

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

AUDITED FINANCIAL STATEMENTS

Year Ended June 30, 2017

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Seymour, Wisconsin

AUDITED FINANCIAL STATEMENTS

Year Ended June 30, 2017

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Independent Auditors' Report

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The financial information listed in the table of contents as other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Wisconsin State Single Audit Guidelines, and is not a required part of the basic financial statements.

The financial information listed in the table of contents as other supplementary 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Change in Accounting Principle

As discussed in Notes 1Q, 9, and 13 to the financial statements, during the year ended June 30, 2017 the District adopted new accounting guidance GASB Statement 75, *Accounting and Financial Reporting for Pensions and Post-Employment Benefits*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 07, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide 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 District's internal control over financial reporting and compliance.

November 07, 2017
Milwaukee, Wisconsin

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Management Discussion & Analysis
June 30, 2017

To the Board of Education
Seymour Community School District

The discussion and analysis of the Seymour Community School District's FY 2017 financial performance provides an overall review of financial activities for the fiscal year. The analysis focuses on school district financial performance as a whole. Efforts have been made to provide comparison to prior year data when such data is available. It should be read in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

The assets plus deferred outflows of the District exceeded liabilities and deferred inflows at the close of fiscal 2016 by \$26,394,944 (*net position*). For the year, net position decreased by \$3,261,579. The District's proportionate share of the net pension liability for the Wisconsin Retirement System (WRS), as required by GASB Statement No. 68, is recognized by this net position. The District's other post-employment benefit liability ("OPEB"), as required by GASB Statement No. 75, is recognized by this net position.

The District completed the year with a general fund balance of \$4,651,296, up from last year's ending fund balance of \$4,506,804. The general fund had an increase in fund balance of \$144,492. The District has added to the fund balance each year for over the last 15 years.

The following events took place during fiscal 2017.

- Property values increased for the second straight year since 2009.
- Overall enrollment has been decreasing since 2012.
- For the past 20 years, the District has been among the state's lower spending (9th decile).
- The district operates an on-site health clinic for employees and dependents covered by district health insurance policy.
- Health insurances premiums have remained frozen for the past six years.

SEYMOUR COMMUNITY SCHOOL DISTRICT

Seymour, Wisconsin

Management Discussion & Analysis

June 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

SEYMOUR COMMUNITY SCHOOL DISTRICT

Seymour, Wisconsin

Management Discussion & Analysis

June 30, 2017

Major Features of the District-wide and Fund Financial Statements

	District-wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire district (except fiduciary funds).	The activities of the District that are not proprietary or fiduciary, such as instruction, support services, debt service, capital projects, food service and community services.	Assets held by the District on behalf of someone else. Student and other organizations that have funds on deposit with the District are reported here.
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position. • Statement of Activities. 	<ul style="list-style-type: none"> • Balance Sheet. • Statement of Revenues, Expenditures and Changes in Fund Balance. 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position. • Statement of Changes in Fiduciary Net Position.
Basis of accounting and measurement focus	<p>Accrual accounting.</p> <p>Economic resources focus.</p>	<p>Modified accrual accounting.</p> <p>Current financial resources focus.</p>	<p>Accrual accounting.</p> <p>Economic resources focus.</p>
Type of asset and liability information	All assets and liabilities; both financial and capital, short-term and long-term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets and liabilities, both financial and capital; short-term and long-term. These funds do not currently contain any capital assets, although they can.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability are due and payable.	All additions or deductions during the year, regardless of when cash is received and paid.

SEYMOUR COMMUNITY SCHOOL DISTRICT

Seymour, Wisconsin

Management Discussion & Analysis

June 30, 2017

DISTRICT WIDE STATEMENTS

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

In the district-wide financial statements, the District's activities are reported as one activity:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, support services, debt service, capital projects, and administration. Property taxes and state formula aid finance most of these activities.

FUND FINANCIAL STATEMENTS

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

The District has two kinds of funds:

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

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Management Discussion & Analysis
June 30, 2017

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1, below, provides a summary of the District's net position for the year ended June 30, 2017 compared to 2016.

Table 1
Condensed Statement of Net Position

	<u>2016</u>	<u>2017</u>	<u>Percentage Change 2016-2017</u>
Assets			
Current and other assets	\$ 6,398,379	\$ 6,627,911	
Noncurrent assets	<u>32,501,109</u>	<u>32,683,742</u>	
Total assets	38,899,488	39,311,653	1.1%
Deferred Outflows of Resources			
Deferred outflows related to pensions	7,968,119	7,148,573	
Unamortized loss on refunding	<u>301,007</u>	<u>269,321</u>	
Total deferred outflows of resources	8,269,126	7,417,894	-10.3%
Liabilities			
Current liabilities	2,151,283	2,016,850	
Net pension liability	1,494,722	746,598	
Noncurrent liabilities	<u>10,716,856</u>	<u>14,487,042</u>	
Total liabilities	14,362,861	17,250,490	20.1%
Deferred Inflows of Resources			
Deferred inflows related to pensions	<u>3,149,230</u>	<u>3,084,113</u>	-2.1%
Net position			
Net invested in capital assets	22,937,116	23,496,161	
Restricted	3,893,159	592,818	
Unrestricted	<u>2,826,248</u>	<u>2,305,965</u>	
Total net position	\$ <u>29,656,523</u>	\$ <u>26,394,944</u>	-11.0%

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Management Discussion & Analysis

June 30, 2017

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

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

Table 2
Changes in Net Position from Operating Results

	<u>2016</u>	<u>2017</u>	<u>Percentage Change 2016-2017</u>
Revenues			
Program revenues			
Charges for services	\$ 1,281,354	\$ 1,321,719	
Operating grants & contributions	2,625,979	2,457,500	
General revenues			
Property taxes	6,750,399	6,836,208	
Federal & state formula aid	17,984,183	18,149,788	
Interest	9,658	18,510	
Insurance proceeds	33,177	19,270	
Other	453,766	930,951	
Total revenues	<u>29,138,516</u>	<u>29,633,946</u>	2.0%
Expenses			
Instruction	15,987,191	15,271,125	
Pupil & instructional services	3,780,479	3,647,667	
Administration & finance	1,591,541	1,758,854	
Maintenance & operations	3,588,319	3,829,952	
Transportation	1,104,607	1,093,564	
Other support services	521,552	664,947	
Interest on debt	592,254	325,504	
Other	2,052,471	2,400,076	
Total Expenses	<u>29,218,414</u>	<u>28,991,689</u>	-0.8%
Increase (decrease) in net position before prior period adjustment	(79,898)	742,257	
Prior Period Adjustment	<u>---</u>	<u>(4,003,836)</u>	
Increase (decrease) in net position	<u>\$ (79,898)</u>	<u>\$ (3,261,579)</u>	

The District relies primarily on property taxes (23.0% of total governmental revenues) and state and federal unrestricted aid (61.0%) to fund governmental activities.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Management Discussion & Analysis
June 30, 2017

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

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

Table 3
Net Cost of Governmental Activities

	Net Cost of Services		Percentage
	<u>2016</u>	<u>2017</u>	<u>Change</u> <u>2016-2017</u>
Expenses			
Instruction	\$ 13,381,421	\$ 12,768,313	-4.6%
Pupil & instructional services	3,681,007	3,561,266	-3.3%
Administration & finance	1,591,541	1,758,854	10.5%
Maintenance & operations	3,581,655	3,721,109	3.9%
Transportation	994,442	1,006,428	1.2%
Other support services	521,552	664,947	27.4%
Interest on debt	592,254	325,504	-45.0%
Other	967,209	1,306,049	35.0%
Total Expenses	<u>\$ 25,311,081</u>	<u>\$ 25,112,470</u>	<u>-0.8%</u>

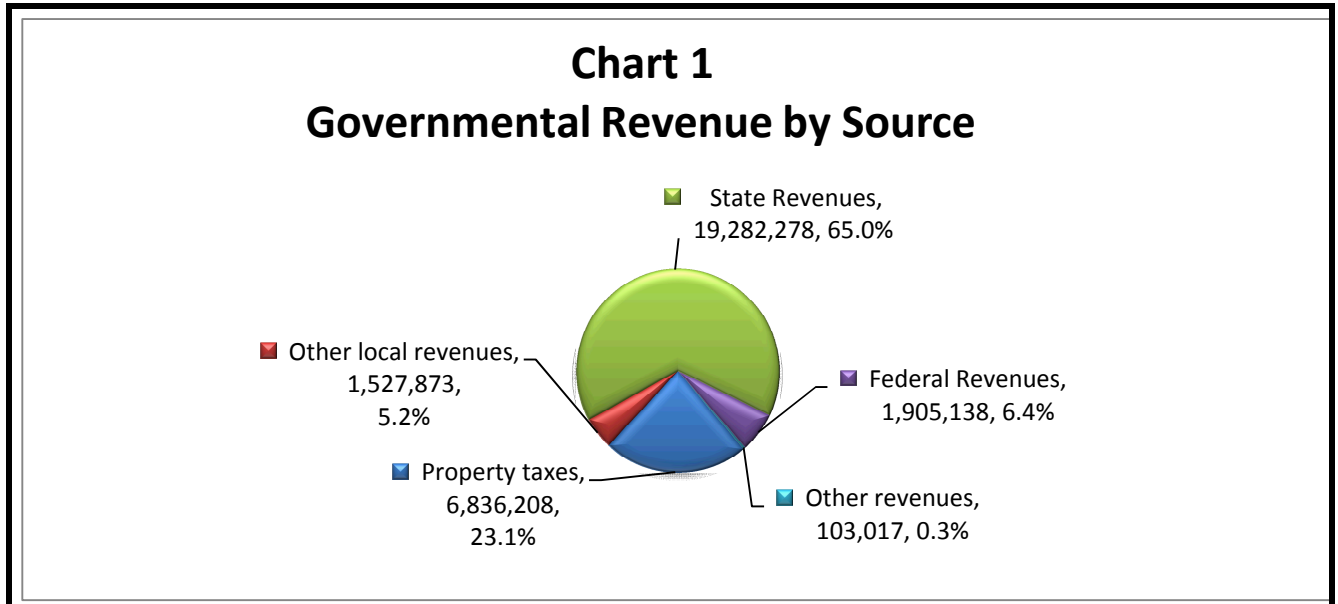
The cost of all governmental activities this year was \$28,991,689. Charges for services paid for \$1,321,719 of costs. Federal and State grants and contributions contributed \$2,457,500. Capital grants and contributions were \$100,000. The net cost of governmental activities \$25,112,470 was financed primarily from property taxes \$6,836,208 and State/Federal general aid \$18,149,788.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

