

PULASKI COMMUNITY SCHOOL DISTRICT

Annual Financial Report

June 30, 2018

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, 2018, 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, 2018, 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

Change in Accounting Principle

As discussed in Note 1, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* as of and for the year ended June 30, 2018. Our opinion is not modified with respect to that matter.

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, schedules of employer proportionate share of the net pension liability (asset) and employer contributions – Wisconsin Retirement System, schedule of changes in total OPEB liability and related ratios – other post-employment benefits, schedules of changes in total pension liability and related ratios – supplemental pension and schedule of revenues, expenditures and changes in fund balance – budget and actual information on pages 46 – 52 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.

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, 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 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 November 28, 2018, 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.



KerberRose SC
Certified Public Accountants
November 28, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

PULASKI COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2018

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 \$33,893,674 (*net position*). Of this amount \$27,288,862 is the net investment in capital assets; \$1,185,023 is restricted for debt service retirement; \$272,865 is restricted for donor intentions; \$5,856,540 is restricted for capital projects; \$121,373 is restricted for food service, \$77,004 is restricted for community service; and \$3,269,300 is restricted for pension. This results in a net deficit of \$4,177,293.
- Net position on the district-wide financial statements for the most recent fiscal year increased by \$2,332,406.
- As of June 30, 2018, the District's governmental funds reported ending fund balances of \$15,724,656, an increase of \$7,647,583 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,481,647.

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, 2018

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 45.

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, other post-employment benefits and supplemental pension plan. The District adopts an annual appropriation budget for its general fund. This *required supplementary information* can be found immediately following the notes on pages 46 to 52.

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 53 to 57.

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

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets	\$ 20,702,737	\$ 16,424,604
Noncurrent Assets	42,629,228	36,845,287
Total Assets	<u>63,331,965</u>	<u>53,269,891</u>
DEFERRED OUTFLOWS OF RESOURCES		
	<u>8,124,618</u>	<u>10,843,479</u>
LIABILITIES		
Current Liabilities	7,361,823	10,692,231
Long-Term Liabilities	20,671,140	10,034,435
Total Liabilities	<u>28,032,963</u>	<u>20,726,666</u>
DEFERRED INFLOWS OF RESOURCES		
	<u>9,529,946</u>	<u>5,574,558</u>
NET POSITION		
Net Investment in Capital Assets	27,288,862	26,955,824
Restricted	10,782,105	4,964,228
Unrestricted (Deficit)	<u>(4,177,293)</u>	<u>(358,784)</u>
Total Net Position	<u>\$ 33,893,674</u>	<u>\$ 31,561,268</u>

As indicated by the schedule above, total net position is \$33,893,674 at June 30, 2018. 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 \$75,122,609 at June 30, 2018, 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 \$37,300,997 at June 30, 2018. 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 \$272,865; \$1,185,023 is restricted for debt service retirement; \$5,856,540 is restricted for capital projects; \$121,373 is restricted for food service; \$3,269,300 is restricted for pension; and \$77,004 is restricted for community service.

The District's unrestricted net deficit increased \$3,818,509 from the prior fiscal year primarily due to the increases in net investment in capital assets as well as the pension asset and the change in net position of \$2,322,406.

PULASKI COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis
For the Year Ended June 30, 2018

Change in Net Position - The following table shows the changes in net position for the fiscal years ended June 30, 2018 and 2017.

	<u>Amounts 2018</u>	<u>Percent of Total</u>	<u>Amounts 2017</u>	<u>Percent of Total</u>
Program Revenues				
Charges for Services	\$ 3,462,156	7.07	\$ 3,270,862	6.81
Operating Grants	6,357,268	12.98	5,951,560	12.39
Total Program Revenues	<u>9,819,424</u>	<u>20.05</u>	<u>9,222,422</u>	<u>19.20</u>
General Revenues				
Property Taxes Levied for:				
General	12,146,802	24.80	11,736,190	24.44
Debt Service	1,898,988	3.88	1,967,441	4.10
Capital Projects	265,000	.54	265,000	.55
Community Services	351,316	.72	272,984	.57
State and Federal General Aids	23,334,779	47.65	23,476,752	48.88
Other	1,157,461	2.36	1,086,857	2.26
Total General Revenues	<u>39,154,346</u>	<u>79.95</u>	<u>38,805,224</u>	<u>80.80</u>
Total Revenues	<u>48,973,770</u>	<u>100.00</u>	<u>48,027,646</u>	<u>100.00</u>
Expenses				
Instruction	25,148,816	53.92	26,699,189	56.21
Support Services	17,019,245	36.49	17,034,975	35.87
Interest on Debt	566,849	1.21	312,795	.66
Community Services	721,201	1.55	705,921	1.49
Non-Program Transactions	3,185,253	6.83	2,738,343	5.77
Total Expenses	<u>46,641,364</u>	<u>100.00</u>	<u>47,491,223</u>	<u>100.00</u>
Change in Net Position	<u>\$ 2,332,406</u>		<u>\$ 536,423</u>	

Key elements of this change are as follows:

Our state general aid decreased and our revenue limit decreased from the 2016-17 fiscal year causing an increase in the general tax levy. Debt service payments decreased resulting in a decrease to the debt service tax levy. Some of the middle school athletic expenses were moved from the general fund to the community service fund because middle school sports are open to all middle school students that reside in the District thus increasing the community service levy.

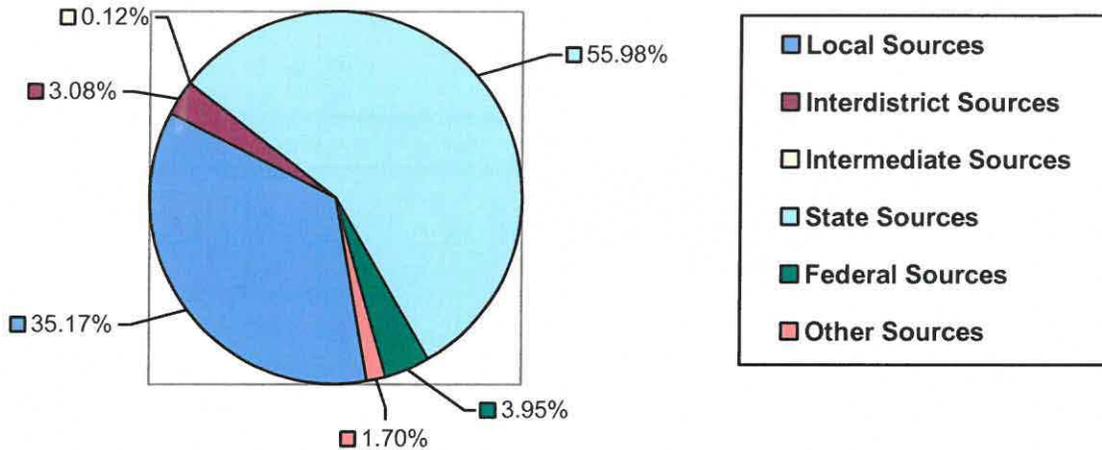
Our food service program began participating in the summer feeding program in 2016 resulting in an increase in Federal aid of \$53,629.

PULASKI COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis
For the Year Ended June 30, 2018

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 \$17,135,752 and include revenues to the general fund of \$12,605,439, debt service fund of \$1,898,988, capital projects fund of \$289,344 and other governmental funds of \$2,341,981.

Interdistrict sources of revenues of \$1,498,504 are funds from other districts for open enrollment and general tuition to the general fund.

Intermediate sources of revenues total \$56,806 and include amounts received from CESAs and a county school for special needs students to the general fund.

State sources of revenue total \$27,279,452 and include revenues to the general fund of \$27,254,485 and other governmental funds of \$24,967.

Federal sources of revenue total \$1,923,966 and include revenue to the general fund of \$1,272,282 and other governmental funds of \$651,684.

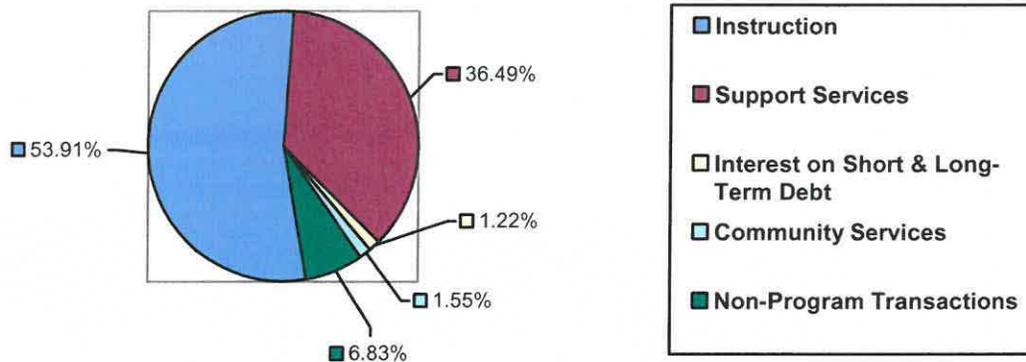
Other sources of revenue total \$827,198 and include revenue to the general fund of \$275,714 and debt service fund of \$551,484.

