary Increases:	2.0%
Healthcare Cost Trend Rates:	7.75%, decreasing 0.5% per year down to 5.75%, then by .25% per year down to 5.5%, and level thereafter

Mortality, disability and retirement rates were based on the Wisconsin Retirement System experience to value pensions for public school employees.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period.

*Discount rate.* The discount rate used to measure the total OPEB liability was 3.5 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Changes in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/2017	\$ 681,510	\$ 0	\$ 681,510
Changes for the year:			
Service cost	25,095	N/A	25,095
Interest	2,376	N/A	2,373
Contributions - Employer	N/A	96,736	(96,736)
Net investment income	N/A		
Benefit payments	(96,736)	(96,736)	
Administrative expense			
Net Changes	(69,265)		(69,265)
Balances at 6/30/2018	\$ 612,245	\$ 0	\$ 612,245

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

*Sensitivity of the net OPEB liability to changes in the discount rate.* The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5 percent) or 1-percentage-point higher (4.5 percent) than the current discount rate:

	<u>1% Decrease (2.5%)</u>	<u>Discount Rate (3.5%)</u>	<u>1% Increase (4.5%)</u>
Net OPEB liability (asset)	\$656,052	\$612,245	\$572,014

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.* The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB liability (asset)	\$576,526	\$612,245	\$677,397

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

For the year ended June 30, 2018, the District recognized OPEB expense (revenue) of \$27,471. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 0	\$ 0
Changes of assumptions		
Net difference between projected and actual earnings on OPEB plan investments		
Employer contributions subsequent to the measurement date	<u>0</u>	<u>0</u>
Total	<u>\$ 0</u>	<u>\$ 0</u>

There are no deferred outflows or inflows as this is the first actuarial valuation under GASB 75. Prior actuarial valuations were performed under GASB 45. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
2017	\$0	\$0
2018	\$0	\$0
2019	\$0	\$0
2020	\$0	\$0
2021	\$0	\$0

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## NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

### Summary of Significant Accounting Policies

**Other Post-Employment Benefits (OPEB).** The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expenses, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. 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.

### General Information about the Other Post-Employment Benefits

**Plan description.** The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

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

**Benefits provided.** The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

#### **Contributions.**

The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of June 30, 2017 are:

Coverage Type	Employer Contribution
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 9    POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2017 are listed below:

<b>Life Insurance Employee Contributions Rates For the year ended December 31, 2017</b>	
<b>Attained Age</b>	<b>Basic</b>
Under 30	\$0.05
30-34	0.06
35-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

During the reporting period, the LRLIF recognized \$2,254 in contributions from the employer

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs**

At June 30, 2018, the Wautoma School District reported a liability (asset) of \$357,097 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Wautoma School District proportion of the net OPEB liability (asset) was based on the Wautoma School District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the Wautoma School District's proportion was .11869300%, which was a decrease of .00604100% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2017 the Wautoma School District recognized OPEB expense of \$35,644.

At June 30, 2017, the Wautoma School District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$0	\$(5,031)
Net differences between projected and actual earnings on OPEB plan investments	4,112	0
Changes in assumptions	34,507	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	0	(12,719)
Employer contributions subsequent to the measurement date	0	0
<b>TOTAL</b>	<u>\$38,619</u>	<u>\$(17,750)</u>

\$0 reported as deferred outflows related to OPEB resulting from the Wautoma School District Employer's contributions subsequent to the measurement date will be recognized as reduction of the net OPEB liability (asset) in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
2018	\$6,312	\$(770)
2019	\$6,312	\$(770)
2020	\$6,312	\$(770)
2021	\$6,312	\$(770)
2022	\$5,284	\$(770)
Thereafter	\$8,084	\$(1,178)

**Actuarial assumptions.** The total OPEB liability in the January 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Actuarial assumptions (Continued).**

Actuarial Valuation Date:	January 1, 2017
Measurement Date of Net OPEB Liability (asset)	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	3.44%
Long-Term Expected Rate of Return:	5.00%
Discount Rate:	3.63%
Salary Increases	
Inflation:	3.20%
Seniority/Merit:	0.2%-5.6%
Mortality:	Wisconsin 2012 Mortality Table

**Long-term expected Return on Plan Assets.** The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the Wautoma School District are held with Securian, the insurance carrier. Interest is calculated and credited to the Wautoma School District based on the rate of return for segment of the insurance carriers' general fund, specifically 10-year A-Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

**Local OPEB Life Insurance  
Asset Allocation Targets and Expected Returns  
As of December 31, 2017**

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Government Bonds	Barclays Government	1%	1.13%
US Credit Bonds	Barclays Credit	65%	2.61%
US Long Credit Bonds	Barclays Long Credit	3%	3.08%
US Mortgages	Barclays MBS	31%	2.19%
Inflation			2.30%
Long-Term Expected Rate of Return			5.00%

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 9    POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Single Discount rate.** A single discount rate of 3.63% was used to measure the total OPEB liability. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient.