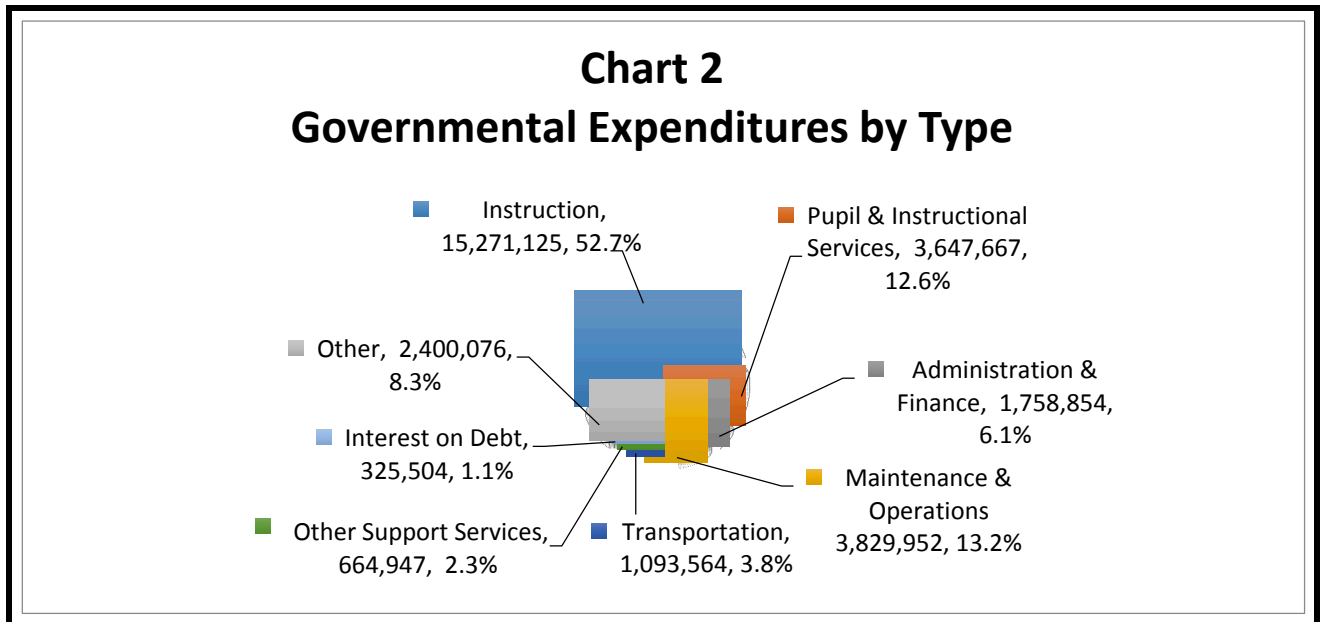
Management Discussion & Analysis
June 30, 2017

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

The composition of governmental revenues by source is illustrated below in Chart 1.



The composition of governmental expenditures by type is illustrated below in Chart 2.



SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Management Discussion & Analysis
June 30, 2017

FINANCIAL ASPECTS OF THE DISTRICT'S FUNDS

The District completed the year with a general fund balance of \$4,651,296 up from last year's ending fund balance of \$4,506,804.

- The general fund had an increase in fund balance of \$144,492.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District reviews an interim budget in May for the subsequent year (beginning July 1st). Consistent with current state statutes and regulations an *original* budget is adopted in October following determination of official enrollment and certification of states aids. Generally, the original budget is not significantly modified. The District modified its original budget in 2016-17 to reflect:

- Modifications in several state and federal grants
- Reallocation of expenditures to offset additional State and Federal funds in grants and aid

While the District's original budget for the general fund anticipated that expenditures would equal revenues, actual results for the year show revenue and other financing uses exceeding expenses by \$144,492.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Management Discussion & Analysis
June 30, 2017

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2017, the District had invested \$56,282,769 in capital assets, including buildings; sites and equipment (see Table 4). Total accumulated depreciation on these assets was \$23,599,027. Asset acquisitions for governmental activities totaled \$1,662,493 (including \$100,000 of construction in progress). The District recognized depreciation expense of \$1,473,124. (Detailed information about capital assets can be found in Note 3 to the financial statements.)

Table 4
Capital Assets

	<u>Governmental Activities</u>		<u>Percentage</u>
	<u>2016</u>	<u>2017</u>	<u>Change</u>
			<u>2016-2017</u>
Land	\$ 1,199,100	\$ 1,199,100	0.0%
Construction in progress	185,000	100,000	-45.9%
Buildings	48,783,572	50,398,767	3.3%
Equipment	4,516,099	4,584,902	1.5%
Accumulated depreciation	(22,182,662)	(23,599,027)	6.4%
Net capital assets	\$ <u>32,501,109</u>	\$ <u>32,683,742</u>	0.6%

Long-term Debt

At year-end, the District had \$8,935,000 of existing general obligation long-term debt.

Table 5
Outstanding Long-term Obligations

	<u>Total School District</u>		<u>Percentage</u>
	<u>2016</u>	<u>2017</u>	<u>Change</u>
			<u>2016-2017</u>
General obligation debt	\$ 9,865,000	\$ 8,935,000	-9.4%
Other post-retirement liability*	6,306,785	5,830,140	-7.6%
Total	\$ <u>16,171,785</u>	\$ <u>14,765,140</u>	-8.7%

*Increase in other post-retirement liability is a result of implementing GASB Statement No. 75.

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

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Management Discussion & Analysis
June 30, 2017

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District expects to have steady enrollment at the middle/high school over the next few years while reductions are predicted to occur at the elementary grades in Seymour.
- Capital projects will continue to be needed to maintain educational facilities at a high level.
- Health care costs will create the need to consider negotiated adjustments to the health insurance plan going forward. It is expected rising medical costs will continue to drive health insurance costs faster than inflation as measured by the CPI index.
- The District carries an outstanding "AA-" long-term credit rating from Standard and Poor's. The District maintains to have a very strong capacity to meet financial commitments.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Peter Kempen, Business Manager, Seymour Community School District (920) 833-2304, 10 Circle Drive, Seymour, WI 54165

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Statement of Net Position
June 30, 2017

	Governmental Activities
Assets:	
Current assets:	
Cash and equivalents	\$ 392,180
Investments	3,306,711
Taxes receivable	1,998,398
Accounts receivable	365,940
Due from other governments	564,682
Total current assets	6,627,911
Noncurrent assets:	
Capital assets:	
Nondepreciable	1,299,100
Depreciable, net of accumulated depreciation	31,384,642
Net capital assets	32,683,742
Total assets	39,311,653
Deferred outflows of resources:	
Deferred outflows related to pensions	6,130,644
Deferred outflows related to OPEB	1,017,929
Unamortized loss on refunding	269,321
Total deferred outflows of resources	7,417,894
Liabilities:	
Accounts payable	41,917
Withholdings and related district fringes payable	600,536
Accrued interest	86,992
Accrued salaries	14,719
Claimed vested benefits currently payable	46,581
Due to employee trust fund	379,496
Deposits payable	23,989
Unearned revenues	22,620
Long-term debt obligations due within one year	800,000
Long-term liabilities:	
WRS pension	746,598
Long-term debt obligations due in more than one year	8,135,000
Net OPEB liability	5,830,140
Unamortized premium on advance refunding	521,902
Total liabilities	17,250,490
Deferred inflows related to pensions	
Deferred inflows related to pensions	3,084,113
Net position:	
Net investment in capital assets	23,496,161
Restricted for:	
Debt service	199,090
Food service	375,296
Other activities	18,432
Unrestricted	2,305,965
Total net position	\$ 26,394,944

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

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Statement of Activities
Year Ended June 30, 2017

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				
Instruction:				
Regular instruction	\$ 10,953,583	\$ 736,593	\$ 581,197	\$ ---
Special education instruction	2,255,441	---	1,138,572	---
Vocational instruction	746,993	---	---	---
Other instruction	1,315,108	46,450	---	---
Total instruction	<u>15,271,125</u>	<u>783,043</u>	<u>1,719,769</u>	<u>---</u>
Support services:				
Pupil services	1,311,854	---	---	---
Instructional staff services	2,335,813	---	86,401	---
Administration services	1,758,854	---	---	---
Operation and maintenance of plant	3,829,952	8,843	---	100,000
Pupil transportation	1,093,564	---	87,136	---
Central services	46,580	---	---	---
Other support services	664,947	---	---	---
Community services	125,268	39,990	---	---
Food service	1,099,215	489,843	564,194	---
Interest on long-term debt	325,504	---	---	---
Non-program transactions	1,105	---	---	---
Unallocated depreciation**	1,127,908	---	---	---
Total support services	<u>13,720,564</u>	<u>538,676</u>	<u>737,731</u>	<u>100,000</u>
Total school district	<u>\$ 28,991,689</u>	<u>\$ 1,321,719</u>	<u>\$ 2,457,500</u>	<u>\$ 100,000</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				5,452,220
Property taxes, levied for debt service				1,334,988
Property taxes, levied for specific purposes				49,000
Other taxes				3,563
Federal and state aid not restricted to specific purposes				
General				18,149,788
Other				596,890
Interest and investment earnings				18,510
Loss on disposal of assets				(6,736)
Special item - insurance settlement				19,270
Miscellaneous				237,234
Changes in net position				<u>742,257</u>
Net position - beginning of year				29,656,523
Prior-period adjustment				(4,003,836)
Net position - beginning of year as adjusted				<u>25,652,687</u>
Net position - end of year				<u>\$ 26,394,944</u>