PULASKI COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis
For the Year Ended June 30, 2018

Expenses

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



Expenses include instruction of \$25,148,816, support services of \$17,019,245, interest on short and long-term debt of \$566,849, community services of \$721,201 and non-program transactions of \$3,185,253.

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, 2018, the District's governmental funds reported combined ending fund balances of \$15,724,656 an increase of \$7,647,583 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 \$6,985 and inventory of \$23,480.
- 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 \$1,185,023, for donor intentions of \$272,865, for capital projects of \$5,856,540, for food service of \$121,373, and for community service of \$77,004.
- A portion of the fund balance is classified as committed to indicate that management has set aside funds for a specific purpose including for capital expansion of \$699,739.
- The remaining fund balance of \$7,481,647 is unassigned.

The *general fund* is the chief operating fund of the District. As of June 30, 2018, the total fund balance of the general fund was \$8,192,096. The fund balance of the general fund increased by \$1,176,591 from the prior year.

The *debt service fund* has a total fund balance of \$1,185,023, all of which is restricted for the payment of debt service. The fund balance increased by \$469,987.

The *capital projects fund* has a total fund balance of \$5,856,540, all of which is restricted for future capital projects. The fund balance increased by \$5,845,056.

PULASKI COMMUNITY SCHOOL DISTRICT
 Management's Discussion and Analysis
 For the Year Ended June 30, 2018

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 \$2,909. This amount is restricted for scholarships. Net position increased by \$1,961 from the prior year.

As of June 30, 2018, the agency fund reported that \$85,978 was due to student organizations, which is a decrease of \$14,008 from the prior year.

Budgetary highlights

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

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	2017-2018 <u>ACTUAL</u>	<u>VARIANCE</u>	<u>PERCENT</u>
General Fund					
Revenues and Other Financing Sources	\$ 40,436,099	\$ 40,833,839	\$ 40,834,375	\$ 536	0.00%
Expenditures and Other Financing Uses	40,436,099	40,833,839	39,657,784	1,176,055	2.88%
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,176,591</u>	<u>\$ 1,176,591</u>	

The District's actual general fund expenditures and other financing uses were less than the budget by \$1,176,055, a variance of 2.88%. This variance is mainly due to the transfer of funds to the special education budget being \$111,000 less than what was budgeted, salaries and benefits being \$548,612 under budget (summer school, substitute and benefit expenses made up the majority) and building and department budgets underspending by \$625,000.

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 \$37,821,612 in a broad range of capital assets, including buildings, sites, and equipment. This amount represents an increase of \$976,325. Total accumulated depreciation on these assets is \$37,300,997.

- Asset acquisitions totaled \$3,330,620 for the fiscal year.
- The District recognized depreciation expense of \$2,351,717 during the fiscal year.

PULASKI COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis
For the Year Ended June 30, 2018

Capital Assets (Continued)

	<u>2018</u>	<u>2017</u>
Land	\$ 741,172	\$ 741,172
Land Improvements	3,356,965	3,105,990
Buildings and Improvements	55,804,479	53,030,859
Furniture and Equipment	15,219,993	15,233,855
Less Accumulated Depreciation	<u>(37,300,997)</u>	<u>(35,266,589)</u>
Capital Assets Net of Depreciation	<u>\$ 37,821,612</u>	<u>\$ 36,845,287</u>

Long-Term Debt

	<u>2018</u>	<u>2017</u>
General Obligation Debt	\$ 16,283,149	\$ 9,428,196
Capital Leases	748,686	1,036,277
Compensated Absences	511,165	485,713
Other Post-Employment Benefits	1,910,386	2,829,560
Supplemental Pension Liability	3,468,240	3,421,318
	<u>\$ 22,921,626</u>	<u>\$ 17,201,064</u>

- The District retired \$3,324,658 of long-term obligations.
- The District incurred \$9,045,220 in long-term obligations.
- The District retired \$1,788,485 of outstanding debt.
- The District incurred \$8,643,438 of outstanding debt.

FACTORS BEARING ON THE DISTRICT'S FUTURE

- Enrollment numbers have been rising. September pupil counts for the last four years are as follows: 2015 = 3,683, 2016 = 3,695, 2017 = 3,743 and 2018 = 3,811.
- The District realizes that it has space needs at Hillcrest Elementary School and is anticipating space to be an issue in the near future at Sunnyside Elementary School. There are a number of new houses/subdivision developments going in around the boundary areas of both schools.
- Part of the District's "Envisioning our future" goal is a committee that is studying if there will be a need in the future for the District to look at both capital and operating referendums. Many factors will play into this decision including a new State Governor, possible changes to the state funding formula, etc.
- The District is in the second year of Act 32 Energy Efficiency Projects (Fund 49). The majority of the project expenses will be paid for during the 2018-19 budget year.
- On June 6, 2018 the Board passed a resolution awarding the sale of \$2,300,000 general obligation school building and improvement bonds specifically for Phase II of the Field of Dreams project which includes constructing, improving and equipping outdoor athletic fields and facilities (softball and baseball) at the high school. The District will pay the annual interest payments. The principal payments and all other expenses will be funded by donation. The term of the bonds is 12 years.
- The District is considering establishing a long term capital improvement trust fund (Fund 46). We anticipate the Board will pass a resolution in 2019 to create this fund.

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, 2018

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash	\$ 10,428,796
Receivables:	
Taxes	3,457,006
Accounts	13,194
Due from Federal	346,021
Due from State	417,870
Due from Other Governments	29,955
Restricted Cash	5,979,430
Prepaid Expenses	6,985
Inventory	23,480
Total Current Assets	<u>20,702,737</u>
Noncurrent Assets	
Net Pension Asset	4,807,616
Land	741,172
Land Improvements	3,356,965
Buildings and Building Improvements	55,804,479
Furniture and Equipment	15,219,993
Less: Accumulated Depreciation	<u>(37,300,997)</u>
Total Noncurrent Assets	<u>42,629,228</u>
TOTAL ASSETS	<u>63,331,965</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pension	7,926,519
Deferred Outflows Related to Supplemental Pension	198,099
Total Deferred Outflows of Resources	<u>8,124,618</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	216,524
Accrued Liabilities:	
Payroll, Payroll Taxes, Insurance	4,625,870
Interest	133,256
Deposits Payable	46,000
Unearned Revenues	89,687
Current Portion of Long-Term Obligations	2,250,486
Total Current Liabilities	<u>7,361,823</u>
Noncurrent Liabilities	
Noncurrent Portion of Long-Term Obligations	<u>20,671,140</u>
TOTAL LIABILITIES	<u>28,032,963</u>
DEFERRED INFLOW OF RESOURCES	
Deferred Inflows Related to Pension	9,464,835
Deferred Inflows Related to Supplemental Pension	65,111
Total Deferred Inflows of Resources	<u>9,529,946</u>
NET POSITION	
Net Investment in Capital Assets	27,288,862
Restricted	10,782,105
Unrestricted (Deficit)	<u>(4,177,293)</u>
TOTAL NET POSITION	<u>\$ 33,893,674</u>

See Accompanying Notes

PULASKI COMMUNITY SCHOOL DISTRICT

District-Wide Statement of Activities

For the Year Ended June 30, 2018

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges For Services	Operating Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction				
Regular Instruction	\$ 16,544,056	\$ 1,789,364	\$ 628,067	\$ (14,126,625)
Vocational Instruction	1,200,334	-	-	(1,200,334)
Physical Instruction	981,784	-	-	(981,784)
Special Instruction	5,406,974	34,149	2,389,711	(2,983,114)
Other Instruction	1,015,668	129,461	465,973	(420,234)
Total Instruction	25,148,816	1,952,974	3,483,751	(19,712,091)
Support Services				
Pupil Services	1,830,802	-	135,579	(1,695,223)
Instructional Staff Services	1,745,776	-	1,883,798	138,022
General Administration Services	362,556	-	-	(362,556)
Building Administration Services	2,239,035	-	-	(2,239,035)
Business Administration Services	460,031	-	-	(460,031)
Operations and Maintenance	4,137,378	-	-	(4,137,378)
Food Services	1,669,521	1,087,295	652,650	70,424
Pupil Transportation	1,529,821	-	201,490	(1,328,331)
Central Services	1,882,387	-	-	(1,882,387)
Insurance	379,157	-	-	(379,157)
Other Support Services	782,781	-	-	(782,781)
Interest on Debt	566,849	-	-	(566,849)
Total Support Services	17,586,094	1,087,295	2,873,517	(13,625,282)
Community Services				
Adult Education	206,035	381,740	-	175,705
Other Community Services	515,166	40,147	-	(475,019)
Total Community Services	721,201	421,887	-	(299,314)
Non-Program Transactions				
Open Enrollment	2,517,082	-	-	(2,517,082)
Non-Open Enrollment	622,295	-	-	(622,295)
Adjustments and Refunds	45,876	-	-	(45,876)
Total Non-Program Transactions	3,185,253	-	-	(3,185,253)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 46,641,364	\$ 3,462,156	\$ 6,357,268	(36,821,940)
GENERAL REVENUES				
Property Taxes:				
General Purposes				12,146,802
Debt Services				1,898,988
Capital Projects				265,000
Community Services				351,316
State and Federal Aids not Restricted to				
Special Functions:				
Equalization and Computer Aid				23,334,779
Interest and Investment Earnings				57,203
Miscellaneous				1,100,258
Total General Revenues				39,154,346
CHANGES IN NET POSITION				2,332,406
NET POSITION - BEGINNING OF YEAR - RESTATED				31,561,268
NET POSITION - END OF YEAR				\$ 33,893,674