**Sensitivity of the Wautoma School District's proportionate share of the net OPEB liability (asset) to changes in the discount rate.** The following presents the Wautoma School District's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 3.63 percent, as well as what the Wautoma School District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percent-point lower (2.63 percent) or 1-percent-point higher (4.63 percent) than the current rate:

	1% Decrease to Discount Rate <u>(2.63%)</u>	Current Discount Rate <u>(3.63%)</u>	1% Increase To Discount Rate <u>(4.63%)</u>
Wautoma School District's proportionate share of the net OPEB liability (asset)	\$504,714	\$357,097	\$243,817

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

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 10 FUND AND NET ASSET BALANCES**

Portions of fund balances are nonspendable, restricted, committed, assigned, or unassigned and not available for current expenses or expenditures. Details of these fund classifications are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>
	<u>General Fund</u>	<u>Other Government Funds</u>	<u>Food Service Fund</u>
Nonspendable			
Inventory and prepaid expenses	\$621,026	\$ 0	\$ 6,978
Restricted for:			
Capital projects fund		623,597	
Community service fund		2,294	
Debt service fund		81,400	
Food service program			328,535
Pension related items			37,793
Unassigned	<u>6,549,810</u>	<u>          </u>	<u>          </u>
Total fund balances	<u>\$7,170,836</u>	<u>\$707,291</u>	<u>\$366,328</u>

Restricted net asset balances in the district-wide statement of net position consist of the following:

Government activities:	
Capital projects fund	\$623,597
Community service fund	2,294
Debt service fund	81,400
Pension related items	<u>1,222,107</u>
Total	<u>\$1,929,398</u>
Business-type activities:	
Food service programs	\$ 335,513
Pension related items	<u>37,793</u>
Total	<u>\$ 373,306</u>

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 11 RISK MANAGEMENT**

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District manages these risks through the purchase of various forms of commercial insurance. Certain of the commercial insurance policies have established deductible amounts whereby the district would be responsible for the portion of claims, losses and damages under the deductible limits. All funds participate in the coverages provided by the commercial insurance carriers.

Each fund would be responsible for its share of losses either below the deductible amounts or for losses exceeding the coverage limits of the commercial policies. There was no significant reduction in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage for the past three years.

**NOTE 12 CONTINGENCIES AND COMMITMENTS**

From time to time, the District is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management that the likelihood is remote that any such claims or proceedings will have a material effect on the District's financial position or results of operations.

The District participates in a number of state and federally assisted grant programs. These programs are subject to program compliance audits by grantors or their representatives. The audits of these programs for the year ended June 30, 2018 have not been conducted. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

**NOTE 13 SUBSEQUENT EVENTS**

Subsequent events are evaluated through November 29, 2018, which is the date the financial statements were available to be issued. As of that date no material subsequent events were noted.

**NOTE 14 LIMITATION OF SCHOOL DISTRICT REVENUES**

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

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 15 PRIOR YEAR RESTATEMENT**

Changes to the reporting requirements for OPEB detailed in Note 10 requires a restatement to the beginning net position as follows:

	<u>Governmental Activities</u>
Net Position - Beginning of Year	\$21,101,880
Prior Year Total OPEB Liability-Life Insurance	<u>302,838)</u>
Net Position - Beginning of Year, As Restated	<u>\$20,799,042</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budgeted Amounts			Final Budgeted Amounts			Actual Amounts			Variance with Final Budget
	Special Education	General Fund	Total General Fund	Special Education	General Fund	Total General Fund	Special Education	General Fund	Total General Fund	
<b>REVENUES</b>										
Property taxes	\$ 0	\$ 7,244,200	\$ 7,244,200	\$ 0	\$ 7,244,200	\$ 7,244,200	\$ 0	\$ 7,244,445	\$ 7,244,445	\$ 245
Other local sources	500	106,200	106,700	500	106,200	106,700	370	178,541	178,911	72,211
Interdistrict sources		725,000	725,000		725,000	725,000		835,776	835,776	110,776
Intermediate sources	144,066	36,500	180,566	144,066	36,500	180,566	145,358	38,441	183,799	3,233
State sources	370,000	7,278,760	7,648,760	370,000	7,278,760	7,648,760	371,758	7,329,690	7,701,448	52,688
Federal sources	255,052	703,000	958,052	255,052	703,000	958,052	349,293	779,034	1,128,327	170,275
Other sources		90,000	90,000		90,000	90,000		150,650	150,650	60,650
Total Revenues	769,618	16,183,660	16,953,278	769,618	16,183,660	16,953,278	866,779	16,556,577	17,423,356	470,078
<b>EXPENDITURES</b>										
Instruction										
Regular instruction		7,172,629	7,172,629		7,172,629	7,172,629			7,071,285	101,344
Vocational instruction		386,757	386,757		386,757	386,757			406,499	(19,742)
Special instruction	1,868,575	38,321	1,906,896	1,868,575	38,321	1,906,896	1,921,336	185,529	2,106,865	(199,969)
Other instruction		771,207	771,207		771,207	771,207		752,798	752,798	18,409
Total Instruction	1,868,575	8,368,914	10,237,489	1,868,575	8,368,914	10,237,489	1,921,336	8,416,111	10,337,447	(99,958)
Support Services										
Pupil services		543,783	753,648		543,783	753,648			852,151	(98,503)
Instructional staff services	209,865	1,347,380	1,513,441	209,865	1,347,380	1,513,441	235,971	616,180	993,832	519,609
General administration services	166,061			166,061			142,167	851,665	362,932	(362,932)
Building administration services		1,124,316	1,124,316		1,124,316	1,124,316		1,126,796	1,126,796	(2,480)
Business services		256,532	256,532		256,532	256,532		258,298	261,298	(4,766)
Operations and maintenance		1,894,897	1,894,897		1,894,897	1,894,897	3,000	1,910,952	1,910,952	(16,055)
Pupil transportation	39,418	703,531	742,949	39,418	703,531	742,949	72,804	518,610	591,414	151,535
Central services		462,423	462,423		462,423	462,423		444,225	444,225	18,198
Insurance		233,113	233,113		233,113	233,113		212,022	212,022	21,091
Other support services		100,000	100,000		100,000	100,000		97,224	97,224	2,776
Total Support Services	415,344	6,665,975	7,081,319	415,344	6,665,975	7,081,319	453,942	6,398,904	6,852,846	228,473
Total Expenditures	2,283,919	15,034,889	17,318,808	2,283,919	15,034,889	17,318,808	2,375,278	14,815,015	17,190,293	128,515
Excess of Revenues Over Expenditures	(1,514,301)	1,148,771	(365,530)	(1,514,301)	1,148,771	(365,530)	(1,508,499)	1,741,562	233,063	588,593
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfer to other funds	1,321,849	(1,321,849)		1,514,301	(1,514,301)		1,508,499	(1,508,499)		0
Net Other Financing Sources (Uses)	1,321,849	(1,321,849)	0	1,514,301	(1,514,301)	0	1,508,499	(1,508,499)	0	0
<b>Net Change in Fund Balances</b>	(192,452)	(173,078)	(365,530)	0	(365,530)	(365,530)	0	233,063	233,063	588,593
<b>FUND BALANCES - Beginning of Year</b>	0	6,937,773	6,937,773	0	6,937,773	6,937,773	0	6,937,773	6,937,773	0
<b>FUND BALANCES - END OF YEAR</b>	(192,452)	6,764,695	6,572,243	0	6,572,243	6,572,243	0	7,170,836	7,170,836	598,593

