

**HOWARD-SUAMICO SCHOOL DISTRICT
GREEN BAY, WISCONSIN**

ANNUAL FINANCIAL REPORT

JUNE 30, 2017

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
June 30, 2017

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Green Bay, Wisconsin
June 30, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Howard-Suamico School District
Green Bay, Wisconsin

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and the budgetary comparison information and the schedules relating to pensions and other postemployment benefits on pages 53 through 59 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The supplementary information and schedules of expenditures of federal awards and 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, the schedule of expenditures of federal awards and the schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Summarized Financial Information

We have previously audited the District's 2016 financial statements, and our report dated February 2, 2017, expressed unmodified opinions on those respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Certified Public Accountants
Green Bay, Wisconsin
November 30, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS



Howard-Suamico School District
2706 Lineville Road
Green Bay, WI 54313
Phone (920) 662-7878 FAX (920) 662-9777
www.hssd.k12.wi.us

Management's Discussion and Analysis June 30, 2017

As management of the Howard-Suamico School District ("the District"), we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2017.

Financial Highlights

- The District's total net position increased by \$3.98 million.
- The 2016-17 equalized tax rate of \$9.19 is the same as the 2015-16 rate of \$9.19.
- As of June 30, 2017, the District's governmental funds reported combined ending fund balances of \$24.7 million, a increase of \$2.0 million in comparison with the prior year. Approximately 61.5% of this total amount, \$15.2 million is restricted or committed for specific purposes. The balance of \$8.9 million is unassigned fund balance and in compliance with the District fund balance policy.
- As of June 30, 2017, unassigned fund balance for the general fund was \$8.9 million, or approximately 14.9% of total general fund revenues. These resources are available to be expended at the discretion of the District. A minimum of \$3.0 million is to be retained for cash flow purposes.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-wide financial statements. The *district-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, deferred outflows and inflows of resources, and liabilities, with the difference reported as *net position*. 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.

The *statement of activities* presents information showing how the District's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., health care benefits during retirement.)

Both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include the District's basic services, such as regular and special education and various support services. The business-type activities of the District include the food service fund.

The district-wide financial statements can be found on pages 11 - 13 of this report.

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 or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, referendum debt service fund, and capital projects fund, which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for all its governmental funds. As part of the basic governmental fund financial statements, budgetary comparison statements have been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 14 - 17 of this report.

Proprietary funds. The District maintains a single type of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the district-wide financial statements. The District uses enterprise funds to account for its food service fund.

Proprietary funds provide the same type of information as the district-wide financial statements, only in more detail. The District's only proprietary fund is considered to be a nonmajor enterprise fund.

The basic proprietary fund financial statements can be found on pages 18 - 20 of this report.

Fiduciary funds. The District uses the fiduciary fund to account for the employee benefit trust fund and pupil activity account balances.

The basic fiduciary fund financial statements can be found on pages 21 - 22 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the basic financial statements can be found on pages 23 - 51 of this report.

Required Supplementary Information. Required supplementary information for the pension benefits and the other post-employment benefits plan and the budgetary basis statements of the general fund and special education special revenue fund can be found on pages 52 - 61.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds and pupil activity fund are presented following the required supplementary information. Combining and pupil activity fund statements and schedules can be found on pages 62 - 66.

District-wide Financial Analysis

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$76.3 million at the close of 2017. Capital improvements (land, land improvements, buildings, and equipment) are recorded at acquisition costs as per GASB 34 requirements.

Howard-Suamico School District's Net Position (in thousands of dollars)						
	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 35,139	\$ 32,042	\$ 640	\$ 678	\$ 35,779	\$ 32,720
Capital assets	70,012	73,979	416	508	70,428	74,487
Total Assets	105,151	106,021	1,056	1,186	106,207	107,207
Deferred outflows of resources	16,861	21,425	-	-	16,861	21,425
Long-term liabilities outstanding	34,468	41,979	-	-	34,468	41,979
Other liabilities	6,684	7,053	136	115	6,820	7,168
Total Liabilities	41,152	49,032	136	115	41,288	49,147
Deferred inflows of resources	5,404	7,098	-	-	5,404	7,098
Net Position						
Net investment in capital assets	39,284	37,382	416	508	39,700	37,890
Restricted	5,596	3,675	-	-	5,596	3,675
Unrestricted	30,576	30,259	504	563	31,080	30,822
Total Net Position	\$ 75,456	\$ 71,316	\$ 920	\$ 1,071	\$ 76,376	\$ 72,387

By far the largest portion of the District's net position reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, etc.), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. 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 represents resources that are subject to external restrictions on how they may be used.

Change in net position. Governmental activities increased the District's net position by \$4.14 million, thereby accounting for 100% of the total growth in net position of the District. Key elements of this increase are as follows:

- \$.8 million increase in open enrollment tuition.
- \$.4 million increase in tax levy.
- \$3.3 million improvement of funding within post-retirement programs

Howard-Suamico School District's Change in Net Position						
(In thousands of dollars)						
	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues						
Charges for services	\$ 5,920	\$ 5,110	\$ 1,540	\$ 1,598	\$ 7,460	\$ 6,708
Operating grants and contributions	6,314	5,182	872	930	7,186	6,112
General Revenues						
Property taxes	23,232	22,850	-	-	23,232	22,850
Other taxes	18	2	-	-	18	2
Grants and contributions not restricted to specific programs	33,336	34,552	-	-	33,336	34,552
Other	959	260	-	-	959	260
Total Revenues	69,779	67,956	2,412	2,528	72,191	70,484
Expenses						
Instruction	36,838	34,745	-	-	36,838	34,745
Support services	21,558	15,065	-	-	21,558	15,065
Community service	229	242	-	-	229	242
Interest on long-term debt	826	1,298	-	-	826	1,298
Other	6,188	7,495	-	-	6,188	7,495
School food service program	-	-	2,563	2,590	2,563	2,590
Total Expenses	65,639	58,845	2,563	2,590	68,202	61,435
Change in Net Position	4,140	9,111	(151)	(62)	3,989	9,049
Cumulative Effect of Change in Accounting Principles	-	(2,364)	-	-	-	(2,364)
Net Position - January 1	71,316	64,569	1,071	1,133	72,387	65,702
Net Position - December 31	\$ 75,456	\$ 71,316	\$ 920	\$ 1,071	\$ 76,376	\$ 72,387

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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, *unassigned fund balance* may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of June 30, 2017, the District's governmental funds reported combined ending fund balances of \$24.7 million, a increase of \$2.0 million in comparison with the prior year. Approximately 61.5% of this amount is restricted or committed. The fund balance resources have been *restricted or committed* to indicate that they are not available for new spending because they have already been committed for retirement of long-term debt and capital acquisitions.

The general fund is the main operating fund of the District. At the end of the current year, unassigned fund balance of the general fund was \$8.9 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund revenues. Unassigned fund balance represents 14.9% of total general fund revenues.

The fund balance of the District's general fund increased by \$1.4 million during the year. Key factors in this are as follows:

- Reduced energy costs
- Financial controls including bidding and purchasing procedures
- Unallocated resources

Proprietary funds. The District's proprietary funds provide the same type of information found in the District's district-wide financial statements, but in more detail.

Restricted net position of the food service fund at the end of the year amounted to \$504,426. The total decrease in net position was \$151,355.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental and business-type activities as of June 30, 2017 amounts to \$70.5 million. This investment in capital assets includes land, land improvements, buildings, machinery and equipment, vehicles, and construction in progress.

Major capital assets acquired or constructed during the year include:

- Computers and other technology purchases including (\$62,038)
- Major equipment i.e. athletic equipment, instruments, furniture (\$142,506)
- Purchase of maintenance equipment and other maintenance projects (\$268,996)

Howard-Suamico School District's Capital Assets (net of accumulated depreciation)						
	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 2,247,562	\$ 2,247,562	\$ -	\$ -	\$ 2,247,562	\$ 2,247,562
Land improvements	1,400,717	1,561,938	-	-	1,400,717	1,561,938
Buildings	58,542,322	60,857,575	-	-	58,542,322	60,857,575
Machinery and equipment	7,821,360	9,311,460	508,334	508,334	8,329,694	9,819,794
Total	\$ 70,011,961	\$ 73,978,535	\$ 508,334	\$ 508,334	\$ 70,520,295	\$ 74,486,869

Long-term debt. At the end of the current fiscal year, the District had total bonded debt outstanding of \$27,650,000. This represents 10.39% of the District's allowable debt.

Howard-Suamico School District's Outstanding Debt General Obligation Debt and Revenue Bonds						
	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
General Obligation Debt						
Bonds and Notes	\$ 27,650,000	\$ 32,470,000	\$ -	\$ -	\$ 27,650,000	\$ 32,470,000

The District's total debt decreased by \$4,820,000 during the current fiscal year.

