

**SCHOOL DISTRICT OF ALTOONA  
ALTOONA, WISCONSIN**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2017**

**SCHOOL DISTRICT OF ALTOONA  
ALTOONA, WISCONSIN  
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ALTOONA, WISCONSIN  
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## **FINANCIAL SECTION**



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## INDEPENDENT AUDITORS' REPORT

Board of Education  
School District of Altoona  
Altoona, Wisconsin

### **Report on the Financial Statements**

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

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

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

### **Auditors' Responsibility**

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

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

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

### **Opinions**

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

### **Emphasis of Matters**

#### ***Change in Accounting Principle***

During fiscal year ended June 30, 2017, the District adopted GASB Standard No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of the implementation of GASB Statement No. 75, the District reported a restatement for the change in account principle (see Note 4.G). Our auditors' opinion was not modified with respect to the restatement.

### **Other Matters**

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

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

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

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

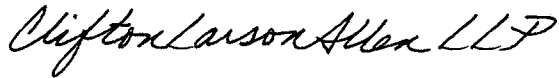
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and schedule of state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, respectively, and are also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or

Board of Education  
School District of Altoona

to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2017 our consideration of District's internal control over financial reporting and on our tests on its compliance with certain provisions of laws, regulations, contracts, 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 an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District of Altoona's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Eau Claire, Wisconsin  
November 28, 2017

## **BASIC FINANCIAL STATEMENTS**



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

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 3,159,053
Taxes Receivable	1,874,892
Accounts Receivable	34,650
Prepaid Expenditures	9,366
Due from Other Governments	597,735
Capital Assets:	
Not Subject to Depreciation	520,832
Subject to Depreciation	45,472,568
Accumulated Depreciation	(14,819,048)
Total Assets	36,850,048
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Wisconsin Retirement System Pension Related	4,167,457
Deferred Amount on Refunding	44,000
Total Deferred Outflows of Resources	4,211,457
<b>LIABILITIES</b>	
Accounts Payable	171,478
Accrued Interest Payable	167,380
Accrued Salaries and Wages	695,450
Payroll Taxes and Withholdings	1,392,511
Unearned Revenue	17,752
Long-Term Liabilities:	
Amounts Due Within One Year	1,446,982
Amounts Due In More than One Year	20,705,427
Other Post Employment Benefits Liability	4,298,685
Wisconsin Retirement System Pension Plan Liability	510,707
Total Liabilities	29,406,372
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Wisconsin Retirement System Pension Related	2,164,873
<b>NET POSITION</b>	
Net Investment in Capital Assets	9,550,852
Restricted for:	
Capital Projects	30,548
Debt Service	723,905
Education Trust	39,118
Food Service	109,884
Unrestricted	(964,047)
Total Net Position	\$ 9,490,260

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF ALTOONA  
ALTOONA, WISCONSIN  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges For Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities
<b>Primary Government:</b>				
Governmental Activities:				
Instruction:				
Undifferentiated Curriculum	\$ 51	\$ -	\$ -	(51)
Regular Instruction	7,428,781	1,143,673	892,357	(5,392,751)
Vocational Instruction	445,139	74,901	9,997	(360,241)
Special Instruction	2,254,194	357,615	830,375	(1,066,204)
Other Instruction	667,167	256,374	403	(410,390)
Total Instruction	10,795,332	1,832,563	1,733,132	(7,229,637)
Support Services:				
Pupil Services	902,511	-	4,997	(897,514)
Instructional Staff Services	1,247,821	269	130,524	(1,117,028)
General Administration Services	425,679	-	-	(425,679)
Building Administration Services	972,670	-	-	(972,670)
Business Services	285,698	-	-	(285,698)
Operations and Maintenance of Plant	1,744,988	-	-	(1,744,988)
Facility Acquisition/Remodeling	628,309	-	-	(628,309)
Pupil Transportation Services	752,983	12,962	29,940	(710,081)
Food Service	512,959	234,358	356,646	78,045
Internal Services	19,307	-	-	(19,307)
Central Services	126,544	-	-	(126,544)
Insurance and Judgments	140,125	-	-	(140,125)
Interest and Fiscal Fees	665,365	-	-	(665,365)
Other Support Services	38,993	-	-	(38,993)
Community Services	66,277	-	-	(66,277)
Non-Program Transactions	1,517,040	-	70,208	(1,446,832)
Depreciation - Unallocated	432,691	-	-	(432,691)
Total Support Services	10,479,960	247,589	592,315	(9,640,056)
Total Primary Government	\$ 21,275,292	\$ 2,080,152	\$ 2,325,447	(16,869,693)
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				4,411,019
Property Taxes, Levied for Debt Purposes				1,786,593
Property Taxes, Levied for Community Service Pu				100,000
Other Taxes				21,817
State Aids Not Restricted to Specific Functions:				
General				11,910,510
Other				12,850
Interest and Investment Earnings				25,562
Miscellaneous				66,812
Total General Revenues				18,335,163
Change in Net Position				1,465,470
Net Position - Beginning of Year				10,327,911
Change in Accounting Principle				(2,303,121)
Net Position - Beginning of Year - As Restated				8,024,790
Net Position - End of Year				\$ 9,490,260

See accompanying Notes to Basic Financial Statements.

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

	Major Funds			Other Governmental Funds	Totals
	General Fund	Debt Service Fund	Capital Projects Fund		
<b>ASSETS</b>					
Cash and Investments	\$ 2,072,327	\$ 891,285	\$ 30,548	\$ 164,893	\$ 3,159,053
Taxes Receivable	1,874,892	-	-	-	1,874,892
Accounts Receivable	34,650	-	-	-	34,650
Prepaid Expenditures	9,366	-	-	-	9,366
Due from Other Governments	588,163	-	-	9,572	597,735
Due from Fiduciary Funds	615,744	-	-	-	615,744
Total Assets	<u>\$ 5,195,142</u>	<u>\$ 891,285</u>	<u>\$ 30,548</u>	<u>\$ 174,465</u>	<u>\$ 6,291,440</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 170,799	\$ -	\$ -	\$ 679	\$ 171,478
Accrued Salaries and Wages	692,569	-	-	2,881	695,450
Payroll Taxes and Withholdings	1,392,511	-	-	-	1,392,511
Due to Fiduciary Funds	615,744	-	-	-	615,744
Unearned Revenues	310	-	-	17,442	17,752
Total Liabilities	2,871,933	-	-	21,002	2,892,935
<b>Fund Balances:</b>					
Nonspendable	9,366	-	-	-	9,366
Restricted	-	891,285	30,548	153,463	1,075,296
Unassigned	2,313,843	-	-	-	2,313,843
Total Fund Balances	<u>2,323,209</u>	<u>891,285</u>	<u>30,548</u>	<u>153,463</u>	<u>3,398,505</u>
Total Liabilities and Fund Balances	<u>\$ 5,195,142</u>	<u>\$ 891,285</u>	<u>\$ 30,548</u>	<u>\$ 174,465</u>	<u>\$ 6,291,440</u>

See accompanying Notes to Basic Financial Statements.

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

**Total Fund Balances - Governmental Funds** **\$ 3,398,505**

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

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

Land	\$ 465,340	
Land Improvements	2,383,221	
Buildings	39,386,641	
Furniture and Equipment	3,702,706	
Construction in Progress	55,492	
Accumulated Depreciation	<u>(14,819,048)</u>	31,174,352

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

Wisconsin Retirement System Pension Plan:

Net Pension Plan Asset (Liability)	(510,707)	
Deferred Outflows of Resources - Pension Related	4,167,457	
Deferred Inflows of Resources - Pension Related	<u>(2,164,873)</u>	1,491,877

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

General Obligation Bonds Payable	20,860,000	
General Obligation Promissory Note	250,000	
Deferred Amount on Refunding	(44,000)	
Add Unamortized Premium	557,500	
Accrued Interest Payable on General Obligation Debt	167,380	
Other Postemployment Benefits Payable	4,298,685	
Compensated Absences	<u>484,909</u>	<u>(26,574,474)</u>

**Net Position of Governmental Activities** **\$ 9,490,260**

See accompanying Notes to Basic Financial Statements.

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

	Major Funds			Other Governmental Funds	Totals
	General Fund	Debt Service Fund	Capital Projects Fund		
<b>REVENUES</b>					
Local Sources	\$ 4,502,439	\$ 1,788,450	\$ 17,211	\$ 383,362	\$ 6,691,462
Interdistrict Sources	1,690,903	-	-	-	1,690,903
Intermediate Sources	223,035	-	-	-	223,035
State Sources	12,561,711	-	-	16,853	12,578,564
Federal Sources	573,126	-	-	339,793	912,919
Other Sources	17,263	-	626,616	-	643,879
<b>Total Revenues</b>	<b>19,568,477</b>	<b>1,788,450</b>	<b>643,827</b>	<b>740,008</b>	<b>22,740,762</b>
<b>EXPENDITURES</b>					
Instruction:					
Undifferentiated Curriculum	-	-	-	51	51
Regular Instruction	7,287,735	-	-	-	7,287,735
Vocational Instruction	435,376	-	-	25,000	460,376
Special Instruction	2,191,441	-	-	-	2,191,441
Other Instruction	643,116	-	-	5,626	648,742
Support Services:					
Pupil Services	877,151	-	-	-	877,151
Instructional Staff Services	1,280,742	-	-	-	1,280,742
General Administration	413,491	-	-	-	413,491
School Building Administration	937,703	-	-	-	937,703
Business Services	273,543	-	-	-	273,543
Operations and Maintenance of Plant	1,731,070	-	-	-	1,731,070
Facility Acquisition/Remodeling	52,062	-	6,430,179	-	6,482,241
Pupil Transportation Services	732,427	-	-	-	732,427
Internal Services	19,307	-	-	-	19,307
Central Services	104,344	-	-	12,752	117,096
Food Service	-	-	-	811,993	811,993
Insurance and Judgments	140,125	-	-	-	140,125
Debt Service	168,714	1,750,140	-	-	1,918,854
Other Support Services	8,753	-	-	30,240	38,993
Community Services	-	-	-	65,351	65,351
Non-Program Transactions	1,517,040	-	-	-	1,517,040
<b>Total Expenditures</b>	<b>18,814,140</b>	<b>1,750,140</b>	<b>6,430,179</b>	<b>951,013</b>	<b>27,945,472</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>754,337</b>	<b>38,310</b>	<b>(5,786,352)</b>	<b>(211,005)</b>	<b>(5,204,710)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	400,000	-	-	400,000
Transfers Out	(400,000)	-	-	-	(400,000)
<b>Net Other Financing Sources (Uses)</b>	<b>(400,000)</b>	<b>400,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>354,337</b>	<b>438,310</b>	<b>(5,786,352)</b>	<b>(211,005)</b>	<b>(5,204,710)</b>
Fund Balances, Beginning of Year	1,968,872	452,975	5,816,900	364,468	8,603,215
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 2,323,209</b>	<b>\$ 891,285</b>	<b>\$ 30,548</b>	<b>\$ 153,463</b>	<b>\$ 3,398,505</b>

See accompanying Notes to Basic Financial Statements.