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**BUDGETARY COMPARISON SCHEDULE FOR THE CAPITAL PROJECTS FUND  
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>REVENUES</b>				
Local sources	\$ 0	\$ 0	\$ 14,084	\$ 14,084
<b>EXPENDITURES</b>				
Support services				
Operations and maintenance	3,108,252	3,108,252	2,498,739	609,513
Total Expenditures	3,108,252	3,108,252	2,498,739	609,513
<b>OTHER FINANCING SOURCES (USES)</b>				
Long term debt proceeds	0	0	0	0
<b>Net Change in Fund Balance</b>	(3,108,252)	(3,108,252)	(2,484,655)	(623,597)
<b>FUND BALANCE - Beginning of Year</b>	3,108,252	3,108,252	3,108,252	0
<b>FUND BALANCE - END OF YEAR</b>	\$ 0	\$ 0	\$ 623,597	\$ (623,597)

**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
ON BUDGETARY ACCOUNTING AND CONTROL  
FOR THE YEAR ENDED JUNE 30, 2018**

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Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction, which is in accordance with generally accepted accounting principles. The legally adopted budget and budgetary expenditure control is exercised at the two-digit sub-function level in the General Fund and at the function level for all other funds. Reported budget amounts are as originally adopted or as amended by the School Board resolution.

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

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

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION  
FOR OPEB RELATED ITEMS  
FOR THE YEAR ENDED JUNE 30, 2018

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SCHEDULE OF WAUTOMA AREA SCHOOL DISTRICT CONTRIBUTIONS FOR OPEB  
Retiree Health Insurance

Last 10 Fiscal Years\*

	<u>2018</u>
Actuarially determined contribution (ADC)	\$ 77,980
Contributions in relation to the ADC	<u>(96,736)</u>
Contribution deficiency (excess)	<u><u>\$ (18,756)</u></u>
Covered-employee payroll	\$8,948,735
Contributions as a percentage of covered- employee payroll	1.1%

Key Methods and Assumptions Used to Calculate ADC

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Amortization method	20 year Level \$
Discount rate	3.50%
Inflation	3.00%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year

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**WAUTOMA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION  
FOR OPEB RELATED ITEMS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2018**

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**SCHEDULE OF WAUTOMA SCHOOL DISTRICT'S PROPORTIONATE SHARE  
OF THE NET OPEB LIABILITY (ASSET)  
Local Retiree Life Insurance Fund**

	<u>2018</u>
Wautoma School District's proportion of the net OPEB liability (asset)	.11869300%
Wautoma School District's proportionate share of the net OPEB liability (asset)	\$357,097
Wautoma School District's covered-employee payroll	\$4,991,380
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	44.81%

**SCHEDULE OF WAUTOMA SCHOOL DISTRICT'S CONTRIBUTIONS  
Local Retiree Life Insurance Fund**

	<u>2018</u>
Contractually required contributions	\$2,254
Contributions in relation to contractually required contributions	\$(2,254)
Contribution deficiency (excess)	0
Wautoma School District's covered employee payroll	\$4,991,380
Contributions as a percentage of covered-employee payroll	.045158%

**Notes to Required Supplementary Information  
For the Year Ended June 30, 2018**

**Changes for benefit terms.** There were no changes of benefit terms for any participating employer in the Local Retiree Life Insurance Fund.

