

PULASKI COMMUNITY SCHOOL DISTRICT

Annual Financial Report

June 30, 2017

PULASKI COMMUNITY SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

To the Board of Education
Pulaski Community School District
Pulaski, 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 Pulaski 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 the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pulaski 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.

To the Board of Education
Pulaski Community School District

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, schedule of funding progress – other post-employment benefits, schedules of proportionate share of the net pension liability (asset) and employer contributions – Wisconsin Retirement System and schedule of revenues, expenditures and changes in fund balance – budget and actual information on pages 43 – 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pulaski Community School District's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements of Pulaski Community School District. The accompanying schedules of state financial assistance and changes in assets and liabilities – pupil activity fund are presented for purposes of additional analysis as required by *Wisconsin State Single Audit Guidelines* and the *Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction and are also not a required part of the basic financial statements of the District.

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

To the Board of Education
Pulaski Community School District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2017, on our consideration of Pulaski Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pulaski Community School District's internal control over financial reporting and compliance.

Kerber Rose SC
KerberRose SC
Certified Public Accountants
December 28, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

PULASKI COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis
For the Year Ended June 30, 2017

This discussion and analysis of Pulaski Community School District's (District) financial information provides an overall review of financial activities for the fiscal year.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources at the close of the fiscal year by \$37,812,146 (*net position*). Of this amount \$26,955,824 is the net investment in capital assets; \$715,036 is restricted for debt service retirement; \$249,452 is restricted for donor intentions; \$11,484 is restricted for capital projects; \$42,069 is restricted for food service; \$26,748 is restricted for community service, and \$3,919,439 is restricted for pension. This results in net unrestricted position of \$5,892,094.
- Net position on the district-wide financial statements for the most recent fiscal year increased by \$536,423.
- As of June 30, 2017, the District's governmental funds reported ending fund balances of \$8,077,073, a decrease of \$513,613 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,268,797.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's 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 supplementary information to the basic financial statements is provided, which is intended to give the reader additional detail in support of the basic financial statements.

District-wide financial statements

- The district-wide financial statements are the *statement of net position* and *statement of activities*. These statements present an aggregate view of the District's finances in a manner similar to private-sector business. Both statements distinguish functions that are supported principally by property taxes and intergovernmental revenues, called *governmental activities*, from functions that are intended to recover all or a significant portion of costs through user charges called *business-type activities*. The District has no business-type activities.
- The *statement of net position* presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference reported as *net position*. This statement reports all of the District's assets (cash and noncash), deferred outflows of resources and its known liabilities, both current and long-term and deferred inflows of resources. The purpose of this statement is to give the reader an understanding of the District's net worth. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, before such a determination can be made, other financial and nonfinancial factors need to be considered, such as changes in the District's property tax base, its state and federal aid, and the condition of its capital assets.
- The *statement of activities* presents information showing how the District's net position changed during the year. Revenues and expenses are reported by activity to give the reader an understanding of how each of the District's activities is being supported. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Revenues and expenses are reported for all items that are known, even though they may not affect the actual cash flow of the District until a future year (e.g., uncollected taxes, earned but unused vacation, and other post-employment benefit obligations). This method of accounting is known as the accrual basis of accounting and is different from the modified accrual basis of accounting used in the District's fund financial statements. The intent of the district-wide financial statements is to give the reader a long-term view of the District's financial condition.

PULASKI COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis
For the Year Ended June 30, 2017

Fund financial statements

- The District also produces *fund financial statements*. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The District, like other state and local governments, uses fund accounting to demonstrate compliance with finance related legal requirements. Fund statements generally report operations in more detail than the district-wide statements and provide information that may be useful in evaluating a District's near-term financing requirements.
- There are two governmental fund financial statements, the *balance sheet* and the *statement of revenues, expenditures and changes in fund balances* (operating statement). Generally, fund statements focus on near-term inflows and outflows of spendable resources and their impact on fund balance. Such information may be useful in assessing a government's near-term financing requirements. These statements are located on pages 14 and 15 and 17 and 18.
- Since the focus of fund financial statements is narrower than that of the district-wide statements it is useful to make comparisons between the information presented. This helps readers better understand the long-term implication of the District's near-term financing decisions. A reconciliation to facilitate the comparison of the statement of net position to the governmental funds balance sheet is presented on page 16. A separate schedule to reconcile the statement of activities to the governmental funds operating statement is presented on page 19.
- The District has two kinds of funds: *governmental* and *fiduciary*. *Governmental funds* include the District's eight regular funds (general, debt service, special revenue trust, Indian education, capital projects, food service, community service and the cooperative program). The District has two *fiduciary* funds, a private-purpose trust for scholarship funds and an agency fund for student organizations.
- Financial information is presented separately on both the *balance sheet* and the *statement of revenues, expenditures and changes in fund balances* for the general, debt service, and capital projects fund as these are considered to be major funds. The other governmental funds are considered nonmajor funds. The financial information for these funds is combined and reported in the aggregate as "other governmental funds". Individual fund data for each of the nonmajor funds is in the combining statements, which can be found in the supplementary information section.
- The District serves as a trustee, or *fiduciary*, for student organizations and student scholarships. The assets of these organizations and scholarships do not directly benefit nor are under the direct control of the District. The District's responsibility is limited to ensuring the assets reported in these funds are used only for their intended purposes. *Fiduciary* activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operations. Fiduciary fund statements are presented on pages 20 and 21.

Notes to the financial statements

The *notes to the financial statements* provide additional information that is essential to the full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements follow the basic financial statements and can be found on pages 22 to 42.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's budget, pension plan and post-employment benefits. The District adopts an annual appropriation budget for its general fund. This *required supplementary information* can be found immediately following the notes on pages 43 to 47.

This report also contains *supplementary information*. This includes combining statements for the nonmajor governmental funds and a schedule of changes in assets and liabilities for the pupil activity fund. The supplementary information can be found on 48 to 52.

PULASKI COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2017

FINANCIAL ANALYSIS

The District as a Whole

Summary of Net Position

	2017	2016
ASSETS		
Current Assets	\$ 16,424,604	\$ 16,168,752
Noncurrent Assets	36,845,287	36,746,451
Total Assets	<u>53,269,891</u>	<u>52,915,203</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>10,843,479</u>	<u>14,148,551</u>
LIABILITIES		
Current Liabilities	10,692,231	10,281,123
Long-Term Liabilities	10,034,435	13,839,365
Total Liabilities	<u>20,726,666</u>	<u>24,120,488</u>
DEFERRED INFLOWS OF RESOURCES	<u>5,574,558</u>	<u>5,667,543</u>
NET POSITION		
Net Investment in Capital Assets	26,955,824	25,899,014
Restricted	4,964,228	7,840,977
Unrestricted	<u>5,892,094</u>	<u>3,535,732</u>
Total Net Position	<u>\$ 37,812,146</u>	<u>\$ 37,275,723</u>

As indicated by the schedule above, total net position is \$37,812,146 at June 30, 2017. Net position can be separated into three categories: net investment in capital assets, restricted net position, and unrestricted net position.

Net investment in capital assets is a combination of funds available for capital assets, plus capital assets at original cost less accumulated depreciation and related debt. The original cost of capital assets is \$72,111,876 at June 30, 2017, which is an accumulation of capital assets year after year less any capital disposals. The accumulated depreciation is the accumulation of depreciation expense since acquisition. In accordance with generally accepted accounting principles, depreciation expense is recorded on the original cost of the asset, less an estimated salvage value, expensed over the estimated useful life of the asset. Total accumulated depreciation is \$35,266,589 at June 30, 2017. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position is restricted and represents resources that are subject to external restrictions on how they may be used. Restricted net position consists of donated assets required to be used for donor intentions of \$249,452; \$715,036 is restricted for debt service retirement; \$11,484 is restricted for capital projects; \$42,069 is restricted for food service; \$26,748 is restricted for community service; and \$3,919,439 is restricted for pension.

The District's unrestricted net position increased \$1,656,623 from the prior fiscal year primarily due to the decreases in the restricted amounts for the pension and capital projects.

PULASKI COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2017

Change in Net Position - The following table shows the changes in net position for the fiscal years ended June 30, 2017 and 2016.

	Amounts 2017	Percent of Total	Amounts 2016	Percent of Total
Program Revenues				
Charges for Services	\$ 3,270,862	6.81	\$ 2,910,124	6.32
Operating Grants	5,951,560	12.39	5,384,300	11.69
Total Program Revenues	<u>9,222,422</u>	<u>19.20</u>	<u>8,294,424</u>	<u>18.01</u>
General Revenues				
Property Taxes Levied for:				
General	11,736,190	24.44	11,896,340	25.83
Debt Service	1,967,441	4.10	1,944,079	4.22
Capital Projects	265,000	.55	265,000	.58
Community Services	272,984	.57	150,000	.32
State and Federal General Aids	23,476,752	48.88	23,057,082	50.06
Other	1,086,857	2.26	450,396	.98
Total General Revenues	<u>38,805,224</u>	<u>80.80</u>	<u>37,762,897</u>	<u>81.99</u>
Total Revenues	<u>48,027,646</u>	<u>100.00</u>	<u>46,057,321</u>	<u>100.00</u>
Expenses				
Instruction	26,699,189		26,520,770	55.03
Support Services	17,034,975		18,050,619	37.46
Interest on Debt	312,795		380,998	.79
Community Services	705,921		642,599	1.33
Non-Program Transactions	2,738,343		2,597,379	5.39
Total Expenses	<u>47,491,223</u>	<u>100.00</u>	<u>48,192,365</u>	<u>100.00</u>
Change in Net Position	<u>\$ 536,423</u>		<u>\$ (2,135,044)</u>	

Key elements of this change are as follows:

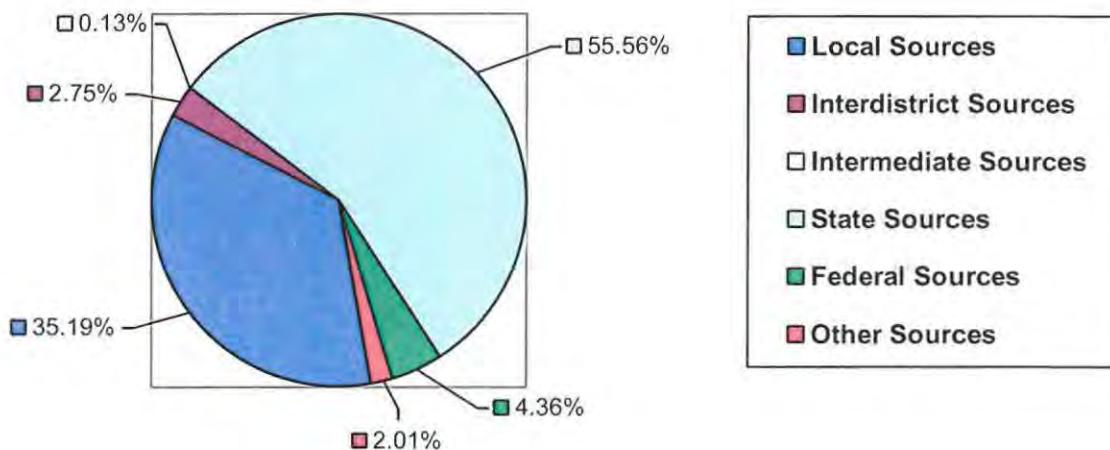
In past years, the Pulaski Community School District's general fund has helped to support the food service program (fund 50) because expenses have exceeded the amount of revenues that the food service program has generated. This year we participated in the summer meal program which provided breakfast and lunch to anyone age 18 and under that chose to participate regardless of whether they are a student in our district. The popularity of this program eliminated the need for the general fund to support the food service program therefore not needing to transfer the \$60,000 that was budgeted. The District is excited to continue to provide the summer meal program to the community. We have been approved to offer this program for the next four years and can reapply for another five years at the end of the current program.

PULASKI COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis
For the Year Ended June 30, 2017

Revenues

The following chart illustrates the District's sources of revenues by percentages:



The District relies primarily on property taxes and general state aid to fund governmental activities. General state aid is paid according to a formula taking into consideration District spending and property values as compared to spending and property values for the state as a whole. Property taxes and general state and federal aid account for 95% of district-wide revenues.

Local sources of revenues total \$16,871,967 and include revenues to the general fund of \$12,171,727, debt service fund of \$1,967,441, capital projects fund of \$265,727 and other governmental funds of \$2,467,072.

Interdistrict sources of revenues of \$1,318,578 are funds from other districts for open enrollment and general tuition to the general fund.

Intermediate sources of revenues total \$62,414 and include amounts received from CESAs and a county school for special needs students to the general fund.

State sources of revenue total \$26,639,785 and include revenues to the general fund of \$26,616,467 and other governmental funds of \$23,318.

Federal sources of revenue total \$2,092,536 and include revenue to the general fund of \$1,493,715 and other governmental funds of \$598,821.

Other sources of revenue total \$964,560 and include revenue to the general fund of \$176,436 and debt service fund of \$788,124.

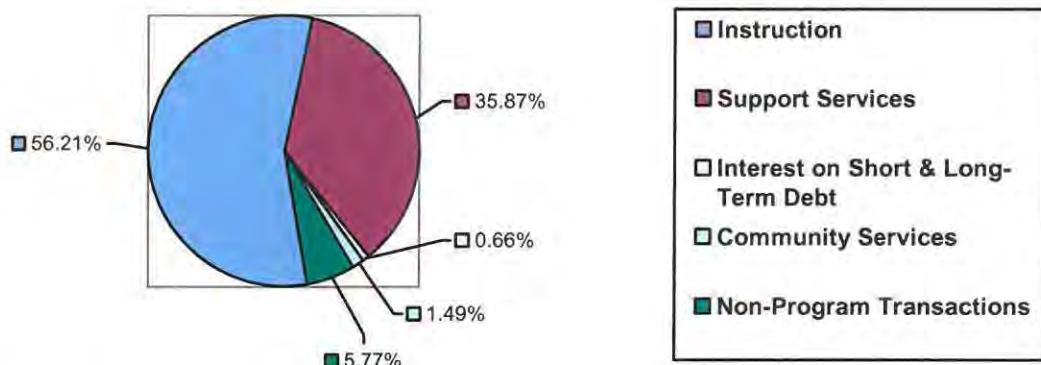
PULASKI COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2017

Expenses

The following chart illustrates the District's expenses by percentages:



Expenses include instruction of \$26,699,189, support services of \$17,034,975, interest on short and long-term debt of \$312,795, community services of \$705,921 and non-program transactions of \$2,738,343.

Governmental Funds

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, the spendable fund balance may serve as a useful measure of the district's net resources available for spending at the end of the fiscal year.

As of June 30, 2017, the District's governmental funds reported combined ending fund balances of \$8,077,073 a decrease of \$513,613 in comparison with the prior year.

- A portion of the fund balance is classified as nonspendable to indicate that it is not expected to be converted to cash because it has been used for prepaid expenses of \$45,221 and inventory of \$18,527.
- A portion of the fund balance is classified as restricted to indicate that legal constraints have been placed on the use of the funds for debt service payments of \$715,036, for donor intentions of \$249,452, for capital projects of \$11,484, for food service of \$42,069, for capital expansion of \$699,739, for community service of \$26,748, and for pension of \$3,919,439.
- The remaining fund balance of \$6,268,797 is unassigned.

The *general fund* is the chief operating fund of the District. As of June 30, 2017, the total fund balance of the general fund was \$7,015,505. The fund balance of the general fund increased by \$516,976 from the prior year.

The *debt service fund* has a total fund balance of \$715,036, all of which is restricted for the payment of debt service. The fund balance increased by \$417,264.

The *capital projects fund* has a total fund balance of \$11,484, all of which is restricted for future capital projects. The fund balance decreased by \$1,649,403.

PULASKI COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis
For the Year Ended June 30, 2017

Fiduciary Funds

The District's fiduciary funds include a private purpose trust fund and an agency fund.

Net position of the private purpose trust fund at the end of the year amounted to \$948. This amount is restricted for scholarships. Net position decreased by \$39 from the prior year.

As of June 30, 2017, the agency fund reported that \$99,986 was due to student organizations, which is a decrease of \$144,259 from the prior year.

Budgetary highlights

The District's budget is shown in the following chart:

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE	PERCENT
General Fund					
Revenues and Other Financing Sources	\$ 39,568,086	\$ 39,577,814	\$ 39,430,137	\$ (147,677)	-0.37%
Expenditures and Other Financing Uses	<u>39,236,584</u>	<u>39,387,704</u>	<u>38,913,161</u>	<u>474,543</u>	<u>1.20%</u>
	<u>\$ 331,502</u>	<u>\$ 190,110</u>	<u>\$ 516,976</u>	<u>\$ 326,866</u>	

The District's actual general fund revenues and other financing sources were less than the budget by \$147,677, a variance of 0.37%. This variance is due to a budgeted refund of prior year expenses.

The District's actual general fund expenditures and other financing uses were less than the budget by \$474,543, a variance of 1.20%. This variance is due to not needing to transfer any funds to the food service budget and an amount that was less than what was budgeted for the special education program.

There is a perspective difference between the budget and reporting under generally accepted accounting principles (GAAP). For budgetary purposes the special education fund was budgeted separate from the general fund, but for GAAP the two are combined. There is reconciliation to the statement of revenues, expenditures and changes in fund balances provided as part of the notes to the required supplementary information.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year, the District had invested a net of \$36,845,287 in a broad range of capital assets, including buildings, sites, and equipment. This amount represents an increase of \$98,836. Total accumulated depreciation on these assets is \$35,266,589.

- Asset acquisitions totaled \$2,490,945 for the fiscal year.
- The District recognized depreciation expense of \$2,340,378 during the fiscal year.

PULASKI COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2017

Capital Assets (Continued)

	2017	2016
Land	\$ 741,172	\$ 741,172
Land Improvements	3,105,990	2,165,430
Buildings and Improvements	53,030,859	52,371,973
Furniture and Equipment	15,233,855	14,651,154
Less Accumulated Depreciation	<u>(35,266,589)</u>	<u>(33,183,278)</u>
Capital Assets Net of Depreciation	\$ 36,845,287	\$ 36,746,451

Long-Term Debt

	2017	2016
General Obligation Debt	\$ 9,428,196	\$ 11,511,900
Capital Leases	1,036,277	1,454,812
Compensated Absences	485,713	469,978
Post-Employment Benefits	-	327,712
Pension Liability	1,349,482	2,689,785
\$ 12,299,668	\$ 16,454,187	

- The District retired \$4,875,318 of other long-term obligations.
- The District retired \$2,075,000 of outstanding debt.
- The District incurred \$2,804,504 in other long-term obligations.

FACTORS BEARING ON THE DISTRICT'S FUTURE

- The District has immediate space needs beginning with the 2017-18 school year at Hillcrest Elementary School based on enrollment estimates. Non classroom areas were remodeled and turned into classroom space to accommodate the number of students. It is anticipated that classroom space will continue to be an issue with a number of new housing developments being started in the Hillcrest area.
- Based on anticipated growth in new housing developments surrounding Sunnyside Elementary School, the District foresees increased enrollment and predicts there will be a shortage of classroom space in the near future.
- The Board approved moving ahead with the second wave of iPad deployment through a four year Apple lease totaling \$178,676. The lease begins on July 5, 2017.
- The Board approved borrowing \$8.5 million for energy efficiency projects under Act 32 in June of 2017. Loan proceeds were received July 13, 2017 with projects being completed in 2017-18 and 2018-19.
- The Field of Dreams athletic complex Phase I (football stadium and track area) were completed in September 2016. The Board of Education borrowed \$2.8 Million for the project with community donations/pledges paying back the principal and interest over the next ten years. Funding for Phase I has been secured. The Steering Committee is currently working on Phase II which includes upgrades to baseball/softball diamonds, tennis courts and soccer fields.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is prepared to provide 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 the Pulaski Community School District, 143 West Green Bay Street, Pulaski, Wisconsin 541612.