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

**Net Change in Fund Balances - Total Governmental Funds** **\$ (5,204,710)**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period these amounts are:

Capital Outlays Reported in Governmental Fund Statements	\$ 7,081,527	
Depreciation Expense Reported in the Statement of Activities	<u>(1,094,248)</u>	5,987,279

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

Loss on disposal of capital assets		(151,564)
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Wisconsin Retirement System Pension Plan:

Pension expenditures in the governmental funds are measured by current year employee contributions. Pension expenses on the statement of activities are measured by the change in net pension asset/liability and the related deferred inflows and outflows of resources.

		(681,999)
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Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is consists of:

General Obligation Bonds Payment	1,055,000	
Capital Lease Payment	<u>156,320</u>	1,211,320

In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as it accrues:

Interest Paid During the Current Period	692,808	
Interest Accrued During the Current Period	<u>(686,389)</u>	6,419

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

Net Change in Premium	52,250	
Net Change in Deferred Amount on Refunding	(16,500)	
Net Change in Other Postemployment Benefits Payable	314,094	
Net Change in Compensated Absences at Year-End	<u>(51,119)</u>	<u>298,725</u>

**Change in Net Position of Governmental Activities** **\$ 1,465,470**

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

	Employee Benefit Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and Investments	\$ 665,637	\$ 88,770
Due from Other Funds	615,744	-
Total Assets	1,281,381	\$ 88,770
<b>LIABILITIES</b>		
Due to Other Funds	615,744	\$ -
Due to Student Organizations	-	88,770
Total Liabilities	615,744	\$ 88,770
<b>NET POSITION</b>		
Restricted	\$ 665,637	

See accompanying Notes to Basic Financial Statements.

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

	Employee Benefit Trust Funds
<b>ADDITIONS</b>	
Interest	\$ 10,801
Employer Contributions	615,744
Total Additions	626,545
 <b>DEDUCTIONS</b>	
Benefit Payments	615,744
 <b>CHANGE IN NET POSITION</b>	 10,801
Net Position, Beginning of Year	654,836
 <b>NET POSITION, END OF YEAR</b>	 \$ 665,637

See accompanying Notes to Basic Financial Statements.



**NOTES TO BASIC FINANCIAL STATEMENTS**

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

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

**B. Reporting Entity**

The School District of Altoona is organized as a common school district. The District, governed by a five member elected school board, operates grades K through twelve and is comprised of all or parts of four taxing districts.

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

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

**C. Government-Wide and Fund Financial Statements**

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

**Government-Wide Statements**

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

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

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

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

**Government-Wide Statements (Continued)**

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

**Fund Financial Statements**

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

The District has the following major governmental funds:

**General Fund** – The General Fund is the 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 another 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 debt principal, interest and related costs.

**Capital Projects Fund** – The Capital Projects Fund is used to account for the resources accumulated and expenditures applied toward facility construction and improvements.

Additionally, the District reports the following fiduciary funds:

**Employee Benefit Trust Fund** - The Employee Benefit Trust Fund is used to account for resources held in trust for formally established employee benefit plans. This is an irrevocable trust.

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

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

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

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

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

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

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

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

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

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

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

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

**1. Deposits and Investments**

Investments by the District are stated at fair value. 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 maintained in segregated accounts.

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

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

**2. Receivables and Payables**

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

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

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

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

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

**2. Receivables and Payables (Continued)**

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

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

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

**3. Inventories and Prepaid Items**

Expendable supplies or non-capital items acquired for initial use in subsequent fiscal periods are recorded as inventories and/or prepaid expenses. Inventory and prepaid supplies are valued at the lower of cost (first-in, first-out method) or market and is recorded as an expenditure when consumed rather than when purchased.

**4. Capital Assets**

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

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

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

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

**4. Capital Assets (Continued)**

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$5,000	N/A	N/A
Land Improvements	5,000	Straight-line	20-40 Years
Buildings and Improvements	5,000	Straight-line	20-40 Years
Furniture and Equipment	5,000	Straight-line	5-20 Years
Textbooks, Library and Media*	5,000	Straight-line	5-20 Years

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

Capital assets not being depreciated include land and construction in progress.

**5. Deferred Outflows of Resources**

The District reports decreases in net position or fund equity that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position or governmental fund balance sheet. The District reports deferred outflows of resources for Wisconsin Retirement System Pension Plan related items and a deferred amount on refunding.

**6. Deferred Inflows of Resources**

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

**7. Compensated Absences**

It is the District's policy to permit employees to accumulate paid leave benefits. Liabilities for accumulated employee leave benefits are not accrued in the District's governmental fund financial statements but are recorded as expenditures when paid. Such liabilities are accrued in the government-wide financial statements when earned. The District's policies and estimated liabilities at year-end are further discussed in Note 4.B.

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

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

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

**8. Other Postemployment Benefits Payable**

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

**9. Wisconsin Retirement System Pension Benefits**

For purposes of measuring the net pension asset (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.

**10. Long-Term Obligations**

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

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

**11. Equity Classifications**

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

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



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

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

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

**11. Equity Classifications (Continued)**

**Fund Financial Statements.** In the fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Nonspendable fund balance represents amounts that are inherently nonspendable or assets that legally or contractually required to be maintained intact. Restricted fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties. Committed fund balance represents constraints on spending that the government imposes upon itself by high-level formal action prior to the close of the fiscal period. Assigned fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or body delegated to exercise such authority in accordance with policy established by the board. Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications. The District has not established a general fund minimum fund balance policy. Committed fund balance is required to be established, modified, or rescinded by resolution of the District Board prior to each year end. Based on resolution of the District Board, the District Administrator has the authority to establish or modify assigned fund balance. When restricted and unrestricted fund balance is available for an expenditure, it is the District's practice to first use restricted fund balance. When committed, assigned, and unassigned fund balance is available for an expenditure, it is the District's practice to use committed, assigned, and finally unassigned fund balance.

**NOTE 2 STEWARDSHIP AND ACCOUNTABILITY**

The District's budget is adopted in accordance with Chapter 65 of the Wisconsin Statutes and on a basis consistent with generally accepted accounting principles. Changes to appropriations authorized in the adopted budget generally require a vote of two-thirds of the entire membership of the governing body. The District's legal budget is adopted at the major function level in the general fund (i.e., general government). While total general fund expenditures were less than total budgeted expenditures for fiscal year 2017, line items as shown in the table below exceeded the final budget. These overages were determined necessary and authorized by management.

Instructional Staff Services	\$	(65,255)
General Administration		(13,595)
Building Administration		(3,144)
Operation and Maintenance		(55,155)
Facilities Acquisition/Remodeling		(50,962)
Central Services		(974)
Debt Service		(148,714)
Other Support Services		(5,793)
Instructional Services		(228,681)
Other Non-Program		(69,358)

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

The Debt Service Fund accounts for its transactions through separate and distinct bank and investment accounts as recommended by the Department of Public Instruction. In addition, agency funds use separate and distinct accounts. All other funds share in common cash and investment accounts.

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

Governmental Funds	\$ 3,159,053
Fiduciary Funds:	
Employee Benefit Trust Fund	665,637
Agency Funds	88,770
	\$ 3,913,460

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

Deposits in Financial Institutions	\$ 754,684
Investment with State Local Government	
Pooled-Investment Fund	2,283,880
Investment with Wisconsin Investment	
Series Cooperative (WISC)	206,796
Employee Benefits Fund Investments	665,637
Petty Cash	2,463
	\$ 3,913,460

**Deposits at Financial Institutions**

The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000.

For the purpose of these rules, the term 'time and savings deposits' includes NOW accounts and money market deposit accounts but does not include interest-bearing demand deposit accounts (which were permitted after July 21, 2011). The term 'demand deposits' means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

**Deposits at Financial Institutions (Continued)**

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

Custodial credit risk for deposits is the risk that, in the event of bank failure, the District's deposits may not be returned. At June 30, 2017, the District held uncollateralized deposits which were exposed to custodial credit risk in the amount of \$233,392.