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

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>2018</u>
<b>TOTAL OPEB LIABILITY</b>	
Service cost	\$ 25,095
Interest	2,376
Benefit payments	<u>(96,736)</u>
<b>Net change in total OPEB liability</b>	(69,265)
<b>TOTAL OPEB LIABILITY - Beginning of Year</b>	<u>681,510</u>
<b>TOTAL OPEB LIABILITY - End of Year (a)</b>	<u><u>\$ 612,245</u></u>
<b>FIDUCIARY NET POSITION</b>	
Contributions - Employer	\$ 96,736
Net investment income	
Benefit payments	<u>(96,736)</u>
<b>Net change in fiduciary net position</b>	0
<b>FIDUCIARY NET POSITION - Beginning of Year</b>	<u>0</u>
<b>FIDUCIARY NET POSITION - End of Year (b)</b>	<u><u>\$ 0</u></u>
<b>NET OPEB LIABILITY</b>	
<b>Net OPEB liability (a)-(b)</b>	<u>\$ 612,245</u>
<b>Fiduciary net position as a percentage of the total OPEB liability</b>	N/A
<b>Covered Payroll</b>	\$ 8,948,735
<b>Net OPEB liability as a percentage of covered payroll</b>	6.84%

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION  
FOR PENSION RELATED ITEMS  
FOR THE YEAR ENDED JUNE 30, 2018**

**SCHEDULE OF WAUTOMA AREA SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE PENSION  
LIABILITY (ASSET)  
Wisconsin Retirement System  
Last 10 Fiscal Years\***

	2018	2017	2016	2015
Wautoma Area School District's proportion of the net pension liability (asset)	.05999892%	.06278325%	.06501596%	.06621234%
Wautoma Area School District's proportionate share of the net pension liability (asset)	\$ (1,781,439)	\$517,484	\$ (1,625,909)	\$ (1,626,356)
Wautoma Area School District's covered-employee payroll	\$8,491,104	\$8,655,874	\$8,959,997	\$9,144,275
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.93%	99.12%	98.2%	102.74%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year

**SCHEDULE OF WAUTOMA AREA SCHOOL DISTRICT'S CONTRIBUTIONS  
Wisconsin Retirement System  
Last 10 Fiscal Years\***

	2018	2017	2016	2015
Contractually required contributions	\$577,395	\$571,288	\$622,228	\$640,085
Contributions in relation to contractually required contributions	\$ (577395)	\$ (571,288)	\$ (622,228)	\$ (640,085)
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
Wautoma Area School District's covered-employee payroll	\$8,491,104	\$8,655,874	\$8,959,997	\$9,144,275
Contributions as a percentage of covered-employee payroll	6.8%	6.6%	6.9%	7.0%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year

**Notes to Required Supplementary Information  
For the Year Ended June 30, 2018**

*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.

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OTHER SUPPLEMENTARY INFORMATION

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

COMPARATIVE BALANCE SHEETS  
GENERAL FUND  
AS OF JUNE 30, 2018 AND 2017

	2018			2017		
	Special Education	General Fund	Total General Fund	Special Education	General Fund	Total General Fund
<b>ASSETS</b>						
Cash and investments	\$ 0	\$ 4,388,969	\$ 4,388,969	\$ 0	\$ 4,285,336	\$ 4,285,336
Receivables						
Taxes		2,131,975	2,131,975		2,392,098	2,392,098
Accounts receivable	76	4,508	4,584		7,663	7,663
Due from other governments	102,506	674,569	777,075	90,039	382,900	472,939
Due (to) from other funds	(88,626)	89,165	539	(48,091)	51,091	3,000
Prepaid expenses	61,942	559,084	621,026	40,251	431,612	471,683
<b>TOTAL ASSETS</b>	<u>\$ 75,898</u>	<u>\$ 7,848,270</u>	<u>\$ 7,924,168</u>	<u>\$ 82,199</u>	<u>\$ 7,550,700</u>	<u>\$ 7,632,899</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Accrued liabilities						
Payables	\$ 348	\$ 75,768	\$ 76,116	\$ 750	\$ 37,431	\$ 38,181
Payroll, payroll taxes, insurance	75,550	601,666	677,216	81,449	574,276	655,725
Deferred revenue					1,220	1,220
Total Liabilities	<u>75,898</u>	<u>677,434</u>	<u>753,332</u>	<u>82,199</u>	<u>612,927</u>	<u>695,126</u>
Fund Balances						
Nonspendable	61,942	559,084	621,026	40,251	431,612	471,863
Unassigned	(61,942)	6,611,752	6,549,810	(40,251)	6,506,161	6,465,910
Total Fund Balances	<u>0</u>	<u>7,170,836</u>	<u>7,170,836</u>	<u>0</u>	<u>6,937,773</u>	<u>6,937,773</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 75,898</u>	<u>\$ 7,848,270</u>	<u>\$ 7,924,168</u>	<u>\$ 82,199</u>	<u>\$ 7,550,700</u>	<u>\$ 7,632,899</u>

