

**MOSINEE SCHOOL DISTRICT
MOSINEE, WISCONSIN**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Mosinee School District
Mosinee, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mosinee School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Mosinee School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

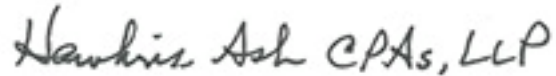
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mosinee School District's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of changes in assets and liabilities - agency funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and schedule of state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and State Single Audit Guidelines*, and are also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2017, on our consideration of the Mosinee School 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 Mosinee School District's internal control over financial reporting and compliance.

HAWKINS ASH CPAS, LLP

A handwritten signature in cursive script that reads "Hawkins Ash CPAs, LLP".

Manitowoc, Wisconsin
October 27, 2017

**MOSINEE SCHOOL DISTRICT
MOSINEE, WISCONSIN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

SUPERINTENDENT OF SCHOOLS
Ann E. Schulz, Ph.D.

DIRECTOR OF INSTRUCTION
Richard D. Lind



BUSINESS MANAGER
Brent J. Zimmerman

DIRECTOR OF BUILDINGS & GROUNDS
Steven L. Kaiser

Management's Discussion and Analysis

As management of the Mosinee School District ("District"), we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2017. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the District's basic financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

Total governmental activities revenue was \$26,157,452; including \$9,461,069 of property taxes, \$13,181,557 of general state and federal aid. Total governmental activities expenditures were \$25,617,904; including \$14,340,188 for direct instruction.

The District's financial status, as reflected in total net position, increased by \$539,548.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements are comprised of 1) district-wide financial statements 2) fund financial statements, and 3) notes to the financial statements. In addition, other information supplementary to the basic financial statements is provided.

The basic financial statements consist of two kinds of statements that present different views of the District's financial activities.

- The *Statement of Net Position* and *Statement of Activities* provide information on a district-wide basis. The statements present an aggregate view of the District's finances. District-wide statements contain useful long-term information as well as information for the just completed fiscal year.
- The remaining statements are *fund financial statements* that focus on individual parts of the District. Fund statements generally report operations in more detail than the district-wide statements.

The *notes to the financial statements* provide further explanation of some of the information in the statements and provide additional disclosures so statement users have a complete picture of the District's financial activities and position.

Required supplementary information further explains and supports the financial statements by including a comparison of the District's budget data for the year.

The major features of the District's financial statements, including the activities reported and the type of information contained is shown in the following table.

Major Features of the District-wide and Fund Financial Statements

	District-wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire District (except fiduciary funds).	The activities of the District that are not proprietary or fiduciary, such as instructional, support services, debt service, capital projects, and community services.	Assets held by the District on behalf of someone else. Student and other organizations that have funds on deposit with the District are reported here.
Required financial statements	Statement of net position. Statement of activities.	Balance Sheet Statement of revenues, expenditures and changes in fund balance.	Statement of net position. Statement of changes in net position.
Basis of accounting and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting economic resources focus.
Type of asset and liability information	All assets and liabilities; both financial and capital, short-term and long-term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets and liabilities, both financial and capital; short-term and long-term. These funds do not currently contain any capital assets, although they can.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; received during or soon after expenditures when goods or services have been received and the related liability are due and payable.	All additions or deductions during the year, regardless of when cash is received and paid.

DISTRICT-WIDE STATEMENTS

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of activities reports all revenues and expenses used to support the District. The statement of net position reports all assets and liabilities available to support District activities. The two district-wide statements report the District's *net position* and how they have changed. Net position, the difference between the District's assets and liabilities, are one way to measure the District's overall financial position. Increases or decreases in the District's net position are one indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

In the district-wide financial statements, the District's activities are reported as governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation, support services, debt service, capital projects, food service, community programs and administration. Property taxes and state formula aid finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements. Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues (like capital project funds).

The District has two kinds of funds:

- *Governmental funds*-Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for funding future basic services. Governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Governmental funds information does not report on long-term commitments as is reported on the district-wide statements.
- *Fiduciary funds*-The District serves as a trustee, or fiduciary, for various student organizations. The assets of these organizations belong to the organization and not the District. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. These activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1, below, provides a summary of the District's net position for the year ended June 30, 2017 compared to 2016. The District's combined net position increased by \$539,548. Specific causes of the increase are discussed later in this document.

	<u>Governmental Activities</u>		<u>Total % Change</u>
	<u>2017</u>	<u>2016</u>	<u>2016 - 2017</u>
Current and other assets	\$ 11,567	\$ 11,256	2.8%
Capital assets	<u>18,334</u>	<u>18,847</u>	-2.7%
Total assets	<u>29,901</u>	<u>30,103</u>	-0.7%
Deferred outflows of resources	<u>5,886</u>	<u>6,656</u>	-11.6%
Long-term liabilities			
outstanding	10,300	11,455	-10.1%
Other liabilities	<u>1,515</u>	<u>1,902</u>	-20.3%
Total liabilities	<u>11,815</u>	<u>13,357</u>	-11.5%
Deferred inflows of resources	<u>3,148</u>	<u>2,907</u>	8.3%
Net position:			
Net investment in capital assets	11,747	12,260	-4.2%
Restricted	3,005	809	271.4%
Unrestricted	<u>6,072</u>	<u>7,426</u>	-18.2%
Total net position	<u>\$ 20,823</u>	<u>\$ 20,495</u>	1.6%

Note: Totals may not add due to rounding.

Table 2
Changes in Net Position
(in thousands if dollars)

	Governmental Activities		Total % Change
	2017	2016	2016 - 2017
Revenues			
Program revenues			
Charges for services	\$ 371	\$ 439	-15.5%
Operating grants and contributions	1,954	2,331	-16.2%
General revenues			
Property taxes	9,461	9,545	-0.9%
State and federal aid	13,182	12,615	4.5%
Other	1,190	245	385.7%
Total revenues	<u>26,157</u>	<u>25,174</u>	3.9%
Expenses			
Instruction	14,340	15,595	-8.0%
Pupil and instructional services	2,346	2,222	5.6%
Administration and business	6,471	6,167	4.9%
Interest on debt	163	218	-25.2%
Other	2,298	2,366	-2.9%
Total expenses	<u>25,618</u>	<u>26,570</u>	-3.6%
Increase (decrease) in net position	<u>\$ 540</u>	<u>\$ (1,396)</u>	-138.7%

Note: Totals may not add due to rounding.

Table 2 provides summarized operating results and their impact on net position.

The District relies primarily on state and federal aids (50%) and property taxes (36%) to fund governmental activities. These two funding sources make up 86% of the total revenues.

Table 3 presents the cost of the five major district activities. The table reports each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost reflects the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3
Net Cost of Governmental Activities
(in thousands of dollars)

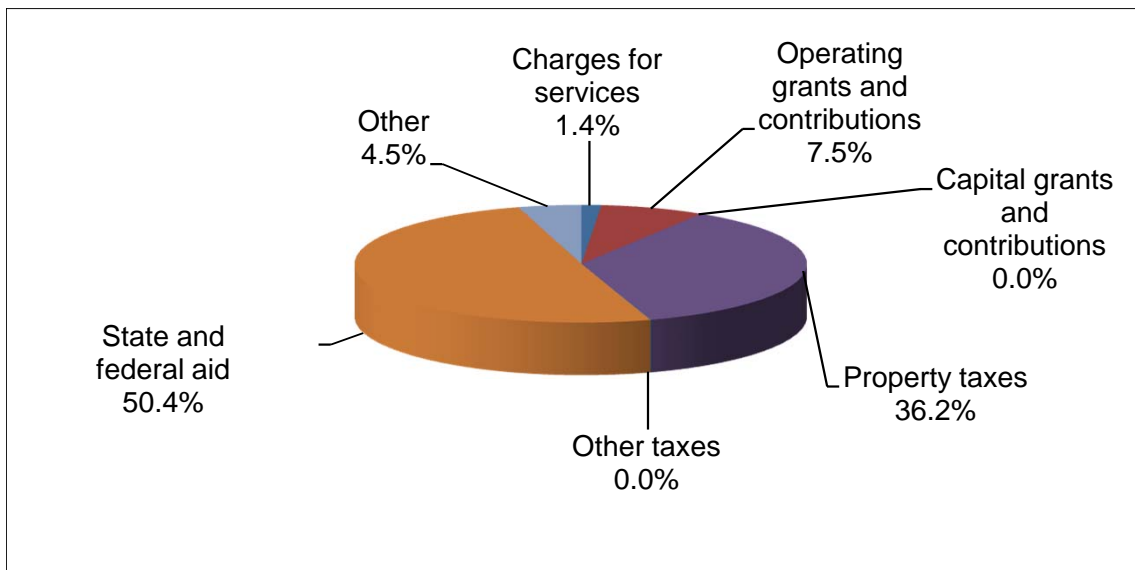
	Net Cost of Services		Total % Change
	2017	2016	2016 - 2017
Instruction	\$ 12,825	\$ 14,112	-9.1%
Pupil and instructional services	2,278	1,938	17.5%
Administration and business	5,740	4,783	20.0%
Interest on debt	163	218	-25.2%
Other	2,287	2,749	-16.8%
Total	\$ 23,293	\$ 23,801	-2.1%

Note: Totals may not add due to rounding.

The cost of all governmental activities this year was \$25,617,904. Individuals who directly participated or benefited from a program offering paid for \$371,130 of the costs. Federal and state governments subsidized certain programs with grants and contributions of \$1,954,038. The net cost of governmental activities, \$23,292,736, was financed by general revenues of the District.