**Investments**

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

**Deposits in State Local Government Pooled-Investment Fund.** The State of Wisconsin offers a Local Government Investment Pool (LGIP) to local government units to enable them to voluntarily invest idle funds in State Investment Fund. Local funds are pooled with state funds and invested by the State Investment Board. There is no minimum or maximum amount that can be invested by a local governmental unit. Interest is earned on a daily basis and withdrawals are generally available on the day of request. Deposits in the LGIP are not covered by federal depository insurance but are subject to coverage under the State Guarantee Fund. Also, the State of Wisconsin Investment Board has obtained a surety bond to protect deposits in the LGIP against defaults in principal payments on the LGIP's investments (subject to certain limitations). The average monthly weighted average maturity of the State Investment Fund's investments for the twelve-month period ended June 30, 2017, was 63 days.

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Deposits and Investments (Continued)**

**Investments (Continued)**

**Deposits in Wisconsin Investment Series Cooperative (WISC).** WISC was established in 1988 by school officials pursuant to an Intergovernmental Cooperation Agreement designed specifically for investment of funds by participating Wisconsin public entities. Its portfolio of investments consists solely of securities and instruments in which public entities are permitted to invest. The WISC board of commissioners, comprised of superintendents and business officials of participating entities, have contracted with Bank One, NA to act as investment advisor. The District's investment consists of deposits in WISC's Cash Management Series, an investment account designed to meet liquidity. The District's funds are generally available on a daily basis.

Maturities for the District's investments at June 30, 2017 are summarized as follows:

Description	Totals	Investment Maturities (in Years)		
		<1	1 to 3	3 to 5
Mutual Fund ETF's	\$ 665,637	\$ 665,637	\$ -	\$ -
WISC Cash Management	206,796	206,796	-	-
LGIP	2,283,880	2,283,880	-	-
Total	<u>\$ 3,156,313</u>	<u>\$ 3,156,313</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Deposits and Investments (Continued)**

**Investments (Continued)**

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

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

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

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

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

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

Assets measured at fair value on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
WISC Cash Management	<u>\$ 206,796</u>	<u>\$ -</u>	<u>\$ -</u>	\$ 206,796
Investments Measured at Net Asset Value (NAV)				665,637
Investments Measured at Amortized Cost - LGIP Funds				<u>2,283,880</u>
Total Investments				<u>\$ 3,156,313</u>

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<b>Capital Assets:</b>				
Land	\$ 465,340	\$ -	\$ -	\$ 465,340
Land Improvements	856,821	1,526,400	-	2,383,221
Buildings and Improvements	18,088,385	21,298,256	-	39,386,641
Furniture and Equipment	2,464,939	1,389,331	(151,564)	3,702,706
Construction in Progress	17,187,952	6,693,680	(23,826,140)	55,492
<b>Total Capital Assets</b>	<u>39,063,437</u>	<u>30,907,667</u>	<u>(23,977,704)</u>	<u>45,993,400</u>
<b>Accumulated Depreciation:</b>				
Land Improvements	599,490	73,915	-	673,405
Buildings and Improvements	11,042,085	887,133	-	11,929,218
Furniture and Equipment	2,083,225	133,200	-	2,216,425
<b>Total Accumulated Depreciation</b>	<u>13,724,800</u>	<u>1,094,248</u>	<u>-</u>	<u>14,819,048</u>
<b>Governmental Activities Capital Assets Net of Accumulated Depreciation</b>	<u>\$ 25,338,637</u>	<u>\$ 29,813,419</u>	<u>\$ (23,977,704)</u>	<u>\$ 31,174,352</u>

Depreciation was charged to governmental functions as follows:

<b>Instruction:</b>	
Regular Instruction	\$ 6,130
Vocational Instruction	1,896
Co-Curricular Instruction	1,626
<b>Support Services:</b>	
Instructional Staff Services	33,417
General Administrative Services	1,467
Business Services	6,740
Operation and Maintenance of Plant	9,222
Facilities/Acquisition	598,561
Food Services	2,498
<b>Unallocated Depreciation</b>	432,691
<b>Total Depreciation for Governmental Activities</b>	<u>\$ 1,094,248</u>

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Interfund Receivables, Payables and Transfers**

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

**Due to/from Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Employee Benefit Trust Fund	\$ 615,744	OPEB Benefits
Employee Benefit Trust Fund	General Fund	615,744	District's Share of Costs

**Transfers to/from Other Funds**

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Purpose</u>
Debt Service Fund	General Fund	\$ 400,000	Debt Payment

**D. Long-Term Obligations**

**Changes in Long-Term Obligations**

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

	<u>Balances July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances June 30, 2017</u>	<u>Amounts Due Within One Year</u>
Long-Term Debt:					
General Obligation Bonds	\$ 21,915,000	\$ -	\$ 1,055,000	\$ 20,860,000	\$ 1,200,000
General Obligation Promissory Note	250,000	-	-	250,000	150,000
Add Unamortized Premium on Long-Term Debt	609,750	-	52,250	557,500	-
Subtotal	<u>22,774,750</u>	<u>-</u>	<u>1,107,250</u>	<u>21,667,500</u>	<u>1,350,000</u>
Other Long-Term Obligations:					
Capital Lease Payable	156,320	-	156,320	-	-
Compensated Absences	433,790	66,396	15,277	484,909	96,982
Subtotal	<u>590,110</u>	<u>66,396</u>	<u>171,597</u>	<u>484,909</u>	<u>96,982</u>
Total	<u>\$ 23,364,860</u>	<u>\$ 66,396</u>	<u>\$ 1,278,847</u>	<u>\$ 22,152,409</u>	<u>\$ 1,446,982</u>

The District's estimated liabilities for other postemployment benefits and vested employee benefits are discussed in Notes 4.C and 4.D, respectively.

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Long-Term Obligations (Continued)**

**General Obligation Debt**

The general fund and special revenue funds are used to liquidate the other long-term obligations.

The individual long-term debt issues of the District outstanding at June 30, 2017 and their related future interest requirements at that date were as follows:

<u>Description</u>	<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
General Obligation Refunding Bonds \$3,555,000 dated 11/1/07, due 4/1/19, interest 3.80% to 5.25%	2018	\$ 100,000	\$ 7,850	\$ 107,850
	2019	100,000	4,000	104,000
		<u>200,000</u>	<u>11,850</u>	<u>211,850</u>
General Obligation School Construction Prom Note, \$3,880,000, \$250,000 Dated 10/22/09, due 9/15/19, interest free	2018	150,000	-	150,000
	2019	50,000	-	50,000
	2020	50,000	-	50,000
	2021	-	-	-
		<u>250,000</u>	<u>-</u>	<u>250,000</u>
General Obligation Refunding Bonds \$1,150,000 dated 2/25/10, due 4/1/19, interest 2.75% to 3.20%	2018	120,000	7,280	127,280
	2019	115,000	3,680	118,680
		<u>235,000</u>	<u>10,960</u>	<u>245,960</u>
General Obligation School Improvement Bonds \$10,000,000, Dated 12/30/14, due 4/1/34, callable 4/1/2024, interest 2.75 to 3.15%	2018	-	331,263	331,263
	2019	-	331,263	331,263
	2020	-	331,263	331,263
	2021	-	331,263	331,263
	2022	-	331,263	331,263
	2023-2027	-	1,656,313	1,656,313
	2028-2032	4,555,000	1,384,825	5,939,825
	2033-2034	5,445,000	197,925	5,642,925
		<u>10,000,000</u>	<u>4,895,375</u>	<u>14,895,375</u>
General Obligation School Improvement Bonds \$13,000,000, Dated 3/23/15, due 4/1/28, callable 4/1/2023, interest 2.00 to 4.00%	2018	980,000	-	980,000
	2019	995,000	323,125	1,318,125
	2020	850,000	303,525	1,153,525
	2021	755,000	283,625	1,038,625
	2022	760,000	258,125	1,018,125
	2023-2027	4,785,000	908,425	5,693,425
	2018	1,300,000	115,450	1,415,450
		<u>10,425,000</u>	<u>2,192,275</u>	<u>12,617,275</u>
Total Outstanding General Obligation Debt at June 30, 2016		<u>\$ 21,110,000</u>	<u>\$ 7,110,460</u>	<u>\$ 28,220,460</u>



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**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Long-Term Obligations (Continued)**

**General Obligation Debt (Continued)**

The 2016 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$740,886,679. 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 \$740,886,679)	\$ 74,088,668
Deduct Long-Term Debt Application to Debt Margin	21,110,000
Debt Service Fund Assets Available	891,285
Margin of Indebtedness	\$ 53,869,953

**Capital Lease Payable**

The District entered into a capital lease agreement with Dell Financial Services for the purchase of computer equipment. The lease was paid off at June 30, 2017, resulting in no ending balance.

**E. Short-Term Notes Payable**

Changes in temporary notes payable of the District for the year ended June 30, 2017, were as follows:

Balance July 1, 2016	Additions	Reductions	Balances June 30, 2017	Accrued Interest	Interest Rate	Interest Expense
\$ 3,000,000	\$ 3,455,411	\$ 6,455,411	\$ -	\$ -	1.00%	\$ 12,394

The temporary note payable is used for cash flow purposes and consists of a tax and revenue anticipation note that is secured by the levying power of the District. The current note is due on October 28, 2017 and has an interest rate of 1.00%.

On October 28, 2017, the District entered into a line of credit agreement with a maximum draw limit of \$3,000,000 for cash flow borrowing purposes. The note accrues interest on drawn funds at 1.00% and matures November 1, 2018.