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2018

	Debt Service Fund	Community Service Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 81,400	\$ 0	\$ 81,400
Prepaid expenses		3,532	3,532
<b>TOTAL ASSETS</b>	<u>\$ 81,400</u>	<u>\$ 3,532</u>	<u>\$ 84,932</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Due to other funds	\$ 0	\$ 539	\$ 539
Accounts payable		699	699
Total Liabilities	<u>0</u>	<u>1,238</u>	<u>1,238</u>
Fund Balances			
Restricted	<u>81,400</u>	<u>2,294</u>	<u>83,694</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 81,400</u>	<u>\$ 3,532</u>	<u>\$ 85,631</u>

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

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	Debt Service Fund	Community Service Fund	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Property taxes	\$ 429,956	\$ 70,000	\$ 499,956
Local sources	43		43
Total Revenues	<u>429,999</u>	<u>70,000</u>	<u>499,999</u>
<b>EXPENDITURES</b>			
Principal and interest	348,912		348,912
Community service		70,000	70,000
Total Expenditures	<u>348,912</u>	<u>70,000</u>	<u>418,912</u>
<b>Net Change in Fund Balance</b>	81,087		81,087
<b>FUND BALANCE - Beginning of Year</b>	<u>313</u>	<u>2,294</u>	<u>2,607</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 81,400</u>	<u>\$ 2,294</u>	<u>\$ 83,694</u>

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

COMPARATIVE BALANCE SHEETS  
DEBT SERVICE FUND  
AS OF JUNE 30, 2018 AND 2017

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	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and Investments	\$ 81,400	\$ 313
<b>TOTAL ASSETS</b>	<u>\$ 81,400</u>	<u>\$ 313</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities	\$ 0	\$ 0
Fund Balances		
Restricted	<u>81,400</u>	<u>313</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 81,400</u>	<u>\$ 313</u>

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET TO ACTUAL - DEBT SERVICE FUND  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018			2017		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>						
Property taxes	\$ 429,956	\$ 429,956	\$ 0	\$ 875,000	\$ 875,000	\$ 0
Local revenues		43	43		245	245
Total Revenues	<u>429,956</u>	<u>429,999</u>	<u>43</u>	<u>875,000</u>	<u>875,245</u>	<u>245</u>
<b>EXPENDITURES</b>						
Principal and interest	<u>348,438</u>	<u>348,912</u>	<u>(474)</u>	<u>875,000</u>	<u>884,061</u>	<u>(9,061)</u>
Total Expenditures	<u>348,438</u>	<u>348,912</u>	<u>(474)</u>	<u>875,000</u>	<u>884,061</u>	<u>(9,061)</u>
Excess of Revenues Over Expenditures	<u>81,518</u>	<u>81,087</u>	<u>517</u>	<u>0</u>	<u>(8,816)</u>	<u>9,306</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Long term debt proceeds					4,965,000	4,965,000
Bond refinancing					(5,087,464)	(5,087,464)
Bond issuance costs					(130,436)	(130,436)
Proceeds from bond premium					262,029	262,029
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,129</u>	<u>9,129</u>
<b>Net Change in Fund Balance</b>	<u>81,518</u>	<u>81,087</u>	<u>517</u>	<u>0</u>	<u>313</u>	<u>18,435</u>
<b>FUND BALANCE - Beginning of Year</b>	<u>313</u>	<u>313</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 81,831</u>	<u>\$ 81,400</u>	<u>\$ 517</u>	<u>\$ 0</u>	<u>\$ 313</u>	<u>\$ 18,435</u>

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

COMPARATIVE BALANCE SHEETS  
COMMUNITY SERVICE FUND  
AS OF JUNE 30, 2018 AND 2017

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	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and Investments	\$ 0	\$ 775
Prepaid expenses	<u>3,532</u>	<u>1,519</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,532</u>	<u>\$ 2,294</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Due to other funds	\$ 539	\$ 0
Accounts payable	<u>.699</u>	
Total Liabilities	<u>1,238</u>	<u>0</u>
Fund Balances		
Restricted	<u>2,294</u>	<u>2,294</u>
Total Fund Balances	<u>2,294</u>	<u>2,294</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 3,532</u>	<u>\$ 2,294</u>

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET TO ACTUAL - COMMUNITY SERVICE FUND  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018			2017		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>						
Property taxes	\$ 70,000	\$ 70,000	\$ 0	\$ 65,000	\$ 65,000	\$ 0
Total Revenues	<u>70,000</u>	<u>70,000</u>	<u>0</u>	<u>65,000</u>	<u>65,000</u>	<u>0</u>
<b>EXPENDITURES</b>						
Community service	70,000	70,000		65,000	63,760	1,240
Total Expenditures	<u>70,000</u>	<u>70,000</u>	<u>0</u>	<u>65,000</u>	<u>63,760</u>	<u>1,240</u>
<b>Net Change in Fund Balance</b>	0	0	0	0	1,240	1,240
<b>FUND BALANCE - Beginning of Year</b>	<u>2,294</u>	<u>2,294</u>	<u>0</u>	<u>1,054</u>	<u>1,054</u>	<u>0</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 2,294</u>	<u>\$ 2,294</u>	<u>\$ 0</u>	<u>\$ 1,054</u>	<u>\$ 2,294</u>	<u>\$ 1,240</u>