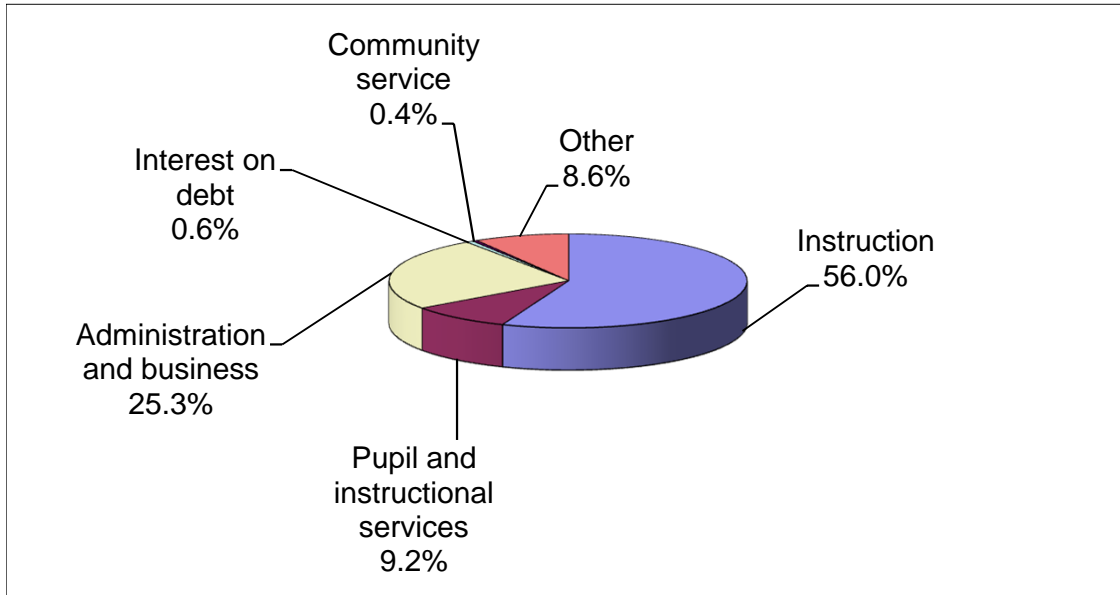
The composition of governmental revenues by type and expenditures by type are illustrated below.

Governmental Activities Revenue by Type
Chart 1



Note: Totals may not add to 100% due to rounding.

Governmental Activities Expenditure by Type
Chart 2



Note: Totals may not add to 100% due to rounding.

The District completed the year with a total governmental fund balance of \$10,075,447 up from last year's ending fund balance of \$9,402,954.

The general fund had an increase in fund balance of \$739,552.

The other governmental funds had an increase in fund balance of \$143,651.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District reviews an interim budget in May for the subsequent year. Consistent with current state statutes and regulations an original budget is adopted in October, following determination of official enrollment and certification of general state aids. Generally, the original budget is not significantly modified. The District did not modify the original budget.

While the District's final budget for the general fund anticipated that expenses would exceed revenues by \$291,338 the actual results for the year show a \$739,552 increase.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2017, the District had invested \$38,585,125 in capital assets, including land, land improvements, buildings, and equipment (See Table 4). Total accumulated depreciation on these assets is \$20,251,308. Asset acquisitions for governmental activities totaled \$0. The District recognized depreciation expense of \$756,853 for governmental activities. Detailed information about capital assets can be found in Note 3 to the financial statements.

	<u>Governmental Activities</u>		<u>Total % Change</u>
	<u>2017</u>	<u>2016</u>	<u>2016 - 2017</u>
Land	\$ 382	\$ 382	0.0%
Land improvements	1,239	806	53.7%
Buildings	34,807	34,723	0.2%
Equipment	2,157	1,986	8.6%
Construction in progress	-	433	-100.0%
Accumulated depreciation	<u>(20,251)</u>	<u>(19,484)</u>	3.9%
Total	<u>\$ 18,334</u>	<u>\$ 18,847</u>	-2.7%

Note: Totals may not add due to rounding.

Long-Term Obligations

At year-end, the District had \$10,299,555 in bonds and other long-term debt outstanding - a decrease of 10% from last year (see Table 5). Detailed information about the District's long-term obligations are presented in Note 4 to the financial statements.

Table 5
Outstanding Long-Term Obligations
(in thousands of dollars)

	Total		Total % Change
	2017	2016	2016 - 2017
General obligation debt	\$ 6,365	\$ 6,915	-8.0%
Other	3,935	4,540	-13.3%
Total	<u>\$ 10,300</u>	<u>\$ 11,455</u>	-10.1%

Note: Totals may not add due to rounding.

The District retired \$550,000 of bonds and notes payable during the year and other transactions decreased total debt by \$605,743.

Debt of the District is secured by an irrevocable tax levy adopted by the School Board at the time of issuance. Wisconsin state statutes require that the first property tax receipts be segregated for annual debt service payments.

FACTORS BEARING ON THE DISTRICT'S FUTURE

Currently known circumstances that will impact the District's financial status in the future are:

The State of Wisconsin has an open enrollment law that allows students to attend school districts of their choice with few restrictions. The state adjusts each district's general aid payment based on the number of students who transfer. This year 113 non-resident open enrollment students attended the Mosinee School District with 157 Mosinee School District students attending other schools through the open enrollment program. The number of outgoing students exceeded incoming students by 44. It is important for the District to maintain the quality of instruction and physical property to remain competitive in the open enrollment environment.

Enrollment decreased for the 2016 - 2017 school year by 49 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Brent Zimmerman, Business Manager, 591 West Hwy 153, Mosinee, WI 54455.

**MOSINEE SCHOOL DISTRICT
MOSINEE, WISCONSIN**

**BASIC
FINANCIAL STATEMENTS**

**MOSINEE SCHOOL DISTRICT
MOSINEE, WISCONSIN**

**DISTRICT-WIDE
FINANCIAL STATEMENTS**

MOSINEE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and investments	\$ 8,549,366
Receivables	
Taxes	2,612,599
Due from other governments	404,837
Capital assets (net of accumulated depreciation)	
Capital assets not being depreciated	381,661
Capital assets being depreciated	17,952,156
TOTAL ASSETS	29,900,619
 DEFERRED OUTFLOWS OF RESOURCES	
Wisconsin Retirement System pension	5,666,743
OPEB supplemental pension	219,109
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,885,852
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 35,786,471
 LIABILITIES	
Accounts payable	102,883
Self insurance claims payable	53,613
Accrued liabilities	
Payroll, payroll taxes, insurance	1,299,278
Interest	41,194
Unearned revenue	18,177
Current portion of long-term obligations	1,106,931
Noncurrent portion of long-term obligations	9,192,624
TOTAL LIABILITIES	11,814,700
 DEFERRED INFLOWS OF RESOURCES	
Wisconsin Retirement System pension	2,929,231
OPEB supplemental pension	219,192
TOTAL DEFERRED INFLOWS OF RESOURCES	3,148,423
 NET POSITION	
Net investment in capital assets	11,747,004
Restricted for	
Special revenue	409,256
Debt service	332,369
Capital projects	502
Other activities	2,262,655
Unrestricted	6,071,562
TOTAL NET POSITION	20,823,348
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	 \$ 35,786,471

The accompanying notes are an integral part of these statements.

MOSINEE SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE		NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
GOVERNMENTAL ACTIVITIES				
Instruction				
Regular instruction	\$ 9,010,511	\$ -	\$ -	\$ (9,010,511)
Vocational instruction	863,052	-	-	(863,052)
Special instruction	2,992,316	-	1,459,472	(1,532,844)
Other instruction	1,474,309	55,818	-	(1,418,491)
Total instruction	<u>14,340,188</u>	<u>55,818</u>	<u>1,459,472</u>	<u>(12,824,898)</u>
Support services				
Pupil services	1,023,813	-	-	(1,023,813)
Instructional staff services	1,321,807	-	67,723	(1,254,084)
General administration services	452,462	-	-	(452,462)
Building administration services	1,772,532	-	-	(1,772,532)
Business services	4,245,862	304,394	426,843	(3,514,625)
Central services	453,793	-	-	(453,793)
Insurance	169,545	-	-	(169,545)
Interest and other	163,379	-	-	(163,379)
Other support services	27,846	-	-	(27,846)
Community services	107,505	10,918	-	(96,587)
Total support services	<u>9,738,544</u>	<u>315,312</u>	<u>494,566</u>	<u>(8,928,666)</u>
Non-program transactions	1,539,172	-	-	(1,539,172)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 25,617,904	\$ 371,130	\$ 1,954,038	(23,292,736)
General revenues				
Taxes				
Property taxes				9,461,069
Other taxes				12,272
State and federal aids not restricted to specific functions				13,181,557
Interest and investment earnings				48,812
Miscellaneous				1,128,574
Total general revenues				<u>23,832,284</u>
CHANGE IN NET POSITION				
NET POSITION - BEGINNING OF YEAR				
PRIOR PERIOD ADJUSTMENT				
NET POSITION - END OF YEAR				
				\$ 20,823,348

The accompanying notes are an integral part of these statements.

**MOSINEE SCHOOL DISTRICT
MOSINEE, WISCONSIN**

**FUND
FINANCIAL STATEMENTS**

MOSINEE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	GENERAL FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and investments	\$ 7,791,301	\$ 758,065	\$ 8,549,366
Receivables			
Taxes	2,612,599	-	2,612,599
Due from other funds	16,247	-	16,247
Due from other government:	381,153	23,684	404,837
TOTAL ASSETS	10,801,300	781,749	11,583,049
LIABILITIES			
Accounts payable	101,978	905	102,883
Self insurance claims payable	53,613	-	53,613
Accrued payroll liabilities	1,294,985	4,293	1,299,278
Due to other funds	-	16,247	16,247
Unearned revenue	17,404	18,177	35,581
TOTAL LIABILITIES	1,467,980	39,622	1,507,602
FUND BALANCES			
Restricted	229,797	742,127	971,924
Unassigned	9,103,523	-	9,103,523
TOTAL FUND BALANCES	9,333,320	742,127	10,075,447
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,801,300	\$ 781,749	

Total net position reported for governmental activities in the statement of net position is different from the amount reported above as total governmental funds fund balance because:

Capital assets used in government 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 are:

Governmental capital asset	\$ 38,585,125	
Governmental accumulated depreciation	<u>(20,251,308)</u>	18,333,817

Wisconsin Retirement System asset, deferred inflows of resources, and deferred outflows of resources are not current financial resources and are not reported in fund statements: 2,737,512

Other post employment benefits deferred inflows of resources and deferred outflows of resources are not current financial resources and are not reported in fund statements: (83)

Some revenues are unearned in the funds because they are not available to pay current period's expenditures: 17,404

Long-term liabilities 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:

General obligation debt	\$ (6,586,813)	
Accrued interest	(41,194)	
WRS liability	(704,654)	
Vested employee benefits	(324,003)	
Net OPEB obligation	<u>(2,684,085)</u>	(10,340,749)

Total net position - governmental activities **\$ 20,823,348**

The accompanying notes are an integral part of these statements.