Economic Factors and Next Year's Budgets and Rates

- Inflationary trends in our region compare favorably to national indices.
- District full time equivalent (FTE) enrollment is stable.
- In 2004-2005 the District created the Other Post Employment Benefits (OPEB) Trust Fund and has fully funded the actuarially recommended Annual Determined Contribution (ADC). The District intends to continue funding this long-term liability.
- Our Equalized tax rate remained stable from \$9.19 to \$9.19.

All of these factors were considered in preparing the District's budget for the 2017 fiscal year.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Matthew Spets, Assistant Superintendent of Business Services, Administrative Offices, 2706 Lineville Road, Green Bay, Wisconsin 54313.

BASIC FINANCIAL STATEMENTS

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Statement of Net Position
June 30, 2017
(With summarized financial information as of June 30, 2016)

	Governmental Activities	Business-type Activities	Total	
			2017	2016
ASSETS				
Cash and investments	\$ 23,942,703	\$ 539,728	\$ 24,482,431	\$ 21,370,784
Receivables				
Taxes	5,687,560	-	5,687,560	5,802,001
Accounts	45,928	227	46,155	79,162
Due from other governments	1,353,430	100,253	1,453,683	2,660,338
Inventories and prepaid items	110,495	-	110,495	156,631
Other assets				
Other post employment benefits asset	2,610,773	-	2,610,773	2,650,524
Net supplemental pension asset	1,387,750	-	1,387,750	-
Capital assets				
Land	2,247,562	-	2,247,562	2,247,562
Buildings and improvements	107,744,520	3,550	107,748,070	107,499,854
Machinery and equipment	21,982,006	1,522,348	23,504,354	28,153,124
Less: Accumulated depreciation	(61,962,127)	(1,110,048)	(63,072,175)	(63,413,671)
TOTAL ASSETS	105,150,600	1,056,058	106,206,658	107,206,309
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges	672,784	-	672,784	763,346
Deferred outflows related to pension	11,942,693	-	11,942,693	17,802,443
Deferred outflows related to supplemental pension	3,404,930	-	3,404,930	2,536,815
Deferred outflows related to other post employment benefits	840,204	-	840,204	322,654
TOTAL DEFERRED OUTFLOWS OF RESOURCES	16,860,611	-	16,860,611	21,425,258
LIABILITIES				
Accounts payable	597,677	8,807	606,484	356,192
Accrued payroll liabilities	5,845,437	50,153	5,895,590	6,373,772
Accrued interest payable	240,562	-	240,562	352,703
Unearned revenues	713	76,822	77,535	85,222
Long-term obligations				
Due within one year	5,187,723	-	5,187,723	5,023,779
Due within more than one year	26,213,019	-	26,213,019	32,335,833
Net pension liability	1,697,887	-	1,697,887	3,337,912
Net boost supplemental pension liability	1,368,959	-	1,368,959	1,281,391
TOTAL LIABILITIES	41,151,977	135,782	41,287,759	49,146,804
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	5,403,501	-	5,403,501	7,097,660
NET POSITION				
Net investment in capital assets	39,284,003	415,850	39,699,853	37,890,603
Restricted for				
Other post employment benefits	2,610,773	-	2,610,773	2,650,524
Supplemental pension benefits	1,387,750	-	1,387,750	-
Capital projects	510,070	-	510,070	-
Debt service	991,532	-	991,532	928,935
TEACH program	95,262	-	95,262	94,753
Unrestricted	30,576,343	504,426	31,080,769	30,822,288
TOTAL NET POSITION	\$ 75,455,733	\$ 920,276	\$ 76,376,009	\$ 72,387,103

The notes to the basic financial statements are an integral part of this statement.

HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin

Statement of Activities

For the Year Ended June 30, 2017

(With summarized financial information for the year ended June 30, 2016)

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental Activities			
Instruction	\$ 36,837,984	\$ 883,477	\$ 4,739,642
Support services	21,558,298	4,964,595	1,180,942
Community services	228,654	71,653	161,160
Interest and fiscal charges	825,777	-	-
Non-program	1,753,980	-	232,116
Depreciation - unallocated	4,434,028	-	-
Total Governmental Activities	65,638,721	5,919,725	6,313,860
Business-type Activities			
School food service program	2,562,910	1,539,895	871,660
Total School District	\$ 68,201,631	\$ 7,459,620	\$ 7,185,520

General revenues

Property taxes

Other taxes

State and federal aids not restricted to specific functions

Interest and investment earnings

Gain on sale of capital assets

Miscellaneous

Total General Revenues

Change in net position

Net position - July 1

Net position - June 30

The notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities	Total	
		2017	2016

\$ (31,214,865)	\$ -	\$ (31,214,865)	\$ (30,283,236)
(15,412,761)	-	(15,412,761)	(9,557,870)
4,159	-	4,159	(80,152)
(825,777)	-	(825,777)	(1,298,363)
(1,521,864)	-	(1,521,864)	(1,480,941)
(4,434,028)	-	(4,434,028)	(5,852,677)
(53,405,136)	-	(53,405,136)	(48,553,239)

-	(151,355)	(151,355)	(62,308)
(53,405,136)	(151,355)	(53,556,491)	(48,615,547)

23,231,747	-	23,231,747	22,850,022
18,120	-	18,120	1,523
33,335,595	-	33,335,595	34,552,382
101,469	-	101,469	25,610
348,137	-	348,137	650
510,329	-	510,329	234,417
57,545,397	-	57,545,397	57,664,604

4,140,261	(151,355)	3,988,906	9,049,057
71,315,472	1,071,631	72,387,103	63,338,046

\$ 75,455,733	\$ 920,276	\$ 76,376,009	\$ 72,387,103
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HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin

Balance Sheet

Governmental Funds

June 30, 2017

(With summarized financial information as of June 30, 2016)

	General	Referendum Debt Service Fund	Other Governmental Funds	Total Governmental Funds	
				2017	2016
ASSETS					
Cash and investments	\$ 21,451,380	\$ 1,204,846	\$ 1,286,477	\$ 23,942,703	\$ 20,713,900
Receivables					
Taxes	5,687,560	-	-	5,687,560	5,802,001
Accounts	45,914	-	14	45,928	79,162
Due from other funds	1,322	-	500,000	501,322	33,667
Due from other governments	1,350,785	-	2,645	1,353,430	2,639,300
Inventory	109,163	-	-	109,163	96,043
Prepaid items	1,332	-	-	1,332	60,588
TOTAL ASSETS	\$ 28,647,456	\$ 1,204,846	\$ 1,789,136	\$ 31,641,438	\$ 29,424,661
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 576,309	\$ -	\$ 21,368	\$ 597,677	\$ 356,172
Accrued payroll liabilities	5,825,141	-	20,296	5,845,437	6,340,892
Due to other funds	500,000	-	1,322	501,322	33,667
Unearned revenues	713	-	-	713	3,497
Total Liabilities	6,902,163	-	42,986	6,945,149	6,734,228
Fund Balances					
Nonspendable inventory and prepaid items	110,495	-	-	110,495	156,631
Restricted	-	1,204,846	632,580	1,837,426	1,386,398
Committed	12,526,318	-	823,426	13,349,744	12,386,706
Assigned	163,847	-	290,144	453,991	382,812
Unassigned	8,944,633	-	-	8,944,633	8,377,886
Total Fund Balances	21,745,293	1,204,846	1,746,150	24,696,289	22,690,433
TOTAL LIABILITIES AND FUND BALANCES	\$ 28,647,456	\$ 1,204,846	\$ 1,789,136	\$ 31,641,438	\$ 29,424,661

(Continued)

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Balance Sheet (Continued)
Governmental Funds
June 30, 2017
(With summarized financial information as of June 30, 2016)

	2017	2016
<u>Reconciliation to the Statement of Net Position</u>		
Total Fund Balances from previous page	\$ 24,696,289	\$ 22,690,433
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	70,011,961	73,978,535
The District's other post-employment benefit plan assets are not a current financial resource and therefore not reported in the fund financial statements:		
Deferred outflows of resources	840,204	322,654
Other post-employment benefit asset	2,610,773	2,650,524
The District's proportionate share of the Wisconsin Retirement System pension plan is not an available financial resource; therefore, it is not reported in the fund financial statements:		
Deferred outflows of resources	11,942,693	17,802,443
Net pension liability	(1,697,887)	(3,337,912)
Deferred inflows of resources	(5,403,501)	(7,097,660)
The District's supplemental pension plan contributions for the current year are not an available resource; therefore, it is not reported in the fund financial statements:		
Deferred outflows of resources	1,887,087	647,695
Net pension asset (liability)	1,387,750	1,552,312
The District's boost supplemental pension plan contributions for the current year are not an available resource; therefore, it is not reported in the fund financial statements:		
Deferred outflows of resources	1,517,843	1,889,120
Net pension asset (liability)	(1,368,959)	(2,833,703)
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and notes payable	\$ (27,650,000)	
Capital leases payable	(3,044,037)	
Accrued interest on long-term obligations	(240,562)	
Bond premium	(706,705)	
Deferred charge on advance refunding	672,784	(30,968,520)
	<u>(30,968,520)</u>	<u>(36,948,969)</u>
Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 11)	<u>\$ 75,455,733</u>	<u>\$ 71,315,472</u>

The notes to the basic financial statements are an integral part of this statement.