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

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

	Balance 6/30/2017	Additions	Deletions	Balance 6/30/2018
<b>ASSETS</b>				
Cash and Investments	\$ 91,499	\$ 160,724	\$ 144,099	\$ 108,124
<b>TOTAL ASSETS</b>	<u>\$ 91,499</u>	<u>\$ 160,724</u>	<u>\$ 144,099</u>	<u>\$ 108,124</u>
<b>LIABILITIES</b>				
Due to student organizations				
Parkside Middle School	\$ 36,602	\$ 48,503	\$ 45,732	\$ 39,373
High School	58,863	95,821	85,918	68,766
District	<u>(3,966)</u>	<u>16,400</u>	<u>12,449</u>	<u>(15)</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 91,499</u>	<u>\$ 160,724</u>	<u>\$ 144,099</u>	<u>\$ 108,124</u>

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FEDERAL AND STATE SINGLE AUDIT AND  
GOVERNMENT AUDITING STANDARDS REPORTS AND SCHEDULES

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

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

Administering Agency Pass-Through Agency Award Description	FEDERAL CATALOG NUMBER	PASS THROUGH ID NUMBER	PROGRAM OR AWARD AMOUNT	ACCRUED RECEIVABLE JUNE 30, 2017	REVENUES		EXPENDITURES JUNE 30, 2018	ACCRUED RECEIVABLE JUNE 30, 2018
					GRANTOR REIMBURSEMENTS	LOCAL SHARE		
<b>U.S. DEPARTMENT OF AGRICULTURE</b>								
Wisconsin Department of Public Instruction:								
Food Distribution								
July 1, 2017 - June 30, 2018	10.555*	2018-696237-FD-001	\$	0	\$	0	\$	0
National School Lunch Program	10.555*	2018-696237-NSL-547			312,644		357,802	45,158
July 1, 2017 - June 30, 2018								
National School Lunch Program-After-school	10.555*	2018-696237-NSL-547			20,867		23,974	3,107
July 1, 2017 - June 30, 2018								
Total National School Lunch Program				0	403,698	0	451,963	48,265
Food Service Aid - Breakfast	10.553*	2018-696237-SB-546			176,859		195,371	18,512
July 1, 2017 - June 30, 2018								
Summer Food Service Program	10.559*	2018-696237-SFSP-586			30,548		30,131	29,794
July 1, 2016 - June 30, 2017				30,548	337			
July 1, 2017 - June 30, 2018								
Total Child Nutrition Cluster				30,548	611,442		677,465	96,571
Total U.S. Department of Agriculture				30,548	611,442		677,465	96,571
<b>U.S. DEPARTMENT OF EDUCATION</b>								
Wisconsin Department of Public Instruction:								
ESEA Title I-A Basic Grant	84.010	2018-696237-Title I-141	397,942	89,815	89,815		404,817	346,035
July 1, 2016 - June 30, 2017			429,480		58,782			
July 1, 2017 - June 30, 2018								
ESEA Title 1-C - Migrant	84.011	2018-696237-Mig. Summer-142	23,236	16,200	16,200		2,716	2,716
July 1, 2016 - June 30, 2017			5,500				13,705	13,705
July 1, 2017 - August 31, 2017			16,200					
July 1, 2017 - June 30, 2018								

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

Administering Agency Pass-Through Agency Award Description	FEDERAL CATALOG NUMBER	PASS THROUGH ID NUMBER	PROGRAM OR AWARD AMOUNT	ACCRUED RECEIVABLE JUNE 30, 2017	REVENUES		EXPENDITURES	ACCRUED RECEIVABLE JUNE 30, 2018
					GRANTOR REIMBURSEMENTS	LOCAL SHARE		
U.S. DEPARTMENT OF EDUCATION (CONTINUED)								
Wisconsin Department of Public Instruction (Continued):								
Twenty-First Century Comm. Learning Ctrs	84.287	2018-696237-367-CLC						
July 1, 2016 - June 30, 2017			115,727 \$	24,735 \$	24,735 \$	0 \$	0 \$	0
July 1, 2017 - June 30, 2018			100,870				99,768	99,768
WASD Rural & Low Income School Program								
July 1, 2016 - June 30, 2017 for 15-17 Award	84.358	FY 2018-696237-R&LI-368						
July 1, 2016 - June 30, 2018 for 16-18 Award			26,571	10,836	10,836			
July 1, 2017 - June 30, 2018 for 17-19 Award			29,067	26,206	21,301	4,905	7,767	7,767
			23,055				17,600	17,600
English Language Acquisition Grant								
July 1, 2016 - June 30, 2017	84.365	2018-696237-Title III A-391	16,658	6,972	6,972			
July 1, 2017 - June 30, 2018			14,669		3,790		12,793	9,003
ESEA Title II-A Teacher/Principal Training								
July 1, 2016 - June 30, 2017	84.367	2018-696237-Title II-365	81,359	16,898	16,898			
July 1, 2017 - June 30, 2018			90,066		29,847		74,033	44,186
Student Support & Acad. Enrich T-IV-A								
July 1, 2017 - June 30, 2018	84.424	2018-696237-Title IV-A-381	10,000				6,430	6,430
Special Education Cluster								
Flow-Thru	84.027	2018-696237-IDEA-341						
July 1, 2016 - June 30, 2017			218,040	151,206	151,206			
July 1, 2017 - June 30, 2018			310,484		280,750		310,484	29,734
IDEA Preschool Entitlement								
July 1, 2016 - June 30, 2017	84.173	2018-696237-Pre-S-347	15,033	903	903			
July 1, 2017 - June 30, 2018			7,666		7,085		7,866	781
Total Special Education Cluster				152,109	439,944		318,350	30,515
Carl Perkins - Pass through CESA 5								
July 1, 2017 - June 30, 2018	84.048	2018-696237-CP-CTE-400	9,832		10,672		10,672	
Total U. S. Department of Education				343,771	729,792	4,905	968,651	577,725
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Wisconsin Department of Health Services	93.778	44222400	N/A					
Medical Assistance Program				27,375	27,375			
July 1, 2016 - June 30, 2017					117,284		170,349	53,065
July 1, 2017 - June 30, 2018								
Pass-Through CESA 5								
Medical Assistance Program					23,170		23,170	0
July 1, 2017 - June 30, 2018				27,375	167,829		193,519	53,065
Total Medicaid Cluster				27,375	167,829		193,519	53,065
Total U.S. Department of Health and Human Services				401,694 \$	1,509,063 \$	4,905 \$	1,839,635 \$	727,361 \$
TOTAL FEDERAL ASSISTANCE								