MOSINEE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	GENERAL FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Property taxes	\$ 8,496,527	\$ 976,814	\$ 9,473,341
Other local sources	237,086	388,967	626,053
Interdistrict sources	848,019	-	848,019
Intermediate sources	107,130	-	107,130
State sources	13,865,089	33,426	13,898,515
Federal sources	775,439	318,195	1,093,634
Other sources	<u>80,620</u>	<u>12,736</u>	<u>93,356</u>
TOTAL REVENUES	<u>24,409,910</u>	<u>1,730,138</u>	<u>26,140,048</u>
EXPENDITURES			
Current			
Instruction			
Regular instruction	8,565,135	13,397	8,578,532
Vocational instruction	810,133	78	810,211
Special instruction	2,908,992	2,381	2,911,373
Other instruction	<u>1,382,977</u>	<u>2,045</u>	<u>1,385,022</u>
Total instruction	<u>13,667,237</u>	<u>17,901</u>	<u>13,685,138</u>
Support services			
Pupil services	1,002,506	-	1,002,506
Instructional staff services	1,243,891	21,915	1,265,806
General administration services	440,679	-	440,679
Building administration services	1,168,056	7,138	1,175,194
Business services	3,560,104	629,626	4,189,730
Central services	419,671	8,703	428,374
Insurance	169,545	-	169,545
Other support services	27,782	-	27,782
Community services	<u>-</u>	<u>107,125</u>	<u>107,125</u>
Total support services	<u>8,032,234</u>	<u>774,507</u>	<u>8,806,741</u>
Non-program transactions	<u>1,536,735</u>	<u>2,437</u>	<u>1,539,172</u>
Debt service			
Principal	-	550,000	550,000
Interest	-	194,150	194,150
Other	<u>-</u>	<u>913</u>	<u>913</u>
Total debt service	<u>-</u>	<u>745,063</u>	<u>745,063</u>
Capital outlay	<u>434,152</u>	<u>46,579</u>	<u>480,731</u>
TOTAL EXPENDITURES	<u>23,670,358</u>	<u>1,586,487</u>	<u>25,256,845</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>739,552</u>	<u>143,651</u>	<u>883,203</u>
NET CHANGE IN FUND BALANCE	739,552	143,651	883,203
FUND BALANCE - BEGINNING OF YEAR	8,593,768	809,186	9,402,954
PRIOR PERIOD ADJUSTMENT	-	(210,710)	(210,710)
FUND BALANCE - END OF YEAR	<u>\$ 9,333,320</u>	<u>\$ 742,127</u>	<u>\$ 10,075,447</u>

The accompanying notes are an integral part of these statements.

MOSINEE SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds \$ 883,203

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 expenses in the statement of activities.

Capital outlay reported in fund statements	\$	480,731	
Less noncapitalized outlay		(225,974)	
Depreciation expense reported in the statement of activities		(756,853)	
Net book value of capital assets disposed		<u>(10,774)</u>	
Amount by which capital outlays are less than depreciation in the current period:			(512,870)

Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.

This year the accrual of these benefits increased by:			(52,354)
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Wisconsin Retirement System asset, deferred inflows of resources, liability, and deferred outflows of resources changes:			(335,049)
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OPEB supplemental pension deferred inflows of resources, liability, and deferred outflows of resources changes:			(42,470)
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Certain revenues are unearned in the governmental funds because they are not available to pay current period expenditures. In the statement of activities these are recorded as revenue in the current year.

Unearned revenue recognized in the statement of activities:			17,404
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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.

Amount of long-term debt principal payments in the current year is:			550,000
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In governmental funds interest payments and other debt costs on outstanding debt are reported as an expenditure when paid. In the statement of activities it is reported as it accrues.

Amount of interest and other debt costs paid during the current period is	\$	195,063	
Amount of interest and other debt costs accrued during the current period is		<u>(163,379)</u>	
Interest paid is greater than interest accrued by:			<u>31,684</u>

Change in net position - governmental activities			<u>\$ 539,548</u>
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The accompanying notes are an integral part of these statements.

MOSINEE SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	<u>AGENCY FUND</u>	<u>TRUST FUND</u>	
	STUDENT ACTIVITY	PRIVATE PURPOSE	EMPLOYEE BENEFIT
ASSETS			
Cash and investments	\$ 152,982	\$ 202,685	\$ 4,052,839
TOTAL ASSETS	<u>152,982</u>	<u>202,685</u>	<u>4,052,839</u>
 LIABILITIES			
Due to student organizations	152,982	-	-
TOTAL LIABILITIES	<u>152,982</u>	<u>-</u>	<u>-</u>
 NET POSITION			
Held in trust	-	202,685	4,052,839
TOTAL LIABILITIES AND NET POSITION	<u>\$ 152,982</u>	<u>\$ 202,685</u>	<u>\$ 4,052,839</u>

The accompanying notes are an integral part of these statements.

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

	TRUST FUND	
	PRIVATE PURPOSE	EMPLOYEE BENEFIT
ADDITIONS		
Investment income	\$ 1,136	\$ 56,320
Contributions	34,055	946,887
TOTAL ADDITIONS	35,191	1,003,207
DEDUCTIONS		
Disbursements	43,216	331,267
TOTAL DEDUCTIONS	43,216	331,267
CHANGE IN NET POSITION	(8,025)	671,940
NET POSITION - BEGINNING OF YEAR	-	3,380,899
PRIOR PERIOD ADJUSTMENT	210,710	-
NET POSITION - END OF YEAR	\$ 202,685	\$ 4,052,839

The accompanying notes are an integral part of these statements.

**MOSINEE SCHOOL DISTRICT
MOSINEE, WISCONSIN**

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

MOSINEE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - Summary of Significant Accounting Policies

The financial statements of the Mosinee School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America 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.

Reporting Entity - The Mosinee School District is organized as a common school district. The District, governed by a nine member elected school board, operates grades K through 12 and is comprised of all or parts of nine taxing districts.

The District's basic financial statements do not include any components units, as defined in GASB 14 and amended by GASB 39 and GASB 61, as there are no organizations which meet the criterion. The criterion for including a legally separate organization as a component unit is the degree of financial accountability the District has with the organization. A financial benefit or burden relationship needs to be present between the primary government and that organization for it to be included in the reporting entity as a component unit.

The following circumstances set forth the District's financial accountability for a legally separate organization: the District is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District. The District may be financially accountable if an organization is fiscally dependent on the District regardless of whether the organization has (1) a separately-elected governing body, (2) a governing body appointed by a higher level of government, or (3) a jointly-appointed governing body. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading.

Basis of Presentation

District-Wide Statements

The statement of net position and the statement of activities present financial information about the District's governmental 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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

MOSINEE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2017

NOTE 1 - Summary of Significant Accounting Policies - Continued

Fund Financial Statements

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

The District reports the following major governmental fund:

General Fund - is used for all financial activity that is not required to be accounted for in another fund. This is the District's primary operating fund.

The District has three fiduciary funds which account for assets held as an agent for various student organizations, an employee benefit trust and a private purpose trust.

Measurement Focus and Basis of Accounting

The district-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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.

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

MOSINEE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2017

NOTE 1 - Summary of Significant Accounting Policies - Continued

from date of acquisition. All funds share common (pooled) checking and investment accounts unless regulations require separate investment accounts, such as the debt service fund.

Investments are stated at fair value, if applicable, 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 statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average investment balances.

Property Tax Levy - Under Wisconsin law, personal property taxes and first and second installment real estate taxes are collected by municipal treasurers who then make proportional settlement with the District and county treasurer for those taxes collected on their behalf. Third installment real estate taxes and delinquent taxes are collected by the county treasurer who then makes settlement with the city, town, village, and the District before retaining any for county purposes. Taxes collected by the township are made in two installments, the first by the town, and the second by the county treasurer.

The District's property taxes are levied on or before November 1 on the equalized property valuation certified by the Department of Revenue. As permitted by a collecting municipality's ordinance, taxes may be paid in full or two or more installments with the first installment payable the subsequent January 31, and a final payment no later than the following July 31. 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 15, and by the 20 of each subsequent month thereafter. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance. The county assumes all responsibility for delinquent real estate property 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, 2017. All property taxes are considered due on January 1, when an enforceable lien may be assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30 and are available to pay current liabilities.

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

Due To/From Other Funds - During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as due to and from other funds. The amounts reported on the statement of net position for receivable/payable from external parties represents amount due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type.

Interfund Transactions - Non-exchange transactions which are not borrowing/lending (will not be repaid) are recorded as operating transfers, and exchange transactions are recorded as revenues and expenses. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

MOSINEE SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2017

NOTE 1 - Summary of Significant Accounting Policies - Continued

Capital Assets - Capital assets are reported at actual cost or estimated historical costs. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar value 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 are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$5,000	Straight-line	20-45 years
Land improvements	\$5,000	Straight-line	15-20 years
Furniture and equipment	\$5,000	Straight-line	5-20 years
Computer and related technology	\$5,000	Straight-line	5 years

Debt Premiums and Discounts - In the government-wide financial statements, debt premiums and discounts are amortized over the life of the debt. Long-term debt is reported net of the applicable debt premium or discount.