See Accompanying Notes

PULASKI COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds
As of June 30, 2018

	<u>General Fund</u>	<u>Debt Service</u>
ASSETS		
Cash	\$ 8,787,037	\$ 1,185,023
Receivables:		
Taxes	3,457,006	-
Accounts	4,997	-
Due from Federal	243,520	-
Due from State	417,870	-
Due from Other Governments	29,955	-
Restricted Cash	-	-
Prepaid Expenses	6,985	-
Inventory	3,725	-
TOTAL ASSETS	<u>\$ 12,951,095</u>	<u>\$ 1,185,023</u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts Payable	\$ 131,687	\$ -
Accrued Liabilities:		
Payroll, Payroll Taxes, Insurance	4,593,958	-
Deposits Payable	-	-
Unearned Revenues	33,354	-
Total Liabilities	<u>4,758,999</u>	<u>-</u>
 Fund Balances		
Nonspendable:		
Prepaid Expenses	6,985	-
Inventory	3,725	-
Restricted		
Debt Service	-	1,185,023
Donor Intentions	-	-
Capital Projects	-	-
Food Service	-	-
Community Service	-	-
Committed:		
Capital Expansion	699,739	-
Unassigned	7,481,647	-
Total Fund Balances	<u>8,192,096</u>	<u>1,185,023</u>
 TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 12,951,095</u>	<u>\$ 1,185,023</u>

See Accompanying Notes

<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 456,736	\$ 10,428,796
-	-	3,457,006
-	8,197	13,194
-	102,501	346,021
-	-	417,870
-	-	29,955
5,979,430	-	5,979,430
-	-	6,985
-	19,755	23,480
<u>\$ 5,979,430</u>	<u>\$ 587,189</u>	<u>\$ 20,702,737</u>
\$ 76,890	\$ 7,947	\$ 216,524
-	31,912	4,625,870
46,000	-	46,000
-	56,333	89,687
<u>122,890</u>	<u>96,192</u>	<u>4,978,081</u>
-	-	6,985
-	19,755	23,480
-	-	1,185,023
-	272,865	272,865
5,856,540	-	5,856,540
-	121,373	121,373
-	77,004	77,004
-	-	699,739
-	-	7,481,647
<u>5,856,540</u>	<u>490,997</u>	<u>15,724,656</u>
<u>\$ 5,979,430</u>	<u>\$ 587,189</u>	<u>\$ 20,702,737</u>

See Accompanying Notes

PULASKI COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds to the District-Wide Statement of Net Position
As of June 30, 2018

Total Fund Balances - Governmental Funds \$ 15,724,656

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	75,122,609	
Accumulated Depreciation	<u>(37,300,997)</u>	37,821,612

Pension asset not useable in the current period therefore not reported in the fund financial statements		4,807,616
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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	7,926,519	
Deferred Inflows of Resources Related to Pension	<u>(9,464,835)</u>	(1,538,316)

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

Deferred Outflows of Resources Related to Supplemental Pension		198,099
Deferred Inflows of Resources Related to Supplemental Pension		(65,111)

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	(16,828,686)	
Accrued Interest on General Obligation Debt	(133,256)	
Other Post-Employment Benefits Liability - Single-Employer Plan	(1,910,386)	
Supplemental Pension Liability	(3,468,240)	
Vested Employee Benefits	(511,165)	
Premium on Bond Issuance	<u>(203,149)</u>	<u>(23,054,882)</u>

Total Net Position - Governmental Activities \$ 33,893,674

PULASKI COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 12,146,802	\$ 1,898,988
Other Local Sources	458,637	-
Interdistrict Sources	1,498,504	-
Intermediate Sources	56,806	-
State Sources	27,254,485	-
Federal Sources	1,272,282	-
Other Sources	275,714	551,484
Total Revenues	<u>42,963,230</u>	<u>2,450,472</u>
EXPENDITURES		
Instruction		
Regular Instruction	15,988,713	-
Vocational Instruction	1,145,760	-
Physical Instruction	942,564	-
Special Instruction	5,299,812	-
Other Instruction	821,037	-
Total Instruction	<u>24,197,886</u>	<u>-</u>
Support Services		
Pupil Services	1,776,792	-
Instructional Staff Services	1,704,000	-
General Administration Services	356,221	-
Building Administration Services	2,157,548	-
Business Administration Services	5,311,515	-
Operations and Maintenance	8,024	-
Food Services	-	-
Pupil Transportation	160,939	-
Central Services	1,500,182	-
Insurance	379,157	-
Principal and Interest	500,451	2,123,923
Other Support Services	782,781	-
Total Support Services	<u>14,637,610</u>	<u>2,123,923</u>
Community Services		
Adult Education	-	-
Other Community Services	-	-
Total Community Services	<u>-</u>	<u>-</u>
Non-Program Transactions		
Open Enrollment	2,517,082	-
Non-Open Enrollment	620,609	-
Adjustments and Refunds	47,561	-
Total Non-Program Transactions	<u>3,185,252</u>	<u>-</u>
Total Expenditures	<u>42,020,748</u>	<u>2,123,923</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>942,482</u>	<u>326,549</u>
OTHER FINANCING SOURCES (USE)		
Proceeds from Long-Term Debt	-	-
Acquisition of Capital Lease	178,676	-
Proceeds from Sale of Capital Assets	49,156	-
Transfers In	6,277	-
Transfers Out	-	-
Bond Premium	-	143,438
Total Other Financing Sources (Uses)	<u>234,109</u>	<u>143,438</u>
NET CHANGES IN FUND BALANCES	1,176,591	469,987
FUND BALANCES - BEGINNING OF YEAR	7,015,505	715,036
FUND BALANCES - END OF YEAR	<u>\$ 8,192,096</u>	<u>\$ 1,185,023</u>

See Accompanying Notes

<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 265,000	\$ 351,316	\$ 14,662,106
24,344	1,990,665	2,473,646
-	-	1,498,504
-	-	56,806
-	24,967	27,279,452
-	651,684	1,923,966
-	-	827,198
<u>289,344</u>	<u>3,018,632</u>	<u>48,721,678</u>
-	169,738	16,158,451
-	23,050	1,168,810
-	1,142	943,706
-	12,228	5,312,040
-	202,378	1,023,415
-	408,536	24,606,422
-	23,464	1,800,256
-	5,548	1,709,548
-	-	356,221
-	18	2,157,566
-	6,796	5,318,311
3,003,790	26,098	3,037,912
-	1,657,665	1,657,665
-	2,363	163,302
-	6,244	1,506,426
-	-	379,157
-	-	2,624,374
-	-	782,781
<u>3,003,790</u>	<u>1,728,196</u>	<u>21,493,519</u>
-	204,507	204,507
-	515,167	515,167
-	719,674	719,674
-	-	2,517,082
-	-	620,609
-	-	47,561
-	-	3,185,252
<u>3,003,790</u>	<u>2,856,406</u>	<u>50,004,867</u>
<u>(2,714,446)</u>	<u>162,226</u>	<u>(1,283,189)</u>
8,500,000	-	8,500,000
-	-	178,676
59,502	-	108,658
-	-	6,277
-	(6,277)	(6,277)
-	-	143,438
<u>8,559,502</u>	<u>(6,277)</u>	<u>8,930,772</u>
5,845,056	155,949	7,647,583
11,484	335,048	8,077,073
<u>\$ 5,856,540</u>	<u>\$ 490,997</u>	<u>\$ 15,724,656</u>

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, 2018

Net Change in Fund Balances - Total Governmental Funds		\$ 7,647,583
<i>Amounts reported in the statement of activities are different from the statement of revenues, expenditures and changes in fund balance because:</i>		
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	3,330,620	
Depreciation expense reported in the statement of activities	<u>(2,351,717)</u>	
Amount by which capital outlays are greater than depreciation in the current period.		978,903
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	(319,887)	
The amount of depreciation recapture for the year	<u>317,309</u>	
Amount by which disposals are more than depreciation recapture in the current period.		(2,578)
Amounts related to the pension that are not current financial resources are not reported in the fund financial statements.		(650,138)
Amounts related to the other post-employment benefit liability - single-employer plan that are not current financial resources are not reported in the fund financial statements.		919,174
Amounts related to the supplemental pension liability that are not current financial resources are reported in the fund financial statements.		86,066
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	69,210	
Compensated absences earned in current year	<u>(94,662)</u>	
Amounts paid are less than amounts earned by		(25,452)
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		2,241,267
Debt incurred in governmental funds is reported as an other financing source but is reported as an increase in outstanding long-term debt in the statement of net position and does not affect the statement of activities:		
The amount of general obligation bonds incurred in the current year is	(8,500,000)	
The amount of capital leases incurred in the current year is	<u>(178,676)</u>	
The amount of debt incurred in the current year is		(8,678,676)
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	370,765	
The amount of interest accrued during the current period	<u>(424,555)</u>	
Interest paid is less than interest accrued by		(53,790)
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:		
Bond Premium Incurred	(143,438)	
Amortization of Bond Premium	<u>13,485</u>	<u>(129,953)</u>
Change in Net Position - Governmental Activities		<u><u>\$ 2,332,406</u></u>

