

**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT**

**SCHOOL DISTRICT OF HOLMEN  
HOLMEN, WISCONSIN**

**JUNE 30, 2017**

**HOLMEN SCHOOL DISTRICT  
TABLE OF CONTENTS  
JUNE 30, 2017**

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	<b>Page</b>
Independent Auditor's Report	3-5
Management's Discussion and Analysis	6
Basic Financial Statements	
<b>District-wide Financial Statements:</b>	
Statement of Net Position	7
Statement of Activities	8
<b>Fund Financial Statements:</b>	
Balance Sheet - Governmental Funds	9
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	10
Combined Statement of Revenues and Other Financing Sources, Expenditures and Other Financing Uses, and Changes in Fund Balance - All Governmental Fund Types	11
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	12
Statement of Net Position Proprietary Fund - Food Service Fund	13
Statement of Revenues, Expenditures, and Changes in Net Position Proprietary Fund - Food Service Fund	14
Statement of Cash Flows Proprietary Fund - Food Service Fund	15
Statement of Cash Flows Proprietary Fund - Food Service Fund	16
Statement of Fiduciary Net Position	17
Statement of Changes in Net Position - Fiduciary Funds	18
Notes to Financial Statements	19-47
Required Supplementary Information	
Schedule of Funding Progress for Post-Employment Benefit Plans	48
Schedule of Employer Contributions	49
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	50
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund and Special Education Fund	51
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund	52
Schedule of Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System	53
Schedule of Contributions - Wisconsin Retirement System	54
Schedule of Changes in Net Supplemental Pension Liability	55

**HOLMEN SCHOOL DISTRICT  
TABLE OF CONTENTS  
JUNE 30, 2017**

---

	<b>Page</b>
Notes to Required Supplementary Information	56-57
Supplemental Information	
Balance Sheet - All Non-Major Governmental Funds	58
Statement of Revenues, Expenditures and Changes in Fund Balance - All Non-Major Funds	59
Schedule of Changes in Assets and Liabilities Pupil Activities - Agency Fund	60
Federal and State Awards Section	
Schedule of Expenditures of Federal Awards	61-62
Schedule of State Financial Assistance	63
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	64
Other Reports	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	65-66
Independent Auditor's Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance Required by Uniform Guidance and the <i>State Single Audit Guidelines</i>	67-68
Schedule of Findings and Questioned Costs	69-70



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**Engel & Associates, Ltd.**

Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Education  
School District of Holmen  
Holmen, Wisconsin

**Report on the Financial Statements**

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

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

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

***Auditor's Responsibility***

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

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

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

## ***Opinions***

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

## ***Emphasis of Matter***

As discussed in Note 18, Holmen School District adopted the provisions of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*, effective July 1, 2016. Our opinions are not modified with respect to this matter.

As discussed in Note 18, financial statements for the year ended June 30, 2016 have been restated to reflect current year adjustments to net position at June 30, 2016. This restatement is to reflect adjustments in net capital assets resulting from the reconciliation between an independent agency as of June 30, 2017 and the District. Our opinions are not modified with respect to this matter.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedule of funding progress, schedule of proportionate share of net pension liability, schedule of employer contributions, and notes to required supplementary information on pages 6.0 -6.12 and 48-57. 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 School District of Holmen's basic financial statements. The supplementary information identified in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is 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 is also not a required part of the basic financial statements.

The supplementary information identified in the table of contents and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and

other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information identified in the table of contents and schedule of expenditures of federal awards are 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 December 1, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Engelson and Associates, Ltd.*

La Crosse, Wisconsin  
December 1, 2017

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



# School District of Holmen Management's Discussion and Analysis Year ended June 30, 2017

This section of the School District of Holmen's annual Financial Statements and Independent Auditor's Report presents the District Management's discussion and analysis of the District's financial performance during the year ending June 30, 2017. In addition, it includes discussion on how these statements and report are affected by prior financial decisions and future vision of the District's finances.

While the Financial Statements and Independent Auditor's report includes detailed information on all financial activity of the District, the Management Discussion and Analysis will attempt to summarize those facts that have been determined to be most "Noteworthy Facts" (SECTION I) and the "Required Discussion and Analysis" (SECTION II).

## SECTION I Noteworthy Facts

Noteworthiness for this report is determined primarily by: deviation from budget or deviation from past trends and constituency interest. Consequently, this year's Management Discussion and Analysis focus is on two topics:

- A. Budget to Actual Variances**
- B. Focus Area – Fiscal Sustainability**

### **A. BUDGET TO ACTUAL VARIANCES**

In reviewing budget to actual variances, the following criteria have been set to determine variances that will receive further explanation here. Criteria are:

- Line item variance amounts (Final Budget to Actual) that are greater than .5% of the corresponding total budgeted fund revenue or expense amount, OR
- Line item variance amounts (Final Budget to Actual) that are greater than 10% of the corresponding budget for that line item and greater than .1% of total budgeted fund revenue or expense amount.

Based upon these criteria the following variances, variance causes and variance reduction strategies have been identified.

The criteria the District uses to determine which variances will receive further explanation in the Management Discussion and Analysis represent high standards. These high standards are borne from the high expectations for accuracy and financial credibility in the District. Such high standards are intended to motivate the continuous improvement necessary to achieve excellence. Conversely, it should be understood that adopting criteria that exemplify such high standards, are more likely to point out relatively minor deviations from perfection.

While the budgeting process is not an exact science, every attempt has been made to formulate an original budget from the best information available. Revisions to the original budget are made several times during the year. Revisions represent updates to revenue projections by local, state and federal agencies as confirmed throughout the fiscal year. Expenditure revisions are made as the actual costs associated with the following become known: capital improvement projects, enrollment driven staffing, special needs student staffing, leave benefits utilization by staff and benefits elections by staff, utility rates, fuel rates, etc.

**General Fund (See page 50)**

The District finished the fiscal year with actual revenues of \$48,961,862 which are \$204,621 more than actual expenditures of \$48,757,241. The \$204,621 surplus was added to the General fund balance bringing the total balance to \$11,125,348.

<b>Budget Lines</b>	<b>Variance Amounts Favorable (Unfavorable)</b>	<b>Cause of Variances</b>	<b>Variance Reduction Strategies</b>
<b>Revenues – Local</b>	\$90,630	The budget underestimated internal transfer credits for transportation. The investment return resulted in higher than anticipated interest. The insurance repair fees associated with 1:1 technology were also underestimated. Additional students participated in the AP exams resulting in greater than anticipated fees collected for testing.	Internal fieldtrip transportation in excess of allocation will be reviewed and revenue budget revised accordingly. Conservative investment returns will continue to be applied due to cash flow fluctuation and impact on available balances during construction activities associated with referenda. Technology insurance fees will be revised in future forecasts according to enrollment and 1:1 device deployment.
<b>Expenditures – Non-Program</b>	(\$312,367)	The general fund open enrollment transfer exceeded the estimate. Participation and transfer for high school Youth Options also exceeded estimates. In special education, contracted instruction and substitute costs were greater than anticipated.	Review budget estimates and open enrollment historical trends and forecasts. Further identify Youth Options enrollment and costs for participating in these programs through the School District of LaCrosse, Western, UW-L or other providers.

**Special Education Fund**

Audit standards no longer require a separate “Variance to Final Budget” report for the special Education Fund. (See page 51 “Budget and Actual – General Fund and Special Education Fund” for details on the Special Education Fund line item budget and actual information.)

**Debt Service Fund (See page 52)**

The Debt Service Fund experienced a decrease in fund balance from \$3,800,495 to \$3,659,672.

Referendum Debt

The Referendum Debt budget called for a \$140,285 decrease in Fund Balance. The actual net change in fund balance was a decrease of \$140,823, a budget variance of \$538. The use of fund balance is a planned strategy based on a predetermined long-term debt schedule .

Non-Referendum Debt (No fund activity to report)

Capital Projects Fund (No fund activity to report)

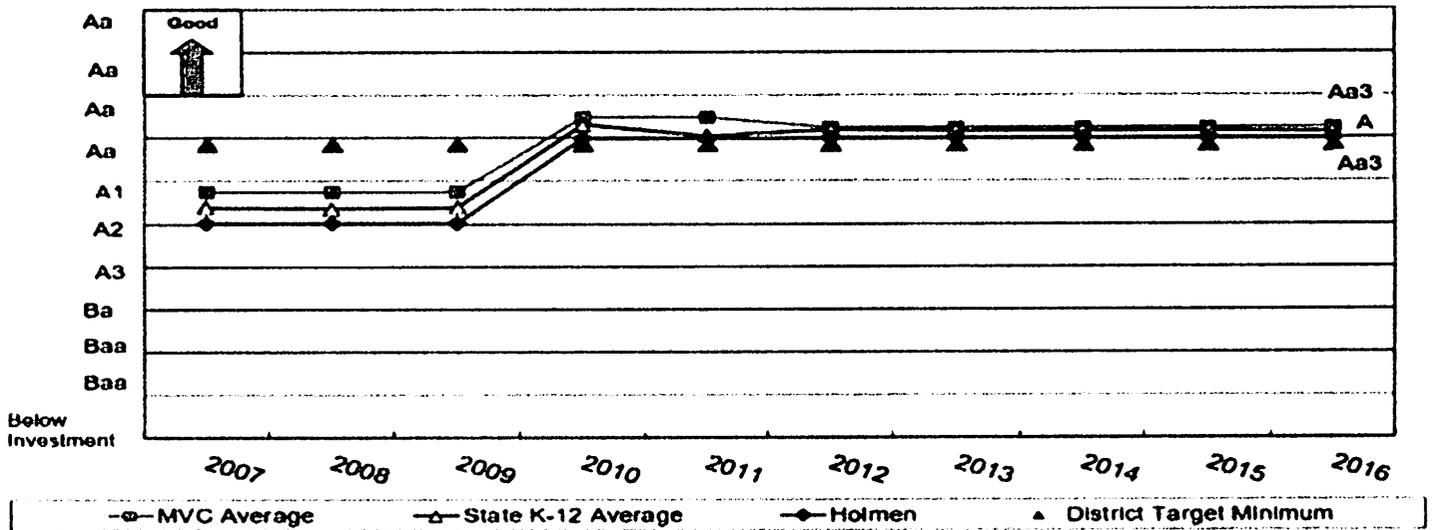
**B. FOCUS AREA – FISCAL SUSTAINABILITY**

Since 2005 specific reporting has taken place on District defined Financial Performance Results. In 2011, the school board took action to approve quantifiable performance targets for four of six Financial Performance Results measures.

As necessary, additional results measures may be added to: create a more complete and balanced financial picture and to improve upon the District's ability to achieve its Vision of being, "Educating every student to achieve global success."

The five Financial Performance Results measures are presented below.

**Moody's\* Investment Rating**



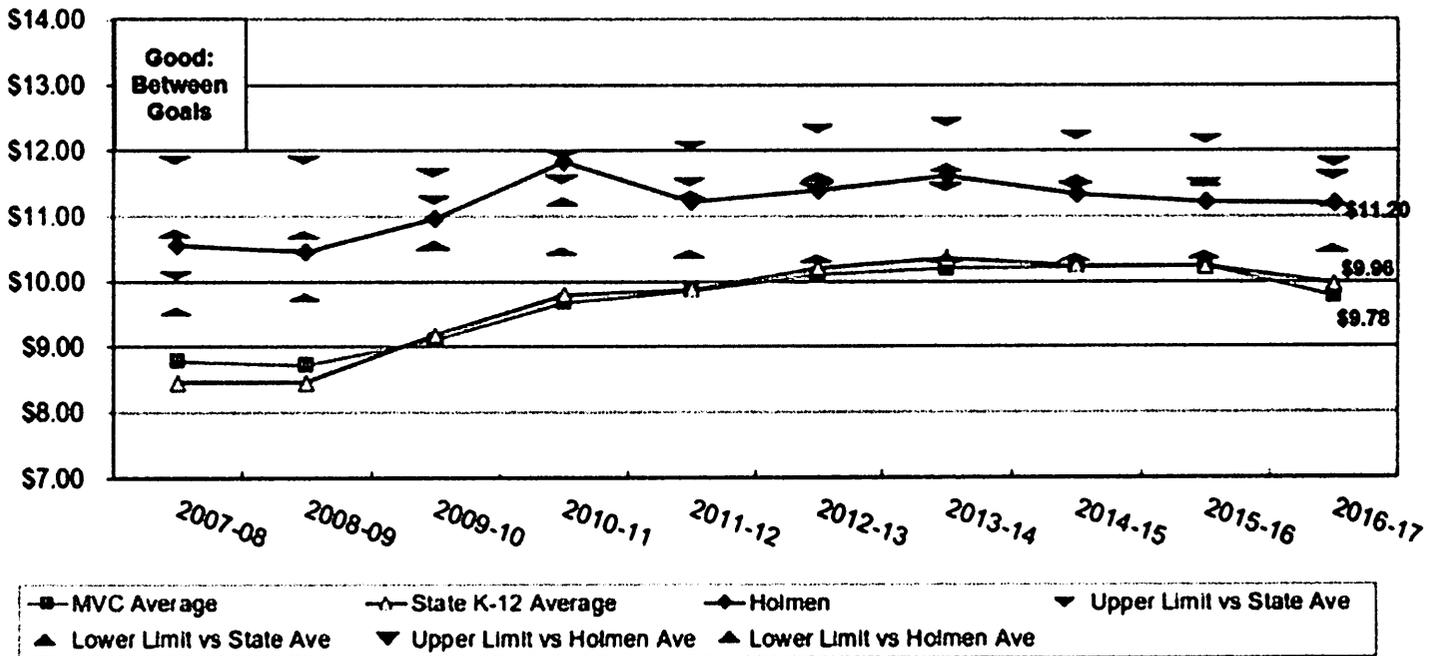
\*Data represents approximately 170 of Wisconsin's over 424 public school districts.

The School District of Holmen is at a moderately high level of financial stability as measured by its Moody's rating of Aa3.

In 2004 the Moody's increased the District's rating. This rating increase came after review of the District's operations. The ratings increase reflects improvements in operational practices and financial standing. In 2010, the District rating increased by two ratings categories. This jump came as Moody's recalibrated the private sector markets and public sector markets to create truer comparability across the two markets.

The District's Aa3 rating was reaffirmed by Moody's in the spring of 2012, 2016 and 2017. Although the District is at its minimum target on this financial performance measure, the credit position is very healthy, and its Aa3 rating is equal to the U.S. school district median of Aa3. The rating reflects a robust financial position, and a sizeable tax base with a strong socioeconomic profile. It also takes into account a moderate pension liability with a light debt burden.

## Gross School Tax Rate



The most recent data available is from 2016-17. At that time, the District had a gross school tax rate of \$11.20.