FINANCIAL STATEMENTS

PULASKI COMMUNITY SCHOOL DISTRICT

District-Wide Statement of Net Position

As of June 30, 2017

	Governmental Activities
ASSETS	
Current Assets	
Cash	\$ 11,867,986
Receivables:	
Taxes	3,518,514
Accounts	13,400
Due from Other Governments	779,472
Restricted Cash	181,484
Prepaid Expenses	45,221
Inventory	18,527
Total Current Assets	16,424,604
Noncurrent Assets	
Land	741,172
Land Improvements	3,105,990
Buildings and Building Improvements	53,030,859
Furniture and Equipment	15,233,855
Less: Accumulated Depreciation	(35,266,589)
Total Noncurrent Assets	36,845,287
TOTAL ASSETS	53,269,891
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources Related to Pension	10,843,479
LIABILITIES	
Current Liabilities	
Notes Payable	3,500,000
Accounts Payable	241,162
Accrued Liabilities:	
Payroll, Payroll Taxes, Insurance	4,296,222
Interest	116,860
Deposits Payable	170,000
Unearned Revenues	102,754
Current Portion of Long-Term Obligations	2,265,233
Total Current Liabilities	10,692,231
Noncurrent Liabilities	
Noncurrent Portion of Long-Term Obligations	10,034,435
TOTAL LIABILITIES	20,726,666
DEFERRED INFLOW OF RESOURCES	
Deferred Inflows of Resources Related to Pension	5,574,558
NET POSITION	
Net Investment in Capital Assets	26,955,824
Restricted	4,964,228
Unrestricted	5,892,094
TOTAL NET POSITION	\$ 37,812,146

PULASKI COMMUNITY SCHOOL DISTRICT

District-Wide Statement of Activities

For the Year Ended June 30, 2017

					Net (Expense) Revenue and Changes in Net Position
		Program Revenues			
		Expenses	Charges For Services	Operating Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES					
Instruction					
Regular Instruction	\$ 17,728,973	\$ 1,615,895	\$ 703,734	\$ (15,409,344)	
Vocational Instruction	1,200,097	-	-	(1,200,097)	
Physical Instruction	993,295	-	-	(993,295)	
Special Instruction	5,636,547	33,643	2,530,932	(3,071,972)	
Other Instruction	1,140,277	103,716	667,218	(369,343)	
Total Instruction	26,699,189	1,753,254	3,901,884	(21,044,051)	
Support Services					
Pupil Services	1,913,100	-	124,801	(1,788,299)	
Instructional Staff Services	1,882,983	-	1,124,214	(758,769)	
General Administration Services	363,149	-	-	(363,149)	
Building Administration Services	2,153,998	-	-	(2,153,998)	
Business Administration Services	499,913	-	-	(499,913)	
Operations and Maintenance	3,509,500	-	-	(3,509,500)	
Food Services	1,657,937	1,090,447	597,372	29,882	
Pupil Transportation	2,253,285	-	203,289	(2,049,996)	
Central Services	1,875,734	-	-	(1,875,734)	
Insurance	422,035	-	-	(422,035)	
Other Support Services	503,341	-	-	(503,341)	
Interest on Debt	312,795	-	-	(312,795)	
Total Support Services	17,347,770	1,090,447	2,049,676	(14,207,647)	
Community Services					
Adult Education	209,385	375,018	-	165,633	
Other Community Services	496,536	52,143	-	(444,393)	
Total Community Services	705,921	427,161	-	(278,760)	
Non-Program Transactions					
Open Enrollment	2,114,049	-	-	(2,114,049)	
Non-Open Enrollment	578,418	-	-	(578,418)	
Adjustments and Refunds	45,876	-	-	(45,876)	
Total Non-Program Transactions	2,738,343	-	-	(2,738,343)	
TOTAL GOVERNMENTAL ACTIVITIES	\$ 47,491,223	\$ 3,270,862	\$ 5,951,560	(38,268,801)	
GENERAL REVENUES					
Property Taxes:					
General Purposes				11,736,190	
Debt Services				1,967,441	
Capital Projects				265,000	
Community Services				272,984	
State and Federal Aids not Restricted to Special Functions:					
Equalization and Computer Aid				23,476,752	
Interest and Investment Earnings				13,441	
Miscellaneous				1,073,416	
Total General Revenues				38,805,224	
CHANGES IN NET POSITION					
NET POSITION - BEGINNING OF YEAR				37,275,723	
NET POSITION - END OF YEAR				\$ 37,812,146	

See Accompanying Notes

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PULASKI COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds
As of June 30, 2017

	General Fund	Debt Service
ASSETS		
Cash	\$ 10,765,322	\$ 715,036
Receivables:		
Taxes	3,518,514	-
Accounts	1,422	-
Due from Other Governments	735,516	-
Restricted Cash	-	-
Prepaid Expenses	45,221	-
Inventory	1,748	-
TOTAL ASSETS	\$ 15,067,743	\$ 715,036
LIABILITIES AND FUND BALANCES		
Liabilities		
Notes Payable	\$ 3,500,000	\$ -
Accounts Payable	222,783	-
Accrued Liabilities:		
Payroll, Payroll Taxes, Insurance	4,265,331	-
Interest	37,393	-
Deposits Payable	-	-
Unearned Revenues	26,731	-
Total Liabilities	8,052,238	-
Fund Balances		
Nonspendable:		
Prepaid Expenses	45,221	-
Inventory	1,748	-
Restricted		
Debt Service	-	715,036
Donor Intentions	-	-
Capital Projects	-	-
Food Service	-	-
Community Service	-	-
Committed:		
Capital Expansion	699,739	-
Unassigned	6,268,797	-
Total Fund Balances	7,015,505	715,036
TOTAL LIABILITIES AND FUND BALANCES	\$ 15,067,743	\$ 715,036

Capital Projects	Other Governmental Funds	Total Governmental Funds
\$	\$ 387,628	\$ 11,867,986
-	-	3,518,514
-	11,978	13,400
-	43,956	779,472
181,484	-	181,484
-	-	45,221
-	16,779	18,527
\$ 181,484	\$ 460,341	\$ 16,424,604

\$	-	\$ -	\$ 3,500,000
-	-	18,379	241,162
-	-	30,891	4,296,222
-	-	-	37,393
170,000	-	-	170,000
-	-	76,023	102,754
170,000	-	125,293	8,347,531

-	-	45,221
-	16,779	18,527
-	-	715,036
-	249,452	249,452
11,484	-	11,484
-	42,069	42,069
-	26,748	26,748
-	-	699,739
-	-	6,268,797
11,484	-	8,077,073
\$ 181,484	\$ 460,341	\$ 16,424,604

PULASKI COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds to the District-Wide Statement of Net Position
As of June 30, 2017

Total Fund Balances - Governmental Funds	\$ 8,077,073
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Total net position reported in the statement of net position is different from the amount reported above as total governmental funds fund balance because:

Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. Amounts reported in the statement of net position that are not reported in the funds balance sheet:

Capital Assets	72,111,876
Accumulated Depreciation	<u>(35,266,589)</u> 36,845,287

Pension liability not payable in the current period therefore not reported in the fund financial statements (1,349,482)

The District's proportionate share of the Wisconsin Retirement System is not an available financial resource; therefore, it is not reported in the fund financial statements.

Deferred Outflows of Resources Related to Pension	10,843,479
Deferred Inflows of Resources Related to Pension	<u>(5,574,558)</u> 5,268,921

Certain liabilities, bonds and notes payable, are not due in the current period and therefore not reported in the fund statements. Liabilities reported in the statement of net position that are not reported in the funds balance sheet:

Long-Term Debt	(10,391,277)
Accrued Interest on General Obligation Debt	(79,467)
Vested Employee Benefits	(485,713)
Premium on Bond Issuance	<u>(73,196)</u> (11,029,653)

Total Net Position - Governmental Activities	<u>\$ 37,812,146</u>
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PULASKI COMMUNITY SCHOOL DISTRICT
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2017

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 11,736,190	\$ 1,967,441
Other Local Sources	435,537	-
Interdistrict Sources	1,318,578	-
Intermediate Sources	62,414	-
State Sources	26,616,467	-
Federal Sources	1,493,715	-
Other Sources	176,436	788,124
Total Revenues	41,839,337	2,755,565
EXPENDITURES		
Instruction		
Regular Instruction	15,704,532	-
Vocational Instruction	1,117,593	-
Physical Instruction	916,777	-
Special Instruction	5,320,243	-
Other Instruction	829,152	-
Total Instruction	23,888,297	-
Support Services		
Pupil Services	1,791,616	-
Instructional Staff Services	1,784,139	-
General Administration Services	347,603	-
Building Administration Services	1,912,977	-
Business Administration Services	5,585,855	-
Operations and Maintenance	2,291	-
Food Services	-	-
Pupil Transportation	169,527	-
Central Services	1,444,464	-
Insurance	422,035	-
Principal and Interest	485,502	2,338,301
Other Support Services	831,053	-
Total Support Services	14,777,062	2,338,301
Community Services		
Adult Education	-	-
Other Community Services	-	-
Total Community Services	-	-
Non-Program Transactions		
Open Enrollment	2,114,049	-
Non-Open Enrollment	578,418	-
Adjustments and Refunds	45,876	-
Total Non-Program Transactions	2,738,343	-
Total Expenditures	41,403,702	2,338,301
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	435,635	417,264
OTHER FINANCING SOURCES (USES)		
Proceeds from Sale of Capital Assets	77,807	-
Transfers In	3,534	-
Transfers Out	-	-
Total Other Financing Sources (Uses)	81,341	-
NET CHANGES IN FUND BALANCES		
FUND BALANCES - BEGINNING OF YEAR	516,976	417,264
FUND BALANCES - END OF YEAR	\$ 7,015,505	\$ 715,036

Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 265,000	\$ 272,985	\$ 14,241,616
727	2,194,087	2,630,351
-	-	1,318,578
-	-	62,414
-	23,318	26,639,785
-	598,821	2,092,536
-	-	964,560
265,727	3,089,211	47,949,840
-	146,677	15,851,209
-	11,376	1,128,969
-	3,279	920,056
-	9,059	5,329,302
-	290,161	1,119,313
-	460,552	24,348,849
-	24,515	1,816,131
-	1,691	1,785,830
-	-	347,603
-	-	1,912,977
-	3,590	5,589,445
1,890,121	35,770	1,928,182
-	1,646,197	1,646,197
25,009	7,403	201,939
-	-	1,444,464
-	-	422,035
-	-	2,823,803
-	-	831,053
1,915,130	1,719,166	20,749,659
-	207,872	207,872
-	496,537	496,537
-	704,409	704,409
-	-	2,114,049
-	-	578,418
-	-	45,876
-	-	2,738,343
1,915,130	2,884,127	48,541,260
(1,649,403)	205,084	(591,420)
-	-	77,807
-	-	3,534
-	(3,534)	(3,534)
-	(3,534)	77,807
(1,649,403)	201,550	(513,613)
1,660,887	133,498	8,590,686
\$ 11,484	\$ 335,048	\$ 8,077,073

PULASKI COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017

Net Change in Fund Balances - Total Governmental Funds	\$ (513,613)
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Amounts reported in the statement of activities are different from the statement of revenues, expenditures and changes in fund balance because:

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

Capital outlay reported in governmental fund statements	2,490,945
Depreciation expense reported in the statement of activities	<u>(2,340,378)</u>
Amount by which capital outlays are greater than depreciation in the current period.	150,567

The District disposed of outdated assets resulting in a reduction of capital assets and recapture of prior year depreciation expense reported in the statement of activities as a net loss and has no effect on the governmental funds balance sheet.