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

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

Administering Agency Pass-Through Agency Award Description	STATE I.D. NUMBER	PASS THROUGH ID NUMBER	ACCRUED RECEIVABLE JUNE 30, 2017	REVENUES		EXPENDITURES JUNE 30, 2018	ACCRUED RECEIVABLE JUNE 30, 2018
				GRANTOR REIMBURSEMENTS	LOCAL SHARE		
WISCONSIN DEPT. OF PUBLIC INSTRUCTION							
Entitlement Programs							
Major State Programs							
General Equalization Aid	255.201	696237-116	\$ 99,144	\$ 5,828,787	0	\$ 5,830,318	\$ 100,675
Total Major Programs			99,144	5,828,787	0	5,830,318	100,675
WISCONSIN DEPT. OF PUBLIC INSTRUCTION							
Entitlement Programs							
Nonmajor State Programs							
Special Education and School Age Parents	255.101	696237-100		368,758		368,758	
Internal District Programs		696237-100		144,647		144,647	
Pass-Through CESA		696237-107		7,891		7,891	
State Lunch	255.102	696237-104		52,394		52,394	
Library Aid	255.103	696237-111		6,401		6,401	
Bilingual - Bicultural Education	255.106	696237-108		8,298		8,298	
School Breakfast Program	255.344	696237-160		578,647		578,647	
Student Achievement Guarantee in Education	255.504	696237-121		112,803		112,803	
Aid for High-Poverty School District	255.926	696237-154		9,600		9,600	
Educator Effective Eval Sys Grants	255.940	696237-113		626,850		626,850	
Per Pupil Aid	255.945	696237-151		1,267		1,267	
Career and Technical Education Incentive	255.950	696237-102		71,692		71,692	
Pupil Transportation	255.107	696237-166		2,791		2,791	
Assessments of Reading Readiness	255.956	696237-168		3,000		3,000	
Aid for Special Education Transition	255.960	N/A	4,818	4,818		4,889	4,889
Tax Exempt Computer Aid	N/A	N/A		32,038		32,038	
DNR			4,818	2,031,895	0	2,031,966	4,889
Total Nonmajor Programs				7,860,682	0	7,862,284	105,564
TOTAL STATE ASSISTANCE							
			\$ 103,962	\$ 7,860,682	\$ 0	\$ 7,862,284	\$ 105,564

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

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

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**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal and state awards include the federal and state grant activity of the Wautoma Area School District and are presented on the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of *The Uniform Guidance and the State Single Audit Guidelines*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 2 SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM**

2017-2018 eligible costs under the State Special Education Program are \$1,409,340.

**NOTE 3 DE MINIMIS COST RATE**

The District has elected not to use the 10% de minimis cost rate.

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MILLER, BRUSSELL, EBBEN AND GLAESKE LLC

CERTIFIED PUBLIC ACCOUNTANTS

611 E WISCONSIN ST

PORTAGE, WISCONSIN

53901

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

Board of Education  
Wautoma Area School District  
Wautoma, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Wautoma Area School District (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 29, 2018.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-001 to be a significant deficiency.

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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Wautoma Area School District's financial statements are free of 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*.

### **Wautoma Area School District'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 response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 purposes.

*Miller, Brussell, Ebben and Glaeske LLC*

Portage, Wisconsin  
November 29, 2018

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MILLER, BRUSSELL, EBBEN AND GLAESKE LLC  
CERTIFIED PUBLIC ACCOUNTANTS  
611 E WISCONSIN ST  
PORTAGE, WISCONSIN  
53901

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE  
AND THE STATE SINGLE AUDIT GUIDELINES

Board of Education  
Wautoma Area School District  
Wautoma, Wisconsin

**Report on Compliance for Each Major Federal and State Program**

We have audited the Wautoma Area School District's (the "District") compliance with the types of compliance requirements described in the *Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2018. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal and 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the *State Single Audit Guidelines*. Those standards, the Uniform Guidance, and the Guidelines 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 federal and 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 federal and state program. However, our audit does not provide a legal determination of the Wautoma Area School District's compliance.