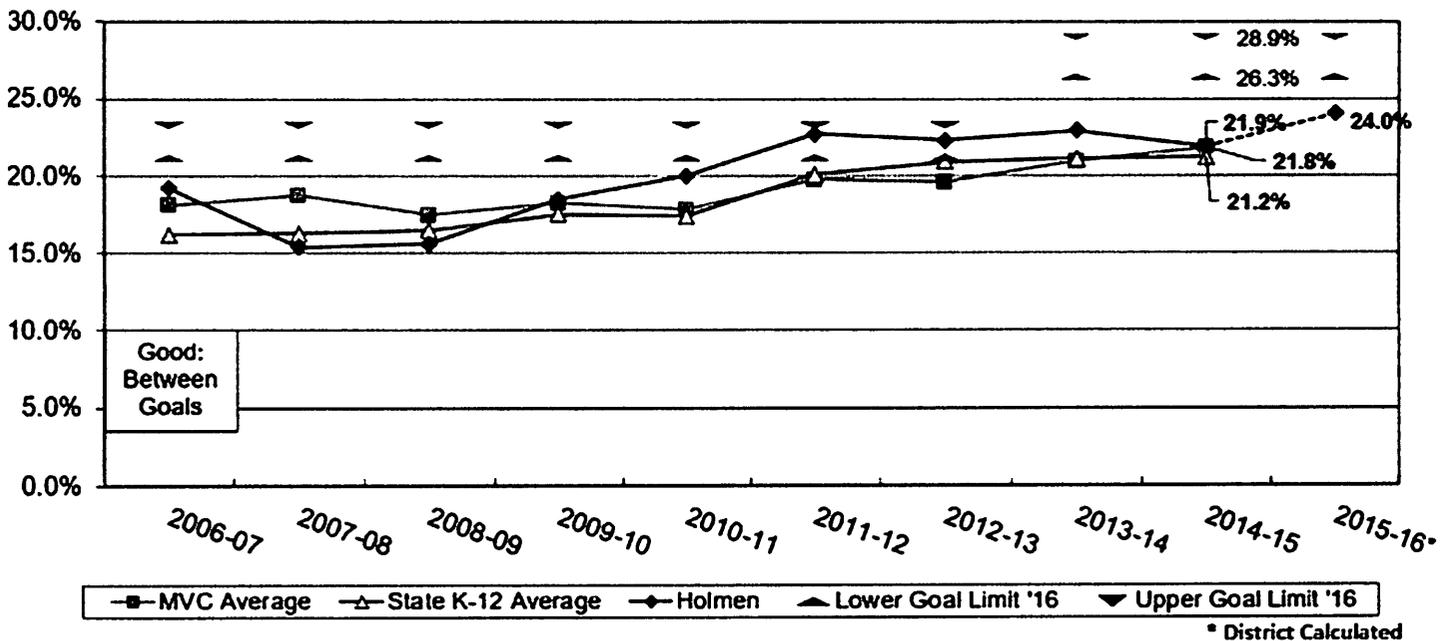
The GSTR experienced a drop from 2004-05 to 2005-06. Since 2005-06 the tax rate has increased from a low of \$10.14 to \$11.84 in 2010-11, a \$1.70 (17%) increase over a five-year time period. Since 2010-11, the rate has declined \$0.64 to \$11.20.

This trend occurred despite the fact that the District has experienced increasing enrollment and incurred debt associated with major building projects in 2004 (Middle School/District Office) and 2007 (Prairie View Elementary). The enrollment and debt factors have traditionally been offset by growth in the equalized valuation of the community. However, the nearly 10% annual growth rates seen prior to 2007-08 slowed in 2007-08. During the five-year period, including 2007-08 to 2011-12, annual equalized valuation growth slowed to an average of 4.1% per year. During this same time period, state aid growth did not keep pace with the mandated costs of operating the District. This is largely due to the state's inability to generate the needed revenue during the national/global recession. Both the State Budget Repair Bill and 2011-13 Biennial Budget dramatically reduced the mandated increases in cost for the District. These cost reductions did not significantly lower the GSTR, because the cost reductions were mirrored by reductions in state funding to schools. The District's GSTR of \$11.20 is below the upper limit vs. Holmen average of \$11.64.

The District's 2016-17 GSTR of \$11.20 was \$1.42 (14.52%) above the MVC averages (\$9.78) and \$0.99 (12.45%) above the state average (\$9.96).

Due to the District's newer facilities, construction debt and the relatively low property value, the District's tax rate will remain above the MVC and state averages for the next 5 to 10 years.

## Fund Balance as Percentage of Total Expenditures (Actual)



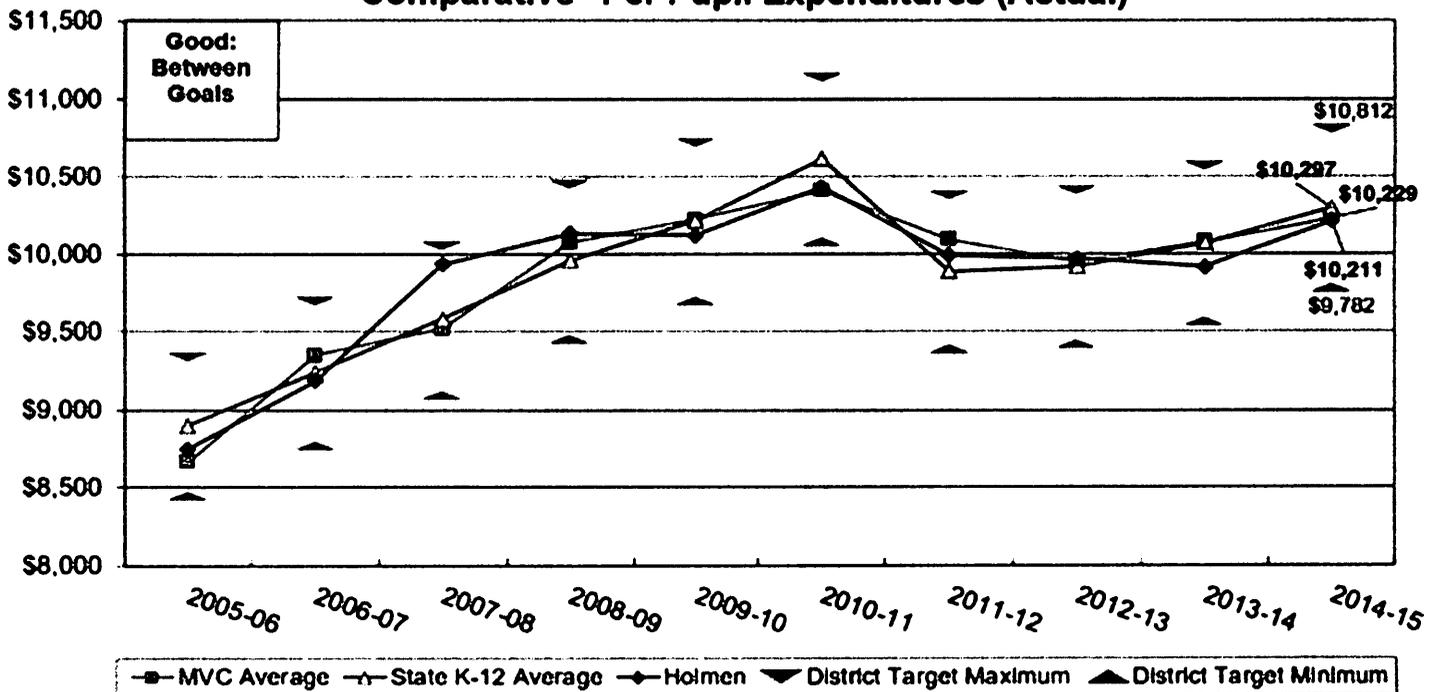
The most recent data available with comparables is from 2014-15. At the time, the District had a FBPTE (Actual) of 21.9%. The 2015-16 data is based on values calculated by the District.

The District's FBPTE has varied over time, with a high of 22.9% in 2013-14 and a low of 15.4% in 2007-08. The variations represent planned accumulation and expenditures that span more than one fiscal year. These expenditures were in the form of non-recurring capital expenditures. In each case, the board made a commitment to reduce operational expenditures in the immediately following fiscal years to restore the fund balance. Over the 12-year period 2003-04 to 2014-15, FBPTE averaged 19.8%. In 2010-15 the fund balance exceeded the District's average; however, the fund balance over the previous six years was less than the average. The recent fund balance increases reflect the District's commitment to restore the operational resources used to initiate the 4K program and reservations of resources for the capital projects approved through referendum.

From 2003-07 and 2009-14, the School District of Holmen maintained a FBPTE above the MVC and state average. During this time period, the MVC average remained relatively consistent with the state average.

In 2013-14, the District's 22.9% FBPTE is above the state average of 21.1%. In May of 2011, the school board approved fiscal sustainability performance targets. In 2011-15, the District reached and maintained near the upper limit of the target range. Since 2011, financial variables have impacted the cash balance and cash flow of the District. In 2016, a recalibrated lower and upper goal limit was approved as a necessary to meet all current financial obligations without borrowing from other funds or outside lenders. Progress toward the 2016 revised performance target will be defined by fiscal discipline and cost of delivering quality services to customers.

## "Comparative" Per Pupil Expenditures (Actual)



The most recently available is from 2014-15. The 2015-16 data will not be available through the Wisconsin Taxpayers Alliance until late fall of 2017. The District's 2014-15 "comparative" per pupil expenditure is \$10,211.

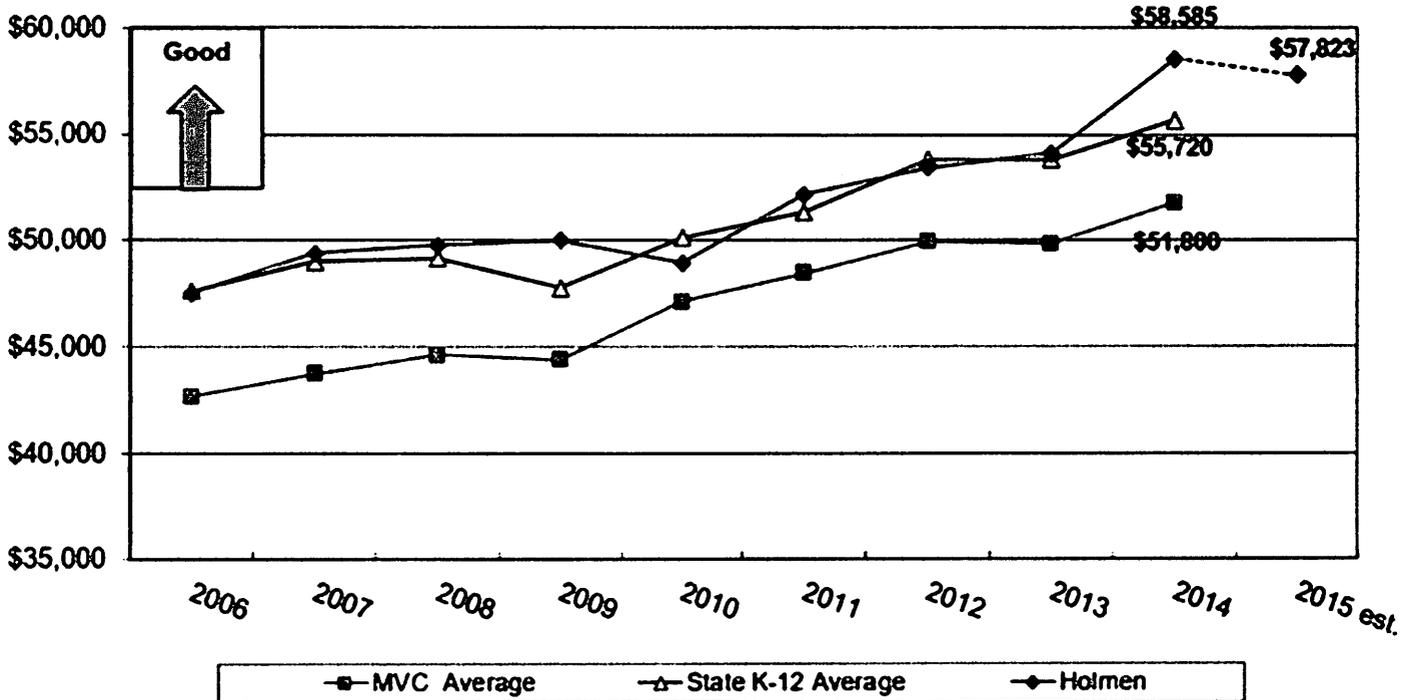
Over the past ten years the District's "comparative" per pupil expenditures has increased by 16.7%. This increase represents the combined effect of: student enrollment increases, operational costs associated with new facilities, inflation and mandated services to an increasing population of special needs students.

The District's 2007-08 8.1% annual increase was greater than the annual long-term trend due to: 1) spending to fund the first year of 4K program and 2) spending to meet the needs of special needs students transferring into the District. Expenditures throughout the state dropped in 2011-12 as a result of Act 10.

The District's \$10,211 "comparative" per pupil expenditures at the conclusion of the 2014-15 fiscal period is 0.18% less than the MVC average (\$10,229) and 0.85% less than the state K-12 average (\$10,297).

The District's 16.7% increase over the past 10 years was less than the 18.04% increase in the MVC Average and greater than the 15.73% increase in the State Average. In 2012-13 and 2014-15, the District was nearly equal in Comparative Per Pupil Expenditures to both the MVC Average and the State Average. The District's 2014-15 increase over prior year remains below the 2010-11 Comparative Per Pupil Expenditures by 2.1%, demonstrating fiscal responsibility over controllable costs directly associated with servicing students.

## Adjusted Gross Income Per Return



The most recent data available is from 2014. The District currently has an AGIPR that is 13.1% greater than the MVC comparable school districts. This is an increase from 8.6% comparison to the MVC in 2013, returning to the comparable long-term difference between Holmen and the other MVC schools. The District currently has an AGIPR that is 5.1% greater than the state average.

In the short-term, the 2014 AGIPR shows \$4,437 (8.2%) increase over the prior year, following \$665 (1.2%) increase in 2013. In the long-term, the community demonstrated consistent growth in AGIPR from 2001 through 2009, then a decline in 2010. The cumulative growth from 2004 to 2014 was \$11,485 (22.5%), with annual growth averaging \$1,348 (2.74%). Economic recovery from the recession has been slow. With the exception of 2010, Holmen continues to fare better than its neighbors. 2010 brought Holmen closer to the AGIPR of the MVC average.

Holmen's AGIPR has traditionally been very near the state average. A 14% difference between Holmen and the state average developed between the years of 2002 and 2004. That gap disappeared between the years of 2006 and 2008. The difference returned to 5.1% in 2014, comparable to the 2009 level. The AGIPR % greater than the MVC comparable school districts suggests the community has greater local ability to meet the cost of educational programming than do other MVC communities.

## SECTION II

### Required Discussion and Analysis

The Required Discussion and Analysis portion of this document comprises four topic areas. They are:

- **A. Overview of the Financial Statement**
- **B. Financial Analysis of the District as a Whole**
- **C. Non-current Assets**
- **D. Long-Term Debt**

#### **A. OVERVIEW OF THE FINANCIAL STATEMENTS**

The District's basic financial statements comprise 1) District-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition, other supplementary information to the basic financial statements is provided.

##### District-wide Financial Statements

- The District-wide financial statements are the *NET POSITION (See page 7)* and *STATEMENT OF ACTIVITIES (See page 8)*. These statements present an aggregate view of the District's finances in a manner similar to private-sector business. Both statements distinguish functions/ programs into two operational categories. The first category, *Governmental Activities*, is financially supported mainly by property taxes and inter-governmental revenues. This category is a summary of all the operations of the District except Nutrition Services. The second category, *Business Type Activities*, is intended to cover all or a significant portion of costs through user fees and charges. This category is where Nutrition Services activity is represented.
- The *NET POSITION* presents information on all of the District's assets and liabilities, with the difference between the two reported as NET POSITION. Fiscal year end 2017 Total Assets valued at \$59,947,217 is less than the value of \$67,233,281 twelve months earlier. This represents a one-year decrease of -10.84%.
- The *STATEMENT OF ACTIVITIES* presents information showing how the District's NET POSITION changed during the year. This statement reports the cost of government functions and how those functions were financed for the fiscal year. The NET POSITION for the year increased to \$36,506,593 an increase of 1.59% over the \$35,936,357 prior year restated amount.

##### Fund Financial Statements

- The District also produces fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The District, like other state and local governments, uses fund accounting to demonstrate compliance with finance related legal requirements. Fund statements generally report operations in more detail than the District-wide statements and provide information that may be useful in evaluating a District's near-term financing requirements.
- There are two fund financial statements, the *BALANCE SHEET - GOVERNMENTAL FUNDS (See page 9)* and the *COMBINED STATEMENT OF REVENUES AND OTHER FINANCING SOURCES, EXPENDITURES AND OTHER FINANCING USES, AND CHANGES IN FUND BALANCE – ALL GOVERNMENTAL FUND TYPES (See page 11)*. Generally, balance sheet reports provide a snapshot as of June 30<sup>th</sup> which summarizes assets, liabilities, and the impact on fund balance. The *COMBINED STATEMENT OF REVENUES AND OTHER FINANCING SOURCES, EXPENDITURES AND OTHER FINANCING USES, AND CHANGES IN FUND BALANCE – ALL GOVERNMENTAL FUND TYPES* provides additional information on inflows and outflows that affected fund balance.
- Because the focus of fund financial statements is narrower than that of the District-wide statements it is useful to make comparison between the information presented. This helps readers better understand the long-term implication of the government's near-term financial decisions.