In the fund financial statements, premiums and discounts are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

Compensated Absences - The District's policy permits employees to accumulate earned, but unused vacation and sick pay benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide statements. A liability for those amounts is recorded in the government funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary related benefits where applicable.

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.

Deferred Outflows and Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The District has two items that qualify for reporting in this category. They are the Wisconsin Retirement System pension and OPEB supplemental pension reported in the government-wide statement of net position. The Wisconsin Retirement System pension and OPEB supplemental pension result from changes in their actuarial studies and are amortized over the average of the expected remaining service lives of participants.

MOSINEE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2017

NOTE 1 - Summary of Significant Accounting Policies - Continued

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The District has two types of items, Wisconsin Retirement System pension and OPEB supplemental pension which qualify for reporting in this category. The Wisconsin Retirement System pension and OPEB supplemental pension result from changes in their actuarial studies and are amortized over the average of the expected remaining service lives of participants.

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

Net Position Classifications - Net position represents the difference between the total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. 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.

Fund Balance Classifications - The District classifies its fund equity as follows: 1) nonspendable fund balance consists of equity that is not in a spendable form or is legally or contractually required to be maintained intact, 2) restricted fund balance consists of equity constrained to specific purposes by their providers, externally imposed by creditors, constitutional provisions or by enabling legislation, 3) committed fund balance consists of equity constrained to specific purposes by the District itself, using its highest level of decision making authority - Board of Education policies, 4) assigned fund balance consists of equity the governing body intends to use for a specific purpose, intent can be expressed by the governing body. The Board of Education has not delegated authority to assign fund balances through its fund balance policy and 5) unassigned fund balance consists of equity available for any purpose.

When net losses occur, it is the District's policy to record the net loss against committed fund balance, then assigned fund balance and lastly to unassigned fund balance (GASB 54 default for not having a policy). The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

NOTE 2 - Cash and Investments

State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, state obligations, U.S. Treasury obligations, U.S. agency issues, repurchase agreements and other investments secured by federal securities, high grade commercial paper, and the local government investment pool 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. No significant violations of these restrictions occurred during the year.

MOSINEE SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2017

NOTE 2 - Cash and Investments - Continued

As of June 30, 2017, the District had no investments.

Determining Fair Value - The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The District has no items requiring recurring fair value measurements.

Income Allocation - Interest income is generally allocated to the fund that owns the certificate of deposit, money market account, savings account, and investment.

Interest Rate Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to those which mature or may be tendered for purchase at the option of the holder within not more than 7 years of the date acquired. The District does not have an investment policy that would further limit investment maturities as a means of further managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District does not have an investment policy that would further limit its investment choices.

Custodial Credit Risk - Custodial credit is the risk that, in the event of a financial institution failure, the District's deposits may not be returned. The District does not have a policy in place for custodial credit risk. The State of Wisconsin's Public Deposit Guarantee Fund created under Chapter 34 of the Wisconsin Statutes protects the municipality's designated public depositories against any losses of public funds up to \$400,000 subject to the total amount of the Guarantee Fund available. As of June 30, 2017, \$8,000,257 of the District's bank balance of \$9,598,953 was exposed to custodial credit risk as uninsured, pledged collateral, collateralized by municipal government securities held by the bank in the bank's name and a letter of credit. \$47,155 was uninsured and uncollateralized.

NOTE 3 - Capital Assets

Capital asset balances and activity for the year ended June 30, 2017 are as follows:

	Beginning Balance	Increases	Decreases	Adjustment	Ending Balance
Capital assets not being depreciated:					
Land	\$ 381,661	\$ -	\$ -	\$ -	\$ 381,661
Construction in progress	433,300	-	(433,300)	-	-
Total capital assets not being depreciated	814,961	-	(433,300)	-	381,661

MOSINEE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2017

NOTE 3 - Capital Assets - Continued

Capital assets being depreciated:

Land improvements	806,181	433,300	-	-	1,239,481
Buildings and improvements	34,723,276	83,364	-	-	34,806,640
Equipment	<u>1,985,950</u>	<u>171,393</u>	-	-	<u>2,157,343</u>
Total capital assets being depreciated	<u>37,515,407</u>	<u>688,057</u>	-	-	<u>38,203,464</u>

Less accumulated depreciation for:

Land improvements	(542,302)	(48,667)	-	(10,195)	(601,164)
Buildings and improvements	(17,228,794)	(640,693)	-	21	(17,869,466)
Equipment	<u>(1,712,585)</u>	<u>(67,493)</u>	-	<u>(600)</u>	<u>(1,780,678)</u>
Total accumulated depreciation	<u>(19,483,681)</u>	<u>(756,853)</u>	-	<u>(10,774)</u>	<u>(20,251,308)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>18,031,726</u>	<u>(68,796)</u>	-	<u>(10,774)</u>	<u>17,952,156</u>

Capital assets, net of accumulated depreciation \$ 18,846,687 \$ (68,796) \$ (433,300) \$ (10,774) \$ 18,333,817

Depreciation expense was charged to governmental functions as follows:

Building administration services \$ 756,853

The District does not capitalize interest on general fixed asset projects.

NOTE 4 - Long-Term Obligations

Long-term obligations are as follows:

	Beginning			Ending	Amounts
	Balance	Increases	Decreases	Balance	Due Within One Year
Bonds payable	\$ 6,915,000	\$ -	\$ (550,000)	\$ 6,365,000	\$ 565,000
Premium	245,793	-	(23,980)	221,813	23,980
Vested vacation pay	17,903	66,755	(66,554)	18,104	18,104
Vested sick pay	307,202	27,772	(29,075)	305,899	305,899
Wisconsin Retirement System					
Net pension liability	1,381,158	-	(676,504)	704,654	-
Supplemental pension	2,402,154	327,991	(285,604)	2,444,541	103,400
Net OPEB obligation	<u>186,088</u>	<u>609,595</u>	<u>(556,139)</u>	<u>239,544</u>	<u>90,548</u>
Total	<u>\$ 11,455,298</u>	<u>\$ 1,032,113</u>	<u>\$ (2,187,856)</u>	<u>\$ 10,299,555</u>	<u>\$ 1,106,931</u>

In prior years, the general and food service funds liquidated vested employee benefits. Interest cost incurred during the year totaled \$162,466 and total paid during the year aggregated \$194,150.

MOSINEE SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2017

NOTE 4 - Long-Term Obligations - Continued

General Obligation Debt - All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. The general obligation debt is expected to be repaid with general property taxes. General obligation debt at June 30, 2017 is comprised of the following individual issues:

<u>Issue Description</u>	<u>Issue Dates</u>	<u>Interest Rates (%)</u>	<u>Dates of Maturity</u>	<u>Balance</u>
Bonds	6/17/15	2-3%	4/1/27	\$ 6,365,000

General Obligation Debt Limit Calculation - The 2016 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,026,841,203. The legal debt limit and margin of indebtedness as of June 30, 2017, in accordance with Section 67.03(1) (b) of the Wisconsin Statutes follows:

Debt limit (10 percent of \$1,026,841,203)	\$ 102,684,120
Applicable long-term debt	(6,365,000)
Amount available in debt service fund	<u>332,369</u>
Margin of indebtedness	<u>\$ 96,651,489</u>

Maturities of Long-Term Obligations - Aggregate cash flow requirements for the retirement of long-term debt principal and interest are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 565,000	\$ 164,775	\$ 729,775
2019	580,000	153,475	733,475
2020	590,000	141,875	731,875
2021	605,000	127,125	732,125
2022	620,000	112,000	732,000
2023-2027	<u>3,405,000</u>	<u>279,525</u>	<u>3,684,525</u>
	<u>\$ 6,365,000</u>	<u>\$ 978,775</u>	<u>\$ 7,343,775</u>

NOTE 5 - Wisconsin Retirement System

General Information about the Pension Plan

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

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found

MOSINEE SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2017

NOTE 5 - Wisconsin Retirement System - Continued

at <http://etf.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 State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

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

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2007	3	10
2008	6.6	-
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	.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, and Executives and Elected Officials. Starting on January 1, 2016, the

MOSINEE SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2017

NOTE 5 - Wisconsin Retirement System - Continued

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 \$814,135 in contributions from the employer.

Contribution rates as of June 30, 2017 are:

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

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

At June 30, 2017, the District reported a liability (asset) of \$704,654 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the District's proportion was 0.08549154%, which was an increase of 0.00049619% from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$1,816,133.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 268,685	\$ 2,216,077
Net differences between projected and actual earnings on pension plan investments	4,202,317	694,771
Changes in assumptions	736,743	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	18,770	18,383
Employer contributions subsequent to the measurement date	440,228	-
Total	\$ 5,666,743	\$ 2,929,231

\$440,228 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

MOSINEE SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2017

NOTE 5 - Wisconsin Retirement System - Continued

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:

Year Ending June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	\$ 1,823,498	\$ 886,116
2019	1,823,498	886,116
2020	1,521,736	886,116
2021	56,557	270,725
Thereafter	1,226	158

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

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset)	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

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

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

Asset Allocation Targets and Expected Returns
 As of December 31, 2016

MOSINEE SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2017

NOTE 5 - Wisconsin Retirement System - Continued

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Destination Target Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5	37	4.2	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	8	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110%	120%	7.4%	4.5%
<u>Variable Fund Asset Class</u>				
U.S. Equities	70%	70%	7.6%	4.7%
International Equities	30	30	8.5	5.6
Total Variable Fund	100%	100%	7.9%	5%

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

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

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

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

	<u>1% Decrease to Discount Rate (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase To Discount Rate (8.20%)</u>
District's proportionate share of the net pension liability (asset)	\$ 9,270,181	\$ 704,654	\$ (5,891,189)

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>

MOSINEE SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2017

NOTE 5 - Wisconsin Retirement System - Continued

Payables to the Pension Plan - The District reported a payable of \$258,852 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

NOTE 6 - Supplemental Pension Defined Benefit Plan

General Information about the Supplemental Pension Plan

Plan Description - The supplemental pension is a single employer defined benefit pension plan. Benefit terms are established by employee handbooks and may be modified by the Board of Education. The plan is administered by the District and included in the District's financial statements.