**This amount excludes the depreciation that is included in the direct expenses of the various programs.

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

SEYMOUR COMMUNITY SCHOOL DISTRICT

Seymour, Wisconsin

**Balance Sheet
Governmental Funds**

June 30, 2017

	<u>General</u>	<u>Non-major Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and equivalents	\$ ---	\$ 392,180	\$ 392,180
Investments	3,020,630	286,081	3,306,711
Taxes receivable	1,998,398	---	1,998,398
Accounts receivable	365,429	511	365,940
Due from other funds	---	198,531	198,531
Due from other governments	531,925	32,757	564,682
Total assets	<u>\$ 5,916,382</u>	<u>\$ 910,060</u>	<u>\$ 6,826,442</u>
Liabilities and Fund Balances:			
Liabilities			
Accounts payable	\$ 39,173	\$ 2,744	\$ 41,917
Withholdings and related district fringes payable	586,792	13,744	600,536
Accrued payroll	6,157	8,562	14,719
Claimed vested benefits currently payable	46,581	---	46,581
Due to other funds	182,898	15,633	198,531
Due to employee trust fund	379,496	---	379,496
Deposits payable	23,989	---	23,989
Unearned revenues	---	22,620	22,620
Total liabilities	<u>1,265,086</u>	<u>63,303</u>	<u>1,328,389</u>
Fund Balances			
Restricted	---	679,810	679,810
Assigned	---	166,947	166,947
Unassigned	4,651,296	---	4,651,296
Total fund balances	<u>4,651,296</u>	<u>846,757</u>	<u>5,498,053</u>
Total liabilities and fund balances	<u>\$ 5,916,382</u>	<u>\$ 910,060</u>	<u>\$ 6,826,442</u>

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

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

**Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position**
June 30, 2017

Total fund balances - governmental funds \$ 5,498,053

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 as assets in governmental funds:

Cost of the assets	\$ 56,282,769	
Accumulated depreciation	<u>(23,599,027)</u>	32,683,742

The District's proportionate share of the net pension liability at WRS is reported as a liability on the statement of net position, but is not reported in the governmental funds.	(746,598)
--	-----------

The District's annual post-employment benefit payment is reported as an expenditure on the governmental funds. This is reported as a liability on the statement of net position for the unfunded portion, but is not reported in the governmental funds.	(5,830,140)
--	-------------

Deferred inflows and outflows of resources related to pensions and post-employment benefits are applicable to future periods and therefore, are not reported in the governmental funds.	4,064,460
---	-----------

Long-term liabilities and related items, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the government funds. Long-term liabilities and related items at year-end consist of:	
Bonds payable	8,935,000
Unamortized loss on refunding	(269,321)
Unamortized premium on advance refunding	<u>521,902</u>
	(9,187,581)

Accrued interest payable on the bonds is not due and payable in the current period and therefore is not reported as a liability in the funds	<u>(86,992)</u>
--	-----------------

Total net position - governmental activities	<u>\$ 26,394,944</u>
---	-----------------------------

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

SEYMOUR COMMUNITY SCHOOL DISTRICT

Seymour, Wisconsin

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2017

	<u>General</u>	<u>Non-major Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Local	\$ 5,730,975	\$ 1,982,833	\$ 7,713,808
Interdistrict payments within Wisconsin	633,511	---	633,511
Intermediate sources	16,762	---	16,762
State	19,258,257	24,021	19,282,278
Federal	1,278,164	626,974	1,905,138
Other	99,610	3,407	103,017
Total revenues	<u>27,017,279</u>	<u>2,637,235</u>	<u>29,654,514</u>
Expenditures:			
Instruction:			
Current	14,956,722	148,335	15,105,057
Interdistrict	1,106,766	---	1,106,766
Capital outlay	51,137	---	51,137
Support Services:			
Current	9,173,149	1,168,534	10,341,683
Capital outlay	1,603,901	7,455	1,611,356
Debt service	382	1,236,906	1,237,288
Total expenditures	<u>26,892,057</u>	<u>2,561,230</u>	<u>29,453,287</u>
Excess of revenues over expenditures	125,222	76,005	201,227
Special Items:			
Insurance settlement	19,270	---	19,270
Net change in fund balances	144,492	76,005	220,497
Fund Balances - Beginning of year	<u>4,506,804</u>	<u>770,752</u>	<u>5,277,556</u>
Fund Balances - End of year	<u>\$ 4,651,296</u>	<u>\$ 846,757</u>	<u>\$ 5,498,053</u>

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

SEYMOUR COMMUNITY SCHOOL DISTRICT

Seymour, Wisconsin

**Reconciliation of the Governmental Funds Statement of
Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities**

Year Ended June 30, 2017

Total net change in fund balances - governmental funds \$ 220,497

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses:

Depreciation expense	\$ (1,473,124)	
Capital outlays	<u>1,662,493</u>	189,369

In the statement of activities, losses on the disposal of assets are shown, whereas in the governmental funds only the proceeds on the disposal (if any) are shown.		(6,736)
---	--	---------

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:

Bonds payable		930,000
---------------	--	---------

In the statement of activities post-employment benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.		384,677
--	--	---------

Amortization reduces the balance of the respective liability and deferred outflow of resources. The amortization is an expenditure or revenue in the statement of net position, but is not shown in the governmental funds.

Amortization of loss on refunding	(31,685)	
Amortization of premium on advance refunding	<u>66,902</u>	35,217

In the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.

Cost of benefits earned net of employee contributions	(1,878,778)	
District pension contributions	<u>854,544</u>	(1,024,234)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

		<u>13,467</u>
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Change in net position of governmental activities		<u><u>\$ 742,257</u></u>
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The accompanying notes to financial statements
are an integral part of these statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT

Seymour, Wisconsin

Statement of Fiduciary Net Position

June 30, 2017

	<u>Private</u> <u>Purpose Trusts</u>	<u>Employee</u> <u>Benefit Trusts</u>	<u>Agency</u> <u>Fund</u>
Assets:			
Cash and equivalents	\$ 21,140	\$ 345,417	\$ 59,307
Investments	670,788	2,613,735	10,000
Interest receivable	2,325	1,785	---
Due from other funds	---	379,496	---
Total assets	<u>\$ 694,253</u>	<u>\$ 3,340,433</u>	<u>\$ 69,307</u>
Liabilities and Net Position:			
Liabilities:			
Due to student groups	\$ ---	\$ ---	\$ 69,307
Net Position:			
Nonspendable	622,038	---	---
Restricted	72,215	3,340,433	---
Total net position	<u>694,253</u>	<u>3,340,433</u>	<u>---</u>
Total liabilities and net position	<u>\$ 694,253</u>	<u>\$ 3,340,433</u>	<u>\$ 69,307</u>

Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2017

	<u>Private</u> <u>Purpose Trusts</u>	<u>Employee</u> <u>Benefit Trusts</u>
Additions:		
Interest	\$ 6,359	\$ 70,208
Gifts	17,575	---
Employer contributions to employee benefit trust	---	1,017,929
Employee contributions to employee benefit trust	---	28,340
Unrealized gain on investments	---	32,675
Total additions	<u>23,934</u>	<u>1,149,152</u>
Deductions:		
Trust fund disbursements	<u>16,807</u>	<u>686,755</u>
Change in net position	7,127	462,397
Net position - June 30, 2016	<u>687,126</u>	<u>2,878,036</u>
Net position - June 30, 2017	<u>\$ 694,253</u>	<u>\$ 3,340,433</u>

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

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Notes to Financial Statements
June 30, 2017

1. Summary of Significant Accounting Policies

A. Introduction

The Seymour Community School District ("District") is organized as a common school district. The District, governed by a seven-member elected school board, is fiscally independent with taxing and borrowing powers. Services provided by the District are primary and secondary education and special education.

The financial statements of the Seymour Community School District have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies used by the District are discussed below.

B. Component Units

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

C. Basis of Presentation

District-Wide Statements

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

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 have been classified to the function where the majority of the expenditures relating to it have been incurred. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Notes to Financial Statements
June 30, 2017
(Continued)

1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Fund Financial Statements

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

The District reports the following major governmental fund:

General Fund - 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 other funds. This fund includes activities associated with providing educational programs for students with disabilities.

The District accounts for assets held as an agent for various student and parent organizations in a fiduciary agency fund. The District accounts for fiduciary activities for scholarships to fund higher education in a private purpose trust fund. The District accounts for fiduciary activities for employee post-employment benefits in an employee benefit trust fund.

D. Measurement Focus and Basis of Accounting

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

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

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

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Notes to Financial Statements
June 30, 2017
(Continued)

1. Summary of Significant Accounting Policies (Continued)

E. Cash and Equivalents

The District's cash equivalents are considered to be cash on hand, money markets and demand deposits. Cash balances for individual funds are pooled unless maintained in segregated accounts.

F. Investments

Investments are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period.

As discussed in Footnote 2, the District categorizes the fair value measurements of its investments based on the hierarchy established by GAAP. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2017.

Exchange Traded Funds: Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Interest income is recorded on the accrual basis. Interest income on commingled investments of district accounting funds is allocated based on average investment balances. Purchases and sales of investments are recorded on a trade-date basis. Realized gains and losses of the District's assets are reported in the statement of activities, statement of revenues, expenditures and changes in fund balances and in the statement of changes in fiduciary net position. Adjustments necessary to record investments at fair value are recorded in the statement of changes in fiduciary net position as unrealized gains or losses and in the statement of revenues, expenditures and changes in fund balance as local revenue.

G. Other Assets

Expendable supplies or non-capital items acquired for initial use in subsequent fiscal periods are recorded as inventories and/or prepaid expenses. Prepaid insurance represents payments made by the District for which benefits extend beyond June 30th and have not yet been earned by the recipient. The District had no other assets for the year ending 2017.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Notes to Financial Statements
June 30, 2017
(Continued)

1. Summary of Significant Accounting Policies (Continued)

H. Receivables

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

Property taxes are recognized as revenues in the year for which they are budgeted. The District tax levy is certified in November of the current fiscal year for collection by the taxing municipalities based on the past October 1 full or "equalized" taxable property values. The District is paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. Under the Wisconsin Statutes, Outagamie and Shawano County purchases the outstanding property taxes of the District in August of each year. This statutory guarantee assures the District full collection of all property taxes within sixty days of its year end, and hence, the availability of these funds to finance expenditures of the fiscal year for which the taxes were levied.