- The *RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET –WITH THE STATEMENT OF NET POSITION* (See page 10) reconciles the “TOTAL FUND BALANCE” as shown on the *BALANCE SHEET - GOVERNMENTAL FUNDS* (See page 9), to the *Governmental Activities “Total Net Position”* as shown on the *STATEMENT OF NET POSITION* (See page 7). This reconciliation adjusts for the balance sheet difference between financial reporting and fund accounting.
- The *RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES* (See page 12) provides financial information to adjust for the difference between the revenues/expenditures and how they are presented in financial reporting and fund accounting.
- The District has three types of funds: *governmental, proprietary, and fiduciary*. *Governmental funds* include the District’s five regular funds (General, Special Education, Debt Service, Capital Projects and Other Governmental) and individual capital project funds as needed. The District has one *proprietary* fund, the food service fund and two fiduciary funds, a trust fund for student scholarships and a fund for student organizations and clubs.
- Financial information is presented in separate columns on both the *BALANCE SHEETS – GOVERNMENTAL FUNDS* (See page 9) and the *COMBINED STATEMENT OF REVENUES AND OTHER FINANCING SOURCES, EXPENDITURES AND OTHER FINANCING USES, AND CHANGES IN FUND BALANCE – ALL GOVERNMENTAL FUND TYPES* (See page 11) for the general, and debt service funds as these are considered to be major funds. Capital Projects funds would also be reported here as a separate column in years where the District had Capital Projects financial activity. Data for the Special Revenue Fund are reported in the “Non-Major Governmental Funds” column as these are considered non-major funds. While not present in this reporting period, other non-major funds might include a combination of Special Revenue Trust Fund, Pupil Activities – Agency Fund, Package Cooperative Fund, Capital Expansion Funds and others. Data for these individual non-major funds is provided separately as supplementary information (See pages 58-60).
- The proprietary fund statements for the District’s food service program are prepared on the same basis of accounting and measurement focus as the District-wide financial statements. In addition, the District provides a “STATEMENT OF CASH FLOWS” for the proprietary funds (See pages 13, 14, 15 and 16).
- The District serves as a trustee, or *fiduciary*, for student scholarships and student organizations. The assets of these organizations do not directly benefit, nor, are under the direct control of the District. The District’s responsibility is limited to ensuring the assets reported in these funds are used only for their intended purposes. *Fiduciary* activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operations. The *STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS* and the *STATEMENT OF CHANGES IN NET POSITION* are presented and prepared separately in an abbreviated format (See pages 17 and 18 respectively).
- The District opted for a “pay-as-you-go” method for other post-employment benefits. A schedule of funding progress for Wisconsin Retirement System Pension, Supplemental Pension and Other Post-Employment Benefits is available as of 2016-17 (See page 48-49).
- The District adopts an annual appropriation budget for every fund it administers. Budget comparisons are made only for the major funds and present the original, revised and actual amounts in each major program area (See pages 50, 51 and 52).

### Notes to the Financial Statements

The notes to the financial statements provided additional information that is essential to the full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

## B. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1, provides a summary of the District's NET POSITION (See page 7) for the year ended June 30, 2017.

<b>Table 1</b>			
<b>Condensed NET POSITION</b>			
(in thousands of dollars)			
	<b>Total School District 2016</b>	<b>Total School District 2017</b>	<b>Change</b>
Current Assets	\$17,472.45	\$17,435.09	(\$37.36)
Noncurrent Assets	\$49,760.84	\$42,507.10	(\$7,253.74)
<b>Total assets</b>	<b>\$67,233.28</b>	<b>\$59,942.19</b>	<b>(\$7,291.10)</b>
<b>Deferred Outflows of Resources</b>	<b>\$15,962.25</b>	<b>\$12,463.71</b>	<b>(\$3,498.54)</b>
Current Liabilities	\$5,131.32	\$3,314.25	(\$1,817.07)
Noncurrent Liabilities	\$26,573.24	\$25,643.57	(\$929.67)
<b>Total Liabilities</b>	<b>\$31,704.56</b>	<b>\$28,957.82</b>	<b>(\$2,746.74)</b>
<b>Deferred Inflows of Resources</b>	<b>\$6,774.80</b>	<b>\$6,941.48</b>	<b>\$166.67</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$23,590.29	\$26,287.10	\$2,696.81
Restricted	\$4,519.27	\$8,748.30	\$4,229.03
Unrestricted	\$7,826.80	\$1,471.19	(\$6,355.60)
<b>Total NET POSITION</b>	<b>\$35,936.36</b>	<b>\$36,506.59</b>	<b>\$570.24</b>
<i>Note: There may be a slight variance in totals due to rounding.</i>			

Between June 30, 2016 and June 30, 2017 "Total Assets" decreased by \$7,291,092 or -10.84% and "Total Liabilities" decreased by \$2,746,736 or -8.66%.

- The change in "Total Liabilities" came from a decrease in "Current Liabilities" of \$1,817,069 or -35.41%, an increase to the net pension liability of \$901,005 and a decrease in "Noncurrent Portion of Long-Term Obligations" of \$1,830,672. Within "Current Liabilities" accounts payable decreased by \$133,084 and the current portion of long-term debt decreased by \$1,543,218. With significant payments made on the principal of the debt obligations the "Noncurrent Portion of Long Term Obligations" decreased by \$1,830,672.
- "Total NET POSITION" increased by a total of \$570,236 or 1.59%. This included a delayed retirement of construction in progress under buildings and improvements in fixed assets. There was an increase in "Net Investment in Capital Assets" of \$2,696,810. There was a decrease in "Unrestricted" of (\$6,355,604) and the addition of the line item "Restricted WRS Pension at \$4,487,566. There was a decrease in "Restricted Debt Services" of (\$140,823) and "Restricted Food Service" of (\$117,713).

Table 2 provides summarized operating results and their impact on the change in NET POSITION (See page 8). Both the governmental and business-type activities contributed to the District's financial position in relation to NET POSITION. The largest increase in revenue was in the state equalized aid (see below "Federal & State Aid Not Restricted") allocated to schools and in the local tax levy (see below "Property Taxes").

In expenditures, the "Instruction", "Pupil Services" and "Instructional Staff Services" categories decreased. "Central Services" expenses, "Interest and Fiscal Charges" and "Insurance" expenditures also decreased. "General and Building Administration" increased \$190,456. "Other Support Services" and "Business Type Activity – Food Service" also increased. "Business Administrative Services" increased \$207,096 due to capital improvement expenses. "Non-Program" expenses increased \$608,335 due to an increase in the operating transfer, open enrollment transfers and contracted instructional placements.

**Table 2**  
**Statement of Activities – Summary/Comparison**  
(in thousands of dollars)

	Total School District 2016	Total School District 2017	Change
<b>REVENUES</b>			
Program Revenues			
Charges for Services	\$2,096.69	\$2,145.40	\$48.71
Operating Grants & Contributions	\$5,662.86	\$5,562.03	(\$100.83)
Capital Grants & Contributions	\$0.00	\$0.00	\$0.00
General Revenues			
Property Taxes	\$16,832.81	\$17,420.11	\$587.30
Community Service	\$49.34	\$5.03	(\$44.31)
Federal & State Aid Not Restricted	\$28,677.70	\$29,756.91	\$1,079.21
Other	\$1,367.22	\$1,397.33	\$30.11
<b>Total Revenues</b>	<b>\$54,686.62</b>	<b>\$56,286.81</b>	<b>\$1,600.19</b>
<b>EXPENSES</b>			
Instruction	\$30,671.02	\$30,565.26	(\$105.76)
Pupil & Instructional Services	\$5,501.97	\$5,377.65	(\$124.32)
General and Building Administration	\$2,935.52	\$3,125.98	\$190.46
Business Administration Services	\$6,362.17	\$6,583.29	\$221.12
Central Services	\$2,710.56	\$2,193.22	(\$517.34)
Interest and Fiscal Charges	\$818.15	\$664.73	(\$153.42)
Insurance	\$455.46	\$420.18	(\$35.28)
Other Support Services	\$236.97	\$335.68	\$98.71
Non-Program	\$3,172.25	\$3,780.58	\$608.33
Business Type Activity – Food Service	\$2,620.46	\$2,670.88	\$50.42
<b>Total Expenses</b>	<b>\$55,484.53</b>	<b>\$55,717.45</b>	<b>\$232.92</b>
<b>Increase (decrease) in NET POSITION</b>	<b>(\$797.91)</b>	<b>\$569.36</b>	<b>\$1,367.27</b>

Note: There may be a slight variance in totals due to rounding.

**C. NONCURRENT ASSETS** (See page 7)

At the end of fiscal year 2017, the District had booked \$78,021,982 in non-current assets within its "Governmental Activities" accounts. These non-current assets included: land, buildings, sites, furniture, equipment and construction in progress (included in "Buildings & Building Improvements") (See Table 3 below). Total accumulated depreciation on these non-current assets was \$35,628,565. Detailed information about capital assets and depreciation of these assets can be found in Note 4 (See page 31) of the financial statements. Within this note, additions and deletions during fiscal year 2017 are itemized.

<b>Table 3</b>			
<b>Noncurrent Capital Assets (Net Depreciation)</b>			
<b>Governmental Activities Only</b>			
(in thousands of dollars)			
	<b>Total School District</b>	<b>Total School District</b>	<b>Change</b>
	<b>2016</b>	<b>2017</b>	
Land & Site Improvements	\$4,507.36	\$4,916.12	\$408.76
Buildings & Building Improvements	\$74,484.98	\$66,877.43	(\$7,607.55)
Equipment & Furniture	\$5,744.23	\$6,228.43	\$484.20
Accumulated Depreciation	(\$35,100.42)	(\$35,628.57)	(\$528.15)
<b>Total Net Capital Assets</b>	<b>\$49,636.15</b>	<b>\$42,393.41</b>	<b>(\$7,242.74)</b>

*Note: There may be a slight variance in totals due to rounding.*

## D. LONG-TERM DEBT

At the year-end the District had \$26,319,926 in general obligation bonds and other long-term obligation (See Table 4 below and Note 6, starting on page 32), a decrease of -2.14% from July 1, 2016. This decrease of \$575,510 is the net effect of long-term obligations reductions of \$3,668,931 and additions of \$838,776. The largest reduction in Long-term Debt is a \$3,171,000 reduction in "General Obligation Bonds". "Supplemental Pension" saw a net increase of \$101,185 and "Other Post Employment Health Benefits" saw a net increase of \$430,139. The District has opted for a "pay-as-you-go" method to meet post-employment benefit obligations in lieu of making additional contributions to fund anticipated future liabilities.

**Table 4**  
**Outstanding Long-Term Obligations**  
(in thousands of dollars)

	<b>Total School District 2016</b>	<b>Total School District 2017</b>	<b>Change</b>
General Obligation Debt	\$19,391.00	\$16,220.00	(\$3,171.00)
Other	\$7,504.44	\$10,099.93	\$2,595.49
<b>Total</b>	<b>\$26,895.44</b>	<b>\$26,319.93</b>	<b>(\$575.51)</b>

*Note: There may be a slight variance in totals due to rounding.*

### Contacting the School District of Holmen's Financial Management

*The 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 any questions about this report or need additional financial information, please contact Jay Clark, Associate District Administrator, (608) 526-1304 or Julie Holman, Administrator of Business Services, (608) 526-1303, School District of Holmen, 1019 McHugh Road, Holmen, WI 54636.*

**BASIC FINANCIAL STATEMENT**

**SCHOOL DISTRICT OF HOLMEN**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets</b>			
<b>Current assets</b>			
Cash and investments	\$ 11,211,140	\$ 620,035	\$ 11,831,175
Taxes receivable	4,664,872	-	4,664,872
Accounts receivable	32,153	26,518	58,671
Due from other governments	832,342	6,497	838,839
Prepaid expenses	24,292	-	24,292
Inventory	-	17,241	17,241
<b>Total current assets</b>	<u>16,764,799</u>	<u>670,291</u>	<u>17,435,090</u>
<b>Noncurrent assets</b>			
Capital assets	78,021,982	179,118	78,201,100
Less: Accumulated depreciation	<u>35,628,565</u>	<u>65,436</u>	<u>35,694,001</u>
<b>Total capital assets, net</b>	<u>42,393,417</u>	<u>113,682</u>	<u>42,507,099</u>
<b>Total noncurrent assets</b>	<u>42,393,417</u>	<u>113,682</u>	<u>42,507,099</u>
<b>Total Assets</b>	<u>59,158,216</u>	<u>783,973</u>	<u>59,942,189</u>
<b>Deferred Outflows of Resources</b>			
Pension plan - WRS	<u>12,089,795</u>	<u>373,911</u>	<u>12,463,706</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable	453,704	3,947	457,651
Accrued salaries and related items	899,054	9,888	908,942
Accrued interest	165,845	-	165,845
Current portion of long-term obligations	<u>1,781,815</u>	<u>-</u>	<u>1,781,815</u>
<b>Total current liabilities</b>	<u>3,300,418</u>	<u>13,835</u>	<u>3,314,253</u>
<b>Noncurrent liabilities</b>			
Net pension liability - District	2,367,129	-	2,367,129
Net pension liability - WRS	1,490,612	46,101	1,536,713
Noncurrent portion of long-term obligations	<u>21,739,731</u>	<u>-</u>	<u>21,739,731</u>
<b>Total noncurrent liabilities</b>	<u>25,597,472</u>	<u>46,101</u>	<u>25,643,573</u>
<b>Total Liabilities</b>	<u>28,897,890</u>	<u>59,936</u>	<u>28,957,826</u>
<b>Deferred Inflows of Resources</b>			
Unearned revenue	-	55,394	55,394
Pension plan - WRS	6,246,244	193,183	6,439,427
Pension plan - District	152,286	-	152,286
Premium on bonded debt refunding	<u>294,369</u>	<u>-</u>	<u>294,369</u>
<b>Total deferred inflows of resources</b>	<u>6,692,899</u>	<u>248,577</u>	<u>6,941,476</u>
<b>Net Position</b>			
Net investment in capital assets	26,173,417	113,682	26,287,099
Restricted for:			
WRS Pension	4,352,939	134,627	4,487,566
Debt service	3,659,672	-	3,659,672
Food service	-	601,062	601,062
Unrestricted	<u>1,471,194</u>	<u>-</u>	<u>1,471,194</u>
<b>Total Net Position</b>	<u>\$ 35,657,222</u>	<u>\$ 849,371</u>	<u>\$ 36,506,593</u>

The accompanying notes are an integral part of these financial statements.