Benefits Provided - The benefit of administrators is based on a minimum of 5 years of service in the District and having reached the age of 55. Eligible administrators will receive \$10,500 for 5-9 years of service, or \$42,000 for 10-14 years of services, or \$57,750 for 15 and over years of service paid out in 60 or 120 monthly installments. The benefit for teachers is based on 13 years of service in the District and having attained the age of 55. Eligible teachers will receive a \$47,000 benefit paid out in sixty monthly installments.

Employees Covered - As of the July 1, 2016 measurement date, the following employees were covered by the benefit terms. The plan is not closed to new entrants.

Inactive employees or beneficiaries currently receiving benefits	516
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>34</u>
Total	<u>550</u>

Contributions - The Board of Education has the authority to establish the contribution requirements and for the plan. The Board establishes contribution rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the unfunded accrued liability. For the year ended June 30, 2017, contribution rates for Plan members were \$0 per participant per month and \$783 - \$950 from the District, depending on the type of retiree plan. Plan members receiving benefits paid \$0 and the District paid \$103,400 for current year premiums due.

Actuarial Assumptions - The net supplemental pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	June 30, 2016
Measurement Date of Net Pension Liability:	June 30, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	0%
Discount Rate:	4%
Salary Increases:	0%
Mortality:	RP-2014 Mortality Fully Generational using Projection Scale MP-2015

MOSINEE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2017

NOTE 6 - Supplemental Pension Defined Benefit Plan - Continued

There were no material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date.

Long-Term Expected Return on Plan Assets - The long-term expected rate of return on plan investments was determined by expected future real rates of return (expected returns, net of pension plan investment expense and inflation) developed for each major asset class. There are no plan assets.

Discount Rate - A discount rate of 4% was used to measure the total supplemental pension liability. This discount rate was based on the expected rate of return on pension plan investments of 0%. The projection of cash flows used to determine the discount rate assumed the 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 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 supplemental pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Beginning balance	\$ 2,402,154	\$ -	\$ 2,402,154
Changes for the year:			
Service cost	128,979	-	128,979
Interest	95,533	-	95,533
Differences between expected and actual experience	219,190	-	219,190
Changes of assumptions or other inputs	(115,711)	-	(115,711)
Contributions - employer	-	285,604	(285,604)
Benefit payments, including refunds of employee contributions	(285,604)	(285,604)	-
Net changes	42,387	-	42,387
Ending Balance	<u>\$ 2,444,541</u>	<u>\$ -</u>	<u>\$ 2,444,541</u>

Sensitivity of the Net Supplemental Pension Liability to Changes in the Discount Rate -

The following presents the net supplemental pension liability calculated using the discount rate of 4 percent, as well as what the net supplemental pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3 percent) or 1-percentage-point higher (5 percent) than the current rate:

MOSINEE SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2017

NOTE 6 - Supplemental Pension Defined Benefit Plan - Continued

	1% Decrease to Discount Rate (3%)	Current Discount Rate (4%)	1% Increase To Discount Rate (5%)
Net supplemental pension liability	\$ 2,633,684	\$ 2,444,541	\$ 2,271,148

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

For the year ended June 30, 2017, the District recognized pension expense of \$285,604.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 219,192
Changes in assumptions	115,709	-
Net differences between projected and actual earnings on pension plan investments	-	-
Employer contributions subsequent to the measurement date	103,400	-
Total	\$ 219,109	\$ 219,192

\$103,400 reported as deferred outflows related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction on 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:

Year ending June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	\$ 6,727	\$ 12,744
2019	6,727	12,744
2020	6,727	12,744
2021	6,727	12,744
2022	6,727	12,744
Thereafter	\$ 82,074	\$ 155,472

Payables to the Pension Plan -The District reported a payable of zero for the outstanding amount of contributions to the supplemental pension plan required for the year ended June 30, 2017.

NOTE 7 - Interfund Balance and Activity

Interfund receivable and payable balances on June 30, 2017, are as follows:

MOSINEE SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2017

NOTE 7 - Interfund Balance and Activity - Continued

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Cooperative	\$16,247

The above balances resulted from the timing differences between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. All amounts are due within one year. For the statement of net position, interfund balances which are owed within the governmental activities are netted and eliminated.

NOTE 8 - Post Employment Benefits Other Than Pensions

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

Funding Policy - Premiums under the Plan for post employment healthcare benefits are funded by retirees via co-pays paid to the District in accordance with rates established by the District and from the District itself from the appropriate governmental funds on a pay-as-you-go basis. The District may make additional contributions as determined by management. For the year ended June 30, 2017, contribution rates for Plan members were \$749 - \$1,292 per participant per month and \$150 - \$500 from the District, depending on the type of retiree plan. Plan members receiving benefits paid \$137,319 and the District paid \$90,548 for current year premiums due.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 30 years. The following illustrates the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation:

Annual required contribution	\$	602,152
Interest on net OPEB obligation		7,444
Adjustment to annual required contribution		<u>(10,348)</u>
Annual OPEB cost		599,248
Contributions made		<u>(545,792)</u>
Increase in net OPEB obligation		53,456
Net OPEB obligation - beginning of year		<u>186,088</u>
Net OPEB obligation - end of year	\$	<u><u>239,544</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation are as follows:

MOSINEE SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2017

NOTE 8 - Post Employment Benefits Other Than Pensions - Continued

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation -</u> <u>End of Year</u>
6/30/15	\$ 582,677	101.7%	\$ 186,088
6/30/16	\$ 543,200	100.5%	\$ 186,088
6/30/17	\$ 599,248	91.1%	\$ 239,544

Funding Status and Funding Progress - As of June 30, 2016, the most recent actuarial valuation date, the Plan was funded in the amount of \$3,380,899 or 65% of the actuarial accrued liability (AAL). The AAL for benefits equaled \$5,178,907, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,798,008. The covered payroll (annual payroll of active employees covered by the Plan) equaled \$10,031,489, and the ratio of the UAAL to the covered payroll is 17.9%.

Actuarial Methods and Assumptions - Actuarial valuations of the Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The actuarial determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits are based on the types of benefits provided under the Plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members. Projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of unknown legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations reflect a long-term perspective and actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and assets.

The schedule of funding progress, presented as RSI following the notes to the basic financial statements, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The actuarial valuation, dated June 30, 2016, used the unit credit cost method. The assumptions and methods used in the valuation were: value of assets-fair market value, 4% investment return, 0% per annum salary increases, 8% - 5% medical healthcare cost trend rate, and level dollar amortization method over 30 years with open period.

NOTE 9 - Fund Balance and Net Position

Portions of fund balances and net position are not available for current appropriation or expenditure as follows:

<u>Governmental Fund</u>	<u>Purpose</u>	<u>Amount</u>
Restricted		
General	Self funded dental	\$ 229,797
Special revenue trust	Donor specific expenses	\$ 74,497
Referendum debt service	Principal and interest	\$ 332,369

MOSINEE SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2017

NOTE 9 - Fund Balance and Net Position - Continued

Long-term capital improvement trust	DPI regulation	\$ 502
Food service	Food service program	\$ 206,943
Community service	Community service projects	\$ 127,816

Governmental Activities

Restricted		
Special revenue	Donor specific expenses	\$ 74,497
Special revenue	Food service program and community service projects	\$ 334,759
Debt service	Principal and interest	\$ 332,369
Capital projects	DPI regulation	\$ 502
Other activities	Self funded dental	\$ 229,797
Other activities	Wisconsin Retirement System pension	\$2,032,858

NOTE 10 - 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; employee health and accident claims; and natural disasters. The District manages these risks through the purchase of commercial insurance, except for self-insured dental benefits. Settled claims have not exceeded commercial coverage in any of the past three years and there has been no significant reduction in insurance coverage from coverage in the prior year.

NOTE 11 - Commitments and Contingencies

The District has a service agreement with Cooperative Education Service Agency #9 for services to be provided to the District in 2017-2018. Expected costs are \$190,743.

The District has a transportation agreement with estimated costs for the following school years:

2017-2018	\$1,047,390
2018-2019	1,078,812
2019-2020	<u>1,111,176</u>
	<u>\$3,237,378</u>

The District is aware some older buildings contain some level of asbestos in which they will incur removal costs upon remodeling, selling, or abandoning these buildings at some future date. However, at this point, the District does not feel they have enough information to reasonably estimate the fair value of the asset retirement obligation and have not recorded a liability.

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 and the District's attorney 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.

MOSINEE SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2017

NOTE 12 - Limitation of School District Revenue

Wisconsin statutes limit the amount of revenue school districts may derive from general school aids and property taxes. This limitation does not apply to revenue needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following: (a) a resolution of the school board or by a referendum prior to August 12, 1993 and (b) a referendum on or after August 12, 1993.

NOTE 13 - Self-Funded Insurance

Self-Insured Risk - The District's self insurance is accounted for in the general fund, with appropriate charges to other funds as payroll is incurred in the other funds. Benefit maximums contained in the plan limit the District's total liability under the plan. An administrator processes claims filed and the District is liable for administrative expenses.

Claims Liabilities - The District records an estimated liability for dental care claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience.

Unpaid Claims Liabilities - The following represent the changes in approximate aggregate liabilities for health and dental care for the current and prior year.

	<u>Year Ended</u> <u>June 30, 2017</u>	<u>Year Ended</u> <u>June 30, 2016</u>
Beginning liability balance	\$ 186,387	\$ 186,387
Claims	54,281	n/a
Claim payments and changes in estimates	<u>(187,055)</u>	<u>n/a</u>
Ending liability balance	<u>\$ 53,613</u>	<u>\$ 186,387</u>

Claim payments are principally funded through charges to employees, which are paid through payroll deductions, and employer contributions to the dental plan.