I. Interfund Transactions

The current portion of lending/borrowing arrangements between funds is identified as due to/from other funds. The noncurrent portion of outstanding balances between funds is reported as advances to/from other funds. Advances between funds are offset by a fund balance reserve account to indicate that they are not available for appropriation and are not expendable available financial resources. The District does not have any advances between funds.

Individual fund transfers and interfund receivables and payable activity for the year ending June 30, 2017 are as follows:

<u>Purpose</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<u>Due to/from:</u>			
Contribution to trust	Benefit Trust	General	\$ 379,496
Implicit rate subsidy	Food Service	General	3,417
Implicit rate subsidy	Community Service	General	87
Implicit rate subsidy	Other Special Projects	General	583
Negative cash balance	Food Service	General	178,811
Negative cash balance	Food Service	Other Special Projects	15,633
			<u>\$ 578,027</u>

J. Deferred Outflows and Inflows of Resources

Under GASB, in addition to assets and liabilities, the statement of financial position will sometimes report a separate section for deferred outflows and inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent the acquisition of net assets that is applicable to a future reporting period(s) and thus, will not be recognized as an inflow of resources (revenue) until then. Changes in the net OPEB liability and accrued liability for post-employment benefits not included in pension expense are required to be reported as deferred outflows or inflows of resources. See footnote 8 and 9 for additional information.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Notes to Financial Statements
June 30, 2017
(Continued)

1. Summary of Significant Accounting Policies (Continued)

K. Capital Assets

Capital assets are reported at historical cost or estimated historical cost, based on appraisals conducted by an independent third-party professional appraisal firm. Maintenance and repair costs are charged to expenses as incurred and betterments are capitalized as assets. Upon disposal of land, buildings and equipment, a gain or loss is reflected in the statement of activities. Property and equipment and related depreciation expense are not reflected in the Governmental Fund Financial Statements.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	Straight-line	75 years
Equipment and furniture	5,000	Straight-line	5 - 20 years

The District reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

L. Net Position

Net position represents the difference between assets, deferred inflows, deferred outflows and liabilities. Net investment in capital assets, net of accumulated depreciation, is reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when expense is incurred for purposes for which both restricted and unrestricted net position is available.

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

The District's policy does not allow vacation to accumulate. Sick leave may be accumulated to a maximum of seventy days for support staff and teachers. Unused accumulated sick pay benefits are forfeited upon retirement or termination of employment. These benefits are recorded as expenditures in the year used.

N. Estimates

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

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Notes to Financial Statements
June 30, 2017
(Continued)

1. Summary of Significant Accounting Policies (Continued)

O. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System ("WRS") and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported to 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.

P. Fund Balance

Governmental fund equity is classified as fund balance. GASB establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The initial distinction that is made is identifying amounts that are considered nonspendable. Fund balance is further classified as restricted, committed, assigned and unassigned. The District's fund balance classification policies and procedures are as follows:

- *Nonspendable* – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- *Restricted* - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- *Committed* - amounts that can be used only for specific purposes determined by a formal action of the School Board. The School Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through the same type of action it employed to previously commit those amounts.
- *Assigned* - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the School Board's Finance Committee is authorized to assign funds. The intent of the assigned funds may change with appropriate approvals as decided by the Director of Business Services.
- *Unassigned* – amounts are available for any purpose, and if the general fund has available resources that are not of the other previously mentioned categories, it shall be deemed unassigned.

Order of Fund Balance Spending Policy:

The District has established the following order of spending when various funding sources exist: (1) Restricted, (2) Committed, (3) Assigned, (4) Unassigned.

Q. Adoption of New Accounting Guidance

The District implemented GASB Statement 75, *Accounting and Financial Reporting for Postemployment benefits other than Pensions*. See footnote 8 and 13 for additional information.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Notes to Financial Statements
June 30, 2017
(Continued)

1. Summary of Significant Accounting Policies (Continued)

R. Subsequent Event

Management has evaluated all subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed (November 07, 2017). No events have occurred subsequent to year-end that requires disclosure.

2. Cash and Investments

Cash and equivalents and investments as shown on the District's statement of net position are subject to the following risks:

	Cash	Investments	Total
Custodial Risk:			
Demand deposits	\$ 472,627	\$ ---	\$ 472,627
Money market	345,417	---	345,417
Exchange traded funds	---	2,613,735	2,613,735
Local Government Investment Pool (LGIP)	---	3,306,711	3,306,711
Custodial, Interest Rate and Credit Risk:			
Certificates of deposit	---	680,788	680,788
Total	\$ 818,044	\$ 6,601,233	\$ 7,419,278

The District's cash and investments are reported in the financial statements as follows:

Statement of net position:	
Cash and equivalents	\$ 392,180
Investments	3,306,711
Statement of fiduciary net position:	
Cash and equivalents	425,864
Investments	3,294,523
Total cash and investments	\$ 7,419,278

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000. Deposits in each local and area bank and in the Wisconsin Local Government Investment Pool ("LGIP") are also insured by the State Deposit Guarantee Fund in the amount of \$400,000 per financial institution. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual governmental entities. Investments in the local government investment pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool. The bond provides unlimited coverage on principal losses, reduced by any FDIC, SDGF insurance, and income on the investment during the calendar quarter a loss occurs.

Money market investments may be withdrawn upon request. The Money Market investments are measured at net asset value ("NAV").

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Notes to Financial Statements
June 30, 2017
(Continued)

2. Cash and Investments (continued)

The LGIP does not have a credit quality rating and is also not subject to credit risk disclosure because investments are not issued in securities form. It is part of the SIF and is managed by the State of Wisconsin Investment Board. The LGIP is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually and carries investments at amortized cost for purposes of calculating income to participants. At June 30, 2017, the fair value of the District's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

In accordance with certain contractual provisions, investment income associated with LGIP is assigned to the corresponding fund in which the assets are held. Participants in LGIP have the right to withdraw their funds in total on one day's notice. The LGIP does not include any involuntary participants.

A separate financial report for SIF is prepared in accordance with GASB. Copies of the report can be obtained from <http://www.doa.state.wi.us/Divisions/Budget-and-Finance/LGIP>.

Custodial Risk – Deposits: Is the risk that, in the event of a financial institution failure, the District's deposits may not be returned to the District. The District's carrying value for demand deposits, money market funds, certificates of deposit, exchange traded funds and local government investment pool and was \$7,419,278 at June 30, 2017 and the bank's carrying value was \$8,923,567 of which \$1,368,597 was fully insured, \$1,994,638 was collateralized by pledged securities, and \$5,560,332 was uninsured and uncollateralized. The District does not have a policy on custodial risk.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits the maturity of any security to no more than seven years from the date of purchase or in accordance with state statutes. Interest rate risk is limited due to all investments having a maturity date of less than one year other than fixed rate certificates of deposits.

Type of Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
Certificates of Deposit	\$ 680,788	\$ 680,788	\$ ---	\$ ---	\$ ---

Credit Risk: Generally, credit risk is the risk that an issuer of a type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The District's investment policy minimized credit risk by limiting investments to the safest type of securities. Presented below is the rating for each type of investment.

Type of Investment	Amount	Rating as of Year End		
		AAA	Aa	Not Rated
Certificate of Deposit	\$ 680,788	\$ ---	\$ ---	\$ 680,788

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Notes to Financial Statements
June 30, 2017
(Continued)

2. Cash and Investments (continued)

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments that are measured using Level 3 inputs. Investments' fair value measurements are as follows at June 30, 2017:

	Fair Value			Exempt from Disclosure	Total
	Level 1	Level 2	Level 3		
Certificates of deposit	\$ ---	\$ ---	\$ ---	\$ 680,788	\$ 680,788
Exchange traded funds	2,613,735	---	---	---	2,613,735
LGIP	---	---	---	3,306,711	3,306,711
Total	\$ 2,613,735	\$ ---	\$ ---	\$ 3,987,499	\$ 6,601,234

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

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

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

SEYMOUR COMMUNITY SCHOOL DISTRICT
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Notes to Financial Statements
June 30, 2017
(Continued)

3. Capital Assets

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

	Balance July 1, 2016	Additions	Reductions	Adjustments	Balance June 30, 2017
Capital assets not being depreciated:					
Sites	\$ 1,199,100	\$ ---	\$ ---	\$ ---	\$ 1,199,100
Construction in progress	185,000	100,000	---	(185,000)	100,000
Total capital assets not being depreciated	1,384,100	100,000	---	(185,000)	1,299,100
Capital assets being depreciated:					
Building and improvements	48,783,572	1,430,195	---	185,000	50,398,767
Equipment	4,516,099	132,298	63,495	---	4,584,902
Total capital assets being depreciated	53,299,671	1,562,493	63,495	185,000	54,983,669
Less accumulated depreciation	22,182,662	1,473,124	56,759	---	23,599,027
Total capital assets being depreciated, net of accumulated depreciation	31,117,009	89,369	6,736	185,000	31,384,642
Governmental activities capital assets, net of accumulated depreciation	\$ 32,501,109	\$ 189,369	\$ 6,736	\$ ---	\$ 32,683,742

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 214,733
Administration services	66,842
Operation and maintenance of plant	21,112
Food services	33,616
Transportation	8,913
Unallocated depreciation	1,127,908
Total depreciation for governmental activities	<u>\$ 1,473,124</u>

4. Short-Term Borrowing

On October 25, 2016, the District entered into a \$3,000,000 line of credit agreement with a maturity date of June 20, 2017. The interest rate on the line of credit was 2.35%. Interest for year ended June 30, 2017 was \$382. Line of credit borrowing at June 30, 2017 is as follows:

Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017
\$ ---	\$ 450,000	\$ 450,000	\$ ---

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Notes to Financial Statements
June 30, 2017
(Continued)

5. Long-Term Liabilities

Long-term obligations of the District are as follows:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Amounts due within one year
G.O. Bonds	\$ 9,865,000	\$ ---	\$ (930,000)	\$ 8,935,000	\$ 800,000

Total interest paid and expensed (including accrual) during the year for the year ended June 30, 2017 on long-term liabilities was \$306,905 and \$293,437, respectively.

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. The long-term debt will be retired by future property tax levies and resources accumulated in the Debt Service Fund.