**SCHOOL DISTRICT OF HOLMEN  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities</b>							
<b>Instruction</b>							
Undifferentiated instruction	\$ 7,954,940	\$ 14,095	\$ 67,325	\$ -	\$ (7,873,520)	\$ -	\$ (7,873,520)
Regular instruction	11,047,608	17,708	447,555	-	(10,582,345)	-	(10,582,345)
Vocational instruction	1,176,094	16,321	47,738	-	(1,112,035)	-	(1,112,035)
Special education instruction	7,283,307	-	3,007,365	-	(4,275,942)	-	(4,275,942)
Other instruction	3,103,310	89,114	715,291	-	(2,298,905)	-	(2,298,905)
Total Instruction	<u>30,565,259</u>	<u>137,238</u>	<u>4,285,274</u>	<u>-</u>	<u>(26,142,747)</u>	<u>-</u>	<u>(26,142,747)</u>
<b>Support services</b>							
Pupil services	2,599,923	34	-	-	(2,599,889)	-	(2,599,889)
Instructional staff services	2,777,730	35,687	279,240	-	(2,462,803)	-	(2,462,803)
General administration services	805,045	-	-	-	(805,045)	-	(805,045)
School administration services	2,320,927	434	-	-	(2,320,493)	-	(2,320,493)
Business administration services	6,583,293	156,486	109,357	-	(6,317,450)	-	(6,317,450)
Central services	2,193,217	27,769	-	-	(2,165,448)	-	(2,165,448)
Insurance	420,175	-	-	-	(420,175)	-	(420,175)
Other support services	335,677	-	-	-	(335,677)	-	(335,677)
Interest and fiscal charges	664,734	-	-	-	(664,734)	-	(664,734)
Total Support Services	<u>18,700,722</u>	<u>220,410</u>	<u>388,597</u>	<u>-</u>	<u>(18,091,715)</u>	<u>-</u>	<u>(18,091,715)</u>
<b>Non-Program</b>							
	<u>3,780,583</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,780,583)</u>	<u>-</u>	<u>(3,780,583)</u>
Total governmental activities	<u>53,046,564</u>	<u>357,648</u>	<u>4,673,871</u>	<u>-</u>	<u>(48,015,045)</u>	<u>-</u>	<u>(48,015,045)</u>
<b>Business-type activities</b>							
School food service program	<u>2,670,884</u>	<u>1,787,750</u>	<u>888,154</u>	<u>-</u>	<u>-</u>	<u>5,020</u>	<u>5,020</u>
Total school district	<u>\$ 55,717,448</u>	<u>\$ 2,145,398</u>	<u>\$ 5,562,025</u>	<u>\$ -</u>	<u>(48,015,045)</u>	<u>5,020</u>	<u>(48,010,025)</u>
<b>General Revenues</b>							
Property taxes							
General purposes					13,664,821	-	13,664,821
Debt services					3,755,285	-	3,755,285
Community Service					5,028	-	5,028
Federal and State aid not restricted to specific purposes					29,756,910	-	29,756,910
Interest and investment earnings					30,852	-	30,852
Gain (loss) on disposal of capital assets					5,459	-	5,459
Miscellaneous local and intermediate revenue					<u>1,361,015</u>	<u>891</u>	<u>1,361,906</u>
Total General Revenues					<u>48,579,370</u>	<u>891</u>	<u>48,580,261</u>
Change in Net Position							
					564,325	5,911	570,236
Net Position - Beginning, restated							
					<u>35,092,897</u>	<u>843,460</u>	<u>35,936,357</u>
Net Position - Ending							
					<u>\$ 35,657,222</u>	<u>\$ 849,371</u>	<u>\$ 36,506,593</u>

The accompanying notes are an integral part of these financial statements.

**SCHOOL DISTRICT OF HOLMEN  
BALANCE SHEETS - GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and investments	\$ 6,923,947	\$ 3,659,672	\$ 627,521	\$ 11,211,140
Taxes receivable	4,664,872	-	-	4,664,872
Accounts receivable	32,153	-	-	32,153
Due from general fund	-	-	5,028	5,028
Due from other governments	832,342	-	-	832,342
Prepaid expense	24,142	-	150	24,292
<b>TOTAL ASSETS</b>	<u>12,477,456</u>	<u>3,659,672</u>	<u>632,699</u>	<u>16,769,827</u>
<b>LIABILITIES</b>				
Accounts payable	448,026	-	5,678	453,704
Accrued salaries and related items	899,054	-	-	899,054
Due to other funds	5,028	-	-	5,028
<b>TOTAL LIABILITIES</b>	<u>1,352,108</u>	<u>-</u>	<u>5,678</u>	<u>1,357,786</u>
<b>FUND BALANCE</b>				
Fund balance:				
Non-spendable				
Prepaid expenses	24,142	-	150	24,292
Restricted	-	3,659,672	626,871	4,286,543
Unrestricted				
Committed	250,000	-	-	250,000
Unassigned	10,851,206	-	-	10,851,206
<b>TOTAL FUND BALANCE</b>	<u>11,125,348</u>	<u>3,659,672</u>	<u>627,021</u>	<u>15,412,041</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 12,477,456</u>	<u>\$ 3,659,672</u>	<u>\$ 632,699</u>	<u>\$ 16,769,827</u>

The accompanying notes are an integral part of these financial statements.

**SCHOOL DISTRICT OF HOLMEN  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET WITH THE STATEMENT OF NET POSITION  
JUNE 30, 2017**

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

Total fund balance governmental funds		\$	15,412,041
Capital assets used in governmental activities are not current financial resources and therefore are not reported in governmental funds balance sheet.			
Cost of capital assets			78,021,982
Accumulated depreciation			<u>(35,628,565)</u>
			42,393,417
Net pension asset (liability) does not require current financial resources and therefore is only reported in governmental activities.			
			(1,490,612)
Deferred outflows of resources represent consumption of net position that apply to future periods and therefore are not reported in the fund statements.			
Deferred outflows of resources consist of:			
Pension plan			12,089,795
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year end consist of:			
Bonds payable			(16,220,000)
Sick and incentive leave days			(971,365)
Supplemental Pension			(2,367,129)
Post employment health benefits			(6,330,181)
Accrued interest			<u>(165,845)</u>
			(26,054,520)
Deferred inflows of resources are acquisitions of net assets that are applicable to future reporting periods and therefore are not reported in the fund statements.			
Deferred inflows of resources consist of:			
Pension plan - WRS			(6,246,244)
Pension plan - District			(152,286)
Premium on bonded debt refunding			<u>(294,369)</u>
			<u>(6,692,899)</u>
Total net position - governmental activities		\$	<u>35,657,222</u>

The accompanying notes are an integral part of these financial statements.

**SCHOOL DISTRICT OF HOLMEN  
 COMBINED STATEMENT OF REVENUES AND OTHER FINANCING SOURCES,  
 EXPENDITURES AND OTHER FINANCING USES, AND CHANGES  
 IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2017**

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>REVENUES</b>				
Property taxes	\$ 13,664,821	\$ 3,755,285	\$ 5,028	\$ 17,425,134
Local	395,443	7,070	884,977	1,287,490
Interdistrict	1,255,304	-	-	1,255,304
Intermediate	8,574	-	-	8,574
State	32,201,995	-	-	32,201,995
Federal	1,323,515	-	-	1,323,515
Other	112,210	-	-	112,210
<b>TOTAL REVENUES</b>	<u>48,961,862</u>	<u>3,762,355</u>	<u>890,005</u>	<u>53,614,222</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
<b>Instruction</b>				
Undifferentiated instruction	7,188,322	-	58,244	7,246,566
Regular instruction	10,018,581	-	45,257	10,063,838
Vocational instruction	1,069,219	-	2,146	1,071,365
Special education instruction	6,634,741	-	-	6,634,741
Other instruction	2,138,234	-	688,732	2,826,966
Capital outlay	12,142	-	12,366	24,508
<b>Total instruction</b>	<u>27,061,239</u>	<u>-</u>	<u>806,745</u>	<u>27,867,984</u>
<b>Support services</b>				
Pupil services	2,368,405	-	-	2,368,405
Instructional staff services	2,517,897	-	12,481	2,530,378
General administration services	733,357	-	-	733,357
School administration services	2,114,253	-	-	2,114,253
Business administration services	5,993,751	-	3,311	5,997,062
Central services	1,997,914	-	-	1,997,914
Insurance	420,175	-	-	420,175
Other support services	335,677	-	-	335,677
Capital outlay	1,434,240	-	-	1,434,240
<b>Debt Services</b>				
Principal	-	3,171,000	-	3,171,000
Interest and fiscal charges	-	732,178	-	732,178
<b>Total Debt Services</b>	<u>-</u>	<u>3,903,178</u>	<u>-</u>	<u>3,903,178</u>
<b>Total support services</b>	<u>17,915,669</u>	<u>3,903,178</u>	<u>15,792</u>	<u>21,834,639</u>
<b>Non-program</b>	<u>3,780,333</u>	<u>-</u>	<u>250</u>	<u>3,780,583</u>
<b>TOTAL EXPENDITURES</b>	<u>48,757,241</u>	<u>3,903,178</u>	<u>822,787</u>	<u>53,483,206</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	204,621	(140,823)	67,218	131,016
<b>FUND BALANCE, JULY 1</b>	<u>10,920,727</u>	<u>3,800,495</u>	<u>559,803</u>	<u>15,281,025</u>
<b>FUND BALANCE, JUNE 30</b>	<u>\$ 11,125,348</u>	<u>\$ 3,659,672</u>	<u>\$ 627,021</u>	<u>\$ 15,412,041</u>

The accompanying notes are an integral part of these financial statements.

**SCHOOL DISTRICT OF HOLMEN  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

Net Change in Fund Balances - Governmental Funds	\$ 131,016
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay	1,458,748
Depreciation expense	(1,918,602)
<p>In the statement of activities, the gain(losses) from the sale/disposal of fixed assets are reported net of net book value of the asset, whereas in the governmental funds, proceeds are reported in full.</p>	
	(3,332)
<p>Some expenses reported in the statement of activities, such as accrued vested employee benefits, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>	
	(163,973)
<p>Premiums on current year debt issues are reported as revenue in the governmental funds, but are amortized over the life of the bond on the statement of activities and the remaining premium is recorded as a deferred inflow of resources on the statement of net position.</p>	
Current year amortization of bond premium	39,249
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of the differences in the treatment of long-term debt.</p>	
	3,171,000
<p>In the statement of activities, pension expense is accrued based on the reported amount of net pension liability (asset), whereas in the governmental fund statements, pension expenditure is reported when due.</p>	
	(2,177,976)
<p>In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is reported when due.</p>	
	<u>28,195</u>
Change in Net Position of Governmental Activities	<u>\$ 564,325</u>

The accompanying notes are an integral part of these financial statements.

**SCHOOL DISTRICT OF HOLMEN  
STATEMENT OF NET POSITION  
PROPRIETARY FUND - FOOD SERVICE FUND  
JUNE 30, 2017**

<b>Assets</b>	
Current assets	
Cash and investments	\$ 620,035
Accounts receivable	26,518
Prepaid expenses	-
Inventory	<u>17,241</u>
Total current assets	<u>670,291</u>
Noncurrent assets	
Capital assets	179,118
Less: Accumulated depreciation	<u>65,436</u>
Total capital assets, net	<u>113,682</u>
Total noncurrent assets	<u>113,682</u>
<b>Total Assets</b>	<u><b>783,973</b></u>
<b>Deferred Outflows of Resources</b>	
Pension plan	<u>373,911</u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	3,947
Accrued salaries and related items	<u>9,888</u>
Total current liabilities	<u>13,835</u>
Noncurrent liabilities	
Net Pension Liability	<u>46,101</u>
Total noncurrent liabilities	<u>46,101</u>
<b>Deferred Inflows of Resources</b>	
Pension plan	193,183
Unearned revenue - student lunch accounts	<u>55,394</u>
Total deferred inflows of resources	<u>248,577</u>
<b>Net Position</b>	
Net investment in capital assets	113,682
Restricted for:	
WRS Pension	134,627
Food service	<u>601,062</u>
<b>Total Net Position</b>	<u><b>\$ 849,371</b></u>

The accompanying notes are an integral part of these financial statements.

**SCHOOL DISTRICT OF HOLMEN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION  
PROPRIETARY FUND - FOOD SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

<b>Revenues</b>	
Food sales	\$ 1,787,750
Donations	7,083
State sources	40,520
Federal sources	686,154
Federal commodities	154,397
Miscellaneous	<u>891</u>
Total revenues	<u>2,676,795</u>
 <b>Operating expenses</b>	
Salaries and wages	740,972
Employer paid benefits	295,306
Purchased services	37,615
Supplies, food and materials	1,573,315
Other	12,673
Depreciation	<u>11,003</u>
Total operating expenses	<u>2,670,884</u>
 <b>Change in Net Position</b>	 5,911
 Net Position, July 1	 <u>843,460</u>
 <b>Net Position, June 30</b>	 <u>\$ 849,371</u>

The accompanying notes are an integral part of these financial statements.

**SCHOOL DISTRICT OF HOLMEN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND - FOOD SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 1,784,173
Cash received from government payments	720,177
Cash received from donors	7,083
Cash payments to employees for services	(974,882)
Cash payments for utilities and other purchased services	(37,615)
Cash payments to suppliers for goods and services	(1,412,837)
Cash payments for other operating activities	<u>(12,673)</u>
Net cash provided by (used in) operating activities	<u>73,426</u>
 <b>Cash flows from capital and related financing activities</b>	
Capital asset additions	<u>-</u>
Net cash provided by (used in) capital and related financing activities	<u>-</u>
 <b>Net increase in cash and cash equivalents</b>	 73,426
Cash and cash equivalents, July 1	<u>546,609</u>
Cash and cash equivalents, June 30	<u>\$ 620,035</u>

The accompanying notes are an integral part of these financial statements.

**SCHOOL DISTRICT OF HOLMEN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND - FOOD SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

Reconciliation of income (loss) from operations to net cash provided by (used in) operating activities

Income (loss) from operations	\$	5,911
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation		11,003
Pension expense		62,650
(Increase) decrease in current assets		
Accounts receivable		(2,188)
Prepaid expenses		1,827
Inventory		8,306
Increase (decrease) in current liabilities		
Accounts payable		(4,052)
Accrued payroll and related items		(1,254)
Unearned revenue		(2,280)
		73,426
Net cash provided by (used in) operating activities	\$	73,426

The accompanying notes are an integral part of these financial statements.

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

	<u>Scholarships Trust Fund</u>	<u>Student Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ 211,135	\$ 44,622	\$ 255,757
Restricted cash and investments			
Beneficial interest in perpetual trust	<u>531,569</u>	<u>-</u>	<u>531,569</u>
<b>TOTAL ASSETS</b>	<u>742,704</u>	<u>44,622</u>	<u>787,326</u>
<b>LIABILITIES</b>			
Due to student organizations	<u>-</u>	<u>44,622</u>	<u>44,622</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>44,622</u>	<u>44,622</u>
<b>NET POSITION</b>			
Restricted for scholarships - spendable	<u>742,704</u>	<u>-</u>	<u>742,704</u>
<b>TOTAL NET POSITION</b>	<u>\$ 742,704</u>	<u>\$ -</u>	<u>\$ 742,704</u>

The accompanying notes are an integral part of these financial statements.

**SCHOOL DISTRICT OF HOLMEN  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Scholarships Trust Fund</u>	<u>Student Activities</u>	<u>Total</u>
<b>REVENUES</b>			
Gifts and contributions	\$ 27,955	\$ -	\$ 27,955
Interest income	555	-	555
Change in perpetual trust	<u>41,082</u>	<u>-</u>	<u>41,082</u>
Total Revenues	<u>69,592</u>	<u>-</u>	<u>69,592</u>
<b>EXPENSES</b>			
Scholarships	<u>26,450</u>	<u>-</u>	<u>26,450</u>
Change in Net Position	43,142	-	43,142
Net Position, July 1	<u>699,562</u>	<u>-</u>	<u>699,562</u>
Net Position, June 30	<u>\$ 742,704</u>	<u>\$ -</u>	<u>\$ 742,704</u>

The accompanying notes are an integral part of these financial statements.

**NOTES TO FINANCIAL STATEMENTS**

**SCHOOL DISTRICT OF HOLMEN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The School District of Holmen (the “District”) is organized as a common school district. The District, governed by a seven-member elected school board, operates grades K through 12 and is comprised of all or parts of six taxing districts.

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

**B. Component Units**

U.S. generally accepted accounting principles require that these financial statements include the primary government and its component units. Component units are separate organizations that are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the general purpose financial statements. The District has no component units, and it is not included in any other governmental reporting entity.