The value of capital assets disposed of during the year	(308,798)
The amount of depreciation recapture for the year	<u>257,067</u>
Amount by which disposals are more than depreciation recapture in the current period.	(51,731)

Amounts related to the pension that are not current financial resources are not reported in the fund financial statements.

(1,871,784)

Vested employee benefits are reported in the governmental funds when amounts are paid.

The statement of activities reports the value of benefits earned during the year:

Compensated absences paid in current year	80,614
Compensated absences earned in current year	<u>(96,349)</u>
Amounts paid are less than amounts earned by	(15,735)

Other post-employment benefits paid in current year	890,023
Other post-employment benefits earned in current year	<u>(562,311)</u>
Amounts paid are more than amounts earned by	327,712

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities:

The amount of long-term debt principal payments in the current year is	2,493,535
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In governmental funds interest payments on outstanding long-term debt are reported as an expenditure when paid. In the statement of activities interest is reported as incurred.

The amount of interest paid during the current period	287,058
The amount of interest accrued during the current period	<u>(278,290)</u>
Interest paid is more than interest accrued by	8,768

Bond premium is allocated over the period the debt is outstanding and is reported as amortization expense in the statement of activities. The amount incurred and amortization expense for the current year is:

Amortization of Bond Premium	8,704
Change in Net Position - Governmental Activities	<u>\$ 536,423</u>

PULASKI COMMUNITY SCHOOL DISTRICT

Statement of Net Position

Fiduciary Funds

As of June 30, 2017

	Private- Purpose Trust Fund	Agency Funds	Total
ASSETS			
Cash	\$ 1,118	\$ 99,986	\$ 101,104
LIABILITIES			
Due to Scholarship Recipients	170	-	170
Due to Student Organizations	-	99,986	99,986
Total Liabilities	170	99,986	100,156
NET POSITION			
Restricted for Scholarships	<u>\$ 948</u>	<u>\$ -</u>	<u>\$ 948</u>

PULASKI COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2017

	Private- Purpose Trust Fund
ADDITIONS	
Contributions	\$ 1,505
DEDUCTIONS	
Scholarships Awarded	<u>1,544</u>
CHANGE IN NET POSITION	(39)
NET POSITION - BEGINNING	<u>987</u>
NET POSITION - ENDING	<u>\$ 948</u>

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

Note 1 - Summary of Significant Accounting Policies

This summary of significant accounting policies of Pulaski Community School District (District) is presented to assist in understanding the District's financial statements. The financial statements and notes are representations of the District's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles (GAAP) and have been consistently applied in the preparation of the financial statements.

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 established in GAAP and used by the District are discussed below.

Nature of Operations

The Pulaski Community School District is organized as a unified school district. The District, governed by a seven-member elected school board, operates grades 4 year-old Kindergarten through 12 and is comprised of all or parts of sixteen taxing districts.

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

The financial reporting entity consists of (a) organizations for which the stand alone government is financially accountable and (b) the stand alone government that is controlled by a separately elected governing body that is legally separate and is fiscally independent. All of the accounts of the District comprise the stand alone government.

District-Wide Statements

The statement of net position and the statement of activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Fund financial statements of the reporting entity are organized into individual funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures.

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

Funds are organized as major funds or nonmajor funds within the governmental statements. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type and
- b. The same element that met the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental funds combined.
- c. In addition, any other governmental fund that the District believes is particularly important to financial statement users may be reported as a major fund.

Governmental Funds

Governmental funds are identified as either general, special revenue, debt service or capital projects based upon the following guidelines:

General Fund

The general fund is the primary operating fund of the District and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

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

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term principal, interest, and related costs.

Capital Projects Funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital expenditures.

Fiduciary Funds

Agency Funds

Agency funds are used to account for assets held by the District as an agent for various student organizations.

Private-Purpose Trust

This fund reports a trust arrangement under which principal and income benefit a college scholarship program.

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

Major Funds

The District reports the following major governmental funds:

General Fund – The General Fund is the operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in other funds.

Debt Service Fund – This fund accounts for the resources accumulated and payments made of principal and interest on long-term general obligation debt of governmental activities.

Capital Projects Fund – This fund accounts for proceeds from long-term borrowing and other resources to be used for capital improvement projects.

Nonmajor Funds

The District reports the following nonmajor funds:

Special Revenue Trust Fund – This fund accounts for donor donations restricted for special projects that can be used for District operations. The source of such funds are gifts and donations from private parties.

Indian Education – This fund accounts for the resources accumulated and payments made in association with the Federal Title VII grant.

Food Service Fund – This fund accounts for the activities associated with the District's hot lunch and breakfast programs.

Community Service Fund – This fund accounts for activities serving the community that are funded by property taxes and fees.

Cooperative Program Fund – This fund accounts for shared gifted and talented program expenditures made available to other Districts.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial report.

The district-wide financial statements and private purpose trust fund are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus and utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, including 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.

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

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 assets may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

Cash

The District's cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. Cash balances for individual funds are pooled unless maintained in segregated accounts.

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

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

Property Taxes

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

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

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Accounts Receivable

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

Interfund Activity

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the noncurrent portion of interfund loans).

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals conducted by an independent third party professional appraisal firm. Donated assets are reported at acquisition value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the district-wide statements are as follows. Land and related improvements, building and related improvements and furniture and equipment which includes computers and library books are capitalized using a capitalization threshold of \$1,000. All depreciable capital assets are depreciated on a straight-line basis with estimated useful lives for land improvements and buildings and improvements of 20-50 years, furniture and equipment of 5-20 years, computer and related technology and library books of 7 years and textbooks of 5 years.

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the governmental fund upon acquisition.

Unearned Revenues

The district-wide statement of net position and balance sheet reports unearned revenue and therefore defers revenue recognition in connection with resources that have been received but not yet earned. When revenue recognition criteria are met, unearned revenue is reduced and revenue is recognized.

Compensated Absences and Post-Employment Benefits

The District's sick pay policy allows employees to accrue unused sick time up to 90 days. All staff, including teaching staff, administrators, secretaries, aides, bus drivers, maintenance, custodians, and cooks are eligible to receive a one-time payout upon retirement or resignation at the rate of five dollars per hour.

Early retirement benefits are available to teachers and non-teachers meeting certain requirements. An actuarially determined value of future benefits to current and future retirees is recognized in the statement of net position.

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Principal payments decrease the long-term debt liability on the statement of net position and do not affect the statement of activities. Interest is reported as an expense on the statement of activities on the accrual basis.

In the fund financial statements, bond premiums and discounts are recognized during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Principal and interest payments are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and balance sheet sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

The district-wide financial statements have five items that qualify for reporting in this category. Accordingly, the items, pension plan – differences between expected and actual experiences, pension plan – changes in assumptions, pension plan – net differences between projected and actual earnings on pension plan investments, pension plan – changes in proportion and differences between employer contributions and proportionate share of contributions and pension plan – employer contributions subsequent to the measurement date are reported in the statement of net position.

In addition to liabilities, the statement of net position and balance sheet sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time.

The district-wide financial statements have two items that qualify for reporting in this category. Accordingly, the items, pension plan – differences between expected and actual experiences and pension plan – net differences between projected and actual earnings on pension plan investments.

Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with available expendable financial resources are recorded during the year as expenditures in the appropriate governmental fund types. If they are not liquidated with available expendable financial resources, a liability is recorded in the statement of net position. The related expenditure is recognized when the liability is liquidated. There were no significant claims or judgments at year-end.

Fund Equity Designations

District-Wide Statements

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Equity Designations (Continued)

- b. Restricted component of net position – Consists of resources with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted component of net position – Net amount that does not meet the definition of “restricted” or “net investment in capital assets.”

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

Fund balance is classified as either 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned.

Nonspendable fund balance represents amounts that cannot be spent due to form (such as inventories and prepaid amounts), or amounts that must be maintained intact legally or contractually (such as the principal of a permanent fund).

Restricted fund balance represents amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

Committed fund balance represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources. The action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period. The School Board is the decision-making authority that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance.

Assigned fund balance, in the general fund, represents amounts constrained by the School Board for a specific intended purpose. The District has not delegated that authority to others. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance.

Unassigned fund balance represents amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in the unassigned fund balance.

The District, unless otherwise required by law or agreements, spends funds in the following order: restricted first, then committed, then assigned, and lastly unassigned.

The District has adopted a minimum fund balance policy that states the fund balance shall not fall below 10% of the operating budget in the general fund.

Use of Estimates

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

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

Note 2 - Cash

The debt service fund accounts for its transactions through separate and distinct bank accounts as required by state statutes. In addition, the trust and agency funds use separate and distinct accounts. All other funds share in common bank and investment accounts.

The District is authorized to invest its funds in accordance with Wisconsin Statutes. Allowable investments are as follows:

- Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, local professional baseball park district, local professional football stadium district, local cultural arts district or by the University of Wisconsin Hospitals and Clinics Authority.
- Bonds or securities guaranteed by the federal government.
- The Wisconsin Local Government Investment Pool and the Wisconsin Investment Trust.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

Additional restrictions could arise from local charters, ordinances, resolutions and grant resolutions of the District.

For all deposits shown, the market value at the balance sheet date is substantially the same as the carrying value. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

At June 30, 2017 the bank balance of cash was \$12,422,818. The District maintains its cash accounts at two financial institutions. Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk.