NOTE 14 - Prior Period Adjustment

The District made a prior period adjustment to the beginning fund balance in the special revenue trust fund for \$210,710. The adjustment decreased the fund balance to remove the private purpose trust fund from the special revenue trust fund. The private purpose trust is a fiduciary fund.

The District made a prior period adjustment to beginning net position in the District-wide governmental activities for \$405,979. The adjustment decreased the net position balance \$210,710 for removing the private purpose trust fund, \$29,740 for removing capitalized debt issuance costs, and \$165,529 for unrecorded supplemental pension liability.

NOTE 15 - Subsequent Event

On September 28, 2017 the District issued a \$13,326,000 note anticipation note for an energy efficiency project.

**MOSINEE SCHOOL DISTRICT
MOSINEE, WISCONSIN
REQUIRED
SUPPLEMENTARY INFORMATION**

MOSINEE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGETED AMOUNTS			FINAL BUDGETED AMOUNTS			ACTUAL AMOUNTS			VARIANCE WITH
	GENERAL	SPECIAL		GENERAL	SPECIAL		GENERAL	SPECIAL		FINAL BUDGET POSITIVE (NEGATIVE)
		EDUCATION	TOTAL		EDUCATION	TOTAL		EDUCATION	TOTAL	
REVENUES										
Property taxes	\$ 8,500,255	\$ -	\$ 8,500,255	\$ 8,500,255	\$ -	\$ 8,500,255	\$ 8,496,527	\$ -	\$ 8,496,527	\$ (3,728)
Other local sources	156,591	-	156,591	156,591	-	156,591	237,086	-	237,086	80,495
Interdistrict sources	836,211	14,000	850,211	836,211	14,000	850,211	829,107	18,912	848,019	(2,192)
Intermediate sources	11,091	106,787	117,878	11,091	106,787	117,878	9,822	97,308	107,130	(10,748)
State sources	12,868,925	850,000	13,718,925	12,868,925	850,000	13,718,925	12,974,820	890,269	13,865,089	146,164
Federal sources	308,867	520,358	829,225	308,867	520,358	829,225	322,456	452,983	775,439	(53,786)
Other sources	-	-	-	-	-	-	80,620	-	80,620	80,620
TOTAL REVENUES	22,681,940	1,491,145	24,173,085	22,681,940	1,491,145	24,173,085	22,950,438	1,459,472	24,409,910	236,825
EXPENDITURES										
Current										
Instruction										
Regular instruction	9,253,430	-	9,253,430	9,253,430	-	9,253,430	8,565,135	-	8,565,135	688,295
Vocational instruction	814,565	-	814,565	814,565	-	814,565	810,133	-	810,133	4,432
Special instruction	-	2,852,248	2,852,248	-	2,852,248	2,852,248	-	2,908,992	2,908,992	(56,744)
Other instruction	1,360,115	-	1,360,115	1,360,115	-	1,360,115	1,382,977	-	1,382,977	(22,862)
Total instruction	<u>11,428,110</u>	<u>2,852,248</u>	<u>14,280,358</u>	<u>11,428,110</u>	<u>2,852,248</u>	<u>14,280,358</u>	<u>10,758,245</u>	<u>2,908,992</u>	<u>13,667,237</u>	<u>613,121</u>
Support services										
Pupil services	551,125	406,906	958,031	551,125	406,906	958,031	606,768	395,738	1,002,506	(44,475)
Instructional staff services	1,101,456	203,056	1,304,512	1,101,456	203,056	1,304,512	1,063,284	180,607	1,243,891	60,621
General administration services	472,470	-	472,470	472,470	-	472,470	440,679	-	440,679	31,791
Building administration services	1,108,191	-	1,108,191	1,108,191	-	1,108,191	1,168,056	-	1,168,056	(59,865)
Business services	3,620,828	261,634	3,882,462	3,620,828	261,634	3,882,462	3,306,594	253,510	3,560,104	322,358
Central services	382,715	23,695	406,410	382,715	23,695	406,410	395,309	24,362	419,671	(13,261)
Insurance	165,493	20,000	185,493	165,493	20,000	185,493	150,503	19,042	169,545	15,948
Other support services	28,119	-	28,119	28,119	-	28,119	27,782	-	27,782	337
Total support services	<u>7,430,397</u>	<u>915,291</u>	<u>8,345,688</u>	<u>7,430,397</u>	<u>915,291</u>	<u>8,345,688</u>	<u>7,158,975</u>	<u>873,259</u>	<u>8,032,234</u>	<u>313,454</u>
Non-program transactions	<u>1,458,427</u>	<u>89,500</u>	<u>1,547,927</u>	<u>1,458,427</u>	<u>89,500</u>	<u>1,547,927</u>	<u>1,424,472</u>	<u>112,263</u>	<u>1,536,735</u>	<u>11,192</u>
Capital outlay	<u>275,450</u>	<u>25,000</u>	<u>300,450</u>	<u>275,450</u>	<u>25,000</u>	<u>300,450</u>	<u>413,658</u>	<u>20,494</u>	<u>434,152</u>	<u>(133,702)</u>
TOTAL EXPENDITURES	20,592,384	3,882,039	24,474,423	20,592,384	3,882,039	24,474,423	19,755,350	3,915,008	23,670,358	804,065
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,089,556	(2,390,894)	(301,338)	2,089,556	(2,390,894)	(301,338)	3,195,088	(2,455,536)	739,552	1,040,890
OTHER FINANCING SOURCES (USES)										
Transfer (to) / from other funds	<u>(2,380,894)</u>	<u>2,390,894</u>	<u>10,000</u>	<u>(2,380,894)</u>	<u>2,390,894</u>	<u>10,000</u>	<u>(2,455,536)</u>	<u>2,455,536</u>	<u>-</u>	<u>(10,000)</u>
NET CHANGE IN FUND BALANCE	(291,338)	-	(291,338)	(291,338)	-	(291,338)	739,552	-	739,552	1,030,890
FUND BALANCE - BEGINNING OF YEAR	8,593,768	-	8,593,768	8,593,768	-	8,593,768	8,593,768	-	8,593,768	-
FUND BALANCE - END OF YEAR	\$ 8,302,430	\$ -	\$ 8,302,430	\$ 8,302,430	\$ -	\$ 8,302,430	\$ 9,333,320	\$ -	\$ 9,333,320	\$ 1,030,890

The accompanying notes are an integral part of these statements.

MOSINEE SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
JUNE 30, 2017

NOTE 1 - Budgetary Information - Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. The legally adopted budget and budgetary expenditure control is exercised at the function level. Reported budget amounts are as originally adopted or as amended by a Board of Education resolution.

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

1. Based upon requests from District staff, the District Administration recommends budget proposals to the Board of Education.
2. The Board of Education prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
3. 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.
4. Pursuant to the budget hearing, the Board of Education may make alterations to the proposed budget.
5. After the Board of Education (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire Board of Education.
6. Appropriations lapse at year end unless authorized as a carryover by the Board of Education. The portion of fund balance representing carryover appropriations is reported as a committed or assigned fund balance.
7. Encumbrance accounting is not used.
8. Budgets are adopted on a basis consistent with generally accepted accounting principles.

NOTE 2 - Excess of Actual Expenditure Over Budget - The following functions had an excess of actual expenditures over budget.

General/Special Education	Special instruction	\$ 56,744
General/Special Education	Other instruction	\$ 22,862
General/Special Education	Pupil services	\$ 44,475
General/Special Education	Building administration services	\$ 59,865
General/Special Education	Central services	\$ 13,261
General/Special Education	Capital outlay	\$ 133,702

MOSINEE SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS - POST EMPLOYMENT HEALTHCARE
JUNE 30, 2017

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
2015						
6/30/14	\$2,313,066	\$4,918,919	\$2,605,853	47.0%	\$ 9,190,795	28.4%
2016						
6/30/14	2,313,066	4,918,919	2,605,853	47.0%	9,607,818	27.1%
2017						
6/30/16	3,380,899	5,178,907	1,798,008	65.3%	10,031,489	17.9%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
2015	\$ 545,792	\$ 592,671	108.6%
2016	545,792	545,792	100.0%
2017	602,152	545,792	90.6%

MOSINEE SCHOOL DISTRICT
WISCONSIN RETIREMENT SYSTEM SCHEDULES
JUNE 30, 2017

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
Last 10 Fiscal Years *

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.08549154%	8.49953500%	8.4141640%
Proportionate share of the net pension liability (asset)	\$ 704,654	\$ 1,381,158	\$ (2,066,749)
Covered payroll	\$12,335,333	\$12,475,777	\$11,666,854
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	5.71%	11.07%	-17.71%
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.12%	98.20%	102.74%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years *

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 814,135	\$ 848,355	\$ 816,680
Contributions in relation to the contractually required contributions	<u>(814,135)</u>	<u>(848,355)</u>	<u>(816,680)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$12,335,333	\$12,475,777	\$11,666,854
Contributions as a percentage of covered payroll	6.60%	6.80%	7.00%

* The amounts presented for each fiscal year were determined as of the calendar year end which occurred within the fiscal year.

The District implemented the Government Accounting Standards Board Statement No. 68 for the year ended June 30, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 7 preceding years.

Notes to Required Supplementary Information for the Year Ended June 30, 2017

Changes of benefit terms - there were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes of assumptions - there were no changes in the assumptions.