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017
(With summarized financial information for the year ended June 30, 2016)

	General	Referendum Debt Service Fund	Other Governmental Funds	Total Governmental Funds	
				2017	2016
Revenues					
Property taxes	\$ 17,419,633	\$ 5,165,000	\$ 665,234	\$ 23,249,867	\$ 22,851,545
Other local sources	1,147,820	12,329	945,745	2,105,894	2,240,266
Interdistrict sources	4,909,792	-	-	4,909,792	4,135,906
Intermediate sources	121,346	-	-	121,346	118,320
State sources	36,866,937	-	-	36,866,937	36,715,370
Federal sources	1,743,004	-	32,994	1,775,998	1,725,968
Other sources	378,129	-	111,465	489,594	212,210
Total Revenues	62,586,661	5,177,329	1,755,438	69,519,428	67,999,585
Expenditures					
Instruction					
Regular instruction	25,368,363	-	311,397	25,679,760	29,589,740
Vocational instruction	1,913,668	-	3,501	1,917,169	1,772,160
Special education instruction	5,911,054	-	-	5,911,054	5,899,665
Other instruction	3,451,134	-	249,572	3,700,706	3,532,878
Total Instruction	36,644,219	-	564,470	37,208,689	40,794,443
Support Services					
Pupil services	2,782,821	-	32,994	2,815,815	2,653,808
Instructional staff services	4,288,274	-	72,236	4,360,510	4,198,637
General administration services	797,191	-	16,281	813,472	865,884
School administration services	3,059,278	-	13,521	3,072,799	2,929,468
Business services	955,200	-	17,930	973,130	928,308
Operations and maintenance of plant	4,923,627	-	4,030	4,927,657	11,167,887
Pupil transportation services	2,339,686	-	20,250	2,359,936	2,336,034
Central services	2,107,549	-	2,764	2,110,313	2,617,122
Insurance	312,236	-	-	312,236	380,003
Other support services	425	-	155,637	156,062	155,837
Total Support Services	21,566,287	-	335,643	21,901,930	28,232,988
Community Service	-	-	317,945	317,945	295,637
Debt Service					
Principal of debt	1,018,779	4,520,000	300,000	5,838,779	4,395,000
Interest	20,145	704,711	122,500	847,356	1,265,134
Total Debt Service	1,038,924	5,224,711	422,500	6,686,135	5,660,134
Non-program					
General tuition payments	1,163,078	-	-	1,163,078	1,211,703
Special education tuition payments	550,022	-	-	550,022	371,757
Voucher tuition payments	37,907	-	-	37,907	40,969
Adjustments and refunds	2,090	-	-	2,090	18,120
Total Non-program	1,753,097	-	-	1,753,097	1,642,549
Total Expenditures	61,002,527	5,224,711	1,640,558	67,867,796	76,625,751
Excess of Revenues Over (Under) Expenditures	1,584,134	(47,382)	114,880	1,651,632	(8,626,166)
Other Financing Sources (Uses)					
Long-term debt issued	-	-	-	-	7,860,000
Premium and accrued interest from debt refinancing	-	-	-	-	151,059
Payment to escrow agent	-	-	-	-	(8,011,566)
Capital leases	-	-	-	-	4,062,816
Sale of capital assets	354,224	-	-	354,224	693,534
Transfers in	-	-	500,000	500,000	-
Transfers out	(500,000)	-	-	(500,000)	-
Total Other Financing Sources (Uses)	(145,776)	-	500,000	354,224	4,755,843
Net Change in Fund Balances	1,438,358	(47,382)	614,880	2,005,856	(3,870,323)
Fund Balances - July 1	20,306,935	1,252,228	1,131,270	22,690,433	26,560,756
Fund Balances - June 30	\$ 21,745,293	\$ 1,204,846	\$ 1,746,150	\$ 24,696,289	\$ 22,690,433

(Continued)

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2017
(With summarized financial information for the year ended June 30, 2016)

	2017	2016
Reconciliation to the Statement of Activities		
Net Change in Fund Balances from previous page	\$ 2,005,856	\$ (3,870,323)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay reported in governmental fund statements	\$ 473,541	
Depreciation expense reported in the statement of activities	(4,434,028)	
Amount in which depreciation is (greater) less than capital outlays	(3,960,487)	7,260,944
In governmental funds the entire proceeds, if any, from the disposal of capital assets is reported as an other financing source. In the statement of activities only the gain (or loss) on the disposal is reported.		
Book value of assets disposed:	(6,087)	(693,534)
Some capital assets acquired during the year were financed with debt. The amount of debt is reported in the governmental funds as a source of financing. In the statement of net position, however, debt constitutes a long-term liability. The amount of debt reported in the governmental funds statement is:	-	(4,062,816)
The issuance of long-term debt (e.g., notes) provide current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premium, discounts, changes on advance refundings, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal paid on long-term debt	4,820,000	
Capital leases retired	1,018,779	
Change in deferred charges	(90,562)	
Change in interest accrued on long-term debt	112,141	
Change in premium received on long-term debt	120,091	
	5,980,449	4,466,587
Change in the other post employment benefit asset and related deferred outflows of resources as a result of employer contributions.	477,799	4,968,827
Change in the supplemental net pension liability (asset) and related deferred inflows outflows of resources as a result of employer contributions, changes in assumptions and proportionate share and the difference between the expected and actual experience of the pension plan	1,074,830	3,723,756
Change in the boost supplemental net pension liability (asset) and related deferred inflows outflows of resources as a result of employer contributions, changes in assumptions and proportionate share and the difference between the expected and actual experience of the pension plan	1,093,467	(944,583)
Change in the net pension liability (asset) and related deferred inflows outflows of resources as a result of employer contributions, changes in assumptions and proportionate share and the difference between the expected and actual experience of the pension plan	(2,525,566)	(1,738,143)
Change in Net Position of Governmental Activities as Reported on the Statement of Activities (see pages 12 - 13)	<u>\$ 4,140,261</u>	<u>\$ 9,110,715</u>

The notes to the basic financial statements are an integral part of this statement.

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Statement of Net Position
Nonmajor Proprietary Fund
June 30, 2017
(With summarized financial information as of June 30, 2016)

	Nonmajor Fund Food Service	
	2017	2016
ASSETS		
Current Assets		
Cash and investments	\$ 539,728	\$ 656,884
Accounts receivable	227	-
Due from other governments	100,253	21,038
Total Current Assets	<u>640,208</u>	<u>677,922</u>
Capital Assets		
Land improvements	3,550	3,550
Machinery and equipment	1,522,348	1,522,348
Less accumulated depreciation	(1,110,048)	(1,017,564)
Total Capital Assets	<u>415,850</u>	<u>508,334</u>
TOTAL ASSETS	<u>1,056,058</u>	<u>1,186,256</u>
LIABILITIES		
Current Liabilities		
Accounts payable	8,807	20
Accrued payroll liabilities	50,153	32,880
Unearned revenues	<u>76,822</u>	<u>81,725</u>
TOTAL LIABILITIES	<u>135,782</u>	<u>114,625</u>
NET POSITION		
Net investment in capital assets	415,850	508,334
Restricted	<u>504,426</u>	<u>563,297</u>
TOTAL NET POSITION	<u>\$ 920,276</u>	<u>\$ 1,071,631</u>

The notes to the basic financial statements are an integral part of this statement.

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Statement of Revenues, Expenses and Change in Net Position
Nonmajor Proprietary Fund
For the Year Ended June 30, 2017
(With summarized financial information for the year ended June 30, 2016)

	Nonmajor Fund Food Service	
	2017	2016
Operating Revenues		
Food sales	\$ 1,536,137	\$ 1,595,814
Local sources	3,758	1,982
State sources	34,226	34,879
Federal sources	837,433	892,982
Other sources	1	2,285
Total Operating Revenues	<u>2,411,555</u>	<u>2,527,942</u>
Operating Expenses		
Salaries, wages and benefits	1,174,960	1,137,792
Operations and maintenance of plant	55,389	6,172
Purchased services	70,513	80,075
Supplies and materials	1,164,234	1,258,878
Other	5,330	4,293
Depreciation	92,484	103,040
Total Operating Expenses	<u>2,562,910</u>	<u>2,590,250</u>
Operating Loss	<u>(151,355)</u>	<u>(62,308)</u>
Nonoperating Revenues		
Gain on sale of capital assets	<u>-</u>	<u>650</u>
Change in Net Position	(151,355)	(61,658)
Net Position - July 1	<u>1,071,631</u>	<u>1,133,289</u>
Net Position - June 30	<u>\$ 920,276</u>	<u>\$ 1,071,631</u>

The notes to the basic financial statements are an integral part of this statement.

HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin

Statement of Cash Flows

Nonmajor Proprietary Fund

For the Year Ended June 30, 2017

(With summarized financial information for the year ended June 30, 2016)

	Nonmajor Fund Food Service	
	2017	2016
Cash Flows from Operating Activities		
Cash received from user charges	\$ 1,534,765	\$ 1,599,554
Cash received from other government payments	792,445	909,108
Cash payments to employees	(1,157,687)	(1,128,906)
Cash payments to suppliers	(1,286,679)	(1,352,484)
Net Cash Provided (Used) by Operating Activities	(117,156)	27,272
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	-	(361,585)
Sale of capital assets	-	650
Net Cash Used in Capital and Related Financing Activities	-	(360,935)
Net Decrease in Cash and Investments	(117,156)	(333,663)
Cash and investments - July 1	656,884	990,547
Cash and investments - June 30	<u>\$ 539,728</u>	<u>\$ 656,884</u>
Reconciliation of Operating Loss to Net Cash		
Provided by Operating Activities:		
Operating loss	\$ (151,355)	\$ (62,308)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	92,484	103,040
Changes in assets and liabilities		
Accounts receivable	(227)	133
Due from other governments	(79,215)	(21,038)
Accounts payable	8,787	(3,066)
Accrued payroll liabilities	17,273	8,886
Unearned revenues	(4,903)	1,625
Net Cash Provided (Used) by Operating Activities	<u>\$ (117,156)</u>	<u>\$ 27,272</u>
Noncash Noncapital Financing Activities:		
Commodities Received From		
U.S. Department of Agriculture	<u>\$ 180,349</u>	<u>\$ 198,908</u>

The notes to the basic financial statements are an integral part of this statement.

HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin

Statement of Net Position

Fiduciary Funds

June 30, 2017

(With summarized financial information as of June 30, 2016)

	Employee Benefit Trust Fund	Agency Funds	Total Fiduciary Funds	
			2017	2016
ASSETS				
Cash and investments	\$ 16,800,418	\$ 206,523	\$ 17,006,941	\$ 15,619,934
LIABILITIES				
Accounts payable	-	4,851	4,851	-
Due to student organizations	-	201,672	201,672	260,106
TOTAL LIABILITIES	-	206,523	206,523	260,106
NET POSITION				
Restricted	16,800,418	-	16,800,418	15,359,828
TOTAL NET POSITION	\$ 16,800,418	\$ -	\$ 16,800,418	\$ 15,359,828

The notes to the basic financial statements are an integral part of this statement.

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017
(With summarized financial information for the year ended June 30, 2016)

		Employee Benefit Trust Fund	
		2017	2016
ADDITIONS			
Other local sources	\$	70,895	\$ 44,257
Other		3,313,465	2,406,576
Total Additions		<u>3,384,360</u>	<u>2,450,833</u>
DEDUCTIONS			
Trust fund disbursements		<u>1,943,770</u>	<u>1,799,600</u>
Change in Net Position		1,440,590	651,233
Net Position - July 1		<u>15,359,828</u>	<u>14,708,595</u>
Net Position - June 30		<u>\$ 16,800,418</u>	<u>\$ 15,359,828</u>

The notes to the basic financial statements are an integral part of this statement.

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Howard-Suamico School District (the "District"), Green Bay, Wisconsin, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below:

1. Reporting Entity

The Howard-Suamico School District is organized as a common school district. The District, governed by a seven member elected school board, operates grades K through 12 and is comprised of all or parts of three taxing districts.

In accordance with GAAP, the basic financial statements are required to include the District (the primary government) and any separate component units that have a significant operational or financial relationship with the District. The District has not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement No. 61.

2. District-Wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise funds. The District has no internal service funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

GENERAL FUND

This is the District's main operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.

REFERENDUM DEBT SERVICE FUND

This fund accounts for resources accumulated and payment made for principal and interest on long-term general obligation debt of governmental funds.

The District reports no major proprietary funds. The District uses an enterprise fund to account for transactions of the food service fund.

HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin

Notes to Basic Financial Statements

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, the government reports the following fund types:

The District accounts for assets held for future payment of post-employment health benefits and supplemental pension plan in an *employee benefit trust fund*.

The District accounts for assets held as an agent for various student and parent organizations in an *agency fund*.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes are recognized as revenue in the fiscal year for which taxes have been levied. Tuition, grants, fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the District.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin

Notes to Basic Financial Statements

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance

a. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

b. Accounts Receivable

Accounts receivable are recorded at gross amount 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 to the basic financial statements.

c. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the financial statements.

d. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental fund types in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

e. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items, and are accounted for on the consumption method.

Prepaid items of governmental fund types in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

f. Capital Assets

Capital assets, which include property, plant, machinery and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$500 or higher and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin

Notes to Basic Financial Statements

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

	Governmental Activities	Business-type Activities
	Years	
<u>Assets</u>		
Land improvements	10 - 20	10 - 20
Buildings	45	-
Machinery and equipment	5 - 20	5 - 20

g. Compensated Absences

The District's policy does not allow accumulated employee benefits to vest. Unused accumulated employee benefits are forfeited upon retirement or termination of employment. Accumulated benefits are recorded as an expenditure in the year used. No accumulated amount is recorded in the Statement of Net Position.

h. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will 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) until then. The District has three items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the district-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is related to the District's proportionate share of the Wisconsin Retirement System pension plan. A portion of this item is deferred and amortized over the expected remaining service lives of the pension plan participants. The remaining portion is District contributions made subsequent to the measurement date which will be expensed in the subsequent year. The third is related to District's other postemployment trust and supplemental pension plans. A portion of this item is deferred and amortized over the expected remaining service lives of the other postemployment and pension plan participants. The remaining portion is District contributions made subsequent to the measurement date which will be expensed in the subsequent year.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This 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 has one item that qualifies for reporting in this category on the statement of net position. The item is related to the District's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants.

HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin

Notes to Basic Financial Statements

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Long-term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds. Issuance costs are expensed during the current period.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

j. Other Postemployment Benefits Other Than Pensions (OPEB)/Supplemental Pension Plan

For purposes of measuring the net OPEB and supplemental pension plan liability, deferred outflows of resources and deferred inflows of resources related to OPEB and supplemental pension plan, and OPEB and supplemental pension plan expense, information about the fiduciary net position of Howard-Suamico School District, Wisconsin's Other Postemployment Benefit Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

k. Pensions

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

l. Fund Equity

FUND FINANCIAL STATEMENTS

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purpose for which resources can be used:

- Nonspendable fund balance - Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- Restricted fund balance - Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- Committed fund balance - Amounts that are constrained for specific purposes by action of the Board of Education. These constraints can only be removed or changed by the Board of Education using the same action that was used to create them.
- Assigned fund balance - Amounts that are constrained for specific purposes by action of District management. The Board of Education has authorized the superintendent to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Unassigned fund balance - Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The District has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

DISTRICT-WIDE AND PROPRIETARY FUND STATEMENTS

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

- Net investment in capital assets - Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- Restricted net position - Amount of net position that is subject to restrictions that are imposed 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.
- Unrestricted net position - Net position that is neither classified as restricted nor as net investment in capital assets.

5. Use of Estimates

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

6. Summarized Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin

Notes to Basic Financial Statements

June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

The debt service and capital projects funds account for their transactions through separate and distinct bank and investment accounts as required by State Statutes. In addition, the fiduciary funds use separate and distinct accounts. All other funds share in common bank and investment accounts.

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; the Wisconsin local government investment pool; and the Wisconsin investment series cooperative. Investments in the private-purpose trust fund and employee benefit trust fund may be invested in other types of investments as authorized under Wisconsin Statute 881.01, "*Uniform Prudent Investor Act*".

The carrying amount of the District's cash and investments totaled \$41,489,372 on June 30, 2017 as summarized below:

Petty cash funds	\$ 1,250
Deposits with financial institutions	9,679,729
Investments	
Wisconsin investment series cooperative	29,480,297
Wisconsin local government investment pool	208,108
Municipal bond	120,000
Federal home loan mortgage corporation note	1,999,988
	<u>\$ 41,489,372</u>

Reconciliation to the basic financial statements:

District-wide Statement of Net Position	
Cash and investments	\$ 24,482,431
Fiduciary Funds Statement of Net Position	
Employee benefit trust fund	16,800,418
Agency funds	206,523
	<u>\$ 41,489,372</u>

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs.

HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin

Notes to Basic Financial Statements

June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

The District has the following fair value measurements as of June 30, 2017:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments			
Municipal bonds	\$ -	\$ 120,000	\$ -
Federal home loan mortgage corporation note	-	1,999,988	-
Wisconsin investment series cooperative	-	5,016,595	-
Total investments by fair value level	\$ -	\$ 7,136,583	\$ -

Deposits and investments of the District are subject to various risks. Presented below is a discussion of the specific risks and the District's policy related to the risk.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The District does not have an additional custodial credit risk policy.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings accounts and \$250,000 for the combined amount of all interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposits per official custodian per depository institution. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

On June 30, 2017, none of the District's deposits with financial institutions were in excess of federal and state depository insurance limits and uncollateralized.

HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The District does not have an additional credit risk policy. Presented below is the actual rating as of year-end for each investment type.

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Not Rated
Municipal bonds	\$ 120,000	\$ -	\$ -	\$ 120,000	\$ -
Federal home loan mortgage corporation note	1,999,988	1,999,988	-	-	-
Wisconsin investment series cooperative	29,480,297	-	29,480,297	-	-
Wisconsin local government investment pool	208,108	-	-	-	208,108
Totals	<u>\$ 31,808,393</u>	<u>\$ 1,999,988</u>	<u>\$ 29,480,297</u>	<u>\$ 120,000</u>	<u>\$ 208,108</u>

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. There were no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Municipal bonds	\$ 120,000	\$ 120,000	\$ -	\$ -	\$ -
Federal home loan mortgage corporation note	1,999,988	1,999,988	-	-	-
Wisconsin investment series cooperative	29,480,297	29,480,297	-	-	-
Wisconsin local government investment pool	208,108	208,108	-	-	-
Totals	<u>\$ 31,808,393</u>	<u>\$ 31,808,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin

Notes to Basic Financial Statements

June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

Investment in Wisconsin Investment Series Cooperative

The District has investments in the Wisconsin Investment Series Cooperative (WISC) of \$29,480,297 at year end consisting of \$1,084,998 invested in the Cash Management Series, \$23,378,704 invested in the Investment Series and \$5,016,595 invested in the Limited Term Series. The Cash Management Series has no minimum investment period, allows check writing privileges, and the average dollar weighted maturity is ninety (90) days or less. The Investment Series requires a 14 day minimum investment period and one business day withdrawal notice, and the average dollar weighted maturity is one hundred twenty (120) days or less. The Limited Term Series investments feature a fixed rate of return and a fixed maturity date.

WISC is organized by and operated exclusively for Wisconsin public schools, technical colleges, and municipal entities. WISC is not registered with the Securities and Exchange Commission, but operates under Wisconsin Intergovernmental Cooperation Statutes, Wisconsin Statutes, Section 66.0301. WISC is governed by the Wisconsin Investment Series Cooperative Commission in accordance with the terms of the Intergovernmental Cooperation Agreement. WISC invests District funds in accordance with Wisconsin law. WISC investments are valued at amortized cost, which approximates market value.

Investment in Wisconsin Local Government Investment Pool

The District has investments in the Wisconsin local government investment pool of \$208,108 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2017, the fair value of the District's share of the LGIP's assets was substantially equal to the carrying value.

2. Property Taxes

The aggregate District tax levy is apportioned and certified in November 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 must be paid in full or in two or more installments with the first installment payable the subsequent January 31 and a final payment no later than the following July 31. On or before January 15, and by the 20th of each subsequent month thereafter, the District is paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance.

Property taxes are recognized as revenue in the fiscal year levied as they are considered due as of January 1, the date from which interest and penalties accrue for non-payment of a scheduled installment, and full receipt of the entire levy is assured within sixty days of fiscal year end, meeting the availability criteria necessary for property tax revenue recognition by accounting principles generally accepted in the United States of America.

HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin

Notes to Basic Financial Statements

June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

3. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,247,562	\$ -	\$ -	\$ 2,247,562
Capital assets, being depreciated:				
Land improvements	4,581,195	-	-	4,581,195
Buildings	102,915,109	248,216	-	103,163,325
Machinery and equipment	26,630,776	225,325	4,874,095	21,982,006
Subtotals	134,127,080	473,541	4,874,095	129,726,526
Less accumulated depreciation for:				
Land improvements	3,019,256	161,222	-	3,180,478
Buildings	42,057,535	2,563,468	-	44,621,003
Machinery and equipment	17,319,316	1,709,338	4,868,008	14,160,646
Subtotals	62,396,107	4,434,028	4,868,008	61,962,127
Total capital assets, being depreciated, net	71,730,973	(3,960,487)	6,087	67,764,399
Governmental activities capital assets, net	<u>\$73,978,535</u>	<u>\$ (3,960,487)</u>	<u>\$ 6,087</u>	70,011,961
Less related long-term debt outstanding				<u>30,727,958</u>
Net investment in capital assets				<u><u>\$39,284,003</u></u>
Business-type activities:				
Capital assets, being depreciated:				
Land improvements	\$ 3,550	\$ -	\$ -	\$ 3,550
Machinery and equipment	1,522,348	-	-	1,522,348
Subtotals	1,525,898	-	-	1,525,898
Less accumulated depreciation for:				
Land improvements	3,550	-	-	3,550
Machinery and equipment	1,014,014	92,484	-	1,106,498
Subtotals	1,017,564	92,484	-	1,110,048
Business-type activities capital assets, net	<u>\$ 508,334</u>	<u>\$ (92,484)</u>	<u>\$ -</u>	<u>\$ 415,850</u>
Depreciation expense was charged to functions of the District as follows:				
Governmental activities				
Depreciation expense - unallocated				<u><u>\$ 4,434,028</u></u>

HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin

Notes to Basic Financial Statements

June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

4. Interfund Receivables and Payables, and Transfers

Interfund receivables and payables between individual funds of the District as of June 30, 2017 are as follows:

	Interfund Receivables	Interfund Payables
Temporary Cash Advances from General Fund to Finance Operating Cash Requirements of Other Funds		
General Fund	\$ 1,322	\$ -
Special Revenue Funds		
Other Special Projects Fund	-	1,322
Contribution transferred after year end		
General Fund	-	500,000
Long-term Capital Improvement Fund	500,000	-
	<u>\$ 501,322</u>	<u>\$ 501,322</u>

The following transfer was for the purpose of funding long-term capital projects.

	Transfer to:
	Long-term Capital Improvement
Transfer from: General Fund	<u>\$ 500,000</u>

5. Long-term Obligations

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

	Outstanding 7/1/16	Issued	Retired	Outstanding 6/30/17	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$21,110,000	\$ -	\$ 4,520,000	\$16,590,000	\$ 3,790,000
Notes	11,360,000	-	300,000	11,060,000	300,000
Bond premium	826,796	-	120,091	706,705	95,053
Capital lease	4,062,816	-	1,018,779	3,044,037	1,002,670
Governmental activities					
Long-term obligations	<u>\$37,359,612</u>	<u>\$ -</u>	<u>\$ 5,958,870</u>	<u>\$31,400,742</u>	<u>\$ 5,187,723</u>

Total interest paid during the year on long-term debt totaled \$847,356.

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Bonds

\$6,460,000 issued 3/4/14; \$75,000 to \$1,210,000 due annually through 2027; interest 2.00% to 3.00%	\$ 6,250,000
\$4,265,000 issued 12/3/14; \$1,400,000 due in 2018; interest 1.50% to 1.75%	1,400,000
\$3,540,000 issued 12/3/14; \$190,000 to \$295,000 due annually from 2020 through 2034; interest 2.50% to 4.00%	3,540,000
\$7,860,000 issued 2/02/16; \$220,000 to \$2,315,000 due annually through 2022; interest 1.15% to 2.00%	5,400,000

Notes

\$2,500,000 issued 5/2/11; \$300,000 due annually through 2021; interest 4.90%	1,200,000
\$9,860,000 issued 4/14/15; \$1,560,000 to \$1,740,000 due annually from 2020 through 2025; interest 2.00%	<u>9,860,000</u>

Total Outstanding General Obligation Debt	<u><u>\$ 27,650,000</u></u>
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Annual principal and interest maturities of the outstanding general obligation debt of \$27,650,000 on June 30, 2017 are detailed below:

Year Ended June 30	Governmental Activities		
	Principal	Interest	Total
2018	\$ 4,090,000	\$ 719,193	\$ 4,809,193
2019	2,660,000	646,893	3,306,893
2020	2,705,000	599,693	3,304,693
2021	2,385,000	555,573	2,940,573
2022	2,050,000	391,738	2,441,738
2023-2027	11,895,000	1,105,669	13,000,669
2028-2032	1,285,000	238,513	1,523,513
2033-2034	580,000	33,575	613,575
	<u>\$ 27,650,000</u>	<u>\$ 4,290,847</u>	<u>\$ 31,940,847</u>

For the governmental activities, the other long-term liabilities are generally liquidated by the general fund.

HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin

Notes to Basic Financial Statements

June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2017 was \$239,549,741 as follows:

Equalized valuation of the District		\$ 2,662,082,091
Statutory limitation percentage		(x) 10%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		<u>266,208,209</u>
Total outstanding general obligation debt applicable to debt limitation	\$ 27,650,000	
Less: Amounts available for financing general obligation debt		
Debt service fund, less accrued interest	<u>(991,532)</u>	
Net outstanding general obligation debt applicable to debt limitation		<u>26,658,468</u>
Legal Margin for New Debt		<u><u>\$ 239,549,741</u></u>

Capital Leases

The District entered into a lease for computer hardware which has been capitalized for financial reporting purposes. The cost of the computer hardware was \$4,062,816.

The following is a schedule by years of future minimum lease payments due under capital leases together with the present value of the net minimum leases payments as of June 30, 2017:

Year Ending June 30,	Governmental Activities
2018	\$ 1,038,924
2019	1,038,924
2020	<u>1,038,924</u>
Total Minimum Lease Payments	3,116,772
Less: Amount representing interest	<u>72,735</u>
Present Value of Future Minimum Lease Payments	<u><u>\$ 3,044,037</u></u>

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

6. Pension Plan

a. Plan Description

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

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

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.

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

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

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

The WRS also provides death and disability benefits for employees.

HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin

Notes to Basic Financial Statements

June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)**b. Post-Retirement Adjustments**

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2007	3.0%	10%
2008	6.6%	0%
2009	(2.1)%	(42)%
2010	(1.3)%	22%
2011	(1.2)%	11%
2012	(7.0)%	(7)%
2013	(9.6)%	9%
2014	4.7%	25%
2015	2.9%	2%
2016	0.5%	(5.0)%

c. Contributions

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

During the reporting period, the WRS recognized \$1,985,453 in contributions from the District.

Contribution rates as of June 30, 2017 are:

Employee Category	Employee	Employer
General (including teachers)	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

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

At June 30, 2017, the District reported a liability (asset) of \$1,697,887 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (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, 2016, the District's proportion was 0.20599452%, which was an increase of 0.00058212% from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$4,343,908.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 647,404	\$ 5,339,707
Net differences between projected and actual earnings on pension plan investments	8,451,542	-
Changes in assumptions	1,775,206	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,883	63,794
Employer contributions subsequent to the measurement date	1,066,658	-
Total	<u>\$ 11,942,693</u>	<u>\$ 5,403,501</u>

The \$1,066,658 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$ 3,956,771	\$ 1,730,240
2018	3,956,771	1,730,240
2019	3,241,297	1,717,110
2020	(281,777)	225,911
2021	2,973	-
Total	<u>\$ 10,876,035</u>	<u>\$ 5,403,501</u>

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

e. Actuarial Assumptions

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

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset):	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair 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. The 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

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

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

	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
<u>Core Fund Asset Class</u>				
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5%	37%	4.2%	1.4%
Inflation Sensitive Assets	15.5%	20%	4.3%	1.5%
Real Estate	8%	7%	6.5%	3.6%
Private Equity/Debt	8%	7%	9.4%	6.5%
Multi-Asset	4%	4%	6.6%	3.7%
Total Core Fund	110%	120%	7.4%	4.5%
<u>Variable Fund Asset Class</u>				
U.S. Equities	70%	70%	7.6%	4.7%
International Equities	30%	30%	8.5%	5.6%
Total Variable Fund	100%	100%	7.9%	5%

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

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

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

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

	1% Decrease to Discount Rate (6.2%)	Current Discount Rate (7.2%)	1% Increase to Discount Rate (8.2%)
District's proportionate share of the net pension liability (asset)	\$ 22,336,788	\$ 1,697,887	\$ (14,195,002)

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>.

f. **Payables to the Pension Plan**

At June 30, 2017 the District reported a payable of \$394,133 for the outstanding amount of contributions to the pension plan for the year ended June 30, 2017.

7. **Fund Statements**

In the fund financial statements, portions of governmental fund balances are restricted by externally enforceable legal restrictions. At June 30, 2017, fund balance was restricted as follows:

Special Revenue Fund	
Restricted for TEACH fund expenditures	\$ 95,262
Debt Service Funds	
Restricted for debt retirement	1,232,094
Capital Projects Funds	
Restricted for capital improvements	510,070
	<u>\$ 1,837,426</u>

HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin

Notes to Basic Financial Statements

June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

In the fund financial statements, portions of governmental fund balances are committed by Board of Education action. At June 30, 2017, fund balance was committed as follows:

General Fund	
Committed for early retirement	\$ 3,240,915
Committed for capital improvements	7,776,953
Committed for digital transformation	1,110,000
Committed for tax rate stability	274,685
Committed for dental self-insurance	123,765
Special Revenue Funds	
Committed for trust fund expenditures	823,426
	<u>\$ 13,349,744</u>

Also in the fund financial statements, portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At June 30, 2017, fund balance was assigned as follows:

General Fund	
Assigned for subsequent year's budget	\$ 163,847
Special Revenue Funds	
Assigned for community service	153,401
Assigned for The Giving Tree community service	130,253
Assigned for summer athletics	6,490
	<u>\$ 453,991</u>

Minimum Fund Balance Policy

The Board of Education has adopted a policy that fund balance in the amount of at least 5% of general fund revenues be maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Actual 2016-2017 General Fund Revenues	\$ 61,502,527
Minimum Fund Balance %	5%
Minimum Fund Balance Amount	<u>\$ 3,075,126</u>

The District's unassigned general fund balance of \$8,944,633 exceeds the above minimum fund balance amount.

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE C - OTHER INFORMATION

1. Supplemental Pension Plan

a. Plan Description

The plan, a single-employer pension plan, is a defined benefit pension plan established to provide benefits after early retirement. The plan is administered by the District. The plan does not issue separate financial statements.

b. Benefits Provided

All employees of the District are eligible for the Plan if they meet the following age and service requirements:

	Eligibility Requirement		Benefit
	Age	Service	
Teachers	55	15 years	Credit/benefit under a Cafeteria Plan determined by the final contracted salary multiplied by a factor derived by years of service and step level
Administrative	N/A	10 - 14 years	80% of final year's salary contributed to a Tax Sheltered Annuity (TSA) over 5 years
	N/A	15 years	100% of final year's salary contributed to a TSA over 5 years
Pupil Services	N/A	15 years	100% of final year's salary contributed to a TSA over 5 years

In addition, the District will provide administrators, teachers, and pupil services with a 403(b) Boost contribution to be prefunded prior to retirement. The amount is based on age and service as of June 30, 2016 which forms a factor that is multiplied by a dollar amount and years of service as of June 30, 2016 up to a maximum dollar amount based on classification.

c. Employees Covered by Benefit Terms

Membership of the Plan at July 1, 2015 used for the latest actuarial valuation:

	Active Employees	Retirees Receiving Benefits	Total
Teachers	406	100	506
Administrative	22	6	28
Pupil Services	18	-	18
Total	446	106	552

d. Contributions

For fiscal years prior to 2007-08, these benefits were funded on a pay-as-you-go basis. Subsequent to the 2007-08 year, these benefits were funded based upon an actuarial valuation and recorded in the District's Employee Benefit Trust Fund.

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE C - OTHER INFORMATION (Continued)

e. Net Pension Liability (Asset)

The District's net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015.

Actuarial Assumptions. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Salary
Asset valuation method	Market Value
Actuarial assumptions:	
Discount rate	3.75%
Inflation	3.00%

Mortality rates are the same as those used in the December 31, 2014 Wisconsin Retirement System's annual report.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2015.

The long-term expected rate of return on pension plan investments was valued at 3.75%. The 20 year tax-exempt AA Municipal bond rate as of the measurement date was used for all years of benefit payments.

Discount rate. The discount rate used to measure the total pension liability was 3.75 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected pension payments for current active and inactive employees. 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.

HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin

Notes to Basic Financial Statements

June 30, 2017

NOTE C - OTHER INFORMATION (Continued)

Changes in the Net Pension Liability (Asset)

Supplemental Pension

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 6/30/15	\$ 5,347,738	\$ 6,900,050	\$ (1,552,312)
Changes for the year:			
Service cost	67,624	-	67,624
Interest	188,472	-	188,472
Changes of assumptions or other input	115,434	-	115,434
Contributions - employer	-	186,086	(186,086)
Net investment income	-	20,882	(20,882)
Benefit payments	(711,237)	(711,237)	-
Net changes	(339,707)	(504,269)	164,562
Balance at 6/30/16	\$ 5,008,031	\$ 6,395,781	\$ (1,387,750)

Boost Supplemental Pension

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 6/30/15	\$ 2,833,703	\$ -	\$ 2,833,703
Changes for the year:			
Service cost	192,764	-	192,764
Interest	109,878	-	109,878
Changes of assumptions or other input	121,734	-	121,734
Contributions - employer	-	1,889,120	(1,889,120)
Net changes	424,376	1,889,120	(1,464,744)
Balance at 6/30/16	\$ 3,258,079	\$ 1,889,120	\$ 1,368,959

HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin

Notes to Basic Financial Statements

June 30, 2017

NOTE C - OTHER INFORMATION (Continued)

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the District's net pension liability (asset) calculated using the discount rate of 3.75 percent, as well as what the District's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	1% Decrease to Discount Rate (2.00%)	Current Discount Rate (3.00%)	1% Increase to Discount Rate (4.00%)
<i>Supplemental Pension Stipend</i> District's proportionate share of the net pension (asset)	\$ (1,222,739)	\$ (1,387,750)	\$ (1,542,414)
<i>Boost Stipend</i> District's proportionate share of the net pension liability	\$ 1,530,863	\$ 1,368,959	\$ 1,206,726

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

At June 30, 2017, the District reported an asset of \$1,387,750 representing the net pension asset of the supplemental pension plan and a liability of \$1,368,959 representing the net pension liability of the supplemental boost pension plan.

For the year ended June 30, 2017, the District recognized pension expense of \$299,349 for the supplemental pension plan and pension expense of \$280,712 for the boost supplemental pension plan.

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

	Deferred Outflows of Resources
<i>Supplemental Pension Stipend</i> Net differences between projected and actual earnings on pension plan investments	\$ 512,908
District contributions subsequent to the measurement date	1,374,179
Total	\$ 1,887,087
<i>Boost Stipend</i> Changes of assumptions or other input	\$ 115,327
Net differences between projected and actual earnings on pension plan investments	28,337
District contributions subsequent to the measurement date	1,374,179
	\$ 1,517,843

HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin

Notes to Basic Financial Statements

June 30, 2017

NOTE C - OTHER INFORMATION (Continued)

The \$2,748,358 deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Supplemental Pension Plan

Year ended June 30	Deferred Outflows of Resources
2017	\$ 176,724
2018	176,725
2019	113,856
2020	45,603
Total	<u>\$ 512,908</u>

Boost Supplemental Pension Plan

Year ended June 30	Deferred Outflows of Resources
2017	\$ 13,491
2018	13,491
2019	13,491
2020	13,492
2021	6,407
Thereafter	83,292
Total	<u>\$ 143,664</u>

g. Payable to the Supplemental and Boost Pension Plans

At June 30, 2017, the District reported no outstanding contributions to the plans required for the year ended June 30, 2017.

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE C - OTHER INFORMATION (Continued)

2. Other Postemployment Benefits Other Than Pension Benefits (OPEB)

a. Plan Description

The Plan is a single-employer defined benefit postemployment health plan that covers retired employees of the District. Eligible retired employees have access to group medical coverage through the District's group plan. District paid medical benefits are paid for as indicated below. All employees of the District are eligible for the Plan if they meet the following age and service requirements below.

b. Employees Covered by Benefit Terms

As of the June 30, 2015 actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	106
Active employees	446
	552

c. Contributions

	Eligibility	Eligible to Retire as of (Date)	Amount of Contribution	Length of Contribution
Teachers	At least age 55 with a minimum of 15 years of service.	Prior to 6/30/2016	Prior to 6/30/2016	95% of single; 50% of family medical premiums
	At least age 55 with a minimum of 20 years of service (or age 58 with a minimum of 15 years of service)	7/1/16-6/30/17	95% of single; 50% of family medical premiums	Medicare-eligibility
	None	7/1/17 or thereafter	No early retirement / postemployment benefits	N/A
Administrators	At least age 58 with a minimum of 10 years of service.	Prior to 6/30/2016	100% of single or family premiums	8 years or Medicare-eligibility
	At least age 58 with a minimum of 10 years of service.	7/1/16-6/30/17	100% of single or family premiums	Medicare-eligibility
	None	7/1/17 or thereafter	No early retirement / postemployment benefits	N/A

HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE C - OTHER INFORMATION (Continued)

	Eligibility	Eligible to Retire as of (Date)	Amount of Contribution	Length of Contribution
Pupil Services Staff & Coordinator	At least age 58 with a minimum of 15 years of service.	Prior to 6/30/2016	95% of single; 50% of family medical premiums	8 years or Medicare-eligibility
	At least age 58 with a minimum of 15 years of service.	7/1/16-6/30/17	95% of single; 50% of family medical premiums	Medicare-eligibility
	None	7/1/17 or thereafter	No early retirement / postemployment benefits	N/A

d. Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2016, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2015.

Actuarial Assumptions. The total OPEB liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.5 percent
Salary Increases:	Ranges from 0.2 percent to 5.8 percent
Investment Rate of Return:	3.75 percent
Healthcare cost trend rates:	7.50 percent decreasing by 0.50 percent per year down to 6.50 percent, then by 0.10 percent per year down to 5.0 percent, and level thereafter

Mortality rates are the same as those used in the December 31, 2014 Wisconsin Retirement System's annual report.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30 2015.

The long-term expected rate of return on OPEB plan investments was valued at 3.75%. The 20 year tax-exempt AA Municipal bond rate as of the measurement date was used for all years of benefit payments.

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE C - OTHER INFORMATION (Continued)

Discount rate. The discount rate used to measure the total OPEB liability was 3.75 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

e. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance at 6/30/15	\$ 5,158,021	\$ 7,808,545	\$ (2,650,524)
Changes for the year:			
Service cost	110,726	-	110,726
Interest	175,259	-	175,259
Changes of assumptions or other input	99,795	-	99,795
Contributions - employer	-	322,654	(322,654)
Net investment income	-	23,375	(23,375)
Benefit payments	(1,079,647)	(1,079,647)	-
Net changes	(693,867)	(733,618)	39,751
Balance at 6/30/16	\$ 4,464,154	\$ 7,074,927	\$ (2,610,773)

Sensitivity of the net OPEB liability (asset) to changes in the discount rate. The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	1% Decrease to Discount Rate (2.75%)	Current Discount Rate (3.75%)	1% Increase to Discount Rate (4.75%)
Net OPEB liability (asset)	\$ (2,466,248)	\$ (2,610,773)	\$ (2,748,045)

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

	1% Decrease (6.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% decreasing to 5.0%)	1% Increase (8.5% decreasing to 6.0%)
Net OPEB liability (asset)	\$ (2,756,110)	\$ (2,610,773)	\$ (2,459,936)

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE C - OTHER INFORMATION (Continued)

OPEB plan fiduciary net position. Information about the OPEB plan's fiduciary net position is presented in the Employee Benefit Trust Fund in these financial statements.

f. OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2017, the District recognized OPEB expense of \$158,203. At June 30, 2017, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ 204,202
District contributions subsequent to the measurement date	636,002
Total	<u>\$ 840,204</u>

The \$636,002 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30	Deferred Outflow of Resources
2017	\$ 51,050
2018	51,050
2019	51,050
2020	51,052
	<u>\$ 204,202</u>

g. Payable to the Other Post Employment Plan

At June 30, 2017, the District reported a payable of \$0 for the outstanding amount of contributions to the plan required for the year ended June 30, 2017.

3. Self-Insurance

On October 1, 2007, the District established a self-funded dental benefit plan for its employees. The Claims Administrator, Delta Dental is responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District is responsible for monthly administrative and stop loss insurance fees. The Plans report on a fiscal year ending June 30. Accounting and budgeting requirements for the Plans are established by the Wisconsin Department of Public Instruction. The Plans are accounted for in the General Fund of the District.

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE C - OTHER INFORMATION (Continued)

The aggregate annual claim limit was \$1,200 per person annually for 2017. The District has no stop-loss coverage for dental care coverage of the Plan. At June 30, 2017, the District has reported a liability of \$33,074, which represents reported and unreported dental claims which were incurred on or before June 30, 2017, but were not paid by the District as of that date. This amount is based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. Changes in the claims liability amount in 2017 and 2016 were:

Year	Balance Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance End of Fiscal Year
2016	\$ 39,725	\$ 664,531	\$ 657,671	\$ 46,585
2017	46,585	630,003	643,514	33,074

4. Contingencies

- a. The District participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.
- b. From time to time, the District is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the District's financial position or results of operations.

5. Limitation on School District Revenues

Wisconsin Statutes limit the amount of revenues a school district may derive from general school aids and property taxes unless a higher amount is approved by a referendum.

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

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

6. Upcoming Accounting Pronouncements

In January, 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*. The Statement establishes criteria for identifying fiduciary activities and addresses financial reporting for these activities. This statement is effective for reporting periods beginning after June 15, 2018. The District is currently evaluating the impact this standard will have on the financial statements when adopted.

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. The Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after December 15, 2019. The District is currently evaluating the impact this standard will have on the financial statements when adopted.