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**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Governmental Fund Balances**

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

	<u>Total</u>	<u>Nonspendable</u>	<u>Restricted</u>	<u>Unassigned</u>
Major Funds:				
General Fund				
Prepays	\$ 9,366	\$ 9,366	\$ -	\$ -
Unassigned	2,313,843	-	-	2,313,843
Subtotal General Fund	<u>2,323,209</u>	<u>9,366</u>	<u>-</u>	<u>2,313,843</u>
Payments of Debt Service	891,285	-	891,285	-
Capital Projects	30,548	-	30,548	-
Subtotal Major Funds	<u>3,245,042</u>	<u>9,366</u>	<u>921,833</u>	<u>2,313,843</u>
Nonmajor Funds:				
Special Revenue Funds:				
Education Fund Donations	39,118	-	39,118	-
Food Service Program	109,884	-	109,884	-
Community Service	4,461	-	4,461	-
Subtotal Nonmajor Funds	<u>153,463</u>	<u>-</u>	<u>153,463</u>	<u>-</u>
Total Governmental Fund Balances at June 30, 2017	<u>\$ 3,398,505</u>	<u>\$ 9,366</u>	<u>\$ 1,075,296</u>	<u>\$ 2,313,843</u>

**NOTE 4 OTHER INFORMATION**

**A. Wisconsin Retirement System Pension Plan Benefits**

**General Information about the Pension Plan**

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

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

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**NOTE 4 OTHER INFORMATION (CONTINUED)**

**A. Wisconsin Retirement System Pension Plan Benefits (Continued)**

**General Information about the Pension Plan (Continued)**

*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.

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

During the fiscal reporting period July 1, 2016 through June 30, 2017, the WRS recognized \$620,721 in contributions from the employer.

Contribution rates as of June 30, 2017 are:

	<u>Employee</u>	<u>Employer</u>
<b>General (including Teachers)</b>	6.80%	6.60%

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

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**NOTE 4 OTHER INFORMATION (CONTINUED)**

**A. Wisconsin Retirement System Pension Plan Benefits (Continued)**

**General Information about the Pension Plan (Continued)**

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)

**Pension Assets/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 \$510,707 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. At December 31, 2016, the District's proportion was 0.06196102 percent, which was an increase of 0.00126083 from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$1,296,908. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 194,733	\$ (1,606,129)
Changes of Assumptions	533,964	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,045,680	(503,544)
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	-	(55,200)
District Contributions Subsequent to the Measurement Date	393,080	-
Total	<u>\$ 4,167,457</u>	<u>\$ (2,164,873)</u>

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NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan Benefits (Continued)

**Pension Assets/Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

\$393,080 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	<u>Pension Expense Amount</u>
2018	\$ 660,023
2019	660,023
2020	447,714
2021	(158,892)
2022	636
Thereafter	-

*Actuarial assumptions.* The total pension liability 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:	Frozen Entry Age
Amortization Period:	30-Year Closed
Asset Valuation Method:	5-Year Smoothed Value
Inflation:	2.0% to 2.7% - approximate
Salary Increases:	3.2% to 8.8% including inflation
Net Investment Rate of Return - Retired:	5.0%
Net Investment Rate of Return - Active Post-Retirement:	5.0%
Net Investment Rate of Return - Active Pre-Retirement:	7.2%
Mortality:	WRS experience projected to 2017 with scale BB

Actuarial assumptions are based upon an experience study conducted in 2013 using experience from 2010 – 2012. 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.

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**NOTE 4 OTHER INFORMATION (CONTINUED)**

**A. Wisconsin Retirement System Pension Plan Benefits (Continued)**

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

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 table on the following page:

Asset Class	Core Asset Allocation		Variable Asset Allocation	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	N/A	N/A	70%	4.7%
International Equity	N/A	N/A	30%	5.6%
Equities	45%	5.4%	N/A	N/A
Fixed Income	37%	1.4%	N/A	N/A
Inflation Sensitive Assets	50%	1.5%	N/A	N/A
Real Estate	7%	3.6%	N/A	N/A
Private Equity/Debt	7%	6.5%	N/A	N/A
Multi-Asset	4%	3.7%	N/A	N/A
Cash	-20%	0.9%	N/A	N/A
Totals	100%		100%	

*Discount rate.* A single discount rate of 7.20 percent was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20 percent and a long term bond rate of 3.56 percent. Because of the unique structure of WRS, the 7.20 percent expected rate of return implies that a dividend of approximately 2.1 percent will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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**NOTE 4 OTHER INFORMATION (CONTINUED)**

**A. Wisconsin Retirement System Pension Plan Benefits (Continued)**

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

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

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,718,675	\$ 510,707	\$ (4,269,710)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 17-16.

**B. Compensated Absences**

The District's policy on allowing accumulated sick leave benefits to vest is based upon individual contracts. Professional educators and support staff receive a credit of 10 sick leave days per year (prorated for part-time employees) and accrue to a maximum of 100 days. Accrued and unused sick leave for professional educators is not paid out at termination but instead, it is convertible to payment towards continued health insurance during retirement. Support staff retirees shall be paid twenty-five percent of the accumulated sick leave at a wage rate in effect at the time of retirement in an amount not to exceed \$2,500. The District's liability for vested compensated absences at June 30, 2017 was \$484,909.

**C. Other Postemployment Benefit Plan**

The District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The District engaged an actuary to determine the District's liability for postemployment healthcare benefits other than pensions.

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**NOTE 4 OTHER INFORMATION (CONTINUED)**

**C. Other Postemployment Benefit Plan (Continued)**

**Single-Employer Plan Description**

The School District of Altoona's is a single-employer defined benefit plan used to provide postemployment benefits other than pensions (OPEB) The District's OPEB consists of several interdependent pieces arising from the rules of the plan. The amounts paid by the District for continued health care for all classifications that are entitled to a benefit are briefly outlined below. The School District of Altoona is designated as the administrator of the OPEB plan and it reserves the right to alter, amend or terminate the OPEB at any time for any reason, without consent.

***Benefits Provided***

Teachers: At least age 55 with a minimum of 12 years of service and retiring prior to July 1, 2016. The District will contribute \$500 per month towards a retiree's medical premiums on the District's group health plan or with an insurance company of their choice. These contributions will continue for a period of 8 years but not to exceed Medicare-eligibility.

*Employees covered by benefit terms.* At June 30, 2017, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	29
Inactive plan members entitled to but not yet receiving benefit payments	0
Active plan members	176
	205

Note: Teachers that retire on or after July 1, 2016 are not eligible for an OPEB and will instead receive benefit that is funded each year of active service.

***Contributions***

Per Article 6 of the District's Trust Agreement the District shall make contributions to the Trust from time to time as required per contractual agreement, and, in addition, such other contributions, if any, as it may determine in its discretion. For the year ended June 30, 2017, the District's average contribution rate was 13.41 percent of covered-employee payroll.

***Investment***

*Investment policy.* The School Board of the School District of Altoona's policy in regard to the allocation of invested assets is established and may be amended by the School Board by a majority vote of its members. It is the policy of the School Board that all investments shall be made and administered in compliance with legal requirements, sections 25.50, 34.05, 34.08, 66.06.07, 120.11(3), 120.12(7), 120.16(5) Wisconsin State Statutes and other regulatory authorities. The following was the Schools Board's asset allocation policy as of June 30, 2017:



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NOTE 4 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan (Continued)

Single-Employer Plan Description (Continued)

*Investment (Continued)*

<u>Asset Class</u>	<u>Target Allocation</u>
Fixed Annuity	100.0%

*Rate of Return.* For the year ended June 30, 2017, the annual money-weighted rate of return, net of investment expenses, was 4.0 percent.

**Net OPEB Liability**

Total OPEB Liability - Ending (a)	\$ 4,964,322
Plan Fiduciary Net Position - Ending (b)	<u>665,637</u>
District's Net OPEB Liability - Ending (a) - (b)	<u>\$ 4,298,685</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.41%

The District's net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases:	3.0%
Assumed Rate of Return on Plan Assets	3.5%
Plan Participation of Future Retirees	100.0%
Discount Rate:	3.5%
Healthcare Cost Trend Rates	7.5% decreasing 0.5% per year to 6.5%, then by 0.1% per year down to 5.0%, and level thereafter

Mortality rates were based on the Wisconsin Projected Experience Table for Men and Women. The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period ending June 30, 2016.

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**NOTE 4 OTHER INFORMATION (CONTINUED)**

**C. Other Postemployment Benefit Plan (Continued)**

**Single-Employer Plan Description (Continued)**

***Actuarial Assumptions (Continued)***

The long-term expected rate of return on OPEB plan investments was determined based on the District's investment in a fixed annuity account which has a guaranteed minimum rate of return of not less than 3.50 percent. Given this information and based upon the actuary's determination that the level of asset in the District's trust will remain sufficient to pay future retiree benefits, the District determined a 3.50 percent long-term expected rate of return to be reasonable for valuation purposes. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long- Term Expected Real Rate of Return</u>
Fixed Annuity	100.0%	350.0%

***Discount Rate***

The discount rate used to measure the total OPEB liability was 3.5 percent. The projection of cash flows used to determine the discount rate assumed the District contributions will be made at rates equal to the actuarially determined contributions rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Further, the discount rate was determined by looking at actual investment returns for the last three years and take the rounded average, therefore a discount rate of 3.5 percent was used in calculating the District's OPEB liabilities.