**C. Basis of Presentation**

*Government-wide Financial Statements*

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental and business-type activities. The statements report information on all of the District's non-fiduciary activities with eliminations made to minimize the double counting of internal transactions. Governmental activities include programs supported primarily by taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities include operations that rely to a significant extent on fees and charges for support.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, and 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. The comparison of expenses with program revenues identifies the extent to which each governmental function or business-type segment is self-financing or relies upon general revenues of the District.

**SCHOOL DISTRICT OF HOLMEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

*Fund Financial Statements*

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. All other funds are aggregated and reported as non-major governmental or non-major proprietary funds.

The District uses funds to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Governmental funds are those through which most governmental functions typically are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- Total assets, liabilities, revenue or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- In addition, any other governmental or enterprise fund that the District believes is particularly important to financial statement users may be reported as a major fund.

The District reports the following major governmental funds:

*General Fund* - The General Fund is the primary operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in other funds. Special education revenues and expenses are included in the general fund.

*Debt Service Fund* - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term principal, interest and related costs.

The District operates one enterprise fund, the *food service fund*. This fund accounts for the activities of the District's food service programs, including the school breakfast and lunch programs.

**SCHOOL DISTRICT OF HOLMEN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

The District reports the following non-major governmental funds:

*Non-major special revenue funds* – used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Special Revenue Trust Fund  
Community Service Fund

The District reports the following fiduciary funds:

*Private-Purpose Trust Funds* – used to account for resources legally held in trust for student scholarships.

Scholarships Trust Fund

*Agency Funds* –used to account for assets held by the District as an agent for individuals, private organizations, and/or other governmental units

Student Activities Fund

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

The accounts of the District are organized on the basis of funds in conformance with the accounting system prescribed for elementary and secondary school districts by the Wisconsin Department of Public Instruction.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are included in the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in current financial resources.

All governmental fund types are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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 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 lease are reported as other financing sources.

**SCHOOL DISTRICT OF HOLMEN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets, all deferred outflows of resources, all liabilities, and all deferred inflows of resources (whether current or non-current) associated with the operations of these funds are included on the balance sheet. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Proprietary and fiduciary fund statements are reported using the same focus and basis of accounting.

Property taxes are recognized as revenue in the fiscal year for which taxes have been levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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.

State general and categorical aids and other entitlements are recognized as revenue at the time of receipt or earlier if the "measurable and available" criteria are met. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred. Aids received prior to meeting revenue recognition criteria are recorded as unearned revenue.

Charges for services provided to other educational agencies and private parties are recognized as revenue when services are provided. Charges for special educational services are not reduced by anticipated state special education aid entitlements.

Interest earnings on temporary investments are recognized in the fiscal period earned.

**E. Cash and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. Cash and investment balances for individual funds are pooled unless regulations require separate accounts. Cash equivalents approximate fair value.

State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, U.S. Treasury obligations, U.S. agency issues, high grade commercial paper, and the local government pooled-investment fund administered by the state investment board. Available balances in the debt service fund may be invested in municipal obligations, obligations of the United States and the local government pooled-investment fund.

Donations to the District of securities or other property are considered trust funds and are invested as the donor specifies. In the absence of any specific directions, the District may invest the donated items in accordance with laws applicable to trust investments.

**SCHOOL DISTRICT OF HOLMEN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

All investments approximate fair value. Determination of fair value for investments in the state treasurer's investment pool is based on information provided by the State of Wisconsin Investment Board.

**F. Receivables and Payables**

The aggregate District tax levy is apportioned and certified by November 6th of the current fiscal year for collection to comprising municipalities based on the immediate past October 1st full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes may be paid in full or two or more installments with the first installment payable the subsequent January 31st and a final payment no later than following July 31st. On or before January 15th, and the 20th of the subsequent month thereafter, the District is paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20th, the county treasurer makes full settlement to the District for any remaining balance.

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

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

**G. Interfund Receivables and Payables**

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." Long-term interfund loans (non-current portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

**H. Inventory**

The District's food service inventory is valued at the lower of cost or market on a first-in, first-out basis.

**I. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the district-wide and the fund financial statements.

**J. Capital Assets**

Capital assets, which include land, site improvements, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. Capital assets are reported at actual cost where possible, otherwise at estimated historical costs based upon an appraisal conducted by an independent third party professional appraisal firm. The District defines capital assets as those with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the

**SCHOOL DISTRICT OF HOLMEN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest incurred during the construction of capital assets is included as a part of the capitalized value of the assets constructed. During the year, no interest was capitalized as part of the cost of assets under construction.

Depreciation is calculated using the straight-line method over the useful lives of the assets. The estimated lives are as follows:

Buildings and improvements	15 - 50 years
Site improvements	20 years
Furniture and Equipment	5 - 20 years

**K. Long-Term Debt**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest is reported as expenditures. Governmental fund types recognize bond premiums and discounts as well as bond issuance costs, during the current period. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

A deferred premium on refunding arises from an advance refunding of debt. The difference between the reacquisition price and the net carrying amount of the old debt should be deferred and amortized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or life of the new debt, whichever is shorter.

A cost-sharing employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions.

Deferred outflows of resources and deferred inflows of resources related to pensions are required to be recognized by a cost-sharing employer, primarily from the results of proportionate changes in the components of the total pension liability and the pension plan's fiduciary net position.

**SCHOOL DISTRICT OF HOLMEN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**M. Pensions**

For purposes of measuring the net pension liability, 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.

**N. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts**

The District's policy does not allow vacation benefits to vest. Sick pay and early retirement benefits that require payment in future fiscal years are recorded as expenditures in the period or periods in which they are paid or are normally payable, rather than the period in which they are incurred for fund accounting purposes. For the government-wide statements, benefits are recorded when earned. See Note 8 and 9 for additional information regarding other employee benefits and the related liabilities. Accumulated sick pay eligibility and pay out terms are as follows:

	Non-bus drivers	Bus drivers	Administrators	Supervisors	Teachers
<b>Accumulated sick leave</b>					
Eligibility - Age	55	55	55	55	55
Eligibility - Service	15 - 25 years	6 - 14 years	10 years	15 years	15 years
Benefit Duration	1 - 2 years	1 - 2 years	Upon termination	Upon termination	Upon termination
Sick leave pay out	If service: 15 yrs: \$5 per hour accumulated. 20 yrs: \$7.50 per hour accumulated. 25 yrs: \$10 per hour accumulated.	If service: 6 yrs: \$5 per hour accumulated. 10 yrs: \$7.50 per hour accumulated. 14 yrs: \$10 per hour accumulated.	Accumulated days: 0-60 days, 25% of daily per diem. 61-100 days, 50% of daily per diem. 101-140 days, 75% of daily per diem. 141-days, 100% of daily per diem.	Benefit equal to 0.15% of last working contract rate for each day of accumulated sick leave.	Benefit equal to 0.15% of last working contract rate for each day of accumulated sick leave.
Survivor Benefit	Yes	Yes	Yes	Yes	Yes

**O. Fund Equity**

*Government-wide Financial Statements*

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - consists of capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Also included here are deferred outflows of resources and deferred inflows of resources which are attributable to the acquisition, construction, or improvement of those assets.

**SCHOOL DISTRICT OF HOLMEN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

- b. Restricted component of net position – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. Constraints are placed on the use of restricted assets by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted component of net position – consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

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

*Fund Balance Classifications*

Government fund equity is classified as fund balance. The District has elected to implement GASB Statement 54 employing new terminology and classification for fund balance items according to the following classifications:

- a. Non-spendable fund balances include current assets that are not expected to be converted to cash (prepaids and inventory) and long term assets.
- b. Restricted fund balances include amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use).
- c. Unrestricted, committed fund balances include amounts that can be spent only for specific purposes approved by the Board.
- d. Unrestricted, assigned fund balances include amounts that can be spent only for specific purposes stipulated by representatives designated by the Board.
- e. Unrestricted, unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications.

Fund balance classifications for restricted and all categories of unrestricted amounts are considered to have been spent when an expenditure is incurred.

P. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**SCHOOL DISTRICT OF HOLMEN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

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

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities falls into one of three broad categories. The amounts shown on the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities in the basic financial statements represent:

- a. Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities.
- b. Capital related differences include (1) the difference between proceeds from the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements versus capitalizing the purchase in the statement of net position and recording depreciation expense on those items as recorded in the statement of activities.
- c. Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the government-wide statements, long-term debt proceeds are recorded as a liability, interest expense is recorded as incurred, and principal payments are recorded as a reduction of liabilities.

**NOTE 3 - CASH AND INVESTMENTS**

Wisconsin Statute 66.0603 authorizes the District to invest in the following types of instruments:

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association that is authorized to transact business in Wisconsin if the time deposit matures in not more than three years.
- Bonds or securities issued or guaranteed as to principal or interest by the federal government or by a commission, board, or other instrumentality of the federal government (U.S. Treasuries and U.S. agencies).
- Bonds or securities of any Wisconsin county, city, drainage district, technical college district, village, town or school district.
- Bonds issued by a local exposition district, local professional baseball park district, or local professional stadium district created under subchapter III or IV of chapter 229 of the Wisconsin statutes or bonds issued by the University of Wisconsin Hospitals or Clinics Authority.
- Any security maturing in seven years or less of the acquisition date with either the highest or second highest rating category of a nationally recognized rating agency.

**SCHOOL DISTRICT OF HOLMEN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 3 - CASH AND INVESTMENTS, continued**

- Securities of open-end management investment companies or investment trusts if the portfolio is collateralized by bonds or securities, subject to various conditions and investment options.
- A local government investment pool, subject to certain conditions.

The District has adopted an investment policy which permits all investments allowed under the state statutes as described above.

The Debt Service Fund accounts for its transactions through separate and distinct bank and investment accounts as required by State Statutes. In addition, the Scholarships Trust and Student Activities Funds use separate and distinct accounts. All other funds share in common bank and investment accounts. At June 30, 2017, cash and investments were comprised of the following:

	Carrying Amount	Bank Balance	Associated Risks
Demand deposits	\$ 6,431,617	\$ 6,976,059	Custodial credit
Certificates of deposit	1,000	1,000	Custodial credit, interest
Local government investment pool	5,646,938	5,646,938	Credit, interest
	12,079,555	12,623,997	
Petty cash	7,377	-	
	\$ 12,086,932	\$ 12,623,997	
<b>Reconciliation to financial statements</b>			
<b>Per statement of net position</b>			
Governmental activities	\$ 11,211,140		
Business-type activities	620,035		
Subtotal	11,831,175		
Fiduciary funds	255,757		
Total cash and investments	\$ 12,086,932		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposits (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts. Deposits in the credit union are insured by the National Credit Union Administration in the amount of \$250,000 for all share draft accounts and \$250,000 for all share certificate and regular share accounts.

Bank accounts and credit unions are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual government organizations. This coverage has been considered in computing custodial credit risk. The District maintains a collateral agreement with one of its banks. At June 30, 2017, the bank had pledged various government securities with a fair market value of \$13.6 million to secure the District's deposits.

**SCHOOL DISTRICT OF HOLMEN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**NOTE 3 - CASH AND INVESTMENTS, continued**

Custodial Credit Risk

Deposits – Custodial credit risk is the risk that in the event of the failure of a depository financial institution, the District would not be able to recover its deposits.

The District does not have any deposits with financial institutions in excess of federal depository insurance limits that were not covered by the Wisconsin State Deposit Guarantee Fund or pledged securities at June 30, 2017, but this limit may have been exceeded at times during the year. At June 30, 2017 the District had deposits in excess of FDIC coverage of \$12.1 million.

Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to the transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District does not have an investment policy for custodial credit risk. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Local Government Investment Pool (LGIP) does not have a credit quality rating. It is part of the State of Wisconsin Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board (SWIB). The LGIP is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Funds invested in the LGIP are due to the District on demand. The District has relied on data provided by the LGIP for the valuation of pooled investments.

SWIB may invest in obligations of the U.S. Treasury and its agencies, commercial paper, bank time deposits/certificates of deposit, bankers' acceptances, and asset backed securities and repurchase agreements secured by the U.S. Government or its agencies and other instruments authorized under State Investment Fund Investment guidelines.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District's policy limits this risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market prior to maturity. The District also invests primarily in shorter-term securities, money market mutual funds, or similar investment pools, thereby limiting the average maturity of the portfolio.

The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**SCHOOL DISTRICT OF HOLMEN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 3 - CASH AND INVESTMENTS, continued**

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

	Fair Value	Remaining Maturity (in Years)			
		0-1	1-5	6-10	More Than 10
Certificates of Deposit	\$ 1,000	\$ 1,000	\$ -	\$ -	\$ -
LGIP	5,646,938	5,646,938	-	-	-
<b>Total</b>	<b>\$ 5,647,938</b>	<b>\$ 5,647,938</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Concentration of Credit Risk

The District's policy is to diversify the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

Fair Value Measurement

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The following summarizes the classification of investments within the statement of net position by classification and method of valuation in accordance with the requirements of accounting principles generally accepted in the United States of America for the year ending June 30, 2017:

	Fair Value			Total
	Level 1	Level 2	Level 3	
Investment Pools:				
LGIP	-	5,646,938	-	5,646,938

Certificates of deposit are exempt from fair value disclosure due to investments being valued at cost plus accrued interest earned.

**SCHOOL DISTRICT OF HOLMEN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017 was as follows:

	<b>Balance 07/01/16</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance 06/30/17</b>
<b>Governmental Activities</b>				
Land (non-depreciable)	\$ 1,342,134	\$ -	\$ -	\$ 1,342,134
Site improvements	3,165,221	408,764	-	3,573,985
Buildings and improvements	66,536,376	126,248	-	66,662,624
Furniture and equipment	5,744,233	708,929	224,730	6,228,432
Construction in progress	-	214,807	-	214,807
Total - at cost	<u>76,787,964</u>	<u>1,458,748</u>	<u>224,730</u>	<u>78,021,982</u>
Less accumulated depreciation				
Site improvements	2,549,448	107,922	-	2,657,370
Buildings and improvements	27,255,892	1,327,090	27,922	28,555,060
Furniture and equipment	4,126,020	483,590	193,475	4,416,135
Total	<u>33,931,360</u>	<u>1,918,602</u>	<u>221,397</u>	<u>35,628,565</u>
Capital assets, net	<u>\$ 42,856,604</u>	<u>\$ (459,854)</u>	<u>\$ 3,333</u>	<u>\$ 42,393,417</u>
<b>Business-Type Activities</b>				
Furniture and equipment	\$ 179,118	\$ -	\$ -	\$ 179,118
Less accumulated depreciation	<u>54,433</u>	<u>11,003</u>	<u>-</u>	<u>65,436</u>
Capital assets, net	<u>\$ 124,685</u>	<u>\$ (11,003)</u>	<u>\$ -</u>	<u>\$ 113,682</u>

Depreciation expense was allocated to governmental activities based on functional expense as they relate to total functional expenses in the following categories:

Undifferentiated instruction	\$ 318,993
Regular instruction	443,009
Vocational instruction	47,161
Special education instruction	292,061
Other instruction	124,443
Pupil services	104,257
Instructional staff services	111,387
General administration services	32,282
Building administration services	93,069
Business administration services	263,990
Central services	87,948
	<u>\$ 1,918,602</u>

**SCHOOL DISTRICT OF HOLMEN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payable activity for the year ending June 30, 2017 are as follow:

<u>Purpose</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<u>Due to/from:</u>			
Community Service Deficit	Community Service	General	\$ 5,028

**NOTE 6 - LONG-TERM DEBT**

The following is a summary of changes during 2016-2017 and balances for long-term liabilities of the District as of June 30, 2017:

	<u>Balance 07/01/16</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/17</u>
<b>Governmental Activities</b>				
General obligation bonds	\$ 19,391,000	\$ -	\$ 3,171,000	\$ 16,220,000
Sick and incentive leave days	1,161,844	-	190,479	971,365
Supplemental Pension	2,442,816	202,599	278,286	2,367,129
Other post employment - health benefits	<u>5,900,042</u>	<u>611,591</u>	<u>181,452</u>	<u>6,330,181</u>
Total post retirement	8,342,858	814,190	459,738	8,697,310
Total long-term debt	<u>\$ 28,895,702</u>	<u>\$ 814,190</u>	<u>\$ 3,821,217</u>	<u>\$ 25,888,675</u>

The current portion (due within one year) of the long-term obligations at June 30, 2017 consist of:

General obligation bonds	\$ 1,636,000
Sick and incentive leave days	19,679
Supplemental Pension	115,612
Other post retirement health benefits	<u>10,524</u>
Total current portion of long-term obligations	<u>\$ 1,781,815</u>

Payments on bonds and notes are made from the Debt Service Fund, Vested employee benefits reported as due within one year have been estimated by the District. The benefits will be paid by several of the governmental funds.