PULASKI COMMUNITY SCHOOL DISTRICT

Statement of Net Position

Fiduciary Funds

As of June 30, 2018

	<u>Private- Purpose Trust Fund</u>	<u>Agency Funds</u>	<u>Total</u>
ASSETS			
Cash	<u>\$ 2,909</u>	<u>\$ 85,978</u>	<u>\$ 88,887</u>
LIABILITIES			
Due to Student Organizations	<u> -</u>	<u> 85,978</u>	<u> 85,978</u>
NET POSITION			
Restricted for Scholarships	<u><u>\$ 2,909</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,909</u></u>

See Accompanying Notes

PULASKI COMMUNITY SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2018

	<u>Private- Purpose Trust Fund</u>
ADDITIONS	
Contributions	\$ 8,032
DEDUCTIONS	
Scholarships Awarded	<u>6,071</u>
CHANGE IN NET POSITION	1,961
NET POSITION - BEGINNING	<u>948</u>
NET POSITION - ENDING	<u>\$ 2,909</u>

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

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, except for the implementation of new accounting standards as explained later within this footnote.

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, 2018

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, 2018

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, 2018

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 2017 tax levy is used to finance operations of the District's fiscal year ended June 30, 2018. 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, 2018

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.

Other Post-employment Benefits Other Than Pensions (OPEB)

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, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

Compensated Absences

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.

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

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.

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

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.
- 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.

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

Implementation of New Accounting Standards

The District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* and Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68* for the year ended June 30, 2018. 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 OPEB benefits. The pronouncement provides for enhanced note disclosure and new Required Supplementary Information (RSI). RSI will consist of the schedule of changes in net OPEB liability and related ratios and will be for the most recent 10 years. This requirement also applies to cost sharing, multiple-employer plans and plans that are not administered through a trust. 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.

Statement No. 73 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes.

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.

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

Note 2 - Cash (Continued)

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, 2018 the bank balance of cash was \$16,665,897. 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, 2018:

Fully Insured Deposits	\$	500,000
Collateralized by the Pledging Bank Trust Department in the District's Name		9,000,000
Uninsured		<u>7,165,897</u>
Total	\$	<u><u>16,665,897</u></u>

Note 3 - Interfund Transfers

Interfund transfers for the year ended June 30, 2018, are as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
Cooperative Program	General Fund	<u>\$ 6,277</u>	Transfer of excess revenues over expenditures

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

Note 4 - Capital Assets

Capital asset balances and activity for the year ended June 30, 2018 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets not being Depreciated:				
Sites (Land)	\$ 741,172	\$ -	\$ -	\$ 741,172
Capital Assets Being Depreciated:				
Land Improvements	3,105,990	250,975	-	3,356,965
Buildings and Improvements	53,030,859	2,773,620	-	55,804,479
Furniture and Equipment	15,233,855	306,025	319,887	15,219,993
Total Capital Assets Being Depreciated	<u>71,370,704</u>	<u>3,330,620</u>	<u>319,887</u>	<u>74,381,437</u>
Less Accumulated Depreciation For:				
Land Improvements	(1,433,360)	(121,006)	-	(1,554,366)
Buildings and Improvements	(21,759,307)	(1,528,739)	-	(23,288,046)
Furniture and Equipment	(12,073,922)	(701,972)	(317,309)	(12,458,585)
Total Accumulated Depreciation	<u>(35,266,589)</u>	<u>(2,351,717)</u>	<u>(317,309)</u>	<u>(37,300,997)</u>
Total Capital Assets Being Depreciated, Net of Depreciation	<u>36,104,115</u>	<u>978,903</u>	<u>2,578</u>	<u>37,080,440</u>
Total Capital Assets	<u>\$ 36,845,287</u>	<u>\$ 978,903</u>	<u>\$ 2,578</u>	<u>\$ 37,821,612</u>

Depreciation expense was charged to the following functions:

Instruction:	
Regular	\$ 1,060,246
Vocational	13,011
Physical	21,697
Special Education	15,155
Other Instruction	30,322
Pupil Services	2,052
Instructional Staff Services	9,741
General Administration	2,352
Building Administration	18,262
Business Administration	7,318
Operations and Maintenance	419,761
Food Services	11,857
Pupil Transportation	387,804
Central Services	350,611
Adult Education	1,528
Total Depreciation Expense	<u>\$ 2,351,717</u>

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

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, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Tax Anticipation Notes	\$ 3,500,000	\$ -	\$ 3,500,000	\$ -

Total interest on short-term notes for the year ended June 30, 2018 totaled \$12,317.

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, 2018:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Amount Due Within One Year</u>
General Obligation Debt					
Refunding Bonds	\$ 930,000	\$ -	\$ 930,000	\$ -	\$ -
General Obligation Bonds	3,780,000	-	305,000	3,475,000	310,000
Promissory Notes	4,645,000	8,500,000	540,000	12,605,000	1,415,000
Adjustments for:					
Bond Premium	73,196	143,438	13,485	203,149	-
Total General Obligation Debt	<u>9,428,196</u>	<u>8,643,438</u>	<u>1,788,485</u>	<u>16,283,149</u>	<u>1,725,000</u>
Capital Leases	1,036,277	178,676	466,267	748,686	464,529
Compensated Absences	485,713	94,662	69,210	511,165	60,957
Supplemental Pension	3,421,318	46,922	-	3,468,240	-
Other Post-Employment Benefits	2,829,560	81,522	1,000,696	1,910,386	-
Total Long-Term Obligations	<u>\$ 17,201,064</u>	<u>\$ 9,045,220</u>	<u>\$ 3,324,658</u>	<u>\$ 22,921,626</u>	<u>\$ 2,250,486</u>

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

Note 6 - Long-Term Obligations (Continued)

Total interest paid for the year ended June 30, 2018 was \$370,765 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, 2018, is comprised of the following individual issues:

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Balance 6/30/18</u>
General Obligation Promissory Note	07/13/17	2.00% - 4.00%	03/01/27	\$ 8,500,000
General Obligation Promissory Note	09/24/14	1.00% - 2.50%	09/01/24	1,855,000
General Obligation Promissory Note	03/09/16	1.50% - 2.50%	03/09/26	2,250,000
General Obligation Bonds	07/10/13	2.00% - 3.125%	03/01/28	3,475,000
Total General Long-Term Obligations				<u>\$ 16,080,000</u>

The 2017 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,861,570,359. The legal debt limit and margin of indebtedness as of June 30, 2018, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt Limit (10% of \$1,861,570,359)		\$ 186,157,036
Deduct long-term debt applicable to debt margin	\$ 16,080,000	
Less: Amounts available for financing general obligation debt	1,185,023	
Less: Unspent Debt Proceeds	<u>5,856,540</u>	<u>9,038,437</u>
Margin of Indebtedness		<u>\$ 177,118,599</u>

Aggregate cash flow requirements for the retirement of long-term principal, capital leases, and interest as of June 30, 2018 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,189,529	\$ 433,945	\$ 2,623,474
2020	1,993,994	368,803	2,362,797
2021	1,840,163	324,853	2,165,016
2022	1,830,000	282,981	2,112,981
2023	1,885,000	236,181	2,121,181
2024-2028	7,090,000	497,531	7,587,531
Total	<u>\$ 16,828,686</u>	<u>\$ 2,144,294</u>	<u>\$ 18,972,980</u>

Supplemental pension liability, compensated absences, and other post-employment benefits are excluded from the above cash flow requirements because repayment schedules have not been determined or are not required.

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

Note 7 - Fund Equity

District-Wide Statements

Net position reported on the district-wide statement of net position at June 30, 2018 includes the following:

Net Investment in Capital Assets	
Net Capital Assets	\$ 37,821,612
Less: Related Long-Term Debt Outstanding	10,532,750
Net Investment in Capital Assets	<u>27,288,862</u>
Restricted:	
Debt Retirement	1,185,023
Donor Intentions	272,865
Capital Projects	5,856,540
Food Service	121,373
Community Service	77,004
Pension	3,269,300
Total Restricted	<u>10,782,105</u>
Unrestricted (Deficit)	<u>(4,177,293)</u>
Total Net Position	<u>\$ 33,893,674</u>

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>

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

Note 8 - Defined Benefit Pension Plan (Continued)

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, if hired on or before 12/31/2016) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

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

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

The WRS also provides death and disability benefits for employees.

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
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)
2017	2.0	4

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.