General obligation debt at June 30, 2017 is comprised of the following individual issues:

Description	Issue Dates	Interest Rates (%)	Dates of Maturity	Original Indebtedness	Balance June 30, 2017
G.O. Refunding Bond	2/11/16	2.00 – 4.00%	9/1/2027	\$ 8,440,000	\$ 7,735,000
G.O. Refunding Bond	2/16/10	2.00 – 4.00%	9/1/2020	2,925,000	1,200,000
Total					\$ 8,935,000

The 2016 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$727,378,048. The legal debt limit and margin of indebtedness as of June 30, 2017, in accordance with Section 67.03(1)(a) of the Wisconsin Statutes follows:

Debt limit (10% of \$727,378,048)	\$ 72,737,805
Deduct long-term debt applicable to debt margin	(8,935,000)
Margin of indebtedness	\$ 63,802,805

Aggregate cash flow requirements for the retirement of long-term principal and interest on June 30, 2017 follow:

Year Ended June 30,	Principal	Interest	Total
2018	\$ 800,000	\$ 260,975	\$ 1,060,975
2019	825,000	239,200	1,064,200
2020	850,000	214,700	1,064,700
2021	875,000	185,050	1,060,050
2022	900,000	167,550	1,067,550
2023-2027	4,685,000	416,250	5,101,250
Totals	\$ 8,935,000	\$ 1,483,725	\$ 10,418,725

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Notes to Financial Statements
June 30, 2017
(Continued)

5. Long-Term Liabilities (continued)

Certain outstanding debt of the District has been defeased by making additional principal payments and by placing the proceeds of refunding bonds in irrevocable escrow accounts. The principal and interest amounts in escrow provide cash flows sufficient to pay principal and interest of the defeased bonds in accordance with the schedule of remaining payments due. Accordingly, the escrow account and the defeased bonds are not included in the District's financial statements. The balance of defeased bonds outstanding at June 30, 2017 is \$8,880,000.

6. Self-Funded Insurance Program

On July 1, 2006, the District established a self-funded dental benefit plan for its employees. The Plan administrators, Delta Dental, Inc. (administrator), are responsible for the approval, processing, and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The Plan reports on a fiscal year ending June 30.

Accounting and budgeting requirements for the Plan are established by the Wisconsin Department of Public Instruction. Currently, the Plan is accounted for in the General Fund of the District.

The District has no stop-loss coverage for dental care coverage of the Plan.

At June 30, 2017, the District has reported a liability of \$46,581, which represents reported and unreported claims which were incurred on or before June 30, 2017, but were not paid by the District as of that date. This amount consists of claims reported to the District by the Plan administrator of \$8,040 and claims reported to the Plan administrator but not the District of \$38,541. The amounts not reported to the District were determined by the Plan administrator. Changes in the claims liability for the year ended June 30, 2017 is as follows:

	<u>Year Ended</u> <u>June 30, 2017</u>
Estimated Claims Outstanding July 1, 2017	\$ 64,013
Current Year Claims and Changes in Estimates	198,868
Claim Payments	(216,300)
Estimated Claims Outstanding	\$ <u>46,581</u>

7. Fund Balances

As of June 30, 2017, fund balance components other than unassigned fund balances consist of the following:

	Restricted		Assigned
Special revenue trust	\$ 18,432	\$	---
Debt service	286,082		---
Food service	375,296		---
Community service	---		166,947
Total	\$ <u>679,810</u>	\$	<u>166,947</u>

SEYMOUR COMMUNITY SCHOOL DISTRICT
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Notes to Financial Statements
June 30, 2017
(Continued)

8. Defined Benefit Pension Plan

Plan Description

The Wisconsin Retirement System (“WRS”) is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee’s date of hire are eligible to participate in the WRS.

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

Vesting

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

Benefits Provided

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

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

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

8. Defined Benefit Pension Plan (continued)

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.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Notes to Financial Statements
June 30, 2017
(Continued)

8. Defined Benefit Pension Plan (continued)

Post-Retirement Adjustments (continued)

The Core and Variable annuity adjustments granted during recent years are as follows:

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

Contributions

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

During the reporting period the WRS recognized \$854,544 in contributions from the employer.

Contribution rates as of June 30, 2017 are:

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

Pension Liabilities, Pension Expense and Deferred Outflows and Inflows of Resources

At June 30, 2017, the District reported a liability of \$746,598 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the District's proportion was 0.09058033%, which was a decrease of 0.001403717% from its proportion measured as of December 31, 2015.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Notes to Financial Statements
June 30, 2017
(Continued)

8. Defined Benefit Pension Plan (continued)

Pension Liabilities, Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2017, the District recognized pension expense of \$1,878,778.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 284,678	\$ 2,347,987
Changes in assumptions	780,597	---
Net difference between projected and actual earnings on pension plan investments	4,452,457	736,126
Changes in proportion and differences between employer contributions and proportionate share of contributions	59,145	---
Employer contributions subsequent to the measurement date	553,767	---
Total	\$ 6,130,644	\$ 3,084,113

The amount of \$553,767 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2018.

Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>		Deferred Outflows of Resources		Deferred Inflow of Resources
2018	\$	1,941,202	\$	933,660
2019		1,941,202		933,660
2020		1,625,293		933,660
2021		67,571		283,133
Thereafter		1,609		---

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Notes to Financial Statements
June 30, 2017
(Continued)

8. Defined Benefit Pension Plan (continued)

Actuarial Assumptions

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

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

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

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

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

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Notes to Financial Statements
June 30, 2017
(Continued)

8. Defined Benefit Pension Plan (continued)

Actuarial Assumptions (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2016 are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation	Destination Target Asset Allocation	Long-Term Expected Nominal Rate of Return	Long-Term Expected Real Rate of Return
Global Equities	50.0%	45.0%	8.3%	5.4%
Fixed Income	24.5	37.0	4.2	1.4
Inflation Sensitive Assets	15.5	20.0	4.3	1.5
Real Estate	8.0	7.0	6.5	3.6
Private Equity/Debt	8.0	7.0	9.4	6.5
Multi-Asset	4.0	4.0	6.6	3.7
Total Core Fund	110.0	120.0	7.4	4.5
Variable Fund Asset Class				
U.S. Equities	70.0%	70.0%	7.6%	4.7%
International Equities	30.0	30.0	8.5	5.6
Total Variable Fund	100.0	100.0	7.9	5.0

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

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

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

SEYMOUR COMMUNITY SCHOOL DISTRICT
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Notes to Financial Statements
June 30, 2017
(Continued)

8. Defined Benefit Pension Plan (continued)

Actuarial Assumptions (continued)

		<u>1% Decrease to Discount Rate (6.20%)</u>		<u>Current Discount Rate (7.20%)</u>		<u>1% Increase To Discount Rate (8.20%)</u>
District's proportionate share of the net pension liability	\$	9,821,978	\$	746,598	\$	(6,241,855)
(asset)						

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

Payables to the pension plan at June 30, 2017 were \$355,339. This represents contributions earned as of June 30, 2017, but for which payment was not remitted to the pension plan until subsequent to year-end.

9. Seymour Community School District Post-Employment Benefits Trust

Description

The Seymour Community School District Post-Employment Benefits Trust is a trust set up by the District to accumulate funds for the payment of the District's OPEB liability relating to medical and dental insurance and retirement stipends. The trust does not require any employee or employer contributions. Employees participating in the OPEB benefit consisted of the following at June 30, 2016, the date of the latest actuarial valuation:

Retirees currently receiving benefit payments	43
Active employees fully eligible but not yet receiving benefits	43
Active employees not fully eligible	168
Number of participating employees	254

Funding Policy and Contributions

The District is required to provide contributions on a pay-as-you-go basis. Active plan members are not required to contribute toward these benefits. The Board of Education has established an irrevocable Employee Benefit Trust for funding the other post-employment benefit liability. Payments are expended in the general fund and the revenue is recorded in the Employee Benefit Trust Fund.

For the year ended June 30, 2017, the District recognized OPEB contributions of \$1,109,897.

Net OPEB Liability

At June 30, 2017, the District reported a liability of \$5,830,140 for the net OPEB liability. The net OPEB liability was measured as of June 30, 2016, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Notes to Financial Statements
June 30, 2017
(Continued)

9. Seymour Community School District Post-Employment Benefits Trust (Continued)

Actuarial Assumptions

The major assumptions and methods used in the latest actuarial valuation follows:

Valuation date	6/30/2016
Measurement date	6/30/2016
Reporting date	6/30/2017
Actuarial cost method	Entity Age Normal – Level % of Salary
Actuarial assumptions:	
Projected payroll increase	3.00%
Interest rate	3.00%
Asset valuation method	Market Value
Amortization method	6 year level \$
Expected remaining service lives	11 years
Medical care trend	No increase assumed for the first two years following valuation date, then 6.50% decreasing by 0.10% per year down to 5.0%, and level thereafter
Discount rate	3.00% (based upon all years of projected payments discounted at a 3.00% long-term expected rate of return)

The actuarial assumptions used in June 30, 2016 valuation were based upon an experience study conducted in 2015 using WRS experience from 2012-2014.

Single Discount rate. A single discount rate of 3.00 percent was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB assets of 3.00 percent. Since assets were held as cash or within a fixed interest account, the discount rate was based upon the Bond Buyer Go 20-Year AA Bond Index published by the Federal Reserve for the week at the beginning of the measurement period. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to periods of projected benefit payments to determine the total OPEB liability.