Deposits in each bank are insured by the FDIC up to \$250,000 for the combined amounts of all time and savings accounts (including NOW accounts); and up to \$250,000 for the combined amounts of all interest and non-interest bearing demand deposit accounts

Bank accounts are also insured by the State Deposit Guarantee Fund (SDGF) in the amount of \$400,000. 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 municipalities. This coverage has not been considered in computing the uninsured deposits below:

The following represents a summary of deposits as of June 30, 2017:

Fully Insured Deposits	\$ 670,018
Collateralized by the Pledging Bank Trust Department in the District's Name	11,655,090
Uninsured	97,710
Total	<u>\$ 12,422,818</u>

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

Note 3 - Interfund Transfers

Interfund transfers for the year ended June 30, 2017, are as follows:

Transfer From	Transfer To	Amount	Purpose
Cooperative Program	General Fund	\$ 3,534	Transfer of excess revenues over expenditures

Note 4 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets not being Depreciated:				
Sites (Land)	\$ 741,172	\$ -	\$ -	\$ 741,172
Capital Assets Being Depreciated:				
Land Improvements	2,165,430	940,560	-	3,105,990
Buildings and Improvements	52,371,973	658,886	-	53,030,859
Furniture and Equipment	14,651,154	891,499	308,798	15,233,855
Total Capital Assets Being Depreciated	69,188,557	2,490,945	308,798	71,370,704
Less Accumulated Depreciation For:				
Land Improvements	(1,342,118)	(91,242)	-	(1,433,360)
Buildings and Improvements	(20,295,294)	(1,464,013)	-	(21,759,307)
Furniture and Equipment	(11,545,866)	(785,123)	(257,067)	(12,073,922)
Total Accumulated Depreciation	(33,183,278)	(2,340,378)	(257,067)	(35,266,589)
Total Capital Assets Being Depreciated, Net of Depreciation	36,005,279	150,567	51,731	36,104,115
Total Capital Assets	\$ 36,746,451	\$ 150,567	\$ 51,731	\$ 36,845,287

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

Note 4 - Capital Assets (Continued)

Depreciation expense was charged to the following functions:

Instruction:			
Regular	\$	1,061,681	
Vocational		12,882	
Physical		21,482	
Special Education		15,005	
Other Instruction		30,022	
Pupil Services		2,032	
Instructional Staff Services		9,645	
General Administration		2,329	
Building Administration		18,081	
Business Administration		7,246	
Operations and Maintenance		415,609	
Food Services		11,740	
Pupil Transportation		383,968	
Central Services		347,143	
Adult Education		1,513	
Total Depreciation Expense	\$	2,340,378	

Note 5 - Short-Term Note Payable

The District issues tax anticipation notes in advance of property tax collections, depositing the proceeds in its general fund. Due to the timing of tax revenue receipts these notes are necessary for the District to meet its cash flow needs throughout the year.

Short-term debt activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax Anticipation Notes	\$ 2,800,000	\$ 3,700,000	\$ 3,000,000	\$ 3,500,000

The \$3,700,000 short-term note was issued on October 13, 2016 and matured on September 18, 2017. The interest rate is 1.50%.

As of July 2017, the District secured short-term borrowing not to exceed \$3,500,000.

Total interest on short-term notes for the year ended June 30, 2017 totaled \$20,528.

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

Note 6 - Long-Term Obligations

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2017:

	Beginning Balances	Additions	Reductions	Ending Balances	Amount Due Within One Year
General Obligation Debt					
Refunding Bonds	\$ 2,130,000	\$ -	\$ 1,200,000	\$ 930,000	\$ 930,000
General Obligation Bonds	4,080,000	- -	300,000	3,780,000	305,000
Promissory Notes	5,220,000	- -	575,000	4,645,000	540,000
Adjustments for:					
Bond Premium	81,900	- -	8,704	73,196	-
Total General Obligation Debt	<u>11,511,900</u>	<u>- -</u>	<u>2,083,704</u>	<u>9,428,196</u>	<u>1,775,000</u>
Net Pension Liability	2,689,785	2,145,844	3,486,147	1,349,482	-
Capital Leases	1,454,812	- -	418,535	1,036,277	421,094
Compensated Absences	469,978	96,349	80,614	485,713	69,139
Other Post-Employment Benefits	327,712	562,311	890,023	-	-
Total Long-Term Obligations	<u>\$ 16,454,187</u>	<u>\$ 2,804,504</u>	<u>\$ 6,959,023</u>	<u>\$ 12,299,668</u>	<u>\$ 2,265,233</u>

Total interest paid for the year ended June 30, 2017 was \$287,058 for general obligation debt.

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

	Issue Date	Interest Rate	Date of Maturity	Balance 6/30/17
General Obligation Promissory Note	09/24/14	1.00% - 2.50%	09/01/24	\$ 2,140,000
General Obligation Promissory Note	03/09/16	1.50% - 2.50%	03/09/16	2,505,000
General Obligation Refunding Bond	08/11/10	2.00% - 3.00%	03/18/18	930,000
General Obligation Bonds	07/10/13	2.00% - 3.125%	03/01/28	<u>3,780,000</u>
Total General Long-Term Obligations				<u>\$ 9,355,000</u>

The 2016 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,653,815,786. The legal debt limit and margin of indebtedness as of June 30, 2017, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt Limit (10% of \$1,653,815,786)	\$ 165,381,579
Deduct long-term debt applicable to debt margin	\$ 10,391,277
Less: Amounts available for financing general obligation debt	715,036
	<u>9,676,241</u>
Margin of Indebtedness	<u>\$ 155,705,338</u>

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

Note 6 - Long-Term Obligations (Continued)

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

Year Ending		Principal	Interest	Total
June 30,				
2018		\$ 2,196,094	\$ 289,610	\$ 2,485,704
2019		1,285,687	239,162	1,524,849
2020		1,074,496	192,025	1,266,521
2021		900,000	166,440	1,066,440
2022		920,000	143,294	1,063,294
2023-2027		3,620,000	395,769	4,015,769
2028		395,000	36,087	431,087
Total		<u>\$ 10,391,277</u>	<u>\$ 1,462,387</u>	<u>\$ 11,853,664</u>

Net pension liability and compensated absences are excluded from the above cash flow requirements because repayment schedules have not been determined or are not required.

Note 7 - Fund Equity

District-Wide Statements

Net position reported on the district-wide statement of net position at June 30, 2017 includes the following:

Net Investment in Capital Assets		
Net Capital Assets	\$ 36,845,287	
Less: Related Long-Term Debt Outstanding	9,889,463	
Net Investment in Capital Assets	<u>26,955,824</u>	
Restricted:		
Debt Retirement	715,036	
Donor Intentions	249,452	
Capital Projects	11,484	
Food Service	42,069	
Community Service	26,748	
Pension	3,919,439	
Total Restricted	<u>4,964,228</u>	
Unrestricted		<u>5,892,094</u>
Total Net Position	<u>\$ 37,812,146</u>	

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

Note 8 - Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

Plan Description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours (440 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. 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.

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

Note 8 - Defined Benefit Pension Plan (Continued)

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2006	0.8	3
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. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$1,540,059 in contributions from the District.

Contribution rates as of June 30, 2016 are:

Employee Category	Employee	Employer
General (including teachers)	6.6%	6.6%

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

At June 30, 2017, the District reported a liability of \$1,349,482 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 .16372463%, which was a decrease of .00180256% from its proportion of .16552719% measured as of December 31, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$3,486,147.

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

Note 8 - Defined Benefit Pension Plan (Continued)

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 experiences	\$ 514,558	\$ 4,244,004
Changes in assumptions	1,410,936	-
Net differences between projected and actual earnings on pension plan investments	8,047,848	1,330,554
Changes in proportion and differences between employer contributions and proportionate share of contributions	48,518	-
Employer contributions subsequent to the measurement date	821,619	-
Total	\$ 10,843,479	\$ 5,574,558

The \$821,619 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	\$ 3,490,851	\$ 1,687,598
2019	3,490,851	1,687,598
2020	2,921,887	1,687,598
2021	115,616	511,764
2022	2,655	-

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

Note 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 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2016 is based upon a roll-forward of the asset calculated from the December 31, 2015 actuarial valuation.

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

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 %
US Equities	27.0%	23.0%	7.6%	4.7%
International Equities	24.5	22.0	8.5	5.6
Fixed Income	27.5	37.0	4.4	1.6
Inflation Sensitive Assets	10.0	20.0	4.2	1.4
Real Estate	7.0	7.0	6.5	3.6
Private Equity/Debt	7.0	7.0	9.4	6.5
Multi-Asset	4.0	4.0	6.7	3.8
Total Core Fund	107.0%	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%

PULASKI COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2017

Note 8 - Defined Benefit Pension Plan (Continued)

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 3.56%. 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:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
District's proportionate share of the net pension liability (asset)	\$17,753,299	\$1,349,482	(\$11,282,200)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

Payables to the Pension Plan

The District is required to remit the monthly required contribution for both the employee and District portions by the last day of the following month. The amount due to WRS as of June 30, 2017 is \$274,173 for June payrolls.

Note 9 - Post-Employment Benefits Other than Pension Benefits

Plan Description. The Pulaski Community School District operates a single-employer retiree benefit plan that provides post-employment health and life insurance benefits to eligible employees and their spouses. There are 504 active and 87 retired members in the plan. Benefits and eligibility for certified staff are established and amended by the Board of Education and include post-employment health coverage for some current retirees who retired prior to July 1, 2013. For employees retiring after July 1, 2014, the District makes post-retirement contributions to a tax sheltered annuity for retirees who were hired prior to July 1, 2003. Benefits and eligibility for non-certified staff are established and amended by the governing body.

Effective July 1, 2011, employees need to meet certain criteria in order to be eligible for the District-provided post-employment benefit upon their retirement. The District has grandfathered existing employees who have worked with the District prior to July 1, 2011. Those individuals will continue to receive benefits as described in the preceding paragraph.

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

Note 9 - Post-Employment Benefits Other than Pension Benefits (Continued)

Funding Policy. Payments under the plan are made on a pay-as-you go basis. There are no invested plan assets accumulated for payment of future benefits. The employer makes all contributions.

Annual OPEB Cost and Net OPEB Obligation. The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table illustrates the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation.