Total interest paid, including \$596 of fiscal agent fees, and accrued for the year ended June 30, 2017 is as follows:

	<u>Expense</u>	<u>Paid</u>
Long-term obligations	\$ 703,388	\$ 731,583

**SCHOOL DISTRICT OF HOLMEN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 6 - LONG-TERM DEBT, continued**

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt at June 30, 2017 is comprised of the following individual issues:

<u>Description</u>	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Dates of Maturity</u>	<u>Balance 6/30/2017</u>	<u>Current Maturities</u>
G.O Refunding Bonds	07/15/04	3.0 - 5.0%	10/01/16	\$ -	\$ -
G.O Refunding Bonds	10/30/09	0.00%	10/01/19	90,000	36,000
G.O Refunding Bonds	11/24/09	3.0 - 5.0%	04/01/25	13,700,000	800,000
G.O Refunding Bonds	05/15/12	0.45 - 1.5%	10/01/19	<u>2,430,000</u>	<u>800,000</u>
Total general obligation debt				<u>\$ 16,220,000</u>	<u>\$ 1,636,000</u>

The 2016 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,550,926,605. 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 is as follows:

Debt limit	
(10% of \$1,550,926,605)	\$ 155,092,661
Deduct long-term debt applicable to debt margin	<u>16,220,000</u>
Margin of indebtedness	<u>\$ 138,872,661</u>

Aggregate cash flow requirements for the retirement of long-term principal and interest on bonds and notes payable as of June 30, 2017 are as follows:

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,636,000	\$ 658,980	\$ 2,294,980
2019	2,046,000	621,315	2,667,315
2020	2,638,000	566,400	3,204,400
2021	1,800,000	488,250	2,288,250
2022	2,000,000	405,000	2,405,000
2023-2025	<u>6,100,000</u>	<u>577,500</u>	<u>6,677,500</u>
Total	<u>\$ 16,220,000</u>	<u>\$ 3,317,445</u>	<u>\$ 19,537,445</u>

**NOTE 7 - WISCONSIN RETIREMENT SYSTEM (WRS) PENSION PLAN**

Plan description

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and

**SCHOOL DISTRICT OF HOLMEN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**NOTE 7 - WISCONSIN RETIREMENT SYSTEM (WRS) PENSION PLAN, continued**

expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

**SCHOOL DISTRICT OF HOLMEN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**NOTE 7 - WISCONSIN RETIREMENT SYSTEM (WRS) PENSION PLAN, continued**

amount (the “floor”) set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

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

**Contributions**

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$1,771,017 in contributions from the District.

Contribution rates as of June 30, 2017 are:

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

**NOTE 8 - PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

At June 30, 2017, the District reported a liability of \$1,536,713 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the District’s proportion was .186%, which was an increase of .001% from its proportion measured as of December 31, 2015.

**SCHOOL DISTRICT OF HOLMEN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 8 - PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS, continued**

For the year ended June 30, 2017, the District recognized pension expense of \$3,943,785.

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	\$ 585,949	\$ 4,832,830
Net differences between projected and actual earnings on pension plan investments	9,164,431	1,515,160
Change in assumptions	1,606,693	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	62,522	91,437
Employer contributions subsequent to the measurement date	1,044,111	-
<b>Total</b>	<b>\$ 12,463,706</b>	<b>\$ 6,439,427</b>

\$1,044,111 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$ 3,979,500	\$ 1,952,099
2018	3,979,500	1,952,099
2019	3,331,944	1,940,481
2020	125,980	594,199
Thereafter	2,671	549

**SCHOOL DISTRICT OF HOLMEN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 8 - PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS, continued**

Actuarial assumptions

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

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset)	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

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

Long-term expected Return on Plan Assets

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

**SCHOOL DISTRICT OF HOLMEN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 8 - PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS, continued**

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

<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	50.0 %	45.0 %	8.3 %	5.4 %
Fixed Income	24.5	37.0	4.2	1.4
Inflation Sensitive Assets	15.5	20.0	4.3	1.5
Real Estate	8.0	7.0	6.5	3.6
Private Equity/Debt	8.0	7.0	9.4	6.5
Multi-Asset	4.0	4.0	6.6	3.7
<b>Total Core Fund</b>	<b>110.0 %</b>	<b>120.0 %</b>	<b>7.4 %</b>	<b>4.5 %</b>
 <u>Variable Fund Asset Class</u>				
US Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
<b>Total Variable Fund</b>	<b>100 %</b>	<b>100 %</b>	<b>7.9 %</b>	<b>5.0 %</b>

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 to changes in the discount rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-

**SCHOOL DISTRICT OF HOLMEN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 8 - PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS, continued**

percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
District's proportionate share of the net pension liability (asset)	\$ 20,216,446	\$ 1,536,713	\$ (12,847,528)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://legis.wisconsin.gov/lab/media/2674/17-20full.pdf>.

Payables to the pension plan at June 30, 2017 were \$354,684. This represents contributions earned as of June 30, 2017, but for which payment was not remitted to the pension plan until subsequent to year-end.

**NOTE 9 - SUPPLEMENTAL PENSION PLAN**

Plan Description

The District deposits funds into an HRA for eligible employees at retirement. These funds are used to pay retiree medical premiums. The supplemental pension plan is a single-employer defined benefit plan administered by the District. Amendments to the plan may only be made by the District.

Plan Membership

At July 1, 2017, the date of the last actuarial valuation, there were approximately 322 active employees, 0 inactive employees entitled to but not yet receiving benefit payments, and 17 inactive employees or beneficiaries currently receiving benefit payments.

Contributions

Payments under the plan are made on a pay-as-you go basis. There are no invested plan assets accumulated for payment of future benefits. The general fund is used for funding of all pension/retirement benefits. The employer makes all contributions.

**SCHOOL DISTRICT OF HOLMEN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 9 - SUPPLEMENTAL PENSION PLAN, continued**

Benefits Provided

The table below provides eligibility criteria by group and benefit amounts:

	Teachers/Nurses	Administrators	Supervisors
<b>Section 125/HRA</b>			
Eligibility - Age	55	57	55
Eligibility - Service	10 Years	10 Years	10 Years
Benefit Duration	1-5 years, depending on service		1-5 years, depending on service
HRA	If service*: 10-14: \$4,000 for 2 yrs 15-19: \$5,000 for 1 yr \$4,000 for 2 yrs 20-24: \$5,000 for 2 yrs \$4,000 for 2 yrs 25-29: \$5,000 for 3 yrs \$4,000 for 2 yrs 30+: \$6,000 for 3 yrs \$5,000 for 2 yrs	Hired after 7/1/2005: Annual contribution of \$2,500 to account, payable after 10 years of service, upon retirement	If service*: 10-14: \$4,000 for 2 yrs 15-19: \$5,000 for 1 yr \$4,000 for 2 yrs 20-24: \$5,000 for 2 yrs \$4,000 for 2 yrs 25-29: \$5,000 for 3 yrs \$4,000 for 2 yrs 30+: \$6,000 for 3 yrs \$5,000 for 2 yrs
Survivor Benefit	Yes	Yes	No

*Note: Retired Administrators receive continued medical insurance after retirement in return for 10 days of consulting services per year. We have interpreted this to be current year compensation and not an OPEB and, therefore, is not included in this valuation.*

*\*Includes one year of service credit for every five years of Wisconsin Retirement System service with other school districts.*

Annual Pension Cost and Total Pension Liability

The District's annual pension cost and total pension liability for the current year is as follows:

<b><u>Change in Total Pension Liability</u></b>	
Total Pension Liability as of June 30, 2016	\$ 2,442,816
<b>Changes for the year:</b>	
Service Cost	133,483
Interest	69,116
Differences between expected and actual experience	(152,286)
Benefit payments	(126,000)
<b>Net Changes</b>	<b>(75,687)</b>
Total Pension Liability as of June 30, 2017	\$ 2,367,129

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

At June 30, 2017, the District reported a liability of \$2,367,129 of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension

**SCHOOL DISTRICT OF HOLMEN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 9 - SUPPLEMENTAL PENSION PLAN, continued**

liability was determined by an actuarial valuation as of July 1, 2017. There have been no significant changes in assumptions or benefits terms between the valuation date and the measurement date.

For the year ended June 30, 2017 the District recognized pension expense of \$202,599.

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

<u>Gain/Loss</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 152,286
Changes of assumptions or other input	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ 152,286</b>

Amounts reported as deferred outflows and deferred inflows of resources related to supplemental pension will be recognized in pension expense as follows:

<u>Year beginning July 1:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2017	\$ -	\$ 10,702
2018	-	10,702
2019	-	10,702
2020	-	10,702
2021	-	10,702
Thereafter	-	98,776
<b>Total</b>	<b>\$ -</b>	<b>\$ 152,286</b>

**Actuarial Methods and Assumptions**

The actuarial assumptions that determined the pension liability are based upon the results of actuarial experience used by Wisconsin Retirement System (WRS) experience based on 2009-2011 WRS experience to value pensions for public school employees. The assumptions are detailed as follows:

Actuarial Valuation Date:	July 1, 2017
Measurement Date of Net Pension Liability	June 30, 2017
Actuarial Cost Method:	Entry Age
Discount Rate:	2.75%
Municipal Bond Rate Source	Bond Buyer 20-Bond Go Index
Salary Increases:	3.00%

**SCHOOL DISTRICT OF HOLMEN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 9 - SUPPLEMENTAL PENSION PLAN, continued**

Discount Rate

The discount rate will be determined as of the measurement date of June 30, 2017 based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA.

Sensitivity of the District's net pension liability to changes in the discount rate

The following presents the net pension liability of the District, calculated using the discount rate of 2.75%, as well as what the District's net pension liability would be if it were calculating using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

	1% Decrease to Discount Rate (1.75%)	Current Discount Rate (2.75%)	1% Increase to Discount Rate (3.75%)
District's proportionate share of the net pension liability	\$ 2,483,396	\$ 2,367,129	\$ 2,253,566

**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

The District implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension for the fiscal year ended June 30, 2009. The District established the "School District of Holmen Employment Trust" and has chosen to implement this standard prospectively, meaning that the liability started at zero on July 1, 2008, but the liability will grow every year that the District does not make contributions equal to the annual OPEB cost. This implementation allows the District to report its liability for other post-employment benefits consistent with newly established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements.

Actuarial methods and assumptions

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and plan members and are used to determine the Other Post-Employment Benefits (OPEB) liability of the District by using the Projected Unit Credit Method, at a 4.66% discount rate. The discount rate was chosen assuming that the plan is funded on a pay as you go basis and assuming an initial healthcare trend rate of 10% with a one percent decrease every two years until leveling off in 2024 and later at 5%. The Unfunded Actuarial Accrued Liability (UAAL) is determined using the Projected Unit Credit Actuarial Cost Method being amortized using a level dollar amount over 30 years. The remaining amortization period at June 30, 2017 is 29 years. Demographic assumptions are based on those used to value the pension plan of the Wisconsin Retirement System with some consideration given to differences exhibited by the employees of the District.

These actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and these actuarial determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about future.

**SCHOOL DISTRICT OF HOLMEN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB), continued**

Funding Policy

Payments under the plan were made on a pay-as-you-go basis. At June 30, 2017, there are no invested plan assets accumulated for payment of future benefits. The general fund is used for funding of all OPEB benefits. The employer makes all contributions.

A description of the single-employer benefit plan is as follows:

	Teacher/ Nurses	Administrators	Supervisors	Support Staff
<b>Medical Plan</b>				
Eligibility - Age	55	55	55	55
Eligibility - Service	10 Years	10 Years	10 Years	10 Years
Benefit Duration		Medicare Age		
<b>Pre 7/1/2005</b>				
		<b>Age 57</b>		
% of Premium - Employer Single	0%	100%	0%	0%
% of Premium - Employee Single	100%	0%	100%	100%
% of Premium - Employer Family	0%	85%	0%	0%
% of Premium - Employee Family	100%	15%	100%	100%
<b>Post 7/1/2005</b>				
		<b>Age 55</b>		
% of Premium - Employer	0%	0%	0%	0%
% of Premium - Employee	100%	100%	100%	100%
Survivor Benefit	Yes	Yes	Yes	Yes

The District provides an early retirement health insurance benefit to eligible staff. The benefit is determined based on position, longevity and union membership (if applicable). Details of this benefit program are summarized above. Expenditures for these benefits are recognized on a pay-as-you-go basis in the fund statements and on the full accrual basis using the valuation methods required in GASB Statement No. 45 in the Statement of Activities. There were 622 active and 42 retired employees in the plan as of June 30, 2016.

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost and net OPEB obligation for the current year is:

Component	Amount
Annual required contribution (ARC)	\$ 689,269
Interest on net OPEB obligation	274,942
Adjustment to ARC	<u>(352,620)</u>
Annual OPEB cost (expense)	611,591
Contributions made	<u>(181,452)</u>
Change in net OPEB obligation	430,139
Net OPEB obligation-beginning of year	<u>5,900,042</u>
Net OPEB obligation-end of year	<u>\$ 6,330,181</u>

**SCHOOL DISTRICT OF HOLMEN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB), continued**

Funding Status and Funding Progress

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

<u>Valuation Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
06/30/13	\$ 1,024,775	27.46	\$ 3,953,606
06/30/14	916,846	17.36	4,711,276
06/30/15	902,875	23.81	5,399,187
06/30/16	622,770	19.58	5,900,042
06/30/17	611,591	29.67	6,330,181

**NOTE 11 - NET POSITION AND FUND BALANCE**

At June 30, 2017, food service net position of \$735,689, after subtracting the amount for net investment in capital assets, was restricted for food service programs.

At June 30, 2017, the Governmental Activities net position balance, after subtracting net investment in capital assets and the amount restricted for debt service, was \$5,824,133.

At June 30, 2017, \$150 of the special revenue fund residual fund balance was in non-spendable form, and the remaining balance of \$626,871 was restricted for special revenue fund purposes.

At June 30, 2017, \$3,659,672 of the debt service fund residual fund balance was restricted for payment of debt service expenditures.

At June 30, 2017, \$24,142 of the general fund residual fund balance was in non-spendable form, \$250,000 was committed for future HRA stipends, retiree medical insurance and sick leave payouts, and the remainder \$10,851,206 was unassigned.

**NOTE 12 - OPERATING LEASE, AS LESSEE**

The District, as lessee, leases copy machines and other equipment at varying monthly payments. The District also leases building space for its 4k program. The leases expire at various times through September 2019. Lease expense for the year ended June 30, 2017 was \$62,166. Minimum annual lease payments are as follows:

Year ended June 30, 2018	\$ 14,491
2019	14,286
2020	3,659
2021	<u>870</u>
Total minimum payments required	<u>\$ 33,306</u>

**SCHOOL DISTRICT OF HOLMEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 13 - PERPETUAL TRUSTS**

The District is a beneficiary of a Charitable Trust. This perpetual trust, administered by a third party trustee, provides the irrevocable right to receive unrestricted income distributions in perpetuity. The activity of the perpetual trust is accounted for in the Scholarships Trust Fund.