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

Note 8 - Defined Benefit Pension Plan (Continued)

Contribution rates as of June 30, 2018 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers)	6.8%	6.8%

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

At June 30, 2018, the District reported an asset of \$4,807,616 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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 asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the District's proportion was .16192070%, which was a decrease of .00180393% from its proportion of .16372463% measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$2,101,906.

At June 30, 2018, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 6,108,198	\$ 2,857,212
Changes in assumptions	949,891	-
Net differences between projected and actual earnings on pension plan investments	-	6,607,623
Changes in proportion and differences between employer contributions and proportionate share of contributions	46,083	-
Employer contributions subsequent to the measurement date	822,347	-
Total	<u>\$ 7,926,519</u>	<u>\$ 9,464,835</u>

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

Note 8 - Defined Benefit Pension Plan (Continued)

The \$822,347 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as an adjustment of the net pension asset 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:

<u>Year Ending June 30,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2018	\$ 536,656
2019	(26,042)
2020	(1,638,583)
2021	(1,244,252)
2022	11,558
	<u>\$ (2,360,663)</u>

Actuarial Assumptions

The total pension asset in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset)	December 31, 2017
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension asset for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

Note 8 - Defined Benefit Pension Plan (Continued)

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:

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	50.0%	8.2%	5.3%
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8.0	6.5	3.6
Private Equity/Debt	8.0	9.4	6.5
Multi-Asset	4.0	6.5	3.6
Total Core Fund	110.0%	7.3%	4.4%
<u>Variable Fund Asset Class</u>			
U.S. Equities	70.0%	7.5%	4.6%
International Equities	30.0	7.8	4.9
Total Variable Fund	100.0%	7.9%	5.0%

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

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

Single Discount Rate. A single discount rate of 7.20% was used to measure the total pension asset. 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 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease to Discount Rate (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase To Discount Rate (8.20%)</u>
District's proportionate share of the net pension liability (asset)	\$12,438,948	(\$4,807,616)	(\$17,915,541)

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

Note 8 - Defined Benefit Pension Plan (Continued)

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

Payables to the Pension Plan

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 \$275,236 for June payrolls.

Note 9 - Post-Employment Benefits Other Than Pension Benefits – Single-Employer Plan

General Information about the OPEB Plan

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 533 active and 66 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.

Benefits Provided. The Plan provides post-employment health and life insurance benefits to eligible employees and their spouses.

Employees Covered by the Benefit Terms. At June 30, 2017, the actuarial valuation measurement date, the District's membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefit payments	66
Active employees	533
	<u>599</u>

Contributions. The District has not established a trust or equivalent arrangement to fund its OPEB liability. Health premiums related to retirees are paid as they come due.

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2016, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward to June 30, 2017.

Actuarial Assumptions. The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	3.00%
Discount Rate	3.50%
Investment Rate of Return	3.00%
Healthcare Cost Trend Rates	7.50% decreasing 0.50% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

Note 9 - Post-Employment Benefits Other Than Pension Benefits – Single-Employer Plan (Continued)

Mortality rates were based on the Wisconsin 2012 Mortality Table with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study conducted in 2015 using experience from 2012-2014.

The long-term expected rate of return on OPEB 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 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 largest 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	100%	3.00%

Discount Rate. The discount rate used to measure the total OPEB liability was 3.00 percent as of the actuarial valuation date of July 1, 2016. The projection of cash flows used to determine the discount rate assumed that contributions from the District will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

As of the measurement date of June 30, 2017, the discount rate was changed to 3.50 percent to be reflective of a 20-year AA municipal bond rate since assets are held solely as cash and cash equivalents.

Changes in the Total OPEB Liability

	<u>Increase (Decrease) Total OPEB Liability</u>
Balances at 6/30/16	\$ 2,829,560
Changes for the year:	
Service Cost	-
Interest	81,522
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions or Other Input	-
Benefit Payments	<u>(1,000,696)</u>
Net Changes	<u>(919,174)</u>
Balances at 6/30/17	\$ <u>1,910,386</u>

Sensitivity of the total OPEB Liability to Changes in the Discount Rate. The following presents the District's total OPEB liability calculated using the discount rate of 3.50 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.5 percent) than the current discount rate:

	<u>1% Decrease to Discount Rate (2.50%)</u>	<u>Current Discount Rate (3.50%)</u>	<u>1% Increase to Discount Rate (4.50%)</u>
Total OPEB Liability	\$ <u>1,945,728</u>	\$ <u>1,910,386</u>	\$ <u>1,876,147</u>

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

Note 9 - Post-Employment Benefits Other Than Pension Benefits – Single-Employer Plan (Continued)

Sensitivity of the total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the District's total OPEB liability calculated using the current healthcare cost trend rate of 7.50 percent decreasing to 5.00 percent, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.50 percent decreasing to 4.00 percent) or 1-percentage point higher (8.50 percent decreasing to 6.00 percent) than the current discount rate:

	1% Decrease to Discount Rate (6.5% decreasing to 4.0%)	Healthcare Cost Trend Rates Rate (7.5% decreasing to 5.0%)	1% Increase to Discount Rate (8.5% decreasing to 6.0%)
Total OPEB Liability	<u>\$ 1,872,688</u>	<u>\$ 1,910,386</u>	<u>\$ 1,948,641</u>

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$81,522. At June 30, 2018, the District reported no deferred outflows or inflows of resources related to OPEB.

Note 10 - Supplemental Pension Plan

In addition to the pension benefits described in Note 8, the District has early retirement provisions for certain employees.

Plan Description. The District provides a single employer benefit supplemental pension (stipend) plan to eligible employees. Teachers, non-represented staff, and support staff hired prior to July 1, 2003 and retiring after July 1, 2013 who are at least age 55 with a minimum of 20 years of full-time service in the District and a participant in the medical plan as an active employee are eligible to receive annual 403(b) contributions in lieu of their participation in the medical plan as a retiree for a period of 5 years but not to exceed Medicare eligibility. The amount of these contributions is determined by classification and hire date and will be pro-rated for those working between 20 and 40 hours.

Employees Covered by Benefit Terms. At the June 30, 2016 valuation date, the following employees were covered by the benefit terms:

Active Plan Members - Fully Eligible	26
Active Plan Members - Not Fully Eligible	140
Retirees	<u>10</u>
Total Plan Members	<u>176</u>

Plan Benefits. A 403(b) contribution, the amount of which is determined by classification and hire date, will be provided to teachers, non-represented staff, and support staff hired prior to July 1, 2003 and retiring after July 1, 2013 for a period of 5 years but not to exceed Medicare eligibility in lieu of their participation in the medical plan as a retiree.

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 general fund is used for funding of all pension/retirement benefits. The employer makes all contributions.

Benefit Payments. For the year ended June 30, 2017, the District paid \$130,000 for the supplemental pension as benefits came due.

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

Note 10 - Supplemental Pension Plan (Continued)

Total Pension Liability. The District recognizes its total pension liability, rather than a net pension liability. In order for the District to recognize a net pension liability, assets must be accumulated in a trust that meets all of the following criteria:

- Contributions from the employer and any non-employer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing pensions to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, non-employer contributing entities, the Plan administrator, and Plan members.

No assets are accumulated in a trust that meets all of the above criteria because the District's contributions are not irrevocable. Accordingly, the District's total pension liability is not reduced by any assets accumulated in a trust that meets the criteria and the District must report its total pension liability.

The District's total pension liability was determined by an actuarial valuation as of June 30, 2017 (the measurement date). Changes in the District's total pension liability were as follows:

Total Pension Liability - Beginning of Year	<u>\$ 3,421,318</u>
Changes for the year:	
Service Cost	149,946
Interest	102,939
Changes of Benefit Terms	-
Differences between Expected and Actual Experience	-
Changes of Assumptions or Other Input	(75,963)
Benefit Payments	<u>(130,000)</u>
Net Increase in Total Pension Liability	<u>46,922</u>
Total Pension Liability - End of Year	<u><u>\$ 3,468,240</u></u>

Actuarial Assumptions. Actuarial assumptions are based upon an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience form 2012-2014. Those assumptions, applied to all periods included in the measurement, are as follows:

Actuarial Valuation Date:	June 30, 2016
Measurement Date of Total Pension Liability:	June 30, 2017
Reporting Date:	June 30, 2018
Actuarial Cost Method:	Entry Age Normal - Level % of Salary
Discount Rate:	
Valuing Liabilities	3.5%, 2.5% Assumed Rate of Inflation
Municipal Bond Rate	3.5%, 2.5% Assumed Rate of Inflation
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.2% - 5.6% Including Inflation
Average of Expected Remaining Service Lives:	9 Years

Factors Affecting Trends for Amounts Related to the Net Pension Liability. As of the measurement date of June 30, 2017, the discount rate was changed to 3.5 percent to be reflective of a 20-year AA municipal bond rate since assets are held solely as cash and cash equivalents.

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

Note 10 - Supplemental Pension Plan (Continued)

Discount Rate. A discount rate of 3.5% was used in calculating the District's Pension liabilities (based upon all projected payments discounted at a municipal bond rate of 3.5%). The discount rate is based on the Bond Buyer Go 20-Year AA Bond Index published by the Federal Reserve for the week at the beginning of the measurement period.