**Opinion on Each Major Federal and State Program**

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

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### **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Guidelines, 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 federal or 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 federal or 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 federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the State Single Audit Guidelines. Accordingly, this report is not suitable for any other purpose.

*Miller, Brussell, Ebben and Glaeske LLC*

Portage, Wisconsin  
November 29, 2018

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified?	<u>      </u> Yes	<u>  X  </u> No
Significant deficiencies identified not considered to be material weaknesses?	<u>  X  </u> Yes	<u>      </u> None reported
Noncompliance material to the financial statements?	<u>      </u> Yes	<u>  X  </u> No

**Federal Awards**

Internal control over financial reporting:

Material weakness identified?	<u>      </u> Yes	<u>  X  </u> No
Significant deficiencies identified not considered to be material weaknesses?	<u>      </u> Yes	<u>  X  </u> None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR Section 200.516(a)?        Yes   X   No

Identification of major federal award programs:

<u>CFDA Number</u>	<u>Federal Program or Cluster</u>
10.553	Food Service Aid-Breakfast
10.555	Food Distribution
10.555	National School Lunch Program
10.555	National School Lunch Program-Afterschool
10.559	Summer Food Service Program

Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000

Auditee qualified as a low-risk auditee?   X   Yes        No

**State Awards**

Internal control over financial reporting:

Material weakness identified?	<u>      </u> Yes	<u>  X  </u> No
Significant deficiencies identified not considered to be material weaknesses?	<u>      </u> Yes	<u>  X  </u> None reported

Type of auditor's report issued on compliance for major programs: Unmodified

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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**Section I - Summary of Auditor's Results (Continued)**

**State Awards (Continued)**

Any audit findings disclosed that are required  
to be reported in accordance with *State*  
*Single Audit Guidelines*?

\_\_\_\_\_ Yes        X   No

Identification of major state programs:

<u>State ID Number</u>	<u>Name of State Program</u>
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255.201	General Equalization Aid
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**Section II - Financial Statement Findings**

2018-001 Preparation of the District's Financial Statements

Condition:            The District does not have management personnel with necessary expertise to prepare the financial statements, related notes and GASB 34 conversion entries necessary to report in accordance with generally accepted accounting principles. Due to limited resources, management has decided to accept certain risks relevant to financial reporting and relies on the auditor to assist with the preparation of the District's financial statements.

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

Cause:              The additional cost associated with hiring staff experienced in preparation of the District's financial statements, including additional training, outweighs the derived benefits.

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

Recommendation:    We recommend District personnel continue reviewing the financial statements by competent staff and approve them before issuance. We will continue to work with the District, providing information and training where needed, to make the District's personnel more knowledgeable about its responsibility for the financial statements.

Management Views and Corrective Action Plan: See corrective action plan 2018-001.

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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**Section III - Federal Award Findings and Questioned Costs**

Federal Awards Findings and Questioned Costs

No findings or questioned costs.

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**WAUTOMA AREA SCHOOL DISTRICT  
WAUTOMA, WISCONSIN**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2018**

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Item Number	Significant Deficiencies
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2017-001	Preparation of District's Financial Statements
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Condition:	The District does not have management personnel with necessary expertise to prepare the financial statements, related notes and GASB 34 conversion entries necessary to report in accordance with generally accepted accounting principles. Due to limited resources, management has decided to accept certain risks relevant to financial reporting and relies on the auditor to assist with the preparation of the District's financial statements.
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Recommendation:	We recommend District personnel continue reviewing the financial statements by competent staff and approve them before issuance. We will continue to work with the District, providing information and training where needed, to make the District's personnel more knowledgeable about its responsibility for the financial statements.
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Current Status:	Management and the Board continues to believe that the cost to hire additional staff to eliminate the control deficiency outweighs the benefits to be received. Competent staff will continue to be designated to oversee and review the financial reports and approve them before issuance.
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**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2018**

Wisconsin Department of Public Instruction

The School District of Poynette respectfully submits the following corrective action plan for the year ended June 30, 2018.

Name and address of independent public accounting firm:

Miller, Brussell, Ebben and Glaeske, LLC.  
611 East Wisconsin Street  
Portage, WI 53901

Audit period - June 30, 2018

The findings from the June 30, 2018 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

**Findings-Financial Statement Audit**

**Significant Deficiency 2018-001 Preparation of the District's Financial Statements**

Management Views - Management agrees with the finding and the recommendation.

Corrective Action Planned - Management and the Board will continue to designate competent staff to oversee and review the financial reports and approve them before issuance. However, it is not feasible or cost effective to add staff with the competence to prepare these reports.

Anticipated Completion Date - This action will be ongoing.

If the Wisconsin Department of Public Instruction has questions regarding the plan, please contact Cindy Reilly at 920-787-7112 or e-mail reillyc@wautoma.k12.wi.us.

Sincerely yours,

Business Manager

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