	Governmental Activities
Annual required contributions	\$ 624,033
Interest on net OPEB	9,831
Adjustments	39,120
Annual OPEB cost (expense)	672,984
Contributions made	(1,000,696)
Change in net OPEB obligations	(327,712)
OPEB obligation at beginning of year	327,712
OPEB obligation at end of year	<u>\$ -</u>

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/15	\$ 469,327	232.13	\$ 857,387
6/30/16	562,648	194.14	327,712
6/30/17	672,984	177.96	-

Funded Status and Funding Progress. As of July 1, 2016, the most recent actuarial valuation date, for the period July 1, 2016 through June 30, 2017, the District's unfunded actuarial accrued liability (UAAL) was \$2,857,887. The annual payroll for active employees covered by the plan in the actuarial valuation for the 2016-2017 fiscal year was \$22,809,114 for a ratio of the UAAL to covered payroll of 12.53%.

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

Note 9 - Post-Employment Benefits Other than Pension Benefits (Continued)

Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as assumptions about future terminations, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actuarial results are compared with past experience and new estimates are made about the future.

The schedule of funding progress, presented as RSI following the notes to the financial statements, is to present multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, because the District maintains no Plan assets, information relative to Plan asset required disclosures is not applicable.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made in the valuation of the above described plan:

Retirement age for active employees. Rates are based on historical rates used by Wisconsin Retirement System (WRS) based on WRS experience to value pensions for public school employees.

Turnover. Turnover rates are based on historical rates experienced by Wisconsin Retirement System (WRS) to value pensions for public school employees.

Payroll growth rate. The expected long-term payroll growth rate was assumed to be 3.0%

Healthcare Cost Trend Rates. The expected rate of increase in health care insurance premiums is based on historical rates experienced by WRS to value pensions for public school employees shown below.

Year	Rate	Year	Rate	Year	Rate
2014	7.5%	2020	6.1%	2026	5.5%
2015	7.0%	2021	6.0%	2027	5.4%
2016	6.5%	2022	5.9%	2028	5.3%
2017	6.4%	2023	5.8%	2029	5.2%
2018	6.3%	2024	5.7%	2030	5.1%
2019	6.2%	2025	5.6%	2031 and after	5.0%

Mortality Tables. The expected mortality rates used are based on historic rates experienced by WRS to value pensions for Public School employees.

In the July 1, 2016 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumption included a rate of 3.0% to discount expected liabilities to the valuation date, which is based on the accumulation of benefit units earned from such things as salary and/or service years. The UAAL is being amortized as a level dollar over 5 years.

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

Note 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 has been approved by a referendum. This limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

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

Note 11 - Commitments and Contingencies

The District 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. The District believes such disallowances, if any, would be immaterial.

From time to time the District is involved in legal actions and claims, most of which normally occur in governmental operations. In the opinion of District management, these issues, 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 entered into a contract for a capital expansion project in the 2016-2017 school year for a total of \$210,000. The approximate amount owed at June 30, 2017 is \$158,000.

Note 12 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health claims; unemployment compensation claims and natural disasters. The District insures through commercial insurance companies for all risks of loss. Settled claims from these risks have not exceeded insurance coverage in the past three fiscal years.

Note 13 - Upcoming Accounting Pronouncements

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions

GASB Statement No. 75, establishes requirements for governments that provide their employees with OPEB through a trust and replaces GASB Statement No. 45 for those government employers. The most significant change is that governments will now be required to recognize their net OPEB liability, which is the difference between the total OPEB liability (the portion of the present value of projected benefit payments that is attributed to past periods) and the value of OPEB assets available to pay pension benefits. Additional note disclosure and the first two RSI schedules from GASB 74 will be required. This requirement also applies to cost sharing, multiple-employer plans and plans that are not administered through a trust. Unlike pension plans, which most governments have been funding for quite a while, many OPEB plans are severely underfunded, and the liability to be recorded may be significant. The statement mirrors the pension requirements of GASB 68. Most changes in the net OPEB liability will be included in current period expense. Other components, such as changes in economic assumptions, will be recognized over a closed period equal to the expected remaining service lives of all employees that are provided benefits. Differences between expected and actual investment rate of return will be recognized in expense over a closed five-year period. The pronouncement will be effective for the year ending June 30, 2018.

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

Note 13 - Upcoming Accounting Pronouncements (Continued)

GASB Statement No. 83, Certain Asset Retirement Obligations

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs) and establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This statement requires that recognition occur when the liability is both incurred and reasonably estimable. Measurement of an ARO is required to be based on the best estimate of the current value of outlays expected to be incurred and deferred outflows of resources associated with an ARO is required to be measured at the amount of the corresponding liability upon initial measurement. The current value of an ARO must be adjusted for the effects of general inflation or deflation at least annually and all relevant factors should be evaluated at least annually to determine whether effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays. An ARO should be remeasured only when the result of the evaluation indicates there is a significant change in estimated outlays. The deferred outflows of resources should be reduced and recognized as outflows of resources in a systematic and rational manner over the estimated useful life of the tangible capital asset. The pronouncement will be effective for the year ending June 30, 2018.

GASB Statement No. 84, Fiduciary Activities

GASB Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is on whether the government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. If an activity meets the criteria, it should be reported in a fiduciary fund in the basic financial statements and a statement of fiduciary net position and a statement of changes in fiduciary net position should be presented. Four fiduciary funds that should be reported, if applicable, include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. If an event occurs that compels a government to disburse fiduciary resources, a liability must be recognized to the beneficiaries. The pronouncement will be effective for the year ending June 30, 2019.

GASB Statement No. 87, Leases

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The pronouncement will be effective for the year ending June 30, 2020.

The District is evaluating the impact these standards will have on the financial statements when adopted.

Note 14 - Tax Abatements

For the fiscal year ended June 30, 2017, the District had no tax abatements.

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REQUIRED SUPPLEMENTARY INFORMATION

PULASKI COMMUNITY SCHOOL DISTRICT

Schedule of Funding Progress

Other Post-Employment Benefits

For the Year Ended June 30, 2017

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2010	-	\$ 15,541,312	\$ 15,541,312	0.00%	\$ 25,544,001	60.84%
7/1/2012	-	7,658,864	7,658,864	0.00%	21,011,980	36.45%
7/1/2014	-	4,028,884	4,028,884	0.00%	22,672,241	17.77%
7/1/2016	-	2,857,887	2,857,887	0.00%	22,809,114	12.53%

PULASKI COMMUNITY SCHOOL DISTRICT
 Schedules of Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions
 Wisconsin Retirement System
 Last 10 Fiscal Years*

<u>Schedule of Proportionate Share of the Net Pension Liability (Asset)</u>	December 31,		
	2016	2015	2014
District's proportion of the net pension liability (asset)	0.16372463%	0.16552719%	0.16694140%
District's proportionate share of the net pension liability (asset)	\$ 1,349,482	\$ 2,689,785	\$ (4,100,538)
District's covered-employee payroll	23,336,446	23,240,975	23,121,477
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	5.78%	11.57%	-17.73%
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.12%	98.20%	102.74%

Schedule of Employer Contributions

	2016	2015	2014
Contractually required contributions	\$ 1,540,059	\$ 1,580,384	\$ 1,627,410
Contributions in relation to the contractually required contributions	(1,540,059)	(1,580,384)	(1,627,410)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 23,336,446	\$ 23,240,975	\$ 23,121,477
Contributions as a percentage of covered-employee payroll	6.60%	6.80%	7.04%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Ten years of data will be accumulated beginning with 2014.

PULASKI COMMUNITY SCHOOL DISTRICT
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 General Fund
 For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Property Taxes	\$ 11,575,526	\$ 11,738,357	\$ 11,736,190	\$ (2,167)
Other Local Sources	555,203	405,452	435,537	30,085
Interdistrict Sources	1,248,530	1,345,585	1,318,578	(27,007)
Intermediate Sources	16,694	16,694	28,771	12,077
State Sources	25,182,736	25,068,669	25,085,358	16,689
Federal Sources	630,134	630,134	567,926	(62,208)
Other Sources	184,113	197,773	176,436	(21,337)
Total Revenues	39,392,936	39,402,664	39,348,796	(53,868)
EXPENDITURES				
Instruction				
Regular Instruction	15,335,085	15,296,221	15,704,532	(408,311)
Vocational Instruction	1,143,351	1,143,351	1,117,593	25,758
Physical Instruction	943,000	943,000	916,777	26,223
Other Instruction	840,095	840,095	829,152	10,943
Total Instruction	18,261,531	18,222,667	18,568,054	(345,387)
Support Services				
Pupil Services	1,163,510	1,157,985	1,098,573	59,412
Instructional Staff Services	1,502,892	1,658,570	1,525,090	133,480
General Administration Services	390,687	388,687	347,603	41,084
Building Administration Services	2,088,614	2,094,032	1,912,977	181,055
Business Administration	5,286,263	5,301,980	5,574,597	(272,617)
Central Services	1,564,075	1,564,075	1,440,184	123,891
Insurance	484,745	484,745	422,035	62,710
Principal and Interest	436,930	476,794	485,502	(8,708)
Other Support Services	779,856	779,856	831,053	(51,197)
Total Support Services	13,697,572	13,906,724	13,637,614	269,110
Non-Program Transactions				
Open Enrollment	2,171,740	2,181,712	2,114,049	67,663
Non-Open Enrollment	382,480	382,480	310,081	72,399
Adjustments and Refunds	51,600	51,600	45,876	5,724
Total Non-Program Transactions	2,605,820	2,615,792	2,470,006	145,786
Total Expenditures	34,564,923	34,745,183	34,675,674	69,509
EXCESS OF REVENUES OVER EXPENDITURES	4,828,013	4,657,481	4,673,122	15,641
OTHER FINANCING SOURCES (USES)				
Refund of Prior Year Expenses	146,100	146,100	-	(146,100)
Miscellaneous Revenue	20,000	20,000	-	(20,000)
Proceeds from Sale of Capital Assets	9,050	9,050	77,807	68,757
Transfers In	-	-	3,534	3,534
Transfers Out	(4,671,661)	(4,642,521)	(4,237,487)	405,034
Total Other Financing Sources (Uses)	(4,496,511)	(4,467,371)	(4,156,146)	477,325
NET CHANGE IN FUND BALANCE	331,502	190,110	516,976	492,966
FUND BALANCE - BEGINNING OF YEAR	6,498,529	6,498,529	6,498,529	-
FUND BALANCE - END OF YEAR	\$ 6,830,031	\$ 6,688,639	\$ 7,015,505	\$ 492,966

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information

June 30, 2017

BUDGETS AND BUDGETARY ACCOUNTING

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

The District follows these procedures in establishing the budgetary data:

- a. Based upon requests from district staff, district administration recommends budget proposals to the school board.
- b. The school board reviews the proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- c. Pursuant to a public budget hearing, the school board may make alterations to the proposed budget.
- d. Once the school board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations, unless authorized by a 2/3 vote of the entire school board.
- e. Appropriations lapse at year-end unless authorized as a carryover by the school board. The portion of fund balance representing carryover appropriations is reported as committed or assigned fund balance.