The following presents the total pension liability calculated using the discount rate of 3.5 percent, as well as what the total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5 percent) or 1-percentage-point higher (4.5 percent) than the current rate:

	1% Decrease to Discount Rate (2.50%)	Current Discount Rate (3.50%)	1% Increase to Discount Rate (4.50%)
Total Pension Liability	<u>\$ 3,620,140</u>	<u>\$ 3,468,240</u>	<u>\$ 3,316,965</u>

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2018, the District reported deferred inflows of resources and deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	-	65,111
Employer contributions subsequent to the measurement date	198,099	-
Total	<u>\$ 198,099</u>	<u>\$ 65,111</u>

The \$198,099 reported as deferred outflows related to pension resulting from the Employer's contributions subsequent to the measurement date will be recognized as a reduction of the total 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 Inflows of Resources
2018	\$ (10,852)
2019	(10,852)
2020	(10,852)
2021	(10,852)
2022	(10,852)
Thereafter	(10,851)
	<u>\$ (65,111)</u>

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

Note 11 - 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 12 - 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, 2018, are not likely to have a material adverse impact on the District's financial position.

The District has a commitment of approximately \$1.15 million for construction of Phase II of the Athletic Complex.

The District has a commitment of approximately \$6 million for the Energy Efficiency projects.

Note 13 - Subsequent Event

As of July 2018, the District issued \$2.3 million of General Obligation School Building and Improvement Bonds.

Note 14 - 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 15 - Upcoming Accounting Pronouncements

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.

PULASKI COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2018

Note 15 - Upcoming Accounting Pronouncements (Continued)

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, 2021.

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

Note 16 - Tax Abatements

For the fiscal year ended June 30, 2018, the District had no tax abatements.

Note 17 - Restatement of Beginning Net Position

The restatement of net position in the district-wide financial statements was the result of implementing Governmental Accounting Standards Board Statements No.75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68. These statements revised and established new financial reporting requirements for governments that provide their employees with postemployment benefits.

District Wide	
Net Position - As of June 30, 2017	\$ 37,812,146
Other Post-Employment Benefits Liability - Single Employer Plan	(2,829,560)
Supplemental Pension Liability	<u>(3,421,318)</u>
Net Position - As Restated at June 30, 2017	<u>\$ 31,561,268</u>

REQUIRED SUPPLEMENTARY INFORMATION

PULASKI COMMUNITY SCHOOL DISTRICT
Schedule of Employer Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System (WRS)

WRS Fiscal Year End Date (Measurement Date)	District's Proportion of the Net Pension Asset/Liability	District's Proportionate Share of the Net Pension (Asset)/Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Asset/Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2017	0.16192070%	\$ (4,807,616)	\$ 23,879,683	-20.13%	102.93%
12/31/2016	0.16372463%	1,349,482	23,336,446	5.78%	99.12%
12/31/2015	0.16552719%	2,689,785	23,240,975	11.57%	98.20%
12/31/2014	0.16694140%	(4,100,538)	23,121,477	-17.73%	102.74%

Schedule of Employer Contributions
Wisconsin Retirement System (WRS)

District Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2018	\$ 1,623,817	\$ (1,623,817)	\$ -	\$ 23,879,683	6.80%
6/30/2017	1,540,059	(1,540,059)	-	23,336,446	6.60%
6/30/2016	1,580,384	(1,580,384)	-	23,240,975	6.80%
6/30/2015	1,627,410	(1,627,410)	-	23,121,477	7.04%

*Ten years of data will be accumulated beginning with the 2015 fiscal year.

PULASKI COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Total OPEB Liability and Related Ratios - Other Post-Employment Benefits
Last 10 Fiscal Years*

	<u>2017</u>
Total OPEB Liability	
Service Cost	\$ -
Interest	81,522
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes in Assumptions	-
Benefit Payments	<u>(1,000,696)</u>
Net Change in Total OPEB Liability	(919,174)
Total OPEB Liability - Beginning	<u>2,829,560</u>
Total OPEB Liability - Ending	<u>\$ 1,910,386</u>
Covered Employee Payroll	N/A
Total Pension Liability as a Percentage of Covered Payroll	N/A

*Ten years of data will be accumulated beginning with 2017.

PULASKI COMMUNITY SCHOOL DISTRICT
Schedule of Changes in Total Pension Liability and Related Ratios - Supplemental Pension
Last 10 Fiscal Years*

	2017
Total Pension Liability	
Service Cost	\$ 149,946
Interest	102,939
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes in Assumptions	(75,963)
Benefit Payments	(130,000)
Net Change in Total Pension Liability	46,922
Total Pension Liability - Beginning	3,421,318
Total Pension Liability - Ending	\$ 3,468,240
Covered Employee Payroll	\$ 8,798,412
Total Pension Liability as a Percentage of Covered Payroll	39.42%

*Ten years of data will be accumulated beginning with 2017.

PULASKI COMMUNITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Property Taxes	\$ 11,678,331	\$ 12,147,305	\$ 12,146,802	\$ (503)
Other Local Sources	407,200	462,753	458,637	(4,116)
Interdistrict Sources	1,814,883	1,512,506	1,498,504	(14,002)
Intermediate Sources	20,766	22,775	22,657	(118)
State Sources	25,812,330	25,702,344	25,730,297	27,953
Federal Sources	531,089	563,013	467,655	(95,358)
Other Sources	123,500	189,344	275,714	86,370
Total Revenues	40,388,099	40,600,040	40,600,266	226
EXPENDITURES				
Instruction				
Regular Instruction	16,101,091	16,271,144	15,988,713	282,431
Vocational Instruction	1,140,810	1,173,095	1,145,760	27,335
Physical Instruction	946,037	954,860	942,564	12,296
Other Instruction	862,509	877,626	821,037	56,589
Total Instruction	19,050,447	19,276,725	18,898,074	378,651
Support Services				
Pupil Services	1,174,268	1,150,782	1,121,160	29,622
Instructional Staff Services	1,604,149	1,609,177	1,457,953	151,224
General Administration Services	402,919	402,930	356,221	46,709
Building Administration Services	2,012,445	2,172,646	2,157,548	15,098
Business Administration	5,313,640	5,503,804	5,299,132	204,672
Central Services	1,534,233	1,566,348	1,497,410	68,938
Insurance	462,700	457,700	379,157	78,543
Principal and Interest	513,102	501,386	500,451	935
Other Support Services	784,386	775,530	782,781	(7,251)
Total Support Services	13,801,842	14,140,303	13,551,813	588,490
Non-Program Transactions				
Open Enrollment	2,551,817	2,601,564	2,517,082	84,482
Non-Open Enrollment	270,242	275,549	266,601	8,948
Adjustments and Refunds	48,210	49,157	47,561	1,596
Other	2,500	2,500	-	2,500
Total Non-Program Transactions	2,872,769	2,928,770	2,831,244	97,526
Total Expenditures	35,725,058	36,345,798	35,281,131	1,064,667
EXCESS OF REVENUES OVER EXPENDITURES	4,663,041	4,254,242	5,319,135	1,064,893
OTHER FINANCING SOURCES (USE)				
Acquisition of Capital Lease	-	178,676	178,676	-
Proceeds from Sale of Capital Assets	45,000	49,085	49,156	71
Transfers In	3,000	6,038	6,277	239
Transfers Out	(4,711,041)	(4,488,041)	(4,376,653)	111,388
Total Other Financing Sources (Use)	(4,663,041)	(4,254,242)	(4,142,544)	111,698
NET CHANGE IN FUND BALANCE	-	-	1,176,591	1,176,591
FUND BALANCE - BEGINNING OF YEAR	7,015,505	7,015,505	7,015,505	-
FUND BALANCE - END OF YEAR	\$ 7,015,505	\$ 7,015,505	\$ 8,192,096	\$ 1,176,591

PULASKI COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information

June 30, 2018

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 fund had an excess of actual expenditures over budget for the year ended June 30, 2018:

<u>Individual Fund</u>	<u>Excess Expenditures</u>
General Fund	
Other Support Services	7,251

PULASKI COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information
June 30, 2018

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:

	General Fund
Sources/Inflows of Resources	
Actual Amounts (Budgetary Basis) "Total Revenues and Other Financing Sources" from the Budgetary Comparison Schedule	\$ 40,834,375
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	2,362,964
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 43,197,339
Uses/Outflows of Resources	
Actual Amounts (Budgetary Basis) "Total Expenditures and Other Financing Uses" from the Budgetary Comparison Schedule	\$ 39,657,784
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	6,739,617
The Transfer to the Special Education Fund is Eliminated because it is Considered to be Part of the General Fund	(4,376,653)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 42,020,748

PULASKI COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information
June 30, 2018

Defined Benefit Pension Plan

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

Changes of assumptions. The change in assumptions is as follows:

	Fiscal Year Ended	
	<u>6/30/2018</u>	<u>6/30/2017</u>
Long-Term Bond Rate	3.31%	3.56%

Post-Employment Benefits Other Than Pension Benefits – Single-Employer Plan

Changes of benefit terms. There were no changes of benefit terms.