Rate of Return

The annual money-weighted rate of return on plan investments, net of plan investment expense was 3.22%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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Notes to Financial Statements
June 30, 2017
(Continued)

9. Seymour Community School District Post-Employment Benefits Trust (Continued)

Changes in the Net OPEB Liability

	<u>Total OPEB Liability (a)</u>	<u>Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a-b)</u>
Balance 6/30/16 - measurement date 6/30/15	\$ 8,778,195	\$ 2,471,410	\$ 6,306,785
Benefit payments made in the prior fiscal year	(734,821)	(734,821)	---
Service cost	406,383	---	406,383
Administrative expense	---	(16,787)	16,787
Interest	258,419	---	258,419
Employer contributions	---	1,109,897	(1,109,897)
Net investment income	---	48,337	(48,337)
Net changes	<u>(70,019)</u>	<u>406,626</u>	<u>(476,645)</u>
Balance 6/30/17 - measurement date 6/30/16	<u>\$ 8,708,176</u>	<u>\$ 2,878,036</u>	<u>\$ 5,830,140</u>

Sensitivity of the District's net OPEB liability to changes in the discount rate. The following presents the District's the net OPEB liability calculated using the discount rate of 3.00 percent, 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 (2.00 percent) or 1-percentage point higher (4.00 percent) than the current rate:

	<u>1% Decrease to Discount Rate (2.00%)</u>	<u>Current Discount Rate (3.00%)</u>	<u>1% Increase To Discount Rate (4.00%)</u>
District's net OPEB liability	\$ 6,351,323	\$ 5,830,140	\$ 5,327,534

Sensitivity of the District's net OPEB liability to changes in Healthcare Cost Trend Rates. The following presents the District's the net OPEB liability calculated using the healthcare cost trend rates of 6.50 percent, as well as what the District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	<u>1% Decrease To Healthcare Cost Trend (5.5% Decreasing To 4.0%)</u>	<u>Current Healthcare Cost Trend (6.5% Decreasing To 5.0%)</u>	<u>1% Increase To Healthcare Cost Trend (7.5% Decreasing to 6.0%)</u>
District's net OPEB liability	\$ 5,054,901	\$ 5,830,140	\$ 6,725,150

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Notes to Financial Statements
June 30, 2017
(Continued)

9. Seymour Community School District Post-Employment Benefits Trust (Continued)

OPEB Expense, Deferred Outflows or Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2017, the District recognized OPEB expense of \$633,252. At June 30, 2017, the District reported deferred inflows and outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ ---	\$ ---
Changes in assumptions	---	---
Net difference between projected and actual earnings on pension plan investments	---	---
Changes in proportion and differences between employer contributions and proportionate share of contributions	---	---
Employer contributions subsequent to the measurement date	1,017,929	---
Total	\$ 1,017,929	\$ ---

\$1,017,929 reported as deferred outflows related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2018.

Payable to the OPEB Plan

At June 30, 2017, there was a payable due to the OPEB Trust for \$379,496.

10. Limitation on School District Revenues

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

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

A referendum was approved allowing the District, beginning with June 30, 2017 fiscal year, to exceed state-set revenue limits by \$625,000 for fiscal year 2017, \$400,000 for fiscal year 2018, \$500,000 for fiscal year 2019 and \$335,000 for fiscal year 2020.

11. Risk Management

The Seymour Community School District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers' compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles.

SEYMOUR COMMUNITY SCHOOL DISTRICT
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Notes to Financial Statements
June 30, 2017
(Continued)

12. Commitments and Contingencies

From time to time, the District is involved in legal actions, most of which normally occur in governmental operations. Legal actions are generally defended by the District's various insurance carriers, since most claims brought against the District are covered by insurance policies. In the opinion of District management, any legal actions and any other proceedings known to exist at June 30, 2017, are not likely to have a material adverse impact on the District's financial position.

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

The District has a construction contract commitment in the amount not to exceed \$204,800. As of June 30, 2017 \$100,000 has been paid on this contract.

13. Prior Period Adjustment

As the result of implementing GASB Statement No. 75, the District has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2016 by \$4,003,836. The cumulative net effect of these changes of net position is as follows:

		<u>GASB No. 75</u> <u>(OPEB)</u>
Liability (asset) previously reported	\$	1,193,052
Actuarially determined balance		6,306,785
Change in benefit		<u>(5,113,733)</u>
Employer contributions subsequent to the measurement date		1,109,897
Net prior period adjustment	\$	<u>(4,003,836)</u>

14. Effects of New Accounting Standards on Financial Statements

- GASB Statement No. 81, *Irrevocable Split Interest Agreements*
- GASB Statement No. 82, *Pension Issues – an Amendment of GASB Statement No. 67, No. 68 and No. 73*
- GASB Statement No. 83, *Certain Asset Retirement Issues*
- GASB Statement No. 84, *Fiduciary Activities*
- GASB Statement No. 85, *Omnibus 2017*
- GASB Statement No. 86, *Certain Debt Extinguishment Issues*
- GASB Statement No. 87, *Leases*

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

REQUIRED SUPPLEMENTARY INFORMATION

SEYMOUR COMMUNITY SCHOOL DISTRICT

Seymour, Wisconsin

Budgetary Comparison Schedule

General Fund

Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Revenues:				
Local	\$ 5,603,681	\$ 5,603,681	\$ 5,730,975	\$ 127,294
Interdistrict payments within Wisconsin	579,722	634,322	633,511	(811)
Intermediate sources	11,178	17,037	16,762	(275)
State	18,627,687	18,667,709	18,691,025	23,316
Federal	851,835	854,435	762,022	(92,413)
Other	29,270	123,808	99,297	(24,511)
Total revenues	25,703,373	25,900,992	25,933,592	32,600
Expenditures:				
Instruction:				
Current	13,171,955	13,171,955	12,928,197	243,758
Interdistrict	1,071,578	1,071,578	1,090,726	(19,148)
Capital outlay	51,137	51,137	51,137	---
Support Services:				
Current	8,140,613	8,338,232	8,492,730	(154,498)
Capital outlay	1,603,901	1,603,901	1,603,901	---
Debt service	1,100	1,100	382	718
Total expenditures	24,040,284	24,237,903	24,167,073	70,830
Excess of revenues over expenditures	1,663,089	1,663,089	1,766,519	103,430
Other Financing Sources (uses):				
Operating transfers out	(1,663,089)	(1,663,089)	(1,641,297)	21,792
Total other financing sources (uses)	(1,663,089)	(1,663,089)	(1,641,297)	21,792
Special and Extraordinary Items				
Insurance proceeds	---	---	19,270	19,270
Net change in fund balances	---	---	144,492	144,492
Fund Balances - Beginning of year	4,506,804	4,506,804	4,506,804	---
Fund Balances - End of year	\$ 4,506,804	\$ 4,506,804	\$ 4,651,296	\$ 144,492

See Independent Auditors' Report and Notes to Required Supplementary Information.

SEYMOUR COMMUNITY SCHOOL DISTRICT

Seymour, Wisconsin

Budgetary Comparison Schedule

Special Education Fund

Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget -
				Positive
				(Negative)
Revenues:				
State	\$ 565,128	\$ 565,128	\$ 567,232	\$ 2,104
Federal	593,064	593,064	516,142	(76,922)
Other	---	---	313	313
Total revenues	<u>1,158,192</u>	<u>1,158,192</u>	<u>1,083,687</u>	<u>(74,505)</u>
Expenditures:				
Instruction:				
Current	2,100,169	2,100,169	2,028,525	71,644
Interdistrict	16,040	16,040	16,040	---
Support Services:				
Current	705,072	705,072	680,419	24,653
Total expenditures	<u>2,821,281</u>	<u>2,821,281</u>	<u>2,724,984</u>	<u>96,297</u>
Deficiency of revenues under expenditures	<u>(1,663,089)</u>	<u>(1,663,089)</u>	<u>(1,641,297)</u>	<u>21,792</u>
Other Financing Sources (uses):				
Operating transfers in	<u>1,663,089</u>	<u>1,663,089</u>	<u>1,641,297</u>	<u>(21,792)</u>
Net change in fund balances	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Fund Balances - Beginning of year	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Fund Balances - End of year	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

See Independent Auditors' Report and Notes to Required Supplementary Information.

SEYMOUR COMMUNITY SCHOOL DISTRICT

Seymour, Wisconsin

Schedule of Proportionate Share of the Net Pension Asset (Liability)

Year Ended June 30, 2017

Wisconsin Retirement System
Last 10 Fiscal Years*

	District's proportion of the net pension asset (liability)	District's proportionate share of the net pension asset (liability)	District's covered-employee payroll	Net pension asset (liability) as a percentage of covered payroll	Plan fiduciary net position as a percentage of total pension asset (liability)
2017	0.0906%	\$ (746,598)	\$ 12,947,634	5.77%	99.12%
2016	0.0920%	(1,494,722)	12,807,435	11.67%	98.20%
2015	0.0936%	2,299,268	12,875,587	17.86%	102.74%

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

*GASB Pronouncement 68 requires the presentation of the last 10 prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement is not required to be presented in this schedule.

Schedule of Contributions

Year Ended June 30, 2017

Wisconsin Retirement System
Last 10 Fiscal Years*

	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2017	854,544	\$ 854,544	---	\$ 12,947,634	6.60%
2016	870,906	870,906	---	12,807,435	6.80%
2015	901,291	901,291	---	12,875,587	7.00%

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

*GASB Pronouncement 68 requires the presentation of the last 10 prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule.

See Independent Auditors' Report and Notes to Required Supplementary Information.

SEYMOUR COMMUNITY SCHOOL DISTRICT

Seymour, Wisconsin

Schedule of Changes in the Net OPEB Liability and Related Ratios

Year Ended June 30, 2017

Last 10 Fiscal Years*

Measurement Date	June 30, 2016
Reporting Date	June 30, 2017
<u>Total OPEB Liability</u>	
Service Cost	\$ 406,383
Interest	258,419
Change of benefit terms	-
Differences between expected and actual experiences	-
Changes of assumptions or other input	-
Benefit payments	<u>(734,821)</u>
Net change in total OPEB liability	(70,019)
Total OPEB liability - beginning	<u>8,778,195</u>
Total OPEB liability - ending (a)	<u>\$ 8,708,176</u>
<u>Fiduciary Net Position</u>	
Contributions - Employer	\$ 1,109,897
Net investment income	48,337
Benefit payments	(734,821)
Administrative expenses	<u>(16,787)</u>
Net change in fiduciary net position	406,626
Fiduciary net position - beginning	<u>2,471,410</u>
Fiduciary net position - ending (b)	<u>\$ 2,878,036</u>
Net OPEB Liability - ending (a) - (b)	<u>\$ 5,830,140</u>
Fiduciary net position as a percentage of the total OPEB liability	33.05%
Covered-employee payroll	\$ 11,851,065
Net OPEB liability as a percentage of covered-employee payroll	49.20%

*GASB Pronouncement 75 requires the presentation of the last 10 prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule.