BASIS OF ACCOUNTING

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

There is a perspective difference between the budget and reporting under generally accepted accounting principles (GAAP). For budgetary purposes the special education fund was budgeted separate from the general fund, but for GAAP the two are combined. There is a reconciliation to the statement of revenues, expenditures and changes in fund balances provided as part of the notes to the required supplementary information.

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

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

Individual Fund	Excess Expenditures
General Fund	
Regular Instruction	\$ 408,311
Business Administration	272,617
Principal and Interest	8,708
Other Support Services	51,197

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information

June 30, 2017

BUDGET-TO-ACTUAL RECONCILIATION

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

		<u>General Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Total Revenues and Other Financing Sources" from the Budgetary Comparison Schedule		\$ 39,430,137
Differences - Budget to GAAP		
The Special Education Fund was Budgeted Separately but does not meet the Definition of a Special Revenue Fund and was Combined with the General Fund		2,490,541
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		\$ 41,920,678
Uses/Outflows of Resources		
Actual Amounts (Budgetary Basis) "Total Expenditures and Other Financing Uses" from the Budgetary Comparison Schedule		\$ 38,913,161
Differences - Budget to GAAP		
The Special Education Fund was Budgeted Separately but does not meet the Definition of a Special Revenue Fund and was Combined with the General Fund		6,728,028
The Transfer to the Special Education Fund is Eliminated because it is Considered to be Part of the General Fund		(4,237,487)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		\$ 41,403,702

DEFINED BENEFIT PENSION PLAN

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

Changes of assumptions. There were no changes in the assumptions

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SUPPLEMENTARY INFORMATION

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PULASKI COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds
As of June 30, 2017

	Special Revenue Trust	Indian Education	Food Service
ASSETS			
Cash	\$ 257,248	\$ 2,296	\$ 62,718
Accounts Receivable	-	-	-
Due from Other Governments	-	-	43,956
Inventory	-	-	16,779
TOTAL ASSETS	\$ 257,248	\$ 2,296	\$ 123,453
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 7,796	\$ -	\$ 7,931
Accrued Liabilities	-	2,296	9,352
Unearned Revenues	-	-	47,322
Total Liabilities	7,796	2,296	64,605
Fund Balances:			
Nonspendable:			
Inventory	-	-	16,779
Restricted:			
Donor Intentions	249,452	-	-
Food Service	-	-	42,069
Community Service	-	-	-
Total Fund Balances	249,452	-	58,848
TOTAL LIABILITIES AND FUND BALANCES	\$ 257,248	\$ 2,296	\$ 123,453

Community Service	Cooperative Program	Total
\$ 65,313	\$ 53	\$ 387,628
11,978	-	11,978
-	-	43,956
-	-	16,779
<u>\$ 77,291</u>	<u>\$ 53</u>	<u>\$ 460,341</u>

\$ 2,652	\$ -	\$ 18,379
19,190	53	30,891
28,701	-	76,023
<u>50,543</u>	<u>53</u>	<u>125,293</u>

-	-	16,779
-	-	249,452
-	-	42,069
26,748	-	26,748
<u>26,748</u>	<u>-</u>	<u>335,048</u>
<u>\$ 77,291</u>	<u>\$ 53</u>	<u>\$ 460,341</u>

PULASKI COMMUNITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2017

	Special Revenue	Indian Education	Food Service
REVENUES			
Property Taxes	\$ -	\$ -	\$ -
Other Local Sources	652,843	-	1,090,841
State Sources	-	-	23,318
Federal Sources	-	24,767	574,054
Total Revenues	652,843	24,767	1,688,213
EXPENDITURES			
Instruction:			
Regular Instruction	146,677	-	-
Vocational Instruction	11,376	-	-
Physical Instruction	3,279	-	-
Special Instruction	9,059	-	-
Other Instruction	283,903	-	-
Total Instruction	454,294	-	-
Support Services:			
Pupil Services	50	24,465	-
Instructional Staff Services	1,389	302	-
Business Administration	-	-	-
Operations and Maintenance	31,743	-	-
Pupil Transportation	7,010	-	-
Food Services	-	-	1,646,197
Total Support Services	40,192	24,767	1,646,197
Community Services:			
Adult Education	-	-	-
Other Community Services	-	-	-
Total Community Services	-	-	-
Total Expenditures	494,486	24,767	1,646,197
EXCESS OF REVENUES OVER EXPENDITURES			
	158,357	-	42,016
OTHER FINANCING USES			
Transfers Out	-	-	-
NET CHANGE IN FUND BALANCES			
	158,357	-	42,016
FUND BALANCES - BEGINNING OF YEAR			
	91,095	-	16,832
FUND BALANCES - END OF YEAR			
	\$ 249,452	\$ -	\$ 58,848

Community Service	Cooperative Program	Total
\$ 272,985	\$ -	\$ 272,985
440,611	9,792	2,194,087
-	-	23,318
-	-	598,821
<u>713,596</u>	<u>9,792</u>	<u>3,089,211</u>
-	-	146,677
-	-	11,376
-	-	3,279
-	-	9,059
-	6,258	290,161
<u>-</u>	<u>6,258</u>	<u>460,552</u>
-	-	24,515
-	-	1,691
3,590	-	3,590
4,027	-	35,770
393	-	7,403
-	-	1,646,197
<u>8,010</u>	<u>-</u>	<u>1,719,166</u>
207,872	-	207,872
<u>496,537</u>	<u>-</u>	<u>496,537</u>
<u>704,409</u>	<u>-</u>	<u>704,409</u>
<u>712,419</u>	<u>6,258</u>	<u>2,884,127</u>
<u>1,177</u>	<u>3,534</u>	<u>205,084</u>
<u>-</u>	<u>(3,534)</u>	<u>(3,534)</u>
<u>1,177</u>	<u>-</u>	<u>201,550</u>
<u>25,571</u>	<u>-</u>	<u>133,498</u>
<u>\$ 26,748</u>	<u>\$ -</u>	<u>\$ 335,048</u>

PULASKI COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Assets and Liabilities

Pupil Activity Fund

For the Year Ended June 30, 2017

	Balance 7/1/2016	Additions	Deductions	Balance 6/30/2017
ASSETS				
Cash	\$ 244,245	\$ 286,723	\$ 430,982	\$ 99,986
LIABILITIES				
Due to Student Organizations:				
Sunnyside Elementary School	\$ 3,121	\$ 2,379	\$ 4,880	\$ 620
Fairview Elementary School	1,958	894	100	2,752
Middle School	28,207	79,707	75,852	32,062
High School	210,959	203,743	350,150	64,552
TOTAL LIABILITIES	\$ 244,245	\$ 286,723	\$ 430,982	\$ 99,986

ADDITIONAL REPORTS

**Independent Auditors' Report on Internal Control Over Financing Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

To the Board of Education
Pulaski Community School District
Pulaski, 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 Pulaski 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, and have issued our report thereon dated December 28, 2017.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 to those charged with governance.

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

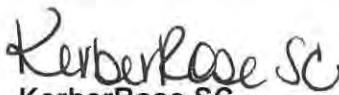
To the Board of Education
Pulaski Community School District

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.


KerberRose SC
Certified Public Accountants
December 28, 2017

**Independent Auditors' Report on Compliance for Each Major Federal and State Program and on
Internal Control Over Compliance Required by Uniform Guidance and Wisconsin Department of
Public Instruction**

To the Board of Education
Pulaski Community School District
Pulaski, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited Pulaski Community School District's (District) compliance with the types of compliance requirements described in the *Uniform Guidance Compliance Supplement* and the *Wisconsin Public School District Audit Manual* that could have a direct and material effect on each of Pulaski Community School 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 responses*.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and *Wisconsin Public School District Audit Manual*. Those standards, Uniform Guidance and the Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal 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 the Major Federal and State Programs

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

To the Board of Education
Pulaski Community School District

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Wisconsin Public School District Audit Manual and which is described in the accompanying schedule of findings and questioned costs as item #2017-001. Our opinion on each state program with required procedures is not modified with respect to this matter.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with *Uniform Guidance* and the *Wisconsin Public School District Audit Manual*, 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as #2017-001 to be a significant deficiency.

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

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

KerberRose SC
Certified Public Accountants
December 28, 2017

FEDERAL AND STATE AWARDS SECTION

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PULASKI COMMUNITY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2017

Awarding Agency/ Award Description/ Pass-Through Agency	Catalog Number	Pass Through Number	Program or Award Amount
U.S. DEPARTMENT OF AGRICULTURE			
<i>CHILD NUTRITION CLUSTER</i>			
Wisconsin Department of Public Instruction			
Non-Cash Assistance (Commodities)			
Donated Food Program			
July 1, 2016-June 30, 2017	10.555	A001-054613	\$
Cash Assistance			N/A
School Breakfast Program			
July 1, 2015-June 30, 2016	10.553	A546-054613	N/A
July 1, 2016-June 30, 2017			N/A
National School Lunch Program			
July 1, 2015-June 30, 2016	10.555	A547-054613	N/A
July 1, 2016-June 30, 2017			
Summer Food Service Program			
July 1, 2016-June 30, 2017	10.559	A586-054613	N/A
Total Child Nutrition Cluster			
Self Funded Agriculture Program for High Schools-SARE 636			
July 1, 2016-June 30, 2017	10.215	FNC16-1064	1605
TOTAL U.S. DEPARTMENT OF AGRICULTURE			
U.S. DEPARTMENT OF EDUCATION			
<i>SPECIAL EDUCATION CLUSTER</i>			
High Cost Special Education Aid	84.027	A341-054613	-
Wisconsin Department of Public Instruction			
PL 94-142 IDEA Flow Through 27-341			
July 1, 2015-June 30, 2016	84.027	A341-054613	678,472
July 1, 2016-June 30, 2017			-
PL 94-142 IDEA Flow Through EIS Project 10-341			
July 1, 2015-June 30, 2016	84.027a	A341-054613	46,019
July 1, 2016-June 30, 2017			52,630
PL 27-347 IDEA Preschool Entitlement			
July 1, 2015-June 30, 2016	84.173	A347-054613	25,497
July 1, 2016-June 30, 2017			25,996
CESA #7			
Soaring Project	84.027	A341-054613	
July 1, 2016-June 30, 2017			7,000
CESA #11			
Transition Improvement Grant	84.027	A341-054613	
July 1, 2016-June 30, 2017			500
Total Special Education Cluster			
<i>TITLE I CLUSTER</i>			
Wisconsin Department of Public Instruction			
Title I-A Basic Grant Project 141			
July 1, 2015-June 30, 2016	84.010	A141-054613	-
July 1, 2016-June 30, 2017			308,161
<i>IMPROVING TEACHER QUALITY STATE GRANT</i>			
Wisconsin Department of Public Instruction			
July 1, 2015-June 30, 2016	84.367	365-054613	125,681
July 1, 2016-June 30, 2017			134,359

The accompanying notes are an integral part of this schedule.