MOSINEE SCHOOL DISTRICT
SUPPLEMENTAL PENSION DEFINED BENEFIT PLAN SCHEDULES
JUNE 30, 2017

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability			
Service cost	\$ 128,979	\$ -	\$ -
Interest	95,533	-	-
Differences between expected and actual experience	219,190	-	-
Changes of assumptions or other inputs	(115,711)	-	-
Benefit payments, including refunds of employee contributions	(285,604)	-	-
Other changes	-	43,561	(107,210)
Net Changes in Total Pension Liability	42,387	43,561	(107,210)
Total Pension Liability - Beginning	2,402,154	2,358,593	2,465,803
Total Pension Liability - Ending (a)	\$ 2,444,541	\$ 2,402,154	\$ 2,358,593
Plan Fiduciary Net Position			
Contributions - employer	\$ 285,604	\$ 263,776	\$ 287,088
Benefit payments, including refunds of employee contributions	(285,604)	(263,776)	(287,088)
Net Changes in Plan Fiduciary Net Position	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-
Plan Fiduciary Net Position - Ending (b)	\$ -	\$ -	\$ -
Net Pension Liability - Ending (a) - (b)	\$ 2,444,541	\$ 2,402,154	\$ 2,358,593
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	0.00%
Covered payroll	\$ 7,763,072	\$ 9,607,818	\$ 9,190,795
Net pension liability as a percentage of covered payroll	31.49%	25.00%	25.66%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 264,930	\$ 263,776	\$ 263,776
Contributions in relation to the actuarially determined contributions	(285,604)	(263,776)	(287,088)
Contribution deficiency (excess)	<u>\$ (20,674)</u>	<u>\$ -</u>	<u>\$ (23,312)</u>
Covered payroll	\$ 7,763,072	\$ 9,607,818	\$ 9,190,795
Contributions as a percentage of covered payroll	3.68%	2.75%	3.12%
Actuarial valuation date	6/30/2016	6/30/2014	6/30/2014
Measurement date	6/30/2016	6/30/2014	6/30/2014

The District implemented the Government Accounting Standards Board Statement No. 68 for the year ended June 30, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 7 preceding years.

Notes to Required Supplementary Information for the Year Ended June 30, 2017

Methods and assumptions used to determine actuarially calculations - entry age cost, 17.2 year amortization, fair market value asset valuation, 4% discount rate, 0% inflation, 0% salary increases, RP-2014 mortality fully generational using projection scale MP-2015.

Changes of benefit terms - there were no changes of benefit terms.

Changes of assumptions - there were no changes in the assumptions.

**MOSINEE SCHOOL DISTRICT
MOSINEE, WISCONSIN**

**OTHER
SUPPLEMENTARY INFORMATION**

MOSINEE SCHOOL DISTRICT
 COMBINING BALANCE SHEETS
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2017

	SPECIAL REVENUE FUNDS				DEBT SERVICE FUND	CAPITAL PROJECT FUND	TOTAL
	TRUST	FOOD SERVICE	COMMUNITY SERVICE	PACKAGE COOPERATIVE	REFERENDUM APPROVED	LONG-TERM CAPITAL IMPROVEMENT TRUST	NONMAJOR GOVERNMENTAL FUNDS
ASSETS							
Cash and investments	\$ 74,704	\$222,184	\$ 128,306	\$ -	\$ 332,369	\$ 502	\$ 758,065
Receivables							
Due from other governments	-	7,437	-	16,247	-	-	23,684
TOTAL ASSETS	74,704	229,621	128,306	16,247	332,369	502	781,749
LIABILITIES							
Accounts payable	207	698	-	-	-	-	905
Accrued payroll liabilities	-	3,803	490	-	-	-	4,293
Due to other funds	-	-	-	16,247	-	-	16,247
Unearned revenue	-	18,177	-	-	-	-	18,177
TOTAL LIABILITIES	207	22,678	490	16,247	-	-	39,622
FUND BALANCES							
Restricted	74,497	206,943	127,816	-	332,369	502	742,127
TOTAL FUND BALANCES	74,497	206,943	127,816	-	332,369	502	742,127
TOTAL LIABILITIES AND FUND BALANCES	\$ 74,704	\$229,621	\$ 128,306	\$ 16,247	\$ 332,369	\$ 502	\$ 781,749

MOSINEE SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	SPECIAL REVENUE FUNDS				DEBT SERVICE FUND	CAPITAL PROJECT FUND	TOTAL
	TRUST	FOOD	COMMUNITY	PACKAGE	REFERENDUM	LONG-TERM CAPITAL	NONMAJOR
		SERVICE	SERVICE	COOPERATIVE	APPROVED	IMPROVEMENT	GOVERNMENTAL
						TRUST	FUNDS
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 976,814	\$ -	\$ 976,814
Other local sources	83,482	304,778	-	-	706	1	388,967
State sources	-	11,511	-	21,915	-	-	33,426
Federal sources	-	318,195	-	-	-	-	318,195
Other sources	-	1,722	11,014	-	-	-	12,736
TOTAL REVENUES	83,482	636,206	11,014	21,915	977,520	1	1,730,138
EXPENDITURES							
Current							
Instruction							
Regular instruction	13,397	-	-	-	-	-	13,397
Vocational instruction	78	-	-	-	-	-	78
Special instruction	2,381	-	-	-	-	-	2,381
Other instruction	2,045	-	-	-	-	-	2,045
Total instruction	17,901	-	-	-	-	-	17,901
Support service							
Instructional staff services	-	-	-	21,915	-	-	21,915
Building administration services	7,138	-	-	-	-	-	7,138
Business services	2,111	627,515	-	-	-	-	629,626
Central services	650	-	8,053	-	-	-	8,703
Community services	-	-	107,125	-	-	-	107,125
Total support services	9,899	627,515	115,178	21,915	-	-	774,507
Non-program transactions	2,437	-	-	-	-	-	2,437
Debt service							
Principal	-	-	-	-	550,000	-	550,000
Interest	-	-	-	-	194,150	-	194,150
Other	-	-	-	-	913	-	913
Total debt service	-	-	-	-	745,063	-	745,063
Capital outlay	36,999	829	8,751	-	-	-	46,579
TOTAL EXPENDITURES	67,236	628,344	123,929	21,915	745,063	-	1,586,487
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	16,246	7,862	(112,915)	-	232,457	1	143,651
NET CHANGE IN FUND BALANCE	16,246	7,862	(112,915)	-	232,457	1	143,651
FUND BALANCES - BEGINNING OF YEAR	268,961	199,081	240,731	-	99,912	501	809,186
PRIOR PERIOD ADJUSTMENT	(210,710)	-	-	-	-	-	(210,710)
FUND BALANCES - END OF YEAR	\$ 74,497	\$206,943	\$ 127,816	\$ -	\$ 332,369	\$ 502	\$ 742,127

MOSINEE SCHOOL DISTRICT
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2017

	BALANCE JULY 1, 2016	ADDITIONS	(DEDUCTIONS)	BALANCE JUNE 30, 2017
ASSETS				
Cash and investments	\$ 136,886	\$ 367,942	\$ (351,846)	\$ 152,982
TOTAL ASSETS	<u>136,886</u>	<u>367,942</u>	<u>(351,846)</u>	<u>152,982</u>
LIABILITIES				
Due to student organizations				
Elementary	1,403	11,425	(9,719)	3,109
Middle	30,868	71,133	(68,440)	33,561
High	104,615	285,384	(273,687)	116,312
TOTAL LIABILITIES	<u>\$ 136,886</u>	<u>\$ 367,942</u>	<u>\$ (351,846)</u>	<u>\$ 152,982</u>

MOSINEE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

AWARDING AGENCY PASS-THROUGH AGENCY AWARD DESCRIPTION	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL CATALOG NUMBER	PROGRAM OR AWARD AMOUNT	RECEIVABLE (UNEARNED REVENUE) JULY 1, 2016	REVENUES GRANTOR REIMBURSEMENTS	EXPENDITURES	RECEIVABLE (UNEARNED REVENUE) JUNE 30, 2017	SUBRECIPIENT PASS-THROUGH EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE								
Wisconsin Department of Public Instruction								
Child Nutrition Cluster								
School Breakfast Program								
July 1, 2016 - June 30, 2017	None	10.553	N/A	\$ -	\$ 28,387	\$ 29,301	\$ 914	\$ -
Food Distribution								
July 1, 2016 - June 30, 2017	None	10.555	N/A	-	63,583	63,583	-	-
National School Lunch Program								
July 1, 2016 - June 30, 2017	None	10.555	N/A	-	218,789	225,312	6,523	-
Total Child Nutrition Cluster				-	310,759	318,196	7,437	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE				-	310,759	318,196	7,437	-
U.S. DEPARTMENT OF EDUCATION								
Wisconsin Department of Public Instruction								
Title IA Cluster								
Title IA - Grants to Local Educational Agencies								
July 1, 2015 - June 30, 2016	None	84.010	N/A	33,989	33,989	-	-	-
July 1, 2016 - June 30, 2017	A141-N/A-373787		\$ 183,274	-	139,019	169,582	30,563	-
Total Title IA Cluster				33,989	173,008	169,582	30,563	-
Special Education Cluster								
Special Education - Grants to States (IDEA Part B)								
July 1, 2015 - June 30, 2016	None	84.027	N/A	155,946	155,946	-	-	-
July 1, 2016 - June 30, 2017	A341-N/A-373787		446,047	-	308,441	422,634	114,193	-
Special Education - Grants to States-High Cost Special Education								
July 1, 2016 - June 30, 2017	None	84.027	N/A	-	7,807	7,807	-	-
Special Education - Preschool Grants (IDEA Preschool)								
July 1, 2015 - June 30, 2016	None	84.173	N/A	962	962	-	-	-
July 1, 2016 - June 30, 2017	A347-N/A-373787		33,387	-	19,393	28,087	8,694	-
Total Special Education Cluster				156,908	492,549	458,528	122,887	-
Title II-A - Supporting Effective Instruction State Grants								
July 1, 2015 - June 30, 2016	None	84.367	N/A	12,683	12,683	-	-	-
July 1, 2016 - June 30, 2017	A365-N/A-373787		75,204	-	57,132	70,372	13,240	-
Cooperative Educational Service Agency #9								
Career and Technical Education - Basic Grants to States (Perkins IV)								
July 1, 2016 - June 30, 2017	None	84.048	N/A	-	9,822	9,822	-	-
TOTAL U.S. DEPARTMENT OF EDUCATION				203,580	745,194	708,304	166,690	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Wisconsin Department of Health Services								
Medical Assistance								
July 1, 2016 - June 30, 2017	None	93.778	N/A	-	76,956	76,956	-	-
Cooperative Educational Service Agency #9								
Medical Assistance								
July 1, 2016 - June 30, 2017	None	93.778	N/A	-	88,607	88,607	-	-
Total Medical Assistance				-	165,563	165,563	-	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				-	165,563	165,563	-	-
TOTAL FEDERAL AWARDS				\$ 203,580	\$ 1,221,516	\$ 1,192,063	\$ 174,127	\$ -

The accompanying notes are an integral part of these statements.