Changes of assumptions. The change in assumptions is as follows:

	Fiscal Year Ended	
	<u>6/30/2018</u>	<u>6/30/2017</u>
Discount Rate	3.50%	3.00%

Supplemental Pension Plan

Changes of benefit terms. There were no changes of benefit terms.

Changes of assumptions. The change in assumptions is as follows:

	Fiscal Year Ended	
	<u>6/30/2018</u>	<u>6/30/2017</u>
Discount Rate	3.50%	3.00%

SUPPLEMENTARY INFORMATION

PULASKI COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
 Nonmajor Governmental Funds
 As of June 30, 2018

	<u>Special Revenue Trust</u>	<u>Indian Education</u>	<u>Food Service</u>
ASSETS			
Cash	\$ 274,426	\$ 2,231	\$ 73,649
Accounts Receivable	-	-	44
Due from Federal	-	-	102,501
Inventory	-	-	19,755
TOTAL ASSETS	<u>\$ 274,426</u>	<u>\$ 2,231</u>	<u>\$ 195,949</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 1,561	\$ -	\$ 381
Accrued Liabilities	-	2,231	13,117
Unearned Revenues	-	-	41,323
Total Liabilities	<u>1,561</u>	<u>2,231</u>	<u>54,821</u>
Fund Balances:			
Nonspendable:			
Inventory	-	-	19,755
Restricted:			
Donor Intentions	272,865	-	-
Food Service	-	-	121,373
Community Service	-	-	-
Total Fund Balances	<u>272,865</u>	<u>-</u>	<u>141,128</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 274,426</u>	<u>\$ 2,231</u>	<u>\$ 195,949</u>

<u>Community Service</u>	<u>Cooperative Program</u>	<u>Total</u>
\$ 106,229	\$ 201	\$ 456,736
8,153	-	8,197
-	-	102,501
-	-	19,755
<u>\$ 114,382</u>	<u>\$ 201</u>	<u>\$ 587,189</u>

\$ 6,005	\$ -	\$ 7,947
16,363	201	31,912
15,010	-	56,333
<u>37,378</u>	<u>201</u>	<u>96,192</u>

-	-	19,755
-	-	272,865
-	-	121,373
77,004	-	77,004
<u>77,004</u>	<u>-</u>	<u>490,997</u>
<u>\$ 114,382</u>	<u>\$ 201</u>	<u>\$ 587,189</u>

PULASKI COMMUNITY SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	<u>Special Revenue</u>	<u>Indian Education</u>	<u>Food Service</u>
REVENUES			
Property Taxes	\$ -	\$ -	\$ -
Other Local Sources	449,023	-	1,087,295
State Sources	-	-	24,967
Federal Sources	-	24,001	627,683
Total Revenues	<u>449,023</u>	<u>24,001</u>	<u>1,739,945</u>
EXPENDITURES			
Instruction:			
Regular Instruction	169,738	-	-
Vocational Instruction	23,050	-	-
Physical Instruction	1,142	-	-
Special Instruction	12,228	-	-
Other Instruction	184,901	-	-
Total Instruction	<u>391,059</u>	<u>-</u>	<u>-</u>
Support Services:			
Pupil Services	50	23,414	-
Instructional Staff Services	4,961	587	-
Building Administration Services	18	-	-
Business Administration	5,264	-	-
Operations and Maintenance	22,081	-	-
Pupil Transportation	2,177	-	-
Central Services	-	-	-
Food Services	-	-	1,657,665
Total Support Services	<u>34,551</u>	<u>24,001</u>	<u>1,657,665</u>
Community Services:			
Adult Education	-	-	-
Other Community Services	-	-	-
Total Community Services	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>425,610</u>	<u>24,001</u>	<u>1,657,665</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>23,413</u>	<u>-</u>	<u>82,280</u>
OTHER FINANCING USES			
Transfers Out	-	-	-
NET CHANGE IN FUND BALANCES	23,413	-	82,280
FUND BALANCES - BEGINNING OF YEAR	<u>249,452</u>	<u>-</u>	<u>58,848</u>
FUND BALANCES - END OF YEAR	<u>\$ 272,865</u>	<u>\$ -</u>	<u>\$ 141,128</u>

<u>Community Service</u>	<u>Cooperative Program</u>	<u>Total</u>
\$ 351,316	\$ -	\$ 351,316
430,593	23,754	1,990,665
-	-	24,967
-	-	651,684
<u>781,909</u>	<u>23,754</u>	<u>3,018,632</u>
-	-	169,738
-	-	23,050
-	-	1,142
-	-	12,228
-	17,477	202,378
-	17,477	408,536
-	-	23,464
-	-	5,548
-	-	18
1,532	-	6,796
4,017	-	26,098
186	-	2,363
6,244	-	6,244
-	-	1,657,665
<u>11,979</u>	<u>-</u>	<u>1,728,196</u>
204,507	-	204,507
515,167	-	515,167
<u>719,674</u>	<u>-</u>	<u>719,674</u>
<u>731,653</u>	<u>17,477</u>	<u>2,856,406</u>
<u>50,256</u>	<u>6,277</u>	<u>162,226</u>
-	(6,277)	(6,277)
50,256	-	155,949
26,748	-	335,048
<u>\$ 77,004</u>	<u>\$ -</u>	<u>\$ 490,997</u>

PULASKI COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Assets and Liabilities

Pupil Activity Fund

For the Year Ended June 30, 2018

	<u>Balance 7/1/2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2018</u>
ASSETS				
Cash	\$ 99,986	\$ 370,980	\$ 384,988	\$ 85,978
LIABILITIES				
Due to Student Organizations:				
Sunnyside Elementary School	\$ 620	\$ 1,995	\$ 2,395	\$ 220
Fairview Elementary School	2,752	8,715	11,467	-
Middle School	32,062	121,776	110,747	43,091
High School	64,552	238,494	260,379	42,667
TOTAL LIABILITIES	<u>\$ 99,986</u>	<u>\$ 370,980</u>	<u>\$ 384,988</u>	<u>\$ 85,978</u>

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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 28, 2018.

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

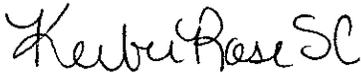
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying *schedule of findings and responses* as #2018-001.

Pulaski Community School Districts Response to Finding

The District's response to the finding identified in our audit is described in the accompanying *schedule of findings and responses and corrective action plan*. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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
November 28, 2018

Independent Auditors' Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance Required by Uniform Guidance and the *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, 2018. 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; 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 *Wisconsin Public School District Audit Manual* 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 the major federal and state programs occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, 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, 2018.

To the Board of Education
Pulaski Community School District

Other Matters

The results of our auditing procedures disclosed two instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and Wisconsin Public School District Audit Manual and which are described in the accompanying *schedule of findings* as #2018-001 and #2018-002. Our opinion on each major federal and state program is not modified with respect to these matters.

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 requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with *Uniform Guidance* 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 responses as #2018-002 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 deficiencies, significant deficiencies, or material weaknesses. We identified a certain deficiency in internal control over compliance, as described in the accompanying *schedule of findings* as #2018-001, that we consider to be a material weakness.

Pulaski Community School Districts response to the noncompliance findings identified in our audit is described in the accompanying *schedule of findings and responses and corrective action plan*. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Purpose of this Report

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 testing based on requirements of *Uniform Guidance* and the *Wisconsin Public School District Manual*. Accordingly, this report is not suitable for any other purpose.



KerberRose SC
Certified Public Accountants
November 28, 2018

FEDERAL AND STATE AWARDS SECTION

PULASKI COMMUNITY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2018

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, 2017-June 30, 2018	10.555	A547-054613	\$ N/A
Cash Assistance			
School Breakfast Program			
July 1, 2016-June 30, 2017	10.553	A546-054613	N/A
July 1, 2017-June 30, 2018			
National School Lunch Program			
July 1, 2016-June 30, 2017	10.555	A547-054613	N/A
July 1, 2017-June 30, 2018			
Summer Food Service Program			
July 1, 2016-June 30, 2017	10.559	A586-054613	N/A
July 1, 2017-June 30, 2018			
Total Child Nutrition Cluster			
<i>SELF FUNDED AQUACULTURE PROGRAM FOR HIGH SCHOOLS</i>			
Sustainable Agriculture Research and Education			
July 1, 2016-June 30, 2017	10.215	FNC16-1064	1,605
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, 2016-June 30, 2017	84.027	A341-054613	678,472
July 1, 2017-June 30, 2018			645,540
PL 94-142 IDEA Flow Through EIS Project 10-341			
July 1, 2016-June 30, 2017	84.027a	A341-054613	52,630
July 1, 2017-June 30, 2018			81,525
PL 27-347 IDEA Preschool Entitlement			
July 1, 2016-June 30, 2017	84.173	A347-054613	25,996
July 1, 2017-June 30, 2018			26,383
Total Special Education Cluster			
<i>TITLE I CLUSTER</i>			
Wisconsin Department of Public Instruction			
Title I-A Basic Grant Project 141			
July 1, 2016-June 30, 2017	84.010	A141-054613	308,161
July 1, 2017-June 30, 2018			278,670
<i>IMPROVING TEACHER QUALITY STATE GRANT</i>			
Wisconsin Department of Public Instruction			
July 1, 2016-June 30, 2017	84.367	A141-054613	134,359
July 1, 2017-June 30, 2018			122,828