Changes in perpetual trust restricted net position for the year ended June 30, 2017 are as follows:

	<u>Restricted for Scholarships - Spendable</u>
Balance at beginning of year	\$ 490,487
Net appreciation	<u>41,082</u>
Balance at end of year	<u>\$ 531,569</u>

**NOTE 14 - PRIOR YEAR DEBT DEFEASANCE**

In May 2012, the District defeased \$3,805,000 (the final five principal payments due on the G.O. Refunding Bonds, Series 2004C) by placing the proceeds of General Obligation Refunding Bonds, Series 2012 and District debt service proceeds of \$4,242,062 into an irrevocable trust to provide for all future debt service payments on the old Series 2004C bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. Cash flows required to service the new debt are \$218,001 more than servicing the old debt. The economic gain or present value savings from the debt defeasance is \$193,090. At June 30, 2017, bonds outstanding of \$3,805,000 are considered defeased.

**NOTE 15 - LIMITATION ON SCHOOL DISTRICT REVENUES**

Wisconsin statutes limit the amount of revenues school districts may derive from general school aids and property taxes unless a higher amount is approved by a referendum. This limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

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

**NOTE 16 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft or, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in coverage compared to the prior year.

**SCHOOL DISTRICT OF HOLMEN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**NOTE 17 - COMMITMENTS AND CONTINGENCIES**

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

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

Funding for the operating budget of the District comes from many sources, including property taxes, grants and aids from federal and state government sources, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the District. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the District.

At June 30, 2017, the District was committed to incur additional construction costs of approximately \$892,081 related to general improvements to its building.

**NOTE 18 - RESTATEMENT OF NET POSITION AT JUNE 30, 2016**

During the year the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, therefore, resulting in a restatement of net position as of June 30, 2016.

Financial statements for the year ended June 30, 2016 have been restated to reflect current year adjustments to net position at June 30, 2016. This restatement is to reflect adjustments in net capital assets resulting from the reconciliation between an independent agency as of June 30, 2017 and the District.

As a result of the implementation of GASB 73 and capital asset adjustments, the District restated net position is as follows:

	Governmental Activities
July 1, 2016	\$ 43,872,709
Capital assets net of accumulated depreciation GASB 73	(6,779,546) <u>(2,000,266)</u>
July 1, 2016 restated	<u>\$ 35,092,897</u>

**NOTE 19 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 1, 2017 the date this report was available to be issued.

**SCHOOL DISTRICT OF HOLMEN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 20 - EFFECT OF NEW ACCOUNTING STANDARDS ON FINANCIAL STATEMENTS**

The Government Accounting Standards Board (GASB) has approved the following:

- Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- Statement No. 77, *Tax Abatement Disclosures*
- Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*
- Statement No. 81, *Irrevocable Split Interest Agreements*
- Statement No. 82, *Pension Issues – an Amendment of GASB Statements No. 67, No. 68 and No. 73*

When they become effective, application of these standards may restate portions of these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHOOL DISTRICT OF HOLMEN  
SCHEDULE OF FUNDING PROGRESS FOR  
POST-EMPLOYMENT BENEFIT PLANS  
YEAR ENDED JUNE 30, 2017**

Actuarial Valuation Date	Actuarial Value of Assets a	Actuarial Accrued Liability (AAL) b	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll c	UAAL as a Percentage of Covered Payroll (b-a/c)
<u>Other Post-employment Benefits</u>						
6/30/2017	\$ -	\$ 5,639,244	\$ 5,639,244	0.00%	\$ 26,302,765	21.44%
6/30/2016	-	5,128,465	5,128,465	0.00%	26,060,014	19.68%
6/30/2015	-	7,581,094	7,581,094	0.00%	25,283,133	29.98%
6/30/2014	-	6,893,183	6,893,183	0.00%	25,804,965	26.71%
6/30/2013	-	9,036,783	9,036,783	0.00%	24,158,225	37.41%

The accompanying notes are an integral part of these financial statements.

**SCHOOL DISTRICT OF HOLMEN  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
YEAR ENDED JUNE 30, 2017**

Year Ended June 30,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
<u>Other Post-Employment Benefits</u>			
2013	\$ 281,397	\$ 928,468	30.31%
2014	159,176	994,073	16.01%
2015	214,964	994,907	21.61%
2016	121,915	693,862	17.57%
2017	181,452	689,269	26.33%

The accompanying notes are an integral part of these financial statements.

**SCHOOL DISTRICT OF HOLMEN  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Property taxes	\$ 13,665,759	\$ 13,665,759	\$ 13,664,821	\$ (938)
Local	304,813	304,813	395,443	90,630
Interdistrict	1,310,668	1,243,668	1,255,304	11,636
Intermediate	12,964	12,964	8,574	(4,390)
State	32,195,888	32,221,835	32,201,995	(19,840)
Federal	1,287,052	1,341,760	1,323,515	(18,245)
Other	95,173	95,173	112,210	17,037
<b>TOTAL REVENUES</b>	<u>48,872,317</u>	<u>48,885,972</u>	<u>48,961,862</u>	<u>75,890</u>
<b>EXPENDITURES</b>				
Instruction				
Undifferentiated instruction	7,392,250	7,205,332	7,188,322	17,010
Regular instruction	9,686,441	10,065,001	10,030,723	34,278
Vocational instruction	1,092,539	1,044,664	1,069,219	(24,555)
Special education instruction	6,804,832	6,689,481	6,634,741	54,740
Other instruction	2,272,355	2,162,707	2,138,234	24,473
Total instruction	<u>27,248,417</u>	<u>27,167,185</u>	<u>27,061,239</u>	<u>105,946</u>
Support services				
Pupil services	2,560,071	2,363,369	2,368,405	(5,036)
Instructional staff services	2,605,107	2,558,448	2,517,897	40,551
General administration services	722,946	719,344	738,507	(19,163)
School administration services	2,077,222	2,038,489	2,114,253	(75,764)
Business administration services	6,702,721	6,950,531	7,076,082	(125,551)
Central services	2,877,168	2,506,778	2,344,673	162,105
Insurance	469,663	469,663	420,175	49,488
Other support services	243,705	335,971	335,677	294
Total support services	<u>18,258,603</u>	<u>17,942,593</u>	<u>17,915,669</u>	<u>26,924</u>
Non-program	<u>3,087,064</u>	<u>3,467,966</u>	<u>3,780,333</u>	<u>(312,367)</u>
<b>TOTAL EXPENDITURES</b>	<u>48,594,084</u>	<u>48,577,744</u>	<u>48,757,241</u>	<u>(179,497)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>278,233</u>	<u>308,228</u>	<u>204,621</u>	<u>(103,607)</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>278,233</u>	<u>308,228</u>	<u>204,621</u>	<u>(103,607)</u>
FUND BALANCE, JULY 1	<u>10,920,727</u>	<u>10,920,727</u>	<u>10,920,727</u>	<u>-</u>
<b>FUND BALANCE, JUNE 30</b>	<u>\$ 11,198,960</u>	<u>\$ 11,228,955</u>	<u>\$ 11,125,348</u>	<u>\$ (103,607)</u>

The accompanying notes are an integral part of these financial statements.

**SCHOOL DISTRICT OF HOLMEN**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND AND SPECIAL EDUCATION FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund - Fund 10			Special Education Fund - Fund 27			Combined Fund 10 and 27		
	Budgeted Amounts			Budgeted Amounts			Budgeted Amounts		
	Original	Final	Actual	Original	Final	Actual	Original	Final	Actual
<b>REVENUES</b>									
Property taxes	\$ 13,665,759	\$ 13,665,759	\$ 13,664,821	\$ -	\$ -	\$ -	\$ 13,665,759	\$ 13,665,759	\$ 13,664,821
Local	294,255	294,255	384,332	10,558	10,558	11,111	304,813	304,813	395,443
Interdistrict	1,275,000	1,208,000	1,226,323	35,668	35,668	28,981	1,310,668	1,243,668	1,255,304
Intermediate	1,400	1,400	1,477	11,564	11,564	7,097	12,964	12,964	8,574
State	30,081,033	30,106,980	30,125,971	2,114,855	2,114,855	2,076,024	32,195,888	32,221,835	32,201,995
Federal	414,103	496,020	460,960	872,949	845,740	862,555	1,287,052	1,341,760	1,323,515
Other	95,173	95,173	112,210	-	-	-	95,173	95,173	112,210
<b>TOTAL REVENUES</b>	<b>45,826,723</b>	<b>45,867,587</b>	<b>45,976,094</b>	<b>3,045,594</b>	<b>3,018,385</b>	<b>2,985,768</b>	<b>48,872,317</b>	<b>48,885,972</b>	<b>48,961,862</b>
<b>EXPENDITURES</b>									
Instruction									
Undifferentiated instruction	7,392,250	7,205,332	7,188,322	-	-	-	7,392,250	7,205,332	7,188,322
Regular instruction	9,686,441	10,065,001	10,030,723	-	-	-	9,686,441	10,065,001	10,030,723
Vocational instruction	1,092,539	1,044,664	1,069,219	-	-	-	1,092,539	1,044,664	1,069,219
Special education instruction	-	-	-	6,804,832	6,689,481	6,634,741	6,804,832	6,689,481	6,634,741
Other instruction	2,272,355	2,162,707	2,138,234	-	-	-	2,272,355	2,162,707	2,138,234
Total instruction	20,443,585	20,477,704	20,426,498	6,804,832	6,689,481	6,634,741	27,248,417	27,167,185	27,061,239
Support services									
Pupil services	1,441,546	1,374,719	1,362,429	1,118,525	988,650	1,005,976	2,560,071	2,363,369	2,368,405
Instructional staff services	2,365,660	2,314,529	2,269,909	239,447	243,919	247,988	2,605,107	2,558,448	2,517,897
General administration services	722,946	719,344	738,507	-	-	-	722,946	719,344	738,507
School administration services	2,077,222	2,038,489	2,114,253	-	-	-	2,077,222	2,038,489	2,114,253
Business administration services	6,497,950	6,735,917	6,811,539	204,771	214,614	264,543	6,702,721	6,950,531	7,076,082
Central services	2,854,248	2,483,999	2,325,838	22,920	22,779	18,835	2,877,168	2,506,778	2,344,673
Insurance	469,663	469,663	420,175	-	-	-	469,663	469,663	420,175
Other support services	243,705	335,971	335,677	-	-	-	243,705	335,971	335,677
Total support services	16,672,940	16,472,631	16,378,327	1,585,663	1,469,962	1,537,342	18,258,603	17,942,593	17,915,669
Non-program	2,470,571	2,804,075	2,893,590	616,493	663,891	886,743	3,087,064	3,467,966	3,780,333
<b>TOTAL EXPENDITURES</b>	<b>39,587,096</b>	<b>39,754,410</b>	<b>39,698,415</b>	<b>9,006,988</b>	<b>8,823,334</b>	<b>9,058,826</b>	<b>48,594,084</b>	<b>48,577,744</b>	<b>48,757,241</b>
<b>EXCESS OF REVENUES OVER</b>									
<b>(UNDER) EXPENDITURES</b>	<b>6,239,627</b>	<b>6,113,177</b>	<b>6,277,679</b>	<b>(5,961,394)</b>	<b>(5,804,949)</b>	<b>(6,073,058)</b>	<b>278,233</b>	<b>308,228</b>	<b>204,621</b>
<b>OTHER FINANCING SOURCES (USES)</b>									
Operating transfer in (out)	(5,961,394)	(5,804,949)	(6,073,058)	5,961,394	5,804,949	6,073,058	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(5,961,394)</b>	<b>(5,804,949)</b>	<b>(6,073,058)</b>	<b>5,961,394</b>	<b>5,804,949</b>	<b>6,073,058</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>278,233</b>	<b>308,228</b>	<b>204,621</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>278,233</b>	<b>308,228</b>	<b>204,621</b>
<b>FUND BALANCE, JULY 1</b>	<b>10,920,727</b>	<b>10,920,727</b>	<b>10,920,727</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,920,727</b>	<b>10,920,727</b>	<b>10,920,727</b>
<b>FUND BALANCE, JUNE 30</b>	<b>\$ 11,198,960</b>	<b>\$ 11,228,955</b>	<b>\$ 11,125,348</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,198,960</b>	<b>\$ 11,228,955</b>	<b>\$ 11,125,348</b>

The accompanying notes are an integral part of these financial statements.

**SCHOOL DISTRICT OF HOLMEN**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - DEBT SERVICE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>			<b>Variance Favorable (Unfavorable)</b>
	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>REVENUES</b>				
Property taxes	\$ 3,850,153	\$ 3,755,285	\$ 3,755,285	\$ -
Other local sources	<u>10,527</u>	<u>7,013</u>	<u>7,070</u>	<u>57</u>
<b>TOTAL REVENUES</b>	<u>3,860,680</u>	<u>3,762,298</u>	<u>3,762,355</u>	<u>57</u>
<b>EXPENDITURES</b>				
Support services				
Principal	3,902,583	3,902,583	3,171,000	731,583
Interest and fiscal charges	-	-	732,178	(732,178)
<b>TOTAL EXPENDITURES</b>	<u>3,902,583</u>	<u>3,902,583</u>	<u>3,903,178</u>	<u>(595)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(41,903)	(140,285)	(140,823)	(538)
<b>FUND BALANCE, JULY 1</b>	<u>3,800,495</u>	<u>3,800,495</u>	<u>3,800,495</u>	<u>-</u>
<b>FUND BALANCE, JUNE 30</b>	<u>\$ 3,758,592</u>	<u>\$ 3,660,210</u>	<u>\$ 3,659,672</u>	<u>\$ (538)</u>

The accompanying notes are an integral part of these financial statements.

**SCHOOL DISTRICT OF HOLMEN  
SCHEDULE OF PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY (ASSET)  
WISCONSIN RETIREMENT SYSTEM  
LAST 10 FISCAL YEARS \*\*  
JUNE 30, 2017**

	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability (asset)	0.186%	0.185%	0.186%
District's proportionate share of the net pension liability (asset)	\$ (4,578,790)	\$ 3,002,837	\$ 1,536,713
District's covered-employee payroll	\$ 25,881,034	\$ 26,821,623	\$ 26,829,095
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%	98.20%	99.12%

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

The accompanying notes are an integral part of these financial statements.

**SCHOOL DISTRICT OF HOLMEN  
SCHEDULE OF CONTRIBUTIONS  
WISCONSIN RETIREMENT SYSTEM  
LAST 10 FISCAL YEARS\*\*  
JUNE 30, 2017**

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contributions	\$ 1,811,700	\$ 1,823,868	\$ 1,771,017
Contributions in relation to the contractually required contributions	\$ (1,811,700)	\$ (1,823,868)	\$ (1,771,017)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 25,881,034	\$ 26,821,623	\$ 26,829,095
Contributions as a percentage of covered-employee payroll	7.00%	6.80%	6.60%

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

The accompanying notes are an integral part of these financial statements.

**SCHOOL DISTRICT OF HOLMEN**  
**SCHEDULE OF CHANGES IN NET SUPPLEMENTAL PENSION LIABILITY**  
**LAST 10 FISCAL YEARS\*\***  
**JUNE 30, 2017**

	<u>2017</u>
<b>Total Pension Liability:</b>	
Service Cost	\$ 133,483
Interest	69,116
Changes of benefit terms	-
Difference between expected and actual experience	(152,286)
Changes of assumptions or other inputs	-
Benefit payments	<u>(126,000)</u>
<b>Net Change in Total Pension Liability</b>	<b>(75,687)</b>
<b>Total Pension Liability - Beginning</b>	<u>2,442,816</u>
<b>Total Pension Liability - Ending (a)</b>	<u><b>\$ 2,367,129</b></u>
<b>Plan Fiduciary Net Position:</b>	
Contributions-employer	\$ 126,000
Net investment income	-
Benefit payments	(126,000)
Administrative expense	<u>-</u>
<b>Net Change in Plan Fiduciary Net Position</b>	<b>-</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>-</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u><b>\$ -</b></u>
<b>Net Pension Liability - ending (a)-(b)</b>	<b>2,367,129</b>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.0%
Covered Employee Payroll	25,186,451
Net Pension Liability as a Percentage of Covered Employee Payroll	9.4%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present those years for which information is available.