See Independent Auditors' Report and Notes to Required Supplementary Information.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Schedule of Employer Contributions
Year Ended June 30, 2017
Last 10 Fiscal Years*

Measurement Date	June 30, 2016
Reporting Date	June 30, 2017
Actuarially determined contributions (ADC)	\$ 1,335,201
Contributions in relation to the ADC	1,109,897
Contribution deficiency (excess)	<u><u>\$ 225,304</u></u>
Covered-employee payroll	\$ 11,851,065
Contributions as a percentage of Covered-Employee Payroll	9.37%

*GASB Pronouncement 75 requires the presentation of the last 10 prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule.

Schedule of Investment Returns
Year Ended June 30, 2017
Last 10 Fiscal Years*

Annual money-weighted rate of return, net of investment expenses	3.22%
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*GASB Pronouncement 75 requires the presentation of the last 10 prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Notes to Required Supplementary Information
Year Ended June 30, 2017

1. Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1D to the financial statements; however, the District adopts a budget for the special education fund which is reported with the general fund in accordance with accounting principles generally accepted in the United States of America. An explanation of the differences between Revenues, Expenditures, and Other Financing Sources (Uses) for budgetary funds on budgetary fund basis and a GAAP general fund basis is summarized below:

	General Fund	Special Education Fund
Revenues		
Actual amounts (budgetary basis)	\$ 25,933,592	\$ 1,083,687
Reclassification of special education	1,083,687	(1,083,687)
Total Revenues (GAAP)	27,017,279	---
Expenditures		
Actual amounts (budgetary basis)	24,167,073	2,724,984
Reclassification of special education	2,724,984	(2,724,984)
Total Expenditures (GAAP)	26,892,057	---
Excess of Revenues Over (Under) Expenditures		
Actual amounts (budgetary basis)	1,766,519	(1,641,297)
Reclassification of special education	(1,641,297)	1,641,297
Excess of Revenues Over (Under) Expenditures (GAAP)	125,222	---
Other Financing Sources (Uses)		
Actual amounts (budgetary basis)	(1,641,297)	1,641,297
Reclassification of special education	1,641,297	(1,641,297)
Total Other Financing Sources (Uses) (GAAP)	---	---
Special Items		
Actual amounts (budgetary basis)	19,270	---
Reclassification of special education	---	---
Total Special Items (GAAP)	19,270	---
Net Change in Fund Balance		
Actual amounts (budgetary basis and GAAP)	144,492	---
Fund Balance - Beginning of Year		
Actual amounts (budgetary basis and GAAP)	4,506,804	---
Fund Balance - End of Year		
Actual amounts (budgetary basis and GAAP)	\$ 4,651,296	\$ ---

Note B - Excess of Actual Expenditures Over Budget in Individual Funds

The following general fund functions had an excess of actual expenditures over budget for the year ended June 30, 2017. The excess expenditures were funded by larger than anticipated revenues and under expenditure in other areas.

General:	
Undifferentiated Curriculum	\$ 11,987
General Administration	21,722
Business Administration	254,755
Purchased instructional services	21,323
Special Education:	
Pupil Services	1,734
Purchased Instructional Services	24,919

Note C - WRS Information

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

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Notes to Required Supplementary Information
Year Ended June 30, 2017
(Continued)

Note D - Post-Employment Benefits

Additional information for the Post-Employment Benefits plan as of the latest actuarial valuation is as follows:

Key Methods and Assumption Used to Calculate ADC

Actuarial cost method	Entry age normal
Asset valuation method	Market value
Amortization method	6 year level \$
Discount rate	5.50%
Inflation rate	3.00%

OTHER SUPPLEMENTARY INFORMATION

SEYMOUR COMMUNITY SCHOOL DISTRICT

Seymour, Wisconsin

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2017

	Special Revenue <u>Trust</u>	Other Special <u>Projects</u>	Food <u>Service</u>	Debt <u>Service</u>	Community <u>Service</u>	<u>Total</u>
ASSETS						
Cash and equivalents	\$ 20,672	\$ ---	\$ 194,519	\$ 1	\$ 176,988	\$ 392,180
Investments	---	---	---	286,081	---	286,081
Accounts receivable	---	---	511	---	---	511
Due from other funds	---	583	197,861	---	87	198,531
Due from other governments	---	17,977	14,780	---	---	32,757
Total assets	\$ 20,672	\$ 18,560	\$ 407,671	\$ 286,082	\$ 177,075	\$ 910,060
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 2,240	\$ ---	\$ 504	\$ ---	\$ ---	\$ 2,744
Withholdings and related district fringes payable	---	2,927	9,251	---	1,566	13,744
Accrued payroll	---	---	---	---	8,562	8,562
Due to other funds	---	15,633	---	---	---	15,633
Unearned revenues	---	---	22,620	---	---	22,620
Total liabilities	2,240	18,560	32,375	---	10,128	63,303
Fund Balances						
Restricted	18,432	---	375,296	286,082	---	679,810
Assigned	---	---	---	---	166,947	166,947
Total fund balances	18,432	---	375,296	286,082	166,947	846,757
Total liabilities and fund balances	\$ 20,672	\$ 18,560	\$ 407,671	\$ 286,082	\$ 177,075	\$ 910,060

See Independent Auditors' Report.

SEYMOUR COMMUNITY SCHOOL DISTRICT

Seymour, Wisconsin

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2017

	<u>Special Revenue Trust</u>	<u>Other Special Projects</u>	<u>Food Service</u>	<u>Debt Service</u>	<u>Community Service</u>	<u>Total</u>
Revenues:						
Local	\$ 67,653	\$ ---	\$ 488,865	\$ 1,336,636	\$ 89,679	\$ 1,982,833
State	---	---	24,021	---	---	24,021
Federal	---	86,801	540,173	---	---	626,974
Other	---	---	3,097	---	310	3,407
Total revenues	<u>67,653</u>	<u>86,801</u>	<u>1,056,156</u>	<u>1,336,636</u>	<u>89,989</u>	<u>2,637,235</u>
Expenditures:						
Instruction:						
Current	61,534	86,801	---	---	---	148,335
Support Services:						
Current	---	---	1,043,732	---	124,802	1,168,534
Capital outlay	---	---	7,455	---	---	7,455
Debt service	---	---	---	1,236,906	---	1,236,906
Total expenditures	<u>61,534</u>	<u>86,801</u>	<u>1,051,187</u>	<u>1,236,906</u>	<u>124,802</u>	<u>2,561,230</u>
Excess (deficiency) of revenues over (under) expenditures	6,119	---	4,969	99,730	(34,813)	76,005
Fund Balances - Beginning of year	<u>12,313</u>	<u>---</u>	<u>370,327</u>	<u>186,352</u>	<u>201,760</u>	<u>770,752</u>
Fund Balances - End of year	<u>\$ 18,432</u>	<u>\$ ---</u>	<u>\$ 375,296</u>	<u>\$ 286,082</u>	<u>\$ 166,947</u>	<u>\$ 846,757</u>

See Independent Auditors' Report.

SEYMOUR COMMUNITY SCHOOL DISTRICT

Seymour, Wisconsin

Agency Funds - Schedule of Changes in Assets and Liabilities

June 30, 2017

	<u>Balance</u>				<u>Balance</u>
	<u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>		<u>June 30, 2017</u>
ASSETS					
Cash and equivalent	\$ 74,269	\$ 285,473	\$ 300,435	\$	59,307
Investments	12,500	---	2,500		10,000
Total assets	<u>\$ 86,769</u>	<u>\$ 285,473</u>	<u>\$ 302,935</u>	<u>\$</u>	<u>69,307</u>
 LIABILITIES					
Due to student organizations:					
Elementary school	\$ 8,411	\$ 35,073	\$ 34,860	\$	8,624
Middle school	8,083	20,166	22,420		5,829
High school	70,275	230,234	245,655		54,854
Total liabilities	<u>\$ 86,769</u>	<u>\$ 285,473</u>	<u>\$ 302,935</u>	<u>\$</u>	<u>69,307</u>

See Independent Auditors' Report.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Schedule of Expenditures of State Awards
Year Ended June 30, 2017

Awarding Agency Pass-Through Agency Award Description	State I.D. Number	Pass-Thru Entity Number	Accrued or (Unearned) Revenue at 7/1/16	Receipts	State Disbursements/ Expenditures	Accrued or (Unearned) Revenue at 6/30/17	Subrecipient Awards
Wisconsin Department of Public Instruction							
Special education and school-age parents**	255.101	445138-100	\$ ---	\$ 567,002	\$ 567,002	\$ ---	\$ ---
State school lunch	255.102	445138-107	---	12,301	12,301	---	---
Common school fund library aid	255.103	445138-104	---	86,401	86,401	---	---
Pupil transportation	255.107	445138-102	---	87,136	87,136	---	---
Morning milk program	255.109	445138-109	---	4,002	4,002	---	---
Equalization aids	255.201	445138-116	310,555	17,353,581	17,347,924	304,898	---
School breakfast program	255.344	445138-108	---	7,719	7,719	---	---
Tribal language revitalization grants	255.364	445138-155	7,791	17,873	24,651	14,569	---
Educator effectiveness evaluation system	255.940	445138-154	14,720	28,800	14,080	---	---
Per pupil aid	255.945	445138-113	363,750	959,000	595,250	---	---
Aid for Special Ed transition grant	255.960	445138-168	---	230	230	---	---
Assessments for reading readiness	255.956	445138-166	---	3,721	3,721	---	---
Passed through DePere School District							
Peer review and mentoring	255.301	051414-141	---	---	7,189	7,189	---
Total state awards			\$ 696,816	\$ 19,127,766	\$ 18,757,606	\$ 326,656	\$ ---