Accrued Receivable 7/1/17	Grantor Reimbursements	Expenditures	Accrued Receivable 6/30/18
\$ -	\$ 121,618	\$ 121,618	\$ -
1,196	1,196	-	-
-	54,104	65,300	11,196
6,993	6,993	-	-
-	318,096	382,100	64,004
35,768	35,768	-	-
-	31,364	58,665	27,301
<u>43,957</u>	<u>569,139</u>	<u>627,683</u>	<u>102,501</u>
341	341	-	-
<u>44,298</u>	<u>569,480</u>	<u>627,683</u>	<u>102,501</u>
-	9,333	9,333	-
98,923	98,923	-	-
-	435,407	510,571	75,164
17,790	17,790	-	-
-	58,445	72,465	14,020
12,959	12,959	-	-
-	16,912	18,503	1,591
<u>129,672</u>	<u>649,769</u>	<u>610,872</u>	<u>90,775</u>
68,569	68,569	-	-
-	189,006	250,636	61,630
18,658	18,658	-	-
-	62,373	73,665	11,292

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, 2018

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
July 1, 2017-June 30, 2018			5,309
<i>INDIAN EDUCATION</i>			
Direct Award			
July 1, 2017-June 30, 2018	84.060	N/A	24,001
<i>VOCATIONAL EDUCATION - TECHNOLOGY</i>			
CESA #7			
July 1, 2017-June 30, 2018	84.048	A400-054613	17,438
<i>STUDENT SUPPORT AND ACADEMIC ENRICHMENT</i>			
TITLE IV-A			
July 1, 2017-June 30, 2018	84.424A	Unknown	10,000
TOTAL U.S. DEPARTMENT OF EDUCATION			
<i>MEDICAID SCHOOL BASED SERVICES</i>			
Wisconsin Department of Health Services			
July 1, 2016-June 30, 2017	93.778	Unknown	N/A
July 1, 2017-June 30, 2018			
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
TOTAL FEDERAL ASSISTANCE			

The accompanying notes are an integral part of this schedule.

<u>Accrued Receivable 7/1/17</u>	<u>Grantor Reimbursement</u>	<u>Expenditures</u>	<u>Accrued Receivable 6/30/18</u>
3,359	\$ 3,359	\$ -	\$ -
-	5,132	5,219	87
-	24,001	24,001	-
-	17,438	17,438	-
-	2,098	9,993	7,895
<u>220,258</u>	<u>1,040,403</u>	<u>991,824</u>	<u>171,679</u>
83,100	83,100	-	-
-	255,275	327,116	71,841
<u>83,100</u>	<u>338,375</u>	<u>327,116</u>	<u>71,841</u>
<u>\$ 347,656</u>	<u>\$ 1,948,258</u>	<u>\$ 1,946,623</u>	<u>\$ 346,021</u>

The accompanying notes are an integral part of this schedule.

PULASKI COMMUNITY SCHOOL DISTRICT

Schedule of State Financial Assistance

For the Year Ended June 30, 2018

Awarding Agency/ Awarding Description/ Pass-Through Agency	State I.D. Number	State Pass Through Number	Accrued Receivable 7/1/2017
ENTITLEMENT PROGRAMS			
<i>MAJOR STATE PROGRAMS</i>			
General Equalization - DPI	255.201	054613-116	\$ 400,385
Student Achievement Guarantee in Education	255.504	054613-160	-
TOTAL MAJOR PROGRAMS			400,385
<i>NONMAJOR STATE PROGRAMS</i>			
Handicapped Education and School-Aged Parent Act	255.101	054613-100	-
Handicapped Aid Transit - CESA #8	255.101	054613-100	-
Handicapped Aid Transit - Brown County	255.101	054613-100	401
General Transportation Aid	255.107	054613-102	-
State Lunch - DPI	255.102	054613-107	-
School Day Milk Program - DPI	225.115	054613-109	-
Common School Library Aid	255.103	054613-104	-
Computer Aid	N/A	N/A	6,815
Per Pupil Adjustment Aid	255.945	054613-113	-
High Cost Special Education Aid - DPI	255.210	054613-119	-
Peer Review and Mentoring - DPI	255.301	054613-141	-
School Breakfast Program - DPI	255.344	054613-108	-
Assessments of Reading Readiness Public - DPI	255.956	054613-166	-
Robotics League Participation 575	255.959	054613-167	622
Career And Technical Educ Incentive Grant - DPI	255.950	054613-152	-
Tribal Language Revitalization - DPI	255.364	054613-155	20,234
Educator Effectiveness - DPI	255.940	054613-154	-
Aid for Special Education Transition Grant BBL	255.960	054613-168	-
WI Dept of Natural Resources	N/A	N/A	-
TOTAL NONMAJOR PROGRAMS			28,072
TOTAL STATE ASSISTANCE			\$ 428,457

The accompanying notes are an integral part of this schedule.

<u>State</u> <u>Reimbursements</u>	<u>Expenditures</u>	<u>Accrued</u> <u>Receivable</u> <u>6/30/18</u>
\$ 23,330,801	\$ 23,327,864	\$ 397,448
257,176	257,176	-
<u>23,587,977</u>	<u>23,585,040</u>	<u>397,448</u>
1,487,324	1,487,324	-
22,808	22,808	-
11,742	11,341	-
201,490	201,490	-
16,527	16,527	-
4,871	4,871	-
135,579	135,579	-
6,815	6,915	6,915
1,693,800	1,693,800	-
36,000	36,000	-
13,913	20,496	6,583
3,569	3,569	-
7,562	7,562	-
2,177	1,555	-
21,538	21,538	-
43,780	30,470	6,924
24,720	24,720	-
864	864	-
1,132	1,132	-
<u>3,736,211</u>	<u>3,728,561</u>	<u>20,422</u>
<u>\$ 27,324,188</u>	<u>\$ 27,313,601</u>	<u>\$ 417,870</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, 2018

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, 2018. 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

2017 - 2018 eligible costs under the State Special Education Program are \$5,790,606.

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, 2018

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?	Yes
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)?	Yes

Identification of major federal programs:

CFDA Number	Name of Federal Program
Child Nutrition Cluster	
10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program for Children

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?	Yes
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:

State I.D. Number	Name of State Program
255.201	General Equalization
255.504	Student Achievement Guarantee in Education
255.103	Common School Fund Library Aid

PULASKI COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Responses - Continued
For the Year Ended June 30, 2018

Section II - Financial Statement Finding

There were no financial statement findings.

Section III - Federal Award Finding

#2018-001 – Cash Management – Overclaim of Federal Funds – Child Nutrition Cluster 10.553, 10.555 and 10.559

Criteria	The District is responsible for expending funds prior to requesting reimbursement.
Condition	During our audit, we noted that the number of meals claimed for one month did not agree to supporting documentation which resulted in an overpayment of federal funds.
Cause	The District has a lack of oversight to review claims prior to requesting reimbursement of funds.
Effect	The District requested more funds than the District had expended for the Child Nutrition program. The total amount overclaimed was \$2,519.
Recommendation	We recommend that management review the claims to ensure they agree with supporting documentation prior to submitting for reimbursement to ensure no overpayment is received in the future.
Management's Response	The District will review the claims to ensure they agree with supporting documentation prior to submission for the 2018-2019 school year.
Responsible Official:	Jilleen Bodwin, Director of Business Services
Anticipated Completion Date:	This will be corrected in the 2018-2019 school year.
Prior Year Audit Finding:	N/A

PULASKI COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Responses - Continued
For the Year Ended June 30, 2018

Section IV - State Award Finding

#2018-002 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's wages were reclassified to the appropriate function after the District discovered the employee held an invalid license. 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 2018-2019 school year.
Prior Year Audit Finding:	#2017-001

PULASKI COMMUNITY SCHOOL DISTRICT

Summary Schedule of Prior Audit Finding

For the Year Ended June 30, 2018

State Award Finding

#2017-001 – Handicapped Education Aid – State I.D. No. 255.101 – See corrective action plan finding #2018-002.



Corrective Action Plan

FEDERAL AWARD FINDING

#2018-001 - Cash Management - Overclaim of Federal Funds - Child Nutrition Cluster 10.553, 10.555 and 10.559 – The District will review the claims to ensure they agree with supporting documentation prior to submission for the 2018-2019 school year.

Responsible Official

Jilleen Bodwin, Director of Business Services

Anticipated Completion Date

This will be corrected in the 2018-2019 school year.

STATE AWARD FINDING

#2018-002 - Handicapped Education Aid - State I.D. No. 255.101 – The staff member's wages were reclassified to the appropriate function after the District discovered the employee held an invalid license. 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 2018-2019 school year.