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
<b>Balances at June 30, 2016</b>	\$ 5,267,615	\$ 654,836	\$ 4,612,779
<b>Changes for the year:</b>			
Service Cost	136,472	-	136,472
Interest	175,979	-	175,979
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	-
Changes of Assumptions or Other Input	-	-	-
Contributions - Employer	-	615,744	(615,744)
Contributions - Employee	-	-	-
Net Investment Income	-	10,801	(10,801)
Benefit Payments	(615,744)	(615,744)	-
Administrative Expense	-	-	-
<b>Net Changes</b>	<u>(303,293)</u>	<u>10,801</u>	<u>(314,094)</u>
<b>Balances at June 30, 2017</b>	<u>\$ 4,964,322</u>	<u>\$ 665,637</u>	<u>\$ 4,298,685</u>

SCHOOL DISTRICT OF ALTOONA  
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NOTE 4 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan (Continued)

**Single-Employer Plan Description (Continued)**

***Sensitivity of the net OPEB liability to changes in the discount rate***

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

		1% Decrease (2.50%)	Current Discount Rate (3.5%)	1% Increase (4.50%)
Net OPEB Liability	6/30/17	<u>\$ 4,533,547</u>	<u>\$ 4,298,685</u>	<u>\$ 4,071,476</u>

***Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates***

The following presents the net OPEB liability of the District, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (8.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

		1% Decrease (6.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% decreasing to 5.0%)	1% Increase (8.5% decreasing to 6.0%)
Net OPEB Liability	6/30/17	<u>\$ 4,140,016</u>	<u>\$ 4,298,685</u>	<u>\$ 4,474,569</u>

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

For the year ended June 30, 2017, the District recognized OPEB expense of \$615,744. At June 30, 2017, the District did not report deferred outflows of resources or deferred inflows of resources related to OPEB.

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**NOTE 4 OTHER INFORMATION (CONTINUED)**

**D. Employee Benefit Trust**

The District has established an employee benefit trust fund to account for resources placed into a trust to assist in funding the District's other postemployment benefit obligations (see Notes 4.C). The District contributed \$753,296 to the fund during 2016-2017. The annual required contribution (ARC) was established at \$753,296 as estimated under a process that utilizes an actuarial cost method and actuarial assumptions to project future benefit payments. The employee benefit trust fund had net position of \$665,637 at June 30, 2017.

**E. Limitation on School District Revenues**

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

This limitation does not apply to revenues needed for payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

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

**F. Risk Management**

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

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**NOTE 4 OTHER INFORMATION (CONTINUED)**

**G. Change in Accounting Principle**

During the year ended June 30, 2017, the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The pronouncement requires the restatement of the June 30, 2016 net position of the governmental activities for the District's Other Postemployment Benefits plan.

	<u>Governmental Activities</u>
Net Position, June 30, 2016, as Previously Reported	\$ 10,327,911
Cumulative Affect of Application of GASB 75, Net OPEB Liability	<u>(2,303,121)</u>
Net Position, June 30, 2016, as Restated	<u>\$ 8,024,790</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

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

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 4,411,019	\$ 4,411,019	\$ 4,411,019	\$ -
Other Local Sources	96,250	96,250	91,420	(4,830)
Interdistrict Sources	1,496,658	1,496,658	1,690,903	194,245
Intermediate Sources	140,166	140,166	223,035	82,869
State Sources	12,607,370	12,607,370	12,561,711	(45,659)
Federal Sources	609,740	609,740	573,126	(36,614)
Other Revenues	38,500	38,500	17,263	(21,237)
Total Revenues	<u>19,399,703</u>	<u>19,399,703</u>	<u>19,568,477</u>	<u>168,774</u>
<b>EXPENDITURES</b>				
Instruction:				
Undifferentiated Curriculum	3,343,428	3,343,428	3,231,503	111,925
Regular Curriculum	4,216,928	4,216,928	4,056,232	160,696
Vocational Curriculum	442,568	442,568	435,376	7,192
Special Curriculum	2,113,901	2,113,901	2,092,830	21,071
Physical Curriculum	375,979	375,979	366,658	9,321
Co-Curricular Activities	312,158	312,158	276,458	35,700
Other Special Needs	103,317	103,317	98,611	4,706
Total Instruction	<u>10,908,279</u>	<u>10,908,279</u>	<u>10,557,668</u>	<u>350,611</u>
Support Services:				
Pupil Services	890,146	890,146	877,151	12,995
Instructional Staff Services	1,215,487	1,215,487	1,280,742	(65,255)
General Administration	399,896	399,896	413,491	(13,595)
Building Administration	934,559	934,559	937,703	(3,144)
Business Services	313,863	313,863	273,543	40,320
Operation and Maintenance	1,675,915	1,675,915	1,731,070	(55,155)
Facilities Acquisition/Remodeling	1,100	1,100	52,062	(50,962)
Pupil Transportation	886,700	886,700	732,427	154,273
Internal Services	23,200	23,200	19,307	3,893
Central Services	103,370	103,370	104,344	(974)
Insurance and Judgments	164,700	164,700	140,125	24,575
Debt Service	20,000	20,000	168,714	(148,714)
Other Support Services	2,960	2,960	8,753	(5,793)
Total Support	<u>6,631,896</u>	<u>6,631,896</u>	<u>6,739,432</u>	<u>(107,536)</u>
Non-Program:				
Instructional Services	1,217,801	1,217,801	1,446,482	(228,681)
Other Non-Program	1,200	1,200	70,558	(69,358)
Total Non-Program	<u>1,219,001</u>	<u>1,219,001</u>	<u>1,517,040</u>	<u>(298,039)</u>
Total Expenditures	<u>18,759,176</u>	<u>18,759,176</u>	<u>18,814,140</u>	<u>(54,964)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	640,527	640,527	754,337	113,810
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(400,000)	(400,000)	(400,000)	-
<b>NET CHANGE IN FUND BALANCE</b>	240,527	240,527	354,337	113,810
Fund Balance, Beginning of Year	1,968,872	1,968,872	1,968,872	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 2,209,399</u>	<u>\$ 2,209,399</u>	<u>\$ 2,323,209</u>	<u>\$ 113,810</u>

See accompanying Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF ALTOONA  
ALTOONA, WISCONSIN  
SCHEDULE OF CHANGES IN THE DISTRICT'S OPEB LIABILITY AND RELATED RATIOS  
LAST TEN FISCAL YEARS  
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

	2017
<b>Total OPEB Liability</b>	
Service Cost	\$ 136,472
Interest	175,979
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions or Other Input	-
Benefit Payments	(615,744)
<b>Net Change in Total OPEB Liability</b>	<b>(303,293)</b>
<b>Total OPEB Liability - Beginning</b>	<b>5,267,615</b>
<b>Total OPEB Liability - Ending (a)</b>	<b>\$ 4,964,322</b>
 <b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 615,744
Contributions - Employee	-
Net Investment Income	10,801
Benefit Payments	(615,744)
Administrative Expense	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>10,801</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>654,836</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 665,637</b>
<b>District's Net OPEB Liability - Ending (a) - (b)</b>	<b>\$ 4,298,685</b>
 <b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>	<b>13.41%</b>
<b>Covered Payroll</b>	<b>\$ 4,408,792</b>
<b>District's Net OPEB Liability as a Percentage of Covered Payroll</b>	<b>97.50%</b>

See accompanying Notes to Required Supplementary Information.



**SCHOOL DISTRICT OF ALTOONA  
ALTOONA, WISCONSIN  
SCHEDULE OF DISTRICT'S CONTRIBUTION TO OPEB PLAN  
LAST TEN FISCAL YEARS  
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

	2017
Actuarially Determined Contribution (ADC)	\$ 618,597
Contributions in Relation to the Actuarially Determined Contribution	615,744
Contribution Deficiency (Excess)	\$ 2,853
Covered Payroll	\$ 4,408,792
Contributions as a Percentage of Covered Payroll	13.97%

Notes to Schedule

Valuation Date: June 30, 2016

Measurement Date: June 30, 2017

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuary Cost Method:	Entry Age Normal
Amortization Method:	12 year Level Percent of Salary
Asset Valuation Method:	Market Value
Inflation:	2.5%
Discount Rate:	3.5%
Healthcare Cost Trend Rates	7.5% decreasing 0.5% per year to 6.5%, then by 0.1% per year down to 5.0%, and level thereafter
Salary Increases:	3.0%
Investment Rate of Return:	3.5%
Plan Participation:	100% of future retirees

See accompanying Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF ALTOONA  
ALTOONA, WISCONSIN  
SCHEDULE OF DISTRICT'S INVESTMENT RETURNS ON OPEB PLAN ASSETS  
LAST TEN FISCAL YEARS  
(SCHEDULE IS PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

Annual Money-Weighted Rate of Return,  
Net of Investment Expense

Year

2017	3.50%
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**SCHOOL DISTRICT OF ALTOONA  
ALTOONA, WISCONSIN  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF  
WISCONSIN RETIREMENT SYSTEM NET PENSION PLAN (ASSET) LIABILITY  
LAST TEN FISCAL YEARS  
(PRESENTED PROSPECTIVELY FROM IMPLEMENTATION)**

	2015	2016	2017
District's proportion of the net pension liability (asset)	0.05945826%	0.06070019%	0.06196102%
District's proportionate share of the net pension liability (asset)	\$ (1,460,458)	\$ 986,366	\$ 510,707
District's covered payroll	\$ 8,486,195	\$ 8,815,968	\$ 9,133,307
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	17.21%	11.19%	5.59%
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 a measurement date of 12/31 that occurred within the fiscal year.

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

	Year Ended June 30, 2015	Year Ended June 30, 2016	Year Ended June 30, 2017
Contractually Required Contribution	\$ 596,084	\$ 602,003	\$ 620,721
Contributions in Relation to the Contractually Required Contributions	(596,084)	(602,003)	(620,721)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 8,672,057	\$ 9,020,160	\$ 9,229,691
Contributions as a Percentage of Covered Payroll	6.87%	6.67%	6.73%

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

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

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

**BUDGETARY INFORMATION**

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

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

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

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

Budget amounts in the financial statements include both original adopted budget and the final budget.