The accompanying notes are an integral part of these financial statements.

**HOLMEN SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2017**

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**NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING**

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 two digit sub-function level in the general fund and at the function level for all other funds. Reported budget amounts are as originally adopted or as amended by School Board resolution.

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

- Based upon requests from District staff, District administration recommends budget proposals to the School Board.
- The school board prepares a proposed budget including proposed expenditures and the means of financing them for the July 1st through June 30th fiscal year.
- A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
- Pursuant to the public hearing, the School Board may make alterations to the proposed budget.
- Once the School Board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire School Board.
- Appropriations lapse at year-end unless authorized as a carryover by the School Board. The portion of fund balance representing carryover appropriations is reported as a reserved fund balance.
- The District, as an extension of formal budgetary control, uses encumbrance accounting during the year. Encumbrances outstanding at year-end (i.e., purchase orders, contracts) are reported as reservations of fund balance.

**NOTE 2 - BASIS OF ACCOUNTING**

The budget is prepared on the same modified accrual basis of accounting as applied to the governmental funds in the financial statements.

There is a perspective difference between the budget and reporting under generally accepted accounting principles (GAAP). For budgetary purposes the special education fund was budgeted separate from the general fund, but for GAAP the two are combined.

**HOLMEN SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2017**

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**NOTE 3 - EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS**

The following funds had an excess of actual expenditures over budget for the year ended June 30, 2017.

<u>Individual Fund and Function</u>	<u>Expenditures</u>
General Fund and Special Education Fund	
Vocational	\$ 24,555
Pupil services	5,036
General administration services	19,163
School administration services	75,764
Business administration services	125,551
Non-program	312,367
Debt Service Fund	
Debt Service	595

**NOTE 4 – PENSION PLAN**

Changes of benefit terms

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

Changes of assumptions

There were no changes in the assumptions.

**NOTE 5 – SUPPLEMENTAL PENSION**

There are no invested plan assets accumulated for payment of future benefits.

**SUPPLEMENTARY INFORMATION**

**SCHOOL DISTRICT OF HOLMEN  
BALANCE SHEET  
ALL NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	<b>Special Revenue Trust Fund</b>	<b>Community Service</b>	<b>Total Non- Major Governmental Funds</b>
<b>ASSETS</b>			
Cash and Investments	\$ 632,549	\$ -	\$ 632,549
Accounts receivable	-	5,028	5,028
Prepaid Expense	150	-	150
<b>TOTAL ASSETS</b>	<b>632,699</b>	<b>5,028</b>	<b>637,727</b>
<b>LIABILITIES</b>			
Bank Overdraft	-	5,028	5,028
Accounts Payable	5,678	-	5,678
<b>TOTAL LIABILITIES</b>	<b>5,678</b>	<b>5,028</b>	<b>10,706</b>
<b>FUND BALANCE</b>			
Non-spendable			
Prepaid expenses	150	-	150
Unrestricted			
Unassigned	626,871	-	626,871
<b>TOTAL FUND BALANCE</b>	<b>627,021</b>	<b>-</b>	<b>627,021</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 632,699</b>	<b>\$ 5,028</b>	<b>\$ 637,727</b>

The accompanying notes are an integral part of these financial statements.

**SCHOOL DISTRICT OF HOLMEN  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - ALL NONMAJOR FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Special Revenue Trust Fund</b>	<b>Community Service</b>	<b>Total Non- Major Governmental Funds</b>
<b>REVENUES</b>			
Property taxes	\$ -	\$ 5,028	\$ 5,028
Other local sources	884,977	-	884,977
<b>TOTAL REVENUES</b>	<u>884,977</u>	<u>5,028</u>	<u>890,005</u>
<b>EXPENDITURES</b>			
Instruction			
Undifferentiated instruction	65,244	-	65,244
Regular instruction	45,257	-	45,257
Vocational instruction	2,146	-	2,146
Other instruction	694,098	-	694,098
<b>Total instruction</b>	<u>806,745</u>	<u>-</u>	<u>806,745</u>
Support services			
Instructional staff services	12,481	-	12,481
Business administration services	3,311	-	3,311
<b>Total support services</b>	<u>15,792</u>	<u>-</u>	<u>15,792</u>
Non-Program	250	-	250
<b>TOTAL EXPENDITURES</b>	<u>822,787</u>	<u>-</u>	<u>822,787</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENSES</b>	62,190	5,028	67,218
<b>FUND BALANCE, July 1</b>	<u>564,831</u>	<u>(5,028)</u>	<u>559,803</u>
<b>FUND BALANCE, June 30</b>	<u>\$ 627,021</u>	<u>\$ -</u>	<u>\$ 627,021</u>

The accompanying notes are an integral part of these financial statements.

**SCHOOL DISTRICT OF HOLMEN  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
STUDENT ACTIVITIES - AGENCY FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Balance 07/1/16</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance 06/30/17</b>
<b>ASSETS</b>				
Cash and investments	<u>\$ 31,613</u>	<u>\$ 80,649</u>	<u>\$ 67,640</u>	<u>\$ 44,622</u>
<b>TOTAL ASSETS</b>	<u>\$ 31,613</u>	<u>\$ 80,649</u>	<u>\$ 67,640</u>	<u>\$ 44,622</u>
<b>LIABILITIES</b>				
Due to student organizations Senior High School	<u>\$ 31,613</u>	<u>\$ 80,649</u>	<u>\$ 67,640</u>	<u>\$ 44,622</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 31,613</u>	<u>\$ 80,649</u>	<u>\$ 67,640</u>	<u>\$ 44,622</u>

The accompanying notes are an integral part of these financial statements.

**FEDERAL AND STATE AWARDS SECTION**

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

Administering Agency Pass-Through Agency Award Description	Direct Award Yes/No	Identifying Number of Pass-through Entity	Federal Catalog Number	Accrued Receivable 07/01/16	Expenditures	Grantor Revenues	Accrued Receivable 06/30/17
<b>United States Department of Agriculture</b>							
Passed through Wisconsin Department of Public Instruction							
Food Distribution Program July 1, 2016 - June 30, 2017	No	2017-322562-NSL-547	10.555	\$ -	\$ 154,397	\$ 154,397	\$ -
Special Milk Program for Children July 1, 2016 - June 30, 2017	No	2017-322562-SMP-548	10.556	-	6,222	6,222	-
School Breakfast Program July 1, 2016 - June 30, 2017	No	2017-322562-SB-546	10.553	-	127,419	127,419	-
National School Lunch Program July 1, 2016 - June 30, 2017	No	2017-322562-NSL-547	10.555	-	552,513	546,016	6,497
Subtotal Child Nutrition Cluster				-	840,551	834,054	6,497
<b>Total US Department of Agriculture</b>				-	840,551	834,054	6,497
<b>United States Department of Education</b>							
Passed through Wisconsin Department of Public Instruction							
PL-94-142 IDEA Flow Thru July 1, 2015 - June 30, 2016	No	2017-322562-IDEA-341	84.027	246,187	-	246,187	-
July 1, 2016 - June 30, 2017				-	649,169	490,480	158,689
PL-99-457 Preschool Entitlement July 1, 2015 - June 30, 2016	No	17-322562-Pre-S-347	84.173	(17)	-	(17)	-
July 1, 2016 - June 30, 2017				-	10,781	10,705	76
High Cost Special Education Aid July 1, 2016 - June 30, 2017	No	2017-322562-IDEA-342	84.027	-	1,254	1,254	-
IDEA Discretionary July 1, 2015 - June 30, 2016	No	2017-322562-IDEA-342	84.027	1,784	-	1,784	-
July 1, 2016 - June 30, 2017				-	7,288	-	7,288
IDEA State Improvement Grant July 1, 2015 - June 30, 2016	No	2016-17-322562-SPDG-349	84.323	4,279	-	4,279	-
July 1, 2016 - June 30, 2017				-	17,508	16,086	1,422
Subtotal Special Education Cluster (IDEA)				252,233	686,000	770,758	167,475

The accompanying notes are an integral part of these financial statements.

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

Administering Agency Pass-Through Agency Award Description	Direct Award Yes/No	Identifying Number of Pass-through Entity	Federal Catalog Number	Accrued Receivable 07/01/16	Expenditures	Grantor Revenues	Accrued Receivable 06/30/17
<b>United States Department of Education, continued</b>							
Passed through Wisconsin Department of Public Instruction							
ESEA Title I Basic Grant	No	17-322562-Title I-141	84.010	125,366	-	125,366	-
July 1, 2015 - June 30, 2016				-	-	-	-
July 1, 2016 - June 30, 2017				-	304,821	219,583	85,238
Subtotal Title I, Part A Cluster				<u>125,366</u>	<u>304,821</u>	<u>344,949</u>	<u>85,238</u>
Vocational Education - Carl Perkins	No	2017-322562-CP-CTE-400	84.048	8,987	-	8,987	-
July 1, 2015 - June 30, 2016				-	-	-	-
July 1, 2016 - June 30, 2017				-	19,506	368	19,138
				<u>8,987</u>	<u>19,506</u>	<u>9,355</u>	<u>19,138</u>
ESEA Title II-A Teacher/Principal Training	No	17-322562-Title II-365	84.367	7,127	-	7,127	-
July 1, 2015 - June 30, 2016				-	-	-	-
July 1, 2016 - June 30, 2017				-	62,482	42,358	20,124
ESEA Title III-A English Language Acquisition Grant	No	17-322562-Title III A-391	84.365	6,274	-	6,274	-
July 1, 2015 - June 30, 2016				-	-	-	-
July 1, 2016 - June 30, 2017				-	23,573	9,483	14,090
				<u>13,401</u>	<u>86,055</u>	<u>65,242</u>	<u>34,214</u>
<b>Total United States Department of Education</b>				<u>399,987</u>	<u>1,096,382</u>	<u>1,190,304</u>	<u>306,065</u>
<b>US Department of Health and Human Services</b>							
Passed through State of Wisconsin Health and Human Services							
Medical Assistance Program	No	None	93.778	-	227,149	211,080	16,069
July 1, 2016 - June 30, 2017				-	-	-	-
<b>Total US Department of Health and Human Services</b>				<u>-</u>	<u>227,149</u>	<u>211,080</u>	<u>16,069</u>
<b>Total Federal Financial Assistance</b>				<u>\$ 399,987</u>	<u>\$ 2,164,082</u>	<u>\$ 2,235,438</u>	<u>\$ 328,631</u>

The accompanying notes are an integral part of these financial statements.

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

<b>Administering Agency Pass-Through Agency Award Description</b>	<b>Identifying Number of Pass-through Entity</b>	<b>State I.D. Number</b>	<b>State Revenues</b>
Wisconsin Department of Public Instruction			
Entitlement Program			
Major State Programs			
Special Education and School Age Parents	LEA-100	255.101	\$ 2,070,741
General Equalization	LEA-116	255.201	28,698,304
Per Pupil Adjustment	LEA-113	255.945	<u>1,009,250</u>
Total Major Programs			<u>31,778,295</u>
Nonmajor State Programs			
Common School Library Fund	LEA-104	255.103	154,179
Pupil transportation	LEA-102	255.107	102,686
State school lunch	LEA-107	255.102	23,752
Bilingual/Bicultural Aid	LEA-111	255.106	65,070
Wisconsin morning milk program	LEA-109	255.109	6,937
High Cost Special Education Aid	LEA-119	255.210	4,362
School Breakfast Program	LEA-108	255.344	9,831
Educator Effective Evaluation Systems Grant	LEA-154	255.940	47,126
Special Education Transition Grant	LEA-168	255.960	<u>921</u>
Total Nonmajor Programs			<u>414,864</u>
Total Wisconsin Department of Public Instruction			<u>32,193,159</u>
Other State Revenue			
Tax exempt computer aid			7,758
State revenue through local governments			8,592
Other state revenue			<u>33,006</u>
Total other state revenue			<u>49,356</u>
<b>Total State Financial Assistance</b>			<b><u>\$ 32,242,515</u></b>

The accompanying notes are an integral part of these financial statements.

**HOLMEN SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2017**

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**NOTE 1 - BASIS PRESENTATION**

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the School District of Holmen under programs of the federal government and state agencies for the year ended June 30, 2017. The information in this schedule is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net assets, or cash flows of the District.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE 3 – NONCASH AWARDS**

The amount of commodities reported on the Schedule of Expenditures of Federal Awards of \$154,397 is the value of commodities received by the District in the current year. The commodities are priced as prescribed by the Wisconsin Department of Public Instruction.

**NOTE 4 – SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM**

2016-2017 eligible costs under the State Special Education Program are \$7,966,199.

**NOTE 5 – OVERSIGHT AGENCIES**

The District's federal oversight agency is the U.S. Department of Education. The District's state cognizant agency is the Wisconsin Department of Public Instruction.

## **OTHER REPORTS**



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**Engelson & Associates, Ltd.**

Certified Public Accountants and Consultants

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

To the Board of Education  
School District of Holmen  
Holmen, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the School District of Holmen ("District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District of Holmen's basic financial statements, and have issued our report thereon dated December 1, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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*.

## **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.

*Engelson and Associates, Ltd.*

La Crosse, Wisconsin  
December 1, 2017



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**Engel & Associates, Ltd.**

Certified Public Accountants and Consultants

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

To the Board of Education  
School District of Holmen  
Holmen, Wisconsin

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

We have audited the School District of Holmen's ("District") compliance with the types of compliance requirements described in the *Uniform Guidance Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2017. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards 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 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 qualified and unmodified opinions on compliance for major federal and state programs. However, our audit does not provide a legal determination of District's compliance.

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

In our opinion, the School District of Holmen 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 and state programs for the year ended June 30, 2017.

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

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Engelson and Associates, Ltd.*

La Crosse, Wisconsin  
December 1, 2017

**HOLMEN SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2017**

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**Section I – Summary of Auditor’s Results**

Financial Statements

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
• Material weakness identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	No
• Noncompliance material to the financial statements?	No

Federal Awards

Type of auditor’s report issued on compliance for major programs	Unmodified
Internal control over compliance:	
• Material weakness(es) identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	No
Any audit findings disclosed that are required to be reported in accordance with Federal Single Audit Guidelines?	No
Identification of major federal programs:	

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
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Child Nutrition Cluster

10.555	National School Lunch Program
10.553	School Breakfast Program
10.556	Special Milk Program
10.555	Food Distribution Program

ESEA Title I Basic Grant

84.010	Title I
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Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	No

State Awards

Type of auditor’s report issued on compliance for major programs	Unmodified
Internal control over compliance:	
• Material weakness(es) identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	No
• Any audit findings disclosed that are required to be reported in accordance with State Single Audit Guidelines?	No

**HOLMEN SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2017**

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**Section I – Summary of Auditor’s Results, continued**

Identification of major state programs:

<u>State I.D. Number</u>	<u>Name of State Program or Cluster</u>
255.101	Special Education and School Age Parents
255.103	Common School Library Fund
255.107	Pupil Transportation
255.201	General Equalization Aid
255.925	Per Pupil Adjustment

**Section II – Financial Statement Findings**

None reported

**Section III – Federal and State Award Findings and Questioned Costs**

None reported

**Section IV – Status of Prior Period Audit Findings**

None reported

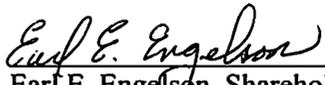
**Section V – Other Issues**

Does the auditor have substantial doubt as to the auditee’s ability to continue as a going concern? No

Does the audit report show audit issues (i.e. material noncompliance, nonmaterial noncompliance, questioned costs, material weaknesses, significant deficiencies, management letter comment) related to grants/contracts with funding agencies that require audits to be in accordance with the State Single Audit Guidelines:

Wisconsin Department of Public Instruction No

Was a management letter or other document conveying audit comments issued as a result of this audit? Yes

Name and signature of partner   
Earl E. Engelson, Shareholder

Date of Report December 1, 2017