** Total DPI aidable expenditures for the year ended June 30, 2017 were \$2,209,668

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Awarding Agency	Federal Catalog Number	Pass-Thru Entity Number	Accrued or (Unearned) Revenue at 7/1/16	Receipts	Federal Disbursements/ Expenditures	Accrued or (Unearned) Revenue at 6/30/17	Subrecipient Awards
U.S. Department of Agriculture							
Passed through Wisconsin Department of Public Instruction:							
<i>Child Nutrition Cluster</i>							
Food Service Aid - Breakfast	10.553	2017-445138-SB-546	\$ 3,617	\$ 106,890	\$ 106,923	\$ 3,650	\$ ---
Donated Commodities - Noncash	10.555	N/A	---	93,585	93,585	---	---
Food Service Aid - Lunch	10.555	2017-445138-NSL-547	9,559	336,838	338,366	11,087	---
Food Service Aid - Milk	10.556	2017-445138-SMP-548	13	1,269	1,299	43	---
<i>Total Child Nutrition Cluster</i>			<u>13,189</u>	<u>538,582</u>	<u>540,173</u>	<u>14,780</u>	<u>---</u>
Total U.S. Department of Agriculture			<u>13,189</u>	<u>538,582</u>	<u>540,173</u>	<u>14,780</u>	<u>---</u>
U.S. Department of Education							
Indian Education - Grants to Local Educational Agencies							
Title VIII - Impact Aid	84.060	N/A	34,032	102,856	86,801	17,977	---
2016-2017							
2014-2015	84.041	N/A	---	245,907	245,907	---	---
2014-2015	84.041	N/A	---	25,735	25,735	---	---
<i>Subtotal Title VIII - Impact Aid</i>			<u>---</u>	<u>271,642</u>	<u>271,642</u>	<u>---</u>	<u>---</u>
Passed through CESA's:							
Career and Technical Education - Basic Grants to States							
Title III - English and Language Acquisition	84.048	2017-749906-CP-CTE-400	---	16,762	16,762	---	---
Title III - English and Language Acquisition	84.365	17-449906-Title III A-391	275	275	---	---	---
<i>Subtotal Passed through CESA's</i>			<u>275</u>	<u>17,037</u>	<u>16,762</u>	<u>---</u>	<u>---</u>
Title II-A Teacher/Principal Training							
Title I-A Basic Grant	84.367	17-445138-Title II-365	24,099	79,545	81,392	25,946	---
Title I-A Basic Grant	84.010	17-445138-Title I-141	79,118	351,276	366,306	94,148	---
<i>Special Education Cluster</i>							
IDEA Flow Through (EIS)	84.027	2017-445138-IDEA-341	122,603	440,847	392,098	73,854	---
IDEA Preschool Entitlement	84.173	17-445318-Pre-S-347	5,313	14,427	13,846	4,732	---
<i>Total Special Education Cluster</i>			<u>127,916</u>	<u>455,274</u>	<u>405,944</u>	<u>78,586</u>	<u>---</u>
Passed through Outagamie County Health and Human Services							
Title IV-A Safe and Drug Free Schools Act	84.186	99.010	---	4,246	4,246	---	---
Total U.S. Department of Education			<u>265,440</u>	<u>1,281,876</u>	<u>1,233,093</u>	<u>216,657</u>	<u>---</u>
U.S. Department of Health and Human Services							
Passed through Wisconsin Department of Health Services:							
<i>Medicaid Cluster:</i>							
Medical Assistance Program 2016-2017	93.778	44216700	---	110,197	110,197	---	---
Medical Assistance Program 2015-2016	93.778	44216700	---	38,436	38,436	---	---
Total U.S. Department of Health and Human Services			<u>---</u>	<u>148,633</u>	<u>148,633</u>	<u>---</u>	<u>---</u>
Total Federal Awards			<u>\$ 278,629</u>	<u>\$ 1,969,091</u>	<u>\$ 1,921,899</u>	<u>\$ 231,437</u>	<u>\$ ---</u>

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Notes to Schedules of Expenditures of Federal and State Awards
June 30, 2017

1. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (the Schedules) includes the federal and state award activity of the District under programs of the federal and state government for the year ended June 30, 2017. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the requirements of the *Wisconsin State Single Audit Guidelines*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in, the preparation of the basic financial statements. Because the schedules present only a selected portion of the operations of the District, it is not intended to and does not present the net financial position, changes in fund balance or cash flows of the District. All federal and state awards received directly from federal and state agencies as well as federal and state financial awards passed through other government agencies are included on the schedule.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in the Uniform Guidance and *Wisconsin State Single Audit Guidelines*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Indirect Cost Rate

The District did not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

4. Noncash Awards

The federal donated commodities in the Child Nutrition Cluster is administered by the U.S. Department of Agriculture and passed through the Wisconsin Department of Public Instruction and transactions relating to this program are included in the District's basic financial statements. Commodities received during the year that are included in the federal expenditures are valued by the federal agency. There are no balances outstanding as of June 30, 2017.

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

To the School Board
Seymour Community School District
Seymour, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Seymour Community School District (the "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 07, 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. This finding is identified as 2017-001.

Compliance and Other Matters

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

District's Response to Findings

The District's response to the 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 the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

November 07, 2017
Milwaukee, Wisconsin

David A. Grotkin
Joel A. Joyce
Brian J. Mechenich
Carrie A. Gindt



Patrick G. Hoffert
Jason J. Wrasse
Joshua T. Bierbach

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

To the School Board
Seymour Community School District
Seymour, Wisconsin

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 Wisconsin State Single Audit Guidelines. Those standards and the Uniform Guidance and Wisconsin State Single Audit 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 of the District's compliance.

Opinion on Each Major Federal and State Program

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 and state programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

November 07, 2017
Milwaukee, Wisconsin

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2017

Reference Number: 2016-001
Description: Financial Statement Preparation

Criteria: Statements on Auditing Standards AU §325.29 states it is a deficiency in the design of controls to have inadequate controls over the preparation of the financial statements being audited.

Condition: The financial statements of the District should be prepared in accordance with Accounting Principles Generally Accepted in the United States (GAAP). Preparation of the District's financial statements and footnote disclosures in accordance with GAAP requires a very high level of technical experience and expertise. The District's financial statements could be misstated and required footnote disclosures could be missing.

Cause: The District's staff does not have the necessary resources to properly apply GAAP in the preparation of these documents. The District has decided to rely on the technical experience and expertise of its auditors and have requested us to prepare the financial statements and footnote disclosures in accordance with GAAP.

Effect: The District's financial statements will be prepared by the auditor.

Auditors' Recommendation: We recommend the District continue to assign a staff member to review the financial statements prepared by its auditors.

District's Response: The District will continue to rely on the expertise of an accounting firm to prepare the financial statements, as the cost of training is not feasible to the District. The District will continue to review a draft of the financial statements and ask questions prior to giving approval to finalize the financial statements.

Status: See 2017-001.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Section I - Summary of Auditors' Results

Financial Statements

- | | |
|---|------------|
| 1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified |
| 2. Internal control over financial reporting: | |
| A. Material weaknesses identified? | No |
| B. Significant deficiencies identified that are not considered to be material weakness? | Yes |
| 3. Noncompliance material to financial statements? | No |

Federal Awards

- | | |
|---|------------|
| 4. Internal control over major programs: | |
| A. Material weaknesses identified: | No |
| B. Significant deficiencies identified that are not considered to be material weakness? | No |
| 5. Type of auditors' report issued on compliance for major programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 7. Identification of major programs: | |

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	<u>Special Education Cluster (IDEA):</u>
84.027	IDEA Flow Through
84.173	IDEA Preschool Entitlement

- | | |
|--|-----------|
| 8. Dollar threshold used to distinguish between type A and type B programs | \$750,000 |
| 9. Auditee qualified as low-risk auditee? | Yes |

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Schedule of Findings and Questioned Costs
Year Ended June 30, 2017
(Continued)

Section I - Summary of Auditors' Results (Continued)

State Awards

10. Internal control over financial reporting:

A. Material weaknesses identified No

B. Significant deficiencies identified that are not considered to be material weakness? No

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

12. Any audit findings disclosed that are required to be reported in accordance with *Wisconsin State Single Audit Guidelines*? No

13. Identification of major state programs:

<u>CFDA Number</u>	<u>Name of State Program or Cluster</u>
255.201	Equalization Aid
255.107	Transportation Aid
255.945	Per Pupil Aid

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

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Schedule of Findings and Questioned Costs
Year Ended June 30, 2017
(Continued)

Section II - Financial Statement Findings

Reference Number: 2017-001
Description: Financial Statement Preparation

Criteria: Statements on Auditing Standards AU §325.29 states it is a deficiency in the design of controls to have inadequate controls over the preparation of the financial statements being audited.

Condition: The financial statements of the District should be prepared in accordance with Accounting Principles Generally Accepted in the United States (GAAP). Preparation of the District's financial statements and footnote disclosures in accordance with GAAP requires a very high level of technical experience and expertise. The District's financial statements could be misstated and required footnote disclosures could be missing.

Cause: The District's staff does not have the necessary resources to properly apply GAAP in the preparation of these documents. The District has decided to rely on the technical experience and expertise of its auditors and have requested us to prepare the financial statements and footnote disclosures in accordance with GAAP.

Effect: The District's financial statements will be prepared by the auditor.

Identification of a Repeat Finding: This is a repeat finding from previous audits, see 2016-001.

Auditors' Recommendation: We recommend the District continue to assign a staff member to review the financial statements prepared by its auditors.

View of Responsible Official: See attachment for District's corrective action plan.

Section III - Federal and State Award Findings and Questioned Costs

None

SEYMOUR COMMUNITY SCHOOL DISTRICT
Seymour, Wisconsin

Schedule of Findings and Questioned Costs
Year Ended June 30, 2017
(Continued)

Section IV - Other Issues

1. Does 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 audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *Wisconsin State Single Audit Guidelines*: No

Wisconsin Department of Public Instruction

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? Yes

4. Name and signature of partner

Brian J. Mechenich

5. Date of Report

November 07, 2017



*Seymour Community School District
Administration/Board of Education
10 Circle Drive
Seymour, WI 54165*

Corrective Action Plan

Reference Number: 2017-001

Description: Financial Statement Preparation

Corrective Action Plan: The District will continue to rely on the expertise of an accounting firm to prepare the financial statements, as the cost of training is not feasible to the District. The District will continue to review a draft of the financial statements and ask questions prior to giving approval to finalize the financial statements.

Anticipated Corrective Action Plan Completion Date: Ongoing.

Contact Information: For additional information regarding this finding please contact Peter Kempen, Director of Business Services, at 920-833-2304.

Peter Kempen
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Seymour Middle School, 10 Circle Drive, Seymour, WI 54165 * (920) 833-7199 Fax (920) 833-9376
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