Accrued Receivable 7/1/16	Grantor Reimbursements	Expenditures	Accrued Receivable 6/30/17
\$ -	\$ 109,645	\$ 109,645	\$ -
1,111	1,111	-	-
-	53,206	54,402	1,196
13,167	13,167	-	-
-	367,247	374,240	6,993
-	-	35,768	35,768
<u>14,278</u>	<u>544,376</u>	<u>574,055</u>	<u>43,957</u>
-	1,011	1,352	341
<u>14,278</u>	<u>545,387</u>	<u>575,407</u>	<u>44,298</u>
-	9,780	9,780	-
56,533	56,533	-	-
-	505,060	603,983	98,923
13,390	13,390	-	-
-	33,660	51,450	17,790
480	480	-	-
-	7,991	20,950	12,959
-	7,000	7,000	-
-	500	500	-
<u>70,403</u>	<u>634,394</u>	<u>693,663</u>	<u>129,672</u>
68,769	68,769	-	-
-	236,030	304,599	68,569
12,061	12,061	-	-
-	66,833	85,491	18,658

The accompanying notes are an integral part of this schedule.

PULASKI COMMUNITY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards (Continued)

For the Year Ended June 30, 2017

Awarding Agency/ Award Description/ Pass-Through Agency	Catalog Number	Pass Through Number	Program or Award Amount
U.S. DEPARTMENT OF EDUCATION (Continued)			
<i>TITLE III-A ENGLISH LANGUAGE ACQUISITION</i>			
CESA #7 July 1, 2016-June 30, 2017	84.365	A391-054613	\$ 3,766
<i>INDIAN EDUCATION</i>			
Direct Award July 1, 2016-June 30, 2017	84.060	N/A	24,767
<i>VOCATIONAL EDUCATION - TECHNOLOGY</i>			
CESA #7 July 1, 2016-June 30, 2017	84.048	A400-054613	17,775
TOTAL U.S. DEPARTMENT OF EDUCATION			
U.S. DEPARTMENT OF COMMERCE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION			
<i>NATIONAL OCEANIC AND ATMOSPHERIC-UWGB WATERSHED</i>			
July 1, 2016-June 30, 2017	11.460	Unknown	1,500
U.S. Department of Natural Resources			
Clean Diesel Grant-627	2016-2017	DS-00E66803	49,500
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>MEDICAID SCHOOL BASED SERVICES</i>			
Wisconsin Department of Health Services July 1, 2015-June 30, 2016	93.778	Unknown	N/A
July 1, 2016-June 30, 2017			
TOTAL FEDERAL ASSISTANCE			

Accrued Receivable	Grantor	Expenditures	Accrued Receivable
7/1/16	Reimbursement		6/30/17
-	\$ -	\$ 3,359	\$ 3,359
-	24,767	24,767	-
-	17,775	17,775	-
<u>151,233</u>	<u>1,060,629</u>	<u>1,129,654</u>	<u>220,258</u>
-	1,500	1,500	-
<u>49,500</u>	<u>49,500</u>	<u>49,500</u>	<u>-</u>
-	207,975	291,075	83,100
-	74,034	74,034	-
<u>\$ 165,511</u>	<u>\$ 1,939,025</u>	<u>\$ 2,121,170</u>	<u>\$ 347,656</u>

PULASKI COMMUNITY SCHOOL DISTRICT

Schedule of State Financial Assistance

For the Year Ended June 30, 2017

Awarding Agency/ Awarding Description/ Pass-Through Agency	State I.D. Number	State Pass Through Number	Accrued Receivable 7/1/2016
ENTITLEMENT PROGRAMS			
MAJOR STATE PROGRAMS			
General Equalization - DPI	255.201	054613-106	\$ 404,566
Per Pupil Adjustment Aid - DPI	255.945	054613-113	558,600
TOTAL MAJOR PROGRAMS			963,166
NONMAJOR STATE PROGRAMS			
Handicapped Education and School-Aged Parent Act	255.101	054613-100	-
Handicapped Aid Transit - CESA #8	255.101	054613-100	16,167
Handicapped Aid Transit - Brown County	255.101	054613-100	-
State Lunch- DPI	255.102	054613-107	-
Morning Milk -DPI	225.109	054613-115	-
Common School Library Aid	255.103	054613-104	-
General Transportation Aid	255.107	054613-102	-
Student Achievement Guarantee in Education	255.504	054613-160	-
Computer Aid	N/A	N/A	7,637
High Cost Special Education Aid - DPI	255.210	054613-119	-
Peer Review and Mentoring - DPI	255.301	054613-141	24,990
School Breakfast Program - DPI	255.344	054613-108	-
Phonological Awareness Literact Screening 522	N/A	N/A	
Read to Lead-Cesa 6 Grant 574	255.948	054613-150	
Robotics League Participation 575	255.959	N/A	-
UWGB WEEB Forest Grant	N/A	N/A	323
Career And Technical Educ Incentive Grant - DPI	255.950	054613-151	-
Tribal Language Revitalization - DPI	255.364	N/A	9,296
Educator Effectiveness - DPI	255.940	054613-154	-
WI Dept of Natural Resources	N/A	N/A	-
TOTAL NONMAJOR PROGRAMS			58,413
TOTAL STATE ASSISTANCE			\$ 1,021,579

State Reimbursements	Expenditures	Accrued Receivable 6/30/17
\$ 404,566	\$ -	\$ -
23,068,200	23,468,585	400,385
1,495,100	936,500	-
<u>24,967,866</u>	<u>24,405,085</u>	<u>400,385</u>
 1,497,071	 1,497,071	 -
39,738	23,571	-
9,572	9,973	401
16,366	16,366	-
4,175	4,175	-
124,801	124,801	-
203,289	203,289	-
239,465	239,465	-
7,637	6,815	6,815
34,038	34,038	-
49,990	25,000	-
2,777	2,777	-
7,054	7,054	-
637	637	-
-	622	622
2,735	2,412	-
12,815	12,815	-
21,233	32,171	20,234
24,560	24,560	-
1,269	1,269	-
<u>2,299,222</u>	<u>2,268,881</u>	<u>28,072</u>
 <u>\$ 27,267,088</u>	 <u>\$ 26,673,966</u>	 <u>\$ 428,457</u>

The accompanying notes are an integral part of this schedule.

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2017

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of Pulaski Community School District under programs of the federal and state governments 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the *State Single Audit Guidelines*. Because the schedule presents only a select portion of operations of the District, it is not intended to, and does not, present the financial position and change in net position of the District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Pulaski Community School District has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the *Uniform Guidance*.

NOTE 3 - SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

2016 - 2017 eligible costs under the State Special Education Program are \$5,794,789.

NOTE 4 - OVERSIGHT AGENCIES

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

PULASKI COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

For the Year Ended June 30, 2017

Section I – Summary of Auditors' Results***Financial Statements***

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None Reported
Noncompliance material to the financial statements?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None Reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major federal programs:	

CFDA Number	Name of Federal Program
Special Education Cluster (IDEA) 84.173 84.027	Preschool Grants Grants to States

Dollar threshold used to distinguish between Type A and Type B Programs	\$750,000
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Auditee qualified as a low-risk auditee?	Yes
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State Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	Yes
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the <i>State Single Audit Guidelines</i> ?	Yes

Identification of major state programs:	
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State I.D. Number	Name of State Program
255.201	General Equalization
255.945	Per Pupil Adjustment Aid

PULASKI COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Responses - Continued
For the Year Ended June 30, 2017

Section II - Financial Statement Finding

There were no financial statement findings.

Section III - Federal Award Finding

There were no Federal award findings.

Section IV - State Award Finding

#2017-001 Handicapped Education Aid – State I.D. No. 225.101

Criteria	The District should monitor that employees working in special education hold a valid license.
Condition	One special education staff member was listed as an invalid license holder under the WUFAR function.
Cause	A special education teacher did not hold a valid license per DPI requirements.
Effect	The Wisconsin Department of Public Instruction will review this information and any other information provided by Pulaski Community School District and make a final determination on whether the costs associated with this staff member are eligible costs for this program.
Recommendation	We recommend that the District implement controls to ensure that the teachers hold a valid license prior to working in special education.
Management's Response	The staff member obtained the proper license prior to the start of the school year and the Department of Public Instruction dated her license back to July 1, 2016. The District will continue to improve their controls over assuring employees who require licensure are properly licensed.
Responsible Official:	Jilleen Bodwin, Director of Business Services
Anticipated Completion Date:	This will be corrected in the 2017-2018 school year.
Prior Year Audit Finding:	N/A



Corrective Action Plan

STATE AWARD FINDING

#2017-001 - Handicapped Education Aid - State I.D. No. 255.101 – The staff member obtained the proper license prior to the start of the school year and the Department of Public Instruction dated her license back to July 1, 2016. The District will continue to improve their controls over assuring employees who require licensure are properly licensed.

Responsible Official

Jilleen Bodwin, Director of Business Services

Anticipated Completion Date

This will be corrected in the 2017-2018 school year.

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