**SUPPLEMENTARY INFORMATION**

**COMBINING AND INDIVIDUAL FUND STATEMENTS**

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

	<u>Special Revenue Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Special Projects</u>	<u>Food Service</u>	<u>Community Service</u>	
<b>ASSETS</b>				
Cash and Investments	\$ 39,118	\$ 120,235	\$ 5,540	\$ 164,893
Due from Other Governments	-	9,572	-	9,572
<b>Total Assets</b>	<b><u>\$ 39,118</u></b>	<b><u>\$ 129,807</u></b>	<b><u>\$ 5,540</u></b>	<b><u>\$ 174,465</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ -	\$ -	\$ 679	\$ 679
Unearned Revenue	-	17,442	-	17,442
Accrued Liabilities	-	2,481	400	2,881
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>19,923</u></b>	<b><u>1,079</u></b>	<b><u>21,002</u></b>
<b>Fund Balances:</b>				
Restricted	<u>39,118</u>	<u>109,884</u>	<u>4,461</u>	<u>153,463</u>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 39,118</u></b>	<b><u>\$ 129,807</u></b>	<b><u>\$ 5,540</u></b>	<b><u>\$ 174,465</u></b>



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

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Special Projects	Food Service	Community Services	
<b>REVENUES</b>				
Local Sources	\$ 48,815	\$ 234,547	\$ 100,000	\$ 383,362
State Sources	-	16,853	-	16,853
Federal Sources	-	339,793	-	339,793
Total Revenues	<u>48,815</u>	<u>591,193</u>	<u>100,000</u>	<u>740,008</u>
<b>EXPENDITURES</b>				
Instruction:				
Undifferentiated Curriculum	51	-	-	51
Regular Curriculum	5,326	-	-	5,326
Vocational Curriculum	25,000	-	-	25,000
Co-Curricular Activities	300	-	-	300
Total Instruction	<u>30,677</u>	<u>-</u>	<u>-</u>	<u>30,677</u>
Support Services:				
Food Service	-	811,993	-	811,993
Community Service	-	-	65,351	65,351
Central Services	-	-	12,752	12,752
Other Support Services	-	-	30,240	30,240
Total Support Services	<u>-</u>	<u>811,993</u>	<u>108,343</u>	<u>920,336</u>
Total Expenditures	<u>30,677</u>	<u>811,993</u>	<u>108,343</u>	<u>951,013</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	18,138	(220,800)	(8,343)	(211,005)
Fund Balances, Beginning of Year	<u>20,980</u>	<u>330,684</u>	<u>12,804</u>	<u>364,468</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 39,118</u>	<u>\$ 109,884</u>	<u>\$ 4,461</u>	<u>\$ 153,463</u>

**SCHOOL DISTRICT OF ALTOONA**  
**ALTOONA, WISCONSIN**  
**DEBT SERVICE FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2017**

	Non- Referendum Debt Service	Referendum Debt Service	Total
<b>ASSETS</b>			
Cash and Investments	\$ 150,571	\$ 740,714	\$ 891,285
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Fund Balances:</b>			
Restricted	\$ 150,571	\$ 740,714	\$ 891,285

**SCHOOL DISTRICT OF ALTOONA  
ALTOONA, WISCONSIN  
DEBT SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2017**

	Non- Referendum Debt Service	Referendum Debt Service	Total
<b>REVENUES</b>			
Local Sources:			
Property Taxes	\$ 50,000	\$ 1,736,593	\$ 1,786,593
Other Local Sources	-	1,857	1,857
Total Revenues	<u>50,000</u>	<u>1,738,450</u>	<u>1,788,450</u>
<b>EXPENDITURES</b>			
Debt Service:			
Principal Retirement	-	1,055,000	1,055,000
Interest and Fiscal Fees	-	695,140	695,140
Total Expenditures	<u>-</u>	<u>1,750,140</u>	<u>1,750,140</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	50,000	(11,690)	38,310
<b>OTHER FINANCING SOURCES:</b>			
Transfers In	<u>-</u>	<u>400,000</u>	<u>400,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	50,000	388,310	438,310
Fund Balances, Beginning of Year	<u>100,571</u>	<u>352,404</u>	<u>452,975</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 150,571</u>	<u>\$ 740,714</u>	<u>\$ 891,285</u>

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

	Original Budgets				Final Budgets				Actuals			
	Fund 10 General	Fund 27 Special	Elimination	Combined	Fund 10 General	Fund 27 Special	Elimination	Combined	Fund 10 General	Fund 27 Special	Elimination	Combined
	Fund	Education Fund			Fund	Education Fund			Fund	Education Fund		
<b>REVENUES</b>												
Local Sources:												
Property Taxes	\$ 4,411,019	\$ -	\$ -	\$ 4,411,019	\$ 4,411,019	\$ -	\$ -	\$ 4,411,019	\$ 4,411,019	\$ -	\$ -	\$ 4,411,019
Other Local Sources	96,250	-	-	96,250	96,250	-	-	96,250	91,420	-	-	91,420
Interdistrict Sources	1,391,800	104,858	-	1,496,658	1,391,800	104,858	-	1,496,658	1,629,397	61,506	-	1,690,903
Intermediate Sources	83,442	56,724	-	140,166	83,442	56,724	-	140,166	69,478	153,557	-	223,035
State Sources	11,991,744	615,626	-	12,607,370	11,991,744	615,626	-	12,607,370	11,941,974	619,737	-	12,561,711
Federal Sources	405,000	204,740	-	609,740	405,000	204,740	-	609,740	369,646	203,480	-	573,126
Other Revenues	38,500	-	-	38,500	38,500	-	-	38,500	17,013	250	-	17,263
Total Revenues	18,417,755	981,948	-	19,399,703	18,417,755	981,948	-	19,399,703	18,529,947	1,038,530	-	19,568,477
<b>EXPENDITURES</b>												
Instruction:												
Undifferentiated Curriculum	3,343,428	-	-	3,343,428	3,343,428	-	-	3,343,428	3,231,503	-	-	3,231,503
Regular Curriculum	4,216,928	-	-	4,216,928	4,216,928	-	-	4,216,928	4,056,232	-	-	4,056,232
Vocational Curriculum	442,568	-	-	442,568	442,568	-	-	442,568	435,376	-	-	435,376
Special Curriculum	-	2,113,901	-	2,113,901	-	2,113,901	-	2,113,901	-	2,092,830	-	2,092,830
Physical Curriculum	375,979	-	-	375,979	375,979	-	-	375,979	366,658	-	-	366,658
Co-Curricular Activities	312,158	-	-	312,158	312,158	-	-	312,158	276,458	-	-	276,458
Other Special Needs	103,317	-	-	103,317	103,317	-	-	103,317	98,386	225	-	98,611
Total Instruction	8,794,378	2,113,901	-	10,908,279	8,794,378	2,113,901	-	10,908,279	8,464,613	2,093,055	-	10,557,668
Support Services:												
Pupil Services	568,755	321,391	-	890,146	568,755	321,391	-	890,146	582,900	294,251	-	877,151
Instructional Staff Services	1,018,067	197,420	-	1,215,487	1,018,067	197,420	-	1,215,487	1,083,457	197,285	-	1,280,742
General Administration	399,896	-	-	399,896	399,896	-	-	399,896	413,491	-	-	413,491
Building Administration	934,559	-	-	934,559	934,559	-	-	934,559	937,703	-	-	937,703
Fiscal	313,863	-	-	313,863	313,863	-	-	313,863	273,543	-	-	273,543
Operation and Maintenance	1,675,915	-	-	1,675,915	1,675,915	-	-	1,675,915	1,731,070	-	-	1,731,070
Facilities Acquisition/Remodeling	1,100	-	-	1,100	1,100	-	-	1,100	52,062	-	-	52,062
Pupil Transportation	770,700	116,000	-	886,700	770,700	116,000	-	886,700	603,153	129,274	-	732,427
Internal Services	23,200	-	-	23,200	23,200	-	-	23,200	19,307	-	-	19,307
Central Services	103,370	-	-	103,370	103,370	-	-	103,370	104,344	-	-	104,344
Insurance and Judgments	164,700	-	-	164,700	164,700	-	-	164,700	140,125	-	-	140,125
Debt Service	20,000	-	-	20,000	20,000	-	-	20,000	168,714	-	-	168,714
Other Support Services	2,960	-	-	2,960	2,960	-	-	2,960	8,753	-	-	8,753
Total Support	5,997,085	634,811	-	6,631,896	5,997,085	634,811	-	6,631,896	6,118,622	620,810	-	6,739,432
Non-Program:												
Instructional Services	1,125,000	92,801	-	1,217,801	1,125,000	92,801	-	1,217,801	1,344,850	101,632	-	1,446,482
Other Non-Program	1,200	-	-	1,200	1,200	-	-	1,200	15,253	55,305	-	70,558
Total Non-Program	1,126,200	92,801	-	1,219,001	1,126,200	92,801	-	1,219,001	1,360,103	156,937	-	1,517,040
Total Expenditures	15,917,663	2,841,513	-	18,759,176	15,917,663	2,841,513	-	18,759,176	15,943,338	2,870,802	-	18,814,140
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	2,500,092	(1,859,565)	-	640,527	2,500,092	(1,859,565)	-	640,527	2,586,609	(1,832,272)	-	754,337
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers Out	(2,259,790)	-	1,859,790	(400,000)	(2,259,790)	-	1,859,790	(400,000)	(2,232,272)	-	1,832,272	(400,000)
Transfers In	-	1,859,790	(1,859,790)	-	-	1,859,790	(1,859,790)	-	-	1,832,272	(1,832,272)	-
Total Other Financing Sources (Uses)	(2,259,790)	1,859,790	-	(400,000)	(2,259,790)	1,859,790	-	(400,000)	(2,232,272)	1,832,272	-	(400,000)
<b>NET CHANGE IN FUND BALANCE</b>	240,302	225	-	240,527	240,302	225	-	240,527	354,337	-	-	354,337
Fund Balance, Beginning of Year	1,968,872	-	-	1,968,872	1,968,872	-	-	1,968,872	1,968,872	-	-	1,968,872
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 2,209,174</b>	<b>\$ 225</b>	<b>\$ -</b>	<b>\$ 2,209,399</b>	<b>\$ 2,209,174</b>	<b>\$ 225</b>	<b>\$ -</b>	<b>\$ 2,209,399</b>	<b>\$ 2,323,209</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,323,209</b>