MOSINEE SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2017

AWARDING AGENCY PASS-THROUGH AGENCY AWARD DESCRIPTION	PASS-THROUGH	STATE I.D. NUMBER	RECEIVABLE	REVENUE		RECEIVABLE	SUBRECIPIENT PASS-THROUGH EXPENDITURES
	ENTITY IDENTIFYING NUMBER		(UNEARNED REVENUE) JULY 1, 2016	GRANTOR REIMBURSEMENTS	EXPENDITURES	(UNEARNED REVENUE) JUNE 30, 2017	
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION							
Wisconsin Department of Public Instruction							
Special Education and School Age Parents	373787-100	255.101	\$ -	\$ 890,140	\$ 890,140	\$ -	\$ -
State School Lunch Aid	373787-107	255.102	-	9,067	9,067	-	-
Common School Fund Library Aid	373787-104	255.103	-	67,723	67,723	-	-
General Transportation Aid	373787-102	255.107	-	97,137	97,137	-	-
Equalization Aid	373787-116	255.201	197,039	12,138,209	12,135,551	194,381	-
High Cost Special Education Aid	373787-119	255.210	-	27,167	27,167	-	-
Peer Review and Mentoring	373787-141	255.301	22,261	22,261	23,822	23,822	11,911
School Breakfast Program	373787-108	255.344	-	2,444	2,444	-	-
Educator Effectiveness Evaluation System	373787-154	255.940	-	13,440	13,440	-	-
Per Pupil Aid	373787-113	255.945	308,700	816,200	507,500	-	-
Career and Technical Education Incentive	373787-151	255.950	(23,230)	26,912	50,142	-	-
Assessment of Reading Readiness	373787-166	255.956	-	3,659	3,659	-	-
Aid for Special Education Transition Grant BBL	373787-168	255.960	-	576	576	-	-
TOTAL WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION			<u>504,770</u>	<u>14,114,935</u>	<u>13,828,368</u>	<u>218,203</u>	<u>11,911</u>
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT							
Youth Apprenticeship State Grant	None	445.107	(16,324)	8,010	6,930	(17,404)	-
WISCONSIN DEPARTMENT OF ADMINISTRATION							
TEACH	None	None	8,264	63,862	55,598	-	-
Cooperative Educational Service Agency #9							
TEACH	None	None	-	5,668	10,004	4,336	-
TOTAL WISCONSIN DEPARTMENT OF ADMINISTRATION			<u>8,264</u>	<u>69,530</u>	<u>65,602</u>	<u>4,336</u>	<u>-</u>
WISCONSIN DEPARTMENT OF NATURAL RESOURCES							
Payment in Lieu of Taxes	None	None	-	17,059	17,059	-	-
WISCONSIN DEPARTMENT OF REVENUE							
Exempt Computer Aid	None	None	11,367	11,367	8,170	8,170	-
TOTAL STATE FINANCIAL ASSISTANCE			<u>\$ 508,077</u>	<u>\$ 14,220,901</u>	<u>\$ 13,926,129</u>	<u>\$ 213,305</u>	<u>\$ 11,911</u>

The accompanying notes are an integral part of these statements.

MOSINEE SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2017

NOTE 1 - Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the Mosinee School District. The information in these schedules is presented in accordance with the requirements of Uniform Guidance and *State Single Audit Guidelines*. Therefore, some amounts presented in these schedules may differ from amounts presented in or used in the preparation of the financial statements.

NOTE 2 - Summary of Significant Accounting Policies

Expenditures reported on the schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable and are limited as to reimbursement.

NOTE 3 - Special Education and School Age Parents Program

2016-2017 eligible costs under the State Special Education Program are \$3,457,244.

NOTE 4 - Food Distribution Program

Non-monetary assistance is reported in the schedule of federal awards at the fair market value of the commodities received and used.

NOTE 5 - 10% De Minimis Cost Rate

Elected not to use.

**MOSINEE SCHOOL DISTRICT
MOSINEE, WISCONSIN**

OTHER REPORTS

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

To the Board of Education
Mosinee School District
Mosinee, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mosinee School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Mosinee School District's basic financial statements and have issued our report thereon dated October 27, 2017.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. We consider the 2017-001 and 2017-002 deficiencies described in the accompanying schedule of findings and questioned costs to be a significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Mosinee School District's financial statements are free from material misstatement, we performed tests of its compliance with certain

provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

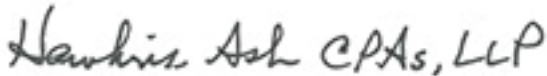
Mosinee School District's Response to Findings

Mosinee School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Mosinee School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

HAWKINS ASH CPAS, LLP

A handwritten signature in cursive script that reads "Hawkins Ash CPAs, LLP".

Manitowoc, Wisconsin
October 27, 2017



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

To the Board of Education
Mosinee School District
Mosinee, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited the Mosinee School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and *State Single Audit Guidelines* that could have a direct and material effect on each of the Mosinee School District's major federal and state programs for the year ended June 30, 2017. The Mosinee School District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Mosinee School 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; and 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 *State Single Audit Guidelines*. Those standards and Uniform Guidance 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 or state program occurred. An audit includes examining, on a test basis, evidence about the Mosinee School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

Management of the Mosinee School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirement referred to above. In planning and performing our audit of compliance, we considered the Mosinee School 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 federal and state program and to test and report on internal control over compliance in accordance with Uniform Guidance and *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 Mosinee School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 and 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 Uniform Guidance and *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

HAWKINS ASH CPAS, LLP



Manitowoc, Wisconsin
October 27, 2017

MOSINEE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 JUNE 30, 2017

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified not considered to be material weaknesses?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None reported
Noncompliance material to the financial statements?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal control over financial reporting:

Material weakness identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.027 / 84.173	Special Education Cluster
93.778	Medical Assistance

State Assistance

Internal control over financial reporting:

Material weakness identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported

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

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

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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Identification of major state programs:

MOSINEE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
JUNE 30, 2017

<u>State ID Number</u>	<u>Name of State Program or Cluster</u>
255.201	Equalization Aid

Dollar threshold used to distinguish between:

Type A and Type B federal programs: \$750,000

Type A and Type B state programs: \$250,000

Auditee qualified as low-risk auditee? X Yes No

Section II - Financial Statement Findings and Questioned Costs

2017-001 - Preparation of Financial Statements

Program: District-Wide

Criteria: Adequate internal controls necessitate personnel to have knowledge and training which would enable them to prepare financial statements (and footnotes) in accordance with generally accepted accounting principles (GAAP).

Condition: Personnel cannot prepare GAAP basis financial statements.

Questioned Costs: Not applicable.

Context: Personnel have adequate knowledge and experience in governmental accounting and interim reporting requirements; however, their limited knowledge and lack of training limits their ability to prepare GAAP basis financial statements.

Effect: This weakness could result in the possibility of undetected errors and irregularities.

Information: Isolated instance.

Prior Year Finding: This was a prior year audit finding numbered 2016-001.

Recommendation: Obtain adequate training or continue to hire a certified public accounting (CPA) firm to prepare GAAP basis financial statements.

Management's Response: Due to the complexities involved with preparing GAAP basis financial statements, management has weighed the cost-benefit of training personnel or hiring a CPA firm. Management has concluded to hire a CPA firm.

2017-002 - Significant Audit Adjustments

Program: District-Wide

Criteria: Generally accepted accounting principles.

Condition: Significant audit adjustments were required to prevent the District's financial statements from being misstated.

Questioned Costs: Not applicable.

MOSINEE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
JUNE 30, 2017

Context: Internal controls did not identify that an adjustment should be recorded.

Effect: This weakness could result in undetected errors and irregularities and misstated interim financial reports.

Information: Isolated instances.

Prior Year Finding: This was not a prior year finding.

Recommendation: Improve the District's financial reporting internal controls to prevent these types of adjustments from occurring in the future. Document which accounting procedures are needed to be completed on a recurring basis to detect significant adjustments.

Management's Response: The District will incorporate financial reporting internal controls to detect significant adjustments, prevent misstated financial statements and increase the accuracy of the interim financial reports used by management.

Section III - Federal and State Award Findings and Questioned Costs

None



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN JUNE 30, 2017

Summary Schedule of Prior Audit Findings

2016-001 - Preparation of Financial Statements - Repeat. Initially occurred 6/30/14.

2016-002 - Preparation of Schedule of Expenditures of Federal Awards and Schedule of State Financial Assistance - Resolved. Initially occurred 6/30/14.

Corrective Action Plan

2017-001 - Preparation of Financial Statements - Contact: Brent Zimmerman, Business Manager. Completion date: N/A. Due to the complexities of governmental reporting in accordance with GAAP, i.e. financial statements and related disclosure reporting, District management has weighed the cost benefit of training current staff or hiring a Certified Public Accountant on staff for the purposes of preparing the external financial statements in accordance with GAAP. District management has concluded to outsource the preparation of the external financial statements and related disclosures to their certified public accounting firm, which is an acceptable practice according to *Government Auditing Standards*. District management will review and approve the externally prepared financial statements.

2017-002 - Significant Audit Adjustments - Contact: Brent Zimmerman, Business Manager. Completion date: June 30, 2018. The District will improve its financial reporting internal controls by reconciling accounts on a recurring basis to prevent significant audit adjustments. District management will review and approve the audit adjustments. The audit adjustments occurred as a result of a change in accounting firms and differing expectations between firms. Now that the District is aware of the requirements they will prepare the proper entries in future years.