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

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 4,411,019	\$ 4,411,019	\$ 4,411,019	\$ -
Other Local Sources	96,250	96,250	91,420	(4,830)
Interdistrict Sources	1,391,800	1,391,800	1,629,397	237,597
Intermediate Sources	83,442	83,442	69,478	(13,964)
State Sources	11,991,744	11,991,744	11,941,974	(49,770)
Federal Sources	405,000	405,000	369,646	(35,354)
Other Sources	38,500	38,500	17,013	(21,487)
Total Revenues	<u>18,417,755</u>	<u>18,417,755</u>	<u>18,529,947</u>	<u>112,192</u>
<b>EXPENDITURES</b>				
<b>Instruction:</b>				
Undifferentiated Curriculum	3,343,428	3,343,428	3,231,503	111,925
Regular Curriculum	4,216,928	4,216,928	4,056,232	160,696
Vocational Curriculum	442,568	442,568	435,376	7,192
Physical Curriculum	375,979	375,979	366,658	9,321
Co-Curricular Activities	312,158	312,158	276,458	35,700
Other Special Needs	103,317	103,317	98,386	4,931
Total Instruction	<u>8,794,378</u>	<u>8,794,378</u>	<u>8,464,613</u>	<u>329,765</u>
<b>Support Services:</b>				
Pupil Services	568,755	568,755	582,900	(14,145)
Instructional Staff Services	1,018,067	1,018,067	1,083,457	(65,390)
General Administration	399,896	399,896	413,491	(13,595)
School Building Administration	934,559	934,559	937,703	(3,144)
Fiscal	313,863	313,863	273,543	40,320
Operation and Maintenance	1,675,915	1,675,915	1,731,070	(55,155)
Facilities Acquisition/Remodeling	1,100	1,100	52,062	(50,962)
Pupil Transportation	770,700	770,700	603,153	167,547
Internal Services	23,200	23,200	19,307	3,893
Central Services	103,370	103,370	104,344	(974)
Insurance and Judgments	164,700	164,700	140,125	24,575
Debt Services	20,000	20,000	168,714	(148,714)
Other Support Services	2,960	2,960	8,753	(5,793)
Total Support Services	<u>5,997,085</u>	<u>5,997,085</u>	<u>6,118,622</u>	<u>(121,537)</u>
<b>Non-Program:</b>				
Instructional Services	1,125,000	1,125,000	1,344,850	(219,850)
Other Non-Program	1,200	1,200	15,253	(14,053)
Total Non-Program	<u>1,126,200</u>	<u>1,126,200</u>	<u>1,360,103</u>	<u>(233,903)</u>
Total Expenditures	<u>15,917,663</u>	<u>15,917,663</u>	<u>15,943,338</u>	<u>(25,675)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	2,500,092	2,500,092	2,586,609	86,517
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(2,259,790)	(2,259,790)	(2,232,272)	27,518
<b>NET CHANGE IN FUND BALANCE</b>	240,302	240,302	354,337	114,035
Fund Balance, Beginning of Year	1,968,872	1,968,872	1,968,872	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 2,209,174</u>	<u>\$ 2,209,174</u>	<u>\$ 2,323,209</u>	<u>\$ 114,035</u>

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

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interdistrict Sources	\$ 104,858	\$ 104,858	\$ 61,506	\$ (43,352)
Intermediate Sources	56,724	56,724	153,557	96,833
State Sources	615,626	615,626	619,737	4,111
Federal Sources	204,740	204,740	203,480	(1,260)
Other Sources	-	-	250	250
Total Revenues	<u>981,948</u>	<u>981,948</u>	<u>1,038,530</u>	<u>56,582</u>
<b>EXPENDITURES</b>				
<b>Instruction:</b>				
Special Education Curriculum	2,113,901	2,113,901	2,092,830	21,071
Other Special Needs	225	225	225	-
Total Instruction	<u>2,114,126</u>	<u>2,114,126</u>	<u>2,093,055</u>	<u>21,071</u>
<b>Support Services:</b>				
Pupil Services	321,391	321,391	294,251	27,140
Instructional Staff Services	197,420	197,420	197,285	135
Pupil Transportation	116,000	116,000	129,274	(13,274)
Total Support Services	<u>634,811</u>	<u>634,811</u>	<u>620,810</u>	<u>14,001</u>
<b>Non-Program:</b>				
Instructional Services	92,801	92,801	101,632	(8,831)
Other Non-Program	-	-	55,305	(55,305)
Total Non-Program	<u>92,801</u>	<u>92,801</u>	<u>156,937</u>	<u>(64,136)</u>
Total Expenditures	<u>2,841,738</u>	<u>2,841,738</u>	<u>2,870,802</u>	<u>(29,064)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(1,859,790)	(1,859,790)	(1,832,272)	27,518
<b>OTHER FINANCING SOURCES</b>				
Transfers In	<u>1,859,790</u>	<u>1,859,790</u>	<u>1,832,272</u>	<u>(27,518)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SCHOOL DISTRICT OF ALTOONA  
ALTOONA, WISCONSIN  
STUDENT ACTIVITY FUNDS  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
YEAR ENDED JUNE 30, 2017**

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
<b>ASSETS</b>				
Cash and Investments	<u>\$ 109,563</u>	<u>\$ 78,770</u>	<u>\$ 99,563</u>	<u>\$ 88,770</u>
<b>LIABILITIES</b>				
High School	\$ 76,739	\$ 73,157	\$ 92,183	\$ 57,713
Middle School	10,633	4,903	596	14,940
Intermediate School	1,086	289	-	1,375
Elementary School	<u>21,105</u>	<u>421</u>	<u>6,784</u>	<u>14,742</u>
Total Liabilities	<u>\$ 109,563</u>	<u>\$ 78,770</u>	<u>\$ 99,563</u>	<u>\$ 88,770</u>

## **SINGLE AUDIT SECTION**



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

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA #	Pass-Through Entity	Pass-Through Entity Identifying Number	Amount Passed Through to Subrecipients	Accrued Receivable (Unearned Revenue) July 1, 2016	Expenditures	Grant Reimburse- ments	Accrued Receivable (Unearned Revenue) June 30, 2017
<u>U.S. Department of Agriculture</u>								
School Breakfast Program	X 10.553	WI DPI	2017-180112-SB-546	\$ -	\$ -	\$ 76,948	\$ 74,403	\$ 2,545
Food Distribution	X 10.555	WI DPI	A001-00000-180112	-	-	41,895	41,895	-
National School Lunch Program	X 10.555	WI DPI	2017-180112-NSL-547	-	-	220,951	213,924	7,027
Total Child Nutrition Cluster				-	-	339,794	330,222	9,572
<u>U.S. Department of Education</u>								
Title I-A	X 84.010	WI DPI	17-180112-Title I-141	-	255,314	218,012	423,757	49,569
Special Education Cluster								
IDEA - Flow Through	84.027	WI DPI	2017-180112-IDEA-341	-	158,365	185,766	307,493	36,638
IDEA - Flow Through SWS	84.027	WI DPI	2017-180112-IDEA-341	-	160,000	151,634	160,000	151,634
IDEA - Preschool Entitlement	84.173	WI DPI	17-180112-Pre-S-347	-	2,567	6,917	7,819	1,665
Total Special Education Cluster				-	576,246	562,329	899,069	239,506
Special Education - State Personnel Development	84.323	WI DPI	2016-17-180112-SPDG-349	-	9,075	10,797	15,695	4,177
Title III-A	84.365	CESA 10	17-180112-Title III A-391	-	2,558	2,028	2,558	2,028
Title II-A	84.367	CESA 10	17-180112-Title II-365	-	42,747	41,126	42,747	41,126
Total Department of Education				-	630,626	616,280	960,069	286,837
<u>U.S. Department of Health and Human Services</u>								
Medical Assistance Program	93.778	WI DHS / CESA 10	Provider #44231500	-	8,421	140,472	106,515	42,378
Total Federal Program Awards				\$ -	\$ 639,047	\$ 1,096,546	\$ 1,396,806	\$ 338,787

X = Major Federal Program

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

Award Agency/ Award Description	State I.D. Number	Pass-Through Entity	State Grant ID	Accrued Receivable (Unearned Revenue) July 1, 2016	Expenditures	State Reimburse- ments	Accrued Receivable (Unearned Revenue) June 30, 2017
<u>Wisconsin Department of Public Instruction</u>							
Major State Programs:							
Student Achievement Guarantee in Education	255.504	WI DPI	LEA-160	\$ -	\$ 461,026	\$ 461,026	\$ -
General Equalization	255.201	WI DPI	LEA-116	159,794	10,993,644	10,965,882	187,556
Total Major Programs				159,794	11,454,670	11,426,908	187,556
Nonmajor State Programs:							
Handicapped Pupils and School Age Parents:							
Internal District Programs	255.101	[1] WI DPI	LEA-100	-	619,334	619,334	-
Participant in Co-op Program		CESA 10		-	14,313	14,313	-
Total Handicapped Pupils and School Age Parents				-	633,647	633,647	-
State Lunch	255.102	WI DPI	LEA-107	-	6,465	6,465	-
Common School Fund	255.103	WI DPI	LEA-104	-	57,683	57,683	-
Pupil Transportation	255.107	WI DPI	LEA-102	-	29,940	29,940	-
WI School Day Milk Program	255.109	WI DPI	LEA-109	-	4,989	4,989	-
Alcohol and Drug Abuse Program:	255.306	WI DPI	LEA-143	913	-	913	-
School Breakfast Program	255.344	WI DPI	LEA-108	-	5,399	5,399	-
Peer Review and Mentor Grant	255.301	School District of Fall Creek	16-18-1729-PRMG	6,178	-	6,178	-
Educator Effectiveness	255.940	WI DPI	LEA-154	9,997	10,640	20,637	-
Per Pupil Aid	255.945	WI DPI	LEA-113	221,100	366,250	587,350	-
Career and Technical Education Incentive Grants	255.950	WI DPI	LEA-151 LEA-152	-	7,048	7,048	-
Assessments of Reading Readiness	255.956	WI DPI	LEA-166	-	2,893	2,893	-
Aid for Special Ed Transition Grant	255.960	WI DPI	LEA-168	-	403	403	-
Total Nonmajor Programs				238,188	1,125,357	1,363,545	-
Total State Financial Assistance				\$ 397,982	\$ 12,580,027	\$ 12,790,453	\$ 187,556

[1] District's 2016-2017 Aidable Costs Reported to DPI Totaled \$2,564,074.

See accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

**SCHOOL DISTRICT OF ALTOONA  
ALTOONA, WISCONSIN  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2017**

**NOTE 1 GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance present the expenditures of all federal financial assistance programs and state financial assistance of the District subject to inclusion under the federal and state single audit requirements. The reporting entity is defined in Note 1 to the financial statements.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the modified accrual basis of accounting, which is described in Note 1 to the District's financial statements.

**NOTE 3 FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed for the USDA Commodities Program (CFDA #10.555).

**NOTE 4 INDIRECT COSTS**

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

**NOTE 5 MEDICAL ASSISTANCE**

Expenditures presented for the Medicaid School Based Services (SBS) Benefit represent only the federal funds for the program that the District receives from the Department of Health Services (DHS). District records should be consulted to determine the total amount expended for this program.



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

Board of Education  
School District of Altoona  
Altoona, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the School District of Altoona, Wisconsin (District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 28, 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We consider items 2017-001 and 2017-002 in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

**Compliance and Other Matters**


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

**School District of Altoona's Responses to Findings**

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

**Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Eau Claire, Wisconsin  
November 28, 2017

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *THE UNIFORM GUIDANCE AND STATE SINGLE AUDIT GUIDELINES***

Board of Education  
School District of Altoona  
Altoona, Wisconsin

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

We have audited the School District of Altoona, Wisconsin's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017. We have also audited the District's compliance with types of compliance requirements described in the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration that are applicable to each of its major state programs (including federal programs required to be tested as major state programs) for the same period. The District's major federal programs and major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration. Those standards, the Uniform Guidance and state guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal 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 opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination on the District's compliance.

***Basis for Qualified Opinion on State Major Program – State Special Education Aids #255.101***

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding State Major Program – Special Education, State ID #255.101 as described in finding number 2017-003. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

***Qualified Opinion on State Major Program – State Special Education Aids #255.101***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the State Major Program – Special Education Aids #255.101, for the year ended June 30, 2017.

***Unmodified Opinion on Each of the Other Major Federal and State Programs***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and other major state programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2017.

***School District of Altoona's Response to the Noncompliance Finding***

The School District of Altoona's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

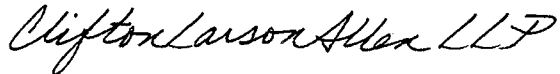
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material

weaknesses or significant deficiencies may exist that were not identified. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2017-003 to be a material weakness.

**School District of Altoona's Response to the Internal Control Over Compliance Finding**

The School District of Altoona's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on this response.

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



**CliftonLarsonAllen LLP**

Eau Claire, Wisconsin  
November 28, 2017



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

**PART I: SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditors' report issued: Unmodified  
 Internal control over financial reporting:  
 • Material weakness(es) identified   X   yes        none reported  
 • Significant deficiency(ies) identified that are not considered to be material weaknesses?        yes   X   none reported

Noncompliance material to financial statements noted?        yes   X   none reported

**Federal Awards**

Internal control over major programs:  
 • Material weakness(es) identified?        yes   X   none reported  
 • Significant deficiency(ies) identified that are not considered to be material weakness(es)?        yes   X   none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?        yes   X   none reported

Identification of major Federal programs:

<b><u>CFDA Number(s)</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
84.010	Title I
10.553, 10.555, 10.556, 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs:   \$750,000  

Auditee qualified as low-risk auditee?        yes   X   no

**SCHOOL DISTRICT OF ALTOONA  
ALTOONA, WISCONSIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2017**

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

**State Awards**

Internal control over major programs:

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

Type of auditors' report issued on compliance for major programs Modified

Any audit findings disclosed that are required to be reported in accordance with the *State Single Audit Guidelines*?  yes  none reported

Identification of major State programs:

<u>State ID Number(s)</u>	<u>Name of State Program or Cluster</u>
255.201	General Equalization Aids
255.101	Special Education
255.945	Per Pupil Aid

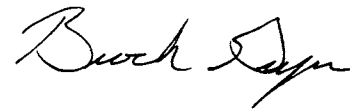
Dollar threshold used to distinguish between type A and type B programs: \$250,000

Auditee qualified as low-risk auditee?  yes  no

**OTHER ISSUES**

1. Do the auditors' report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? No
2. Does the auditors' report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weaknesses, significant deficiencies, management letter comments, excess revenue or excess reserve) related to grants or contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:
 

Department of Public Instruction	Yes
Department of Health Services	No
3. Was a management letter or other document conveying audit comments issued as a result of this audit? No



4. Name and signature of Principal Brock Geyen, CPA
5. Date of Report November 28, 2017

**SCHOOL DISTRICT OF ALTOONA  
ALTOONA, WISCONSIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2017**

**PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS:**

**FINDING: 2017-001 Limited Segregation Of Duties**

**Criteria:** Generally, a system of internal control contemplates separation of duties such that no individual has responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction.

**Condition:** The auditors noted during the audit that the available staff precludes a proper separation of duties to assure adequate internal control.

**Context:** The limited size of the District's staff responsible for accounting and financial duties precludes a complete segregation of incompatible duties. The District has informed us that it may not be cost effective to hire the additional personnel required to achieve complete segregation of duties.

**Cause:** The condition is due to limited staff available.

**Effect:** Lack of segregation of duties could result in a financial statement misstatement, caused by error or fraud that would not be detected or prevented by District staff.

**Recommendation:** The District should continue to evaluate its staffing in order to segregate incompatible duties whenever possible.

**Views of Responsible Officials and Planned Corrective Actions:** The District continues to work to achieve segregation of duties whenever cost effective. The District Business Manager is the official responsible for ensuring corrective action of the deficiency.

**SCHOOL DISTRICT OF ALTOONA  
ALTOONA, WISCONSIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2017**

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

**FINDING: 2017-002 Material Audit Adjustments**

**Criteria:** The District should have controls in place to prevent or detect a material misstatement in the financial statements in a timely manner.

**Condition:** The audit firm proposed and the District posted to its general ledger accounts adjusting journal entries for correcting certain misstatements.

**Context:** The District has informed us that they will continue to rely upon the audit firm to propose such audit adjustments as are necessary to adjust accounts in accordance with Generally Accepted Accounting Principles (GAAP). Management will review and approve those entries prior to recording them.

**Cause:** The District has not established controls to ensure that all accounts are adjusted to their appropriate year end balances in accordance with GAAP.

**Effect:** The financial statements of the District may include inaccurate information not detected or prevented by District staff.

**Recommendation:** The District should continue to evaluate its internal control processes to determine if additional internal control procedures should be implemented to ensure that accounts are adjusted to their appropriate year end balances in accordance with GAAP.

**Views of Responsible Officials and Planned Corrective Actions:** The District will continue to rely upon the audit firm to propose audit adjustments necessary to adjust accounts in accordance with GAAP. Management will review, approve and accept these entries prior to recording them. The District Business Manager is the official responsible for ensuring corrective action of the deficiency.

**PART III: FINDINGS RELATED TO MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS:**

None

SCHOOL DISTRICT OF ALTOONA  
ALTOONA, WISCONSIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2017

**PART IV: FINDINGS RELATED TO MAJOR STATE FINANCIAL ASSISTANCE PROGRAMS:**

**FINDING: 2017-003 Material Weakness – State Special Education Aid Deficiencies (State ID #255.101)**

**Criteria:** District staff must be appropriately licensed for related payroll expenditures to be eligible for special education categorical aid. The license must cover ages/grades of staff's particular assignment. The Department of Public Instruction (DPI) maintains a special education listing for each fiscal year.

**Condition:** During review of the "Educators Without Valid Licenses" list obtained from DPI, it was noted the District had staff that were identified as not being properly licensed.

**Context:** During our testing and review of the "Educators Without Valid Licenses" list it was noted the District had one individual identified on the list.

**Questioned Costs:** None.

**Cause:** The form PI-1202 filed with the Department of Instruction by the District included an individual that is not licensed and should not have been reported. The cause was a clerical error when entering function codes for personnel. The District did not actually claim aid on the salary costs for the unlicensed individual.

**Effect:** The District's special education categorical aid expenditures could have been misreported resulting in a miscalculation of subsequent year's categorical aid payment.

**Recommendation:** The District should review its procedures to ensure only eligible staff members are being reported for special education categorical aid.

**Views of Responsible Officials and Planned Corrective Actions:** The District submitted the PI1202 representation letter to DPI indicating any reasons the information on the "Educators Without Valid Licenses" list is incorrect. The District will implement a process to ensure controls are in place to verify that wage and benefit expenditures coded to special education categorical aid accounts are for individuals properly licensed per DPI requirements. The District Business Manager is the official responsible for ensuring corrective action of the deficiency.