REQUIRED SUPPLEMENTARY INFORMATION

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund - Budgetary Basis
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 17,230,296	\$ 17,419,633	\$ 17,419,633	\$ -
Other local sources	914,068	887,068	1,147,820	260,752
Interdistrict sources	3,819,368	5,214,900	4,909,134	(305,766)
Intermediate sources	23,000	26,331	26,331	-
State sources	34,774,067	35,182,246	35,149,393	(32,853)
Federal sources	465,149	596,394	567,627	(28,767)
Other sources	-	-	378,129	378,129
Total Revenues	57,225,948	59,326,572	59,598,067	271,495
Expenditures				
Instruction				
Regular instruction	25,571,843	25,813,118	25,368,363	444,755
Vocational instruction	1,871,290	1,941,065	1,913,668	27,397
Other instruction	3,320,654	3,513,011	3,451,134	61,877
Total Instruction	30,763,787	31,267,194	30,733,165	534,029
Support Services				
Pupil services	1,562,755	1,693,328	1,664,108	29,220
Instructional staff services	3,969,382	3,971,745	3,856,469	115,276
General administration services	922,862	912,536	797,191	115,345
School administration services	3,038,188	3,085,926	3,059,278	26,648
Business services	859,361	1,061,123	943,200	117,923
Operations and maintenance of plant	4,839,064	5,336,545	4,922,846	413,699
Pupil transportation services	2,168,129	2,167,268	2,057,365	109,903
Central services	1,833,633	2,150,695	2,107,549	43,146
Insurance	444,514	444,175	312,236	131,939
Other support services	3,000	425	425	-
Total Support Services	19,640,888	20,823,766	19,720,667	1,103,099
Debt Service				
Principal	-	1,018,779	1,018,779	-
Interest	-	20,145	20,145	-
Total Debt Service	-	1,038,924	1,038,924	-
Non-program				
General tuition payments	1,231,626	1,300,587	1,163,078	137,509
Voucher tuition payments	50,000	50,000	37,907	12,093
Adjustments and refunds	20,000	14,400	2,090	12,310
Total Non-program	1,301,626	1,364,987	1,203,075	161,912
Total Expenditures	51,706,301	54,494,871	52,695,831	1,799,040
Excess of Revenues Over Expenditures	5,519,647	4,831,701	6,902,236	2,070,535
Other Financing Sources (Uses)				
Sale of capital assets	-	-	354,224	354,224
Indirect cost payments from another fund	-	-	43,424	43,424
Transfers out	(5,561,665)	(5,988,685)	(5,861,526)	127,159
Total Other Financing Sources (Uses)	(5,561,665)	(5,988,685)	(5,463,878)	524,807
Net Change in Fund Balance	(42,018)	(1,156,984)	1,438,358	2,595,342
Fund Balance - July 1	20,306,935	20,306,935	20,306,935	-
Fund Balance - June 30	\$ 20,264,917	\$ 19,149,951	\$ 21,745,293	\$ 2,595,342

The notes to the required supplementary information are an integral part of this schedule.

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Special Education Fund - Budgetary Basis
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Interdistrict sources	\$ 50,600	\$ 20,000	\$ 658	\$ (19,342)
Intermediate sources	-	-	95,015	95,015
State sources	1,650,000	1,721,128	1,717,544	(3,584)
Federal sources	1,145,378	1,246,625	1,175,377	(71,248)
Total Revenues	2,845,978	2,987,753	2,988,594	841
Expenditures				
Instruction				
Special education instruction	6,101,964	6,133,551	5,911,054	222,497
Support Services				
Pupil services	1,139,959	1,110,095	1,118,713	(8,618)
Instructional staff services	415,507	444,052	431,805	12,247
Business services	12,000	12,000	12,000	-
Operations and maintenance of plant	2,000	2,000	781	1,219
Pupil transportation services	387,978	346,682	282,321	64,361
Total Support Services	1,957,444	1,914,829	1,845,620	69,209
Non-program				
Special education tuition payments	251,234	546,713	550,022	(3,309)
Total Expenditures	8,310,642	8,595,093	8,306,696	288,397
Excess of Revenues Under Expenditures	(5,464,664)	(5,607,340)	(5,318,102)	289,238
Other Financing Sources (Uses)				
Indirect cost payments to another fund	(87,000)	(47,712)	(43,424)	4,288
Transfers in	5,551,664	5,655,052	5,361,526	(293,526)
Total Other Financing Sources (Uses)	5,464,664	5,607,340	5,318,102	(289,238)
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1	-	-	-	-
Fund Balance - June 30	\$ -	\$ -	\$ -	\$ -

The notes to the required supplementary information are an integral part of this schedule.

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Schedule of Changes in Net OPEB Liability and Related Ratios
Last 10 Fiscal Years *

	2016	2017
Total OPEB Liability		
Service cost	\$ 572,507	\$ 110,726
Interest	586,112	175,259
Changes of benefit terms	(7,703,610)	-
Differences between expected and actual experience	318,279	-
Changes of assumptions	1,612,952	99,795
Benefit payments	(1,197,106)	(1,079,647)
Net change in total OPEB liability	(5,810,866)	(693,867)
Total OPEB liability - beginning	10,968,887	5,158,021
Total OPEB liability - ending (a)	<u>\$ 5,158,021</u>	<u>\$ 4,464,154</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 1,254,633	\$ 322,654
Net investment income	32,413	23,375
Benefit payments	(1,197,106)	(1,079,647)
Net change in plan fiduciary net position	89,940	(733,618)
Plan fiduciary net position - beginning	7,718,605	7,808,545
Plan fiduciary net position - ending (b)	<u>\$ 7,808,545</u>	<u>\$ 7,074,927</u>
District's net OPEB asset - ending (b) - (a)	<u>\$ 2,650,524</u>	<u>\$ 2,610,773</u>
Plan fiduciary net position as a percentage of the total OPEB liability	151.39%	158.48%
Covered-employee payroll	\$ 23,888,648	\$ 23,888,648
District's net OPEB asset as a percentage of covered-employee payroll	11.10%	10.93%

* The amounts presented for each fiscal year were determined as of the prior fiscal year end.
Amounts for prior years was not available.

The notes to the required supplementary information are an integral part of this schedule.

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Schedule of Employer Contributions
Other Post-Employment Benefits Plan
Last 10 Fiscal Years *

	2016	2017
Actuarially determined contribution (ADC)	\$ 1,254,633	\$ (322,654)
Contributions in relation to the ADC	1,254,633	322,654
Contribution deficiency (excess)	\$ -	\$ (645,308)
Covered-employee payroll	\$ 23,888,648	\$ 23,888,648
Contributions as a percentage of covered-employee payroll	5.25%	1.35%

Key Methods and Assumption Used to Calculate ADC

Actuarial cost method	Entry Age Normal -	Entry Age Normal -
Asset valuation method	Level % of Salary	Level % of Salary
Amortization method	Market Value	Market Value
Discount rate	6 year Level Dollar	7 year Level Dollar
Inflation	5.50%	3.75%
	3.00%	3.00%

* The amounts presented for each fiscal year were determined as of the prior fiscal year end.
Amounts for prior years were not available.

The notes to the required supplementary information are an integral part of this schedule.

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Schedule of Changes in Net Pension Liability and Related Ratios
Supplemental Pension Benefit
Last 10 Fiscal Years*

	2015	2016	2017
Total Pension Liability			
Service cost	\$ 411,178	\$ 411,178	\$ 260,388
Interest	490,891	505,424	298,350
Changes of benefit terms	-	(2,473,463)	-
Differences between expected and actual experience	-	98,045	-
Changes of assumptions or other input	-	993,076	237,168
Benefit payments	(602,175)	(673,509)	(711,237)
Net change in total pension liability	299,894	(1,139,249)	84,669
Total pension liability - beginning	9,020,796	9,320,690	8,181,441
Total pension liability - ending (a)	<u>\$ 9,320,690</u>	<u>\$ 8,181,441</u>	<u>\$ 8,266,110</u>
Fiduciary Net Position			
Contributions - Employer	\$ 1,233,721	\$ 986,666	\$ 2,075,206
Net investment income	27,507	28,095	20,882
Benefit payments	(602,175)	(673,509)	(711,237)
Net change in plan fiduciary net position	659,053	341,252	1,384,851
Plan fiduciary net position - beginning	5,899,745	6,558,798	6,900,050
Plan fiduciary net position - ending (b)	<u>\$ 6,558,798</u>	<u>\$ 6,900,050</u>	<u>\$ 8,284,901</u>
District's net pension liability (asset) - ending (a) - (b)	<u>\$ 2,761,892</u>	<u>\$ 1,281,391</u>	<u>\$ (18,791)</u>
Fiduciary net position as a percentage of the total pension liability	70.37%	84.34%	100.23%
Covered-employee payroll	\$ 18,947,310	\$ 23,888,648	\$ 23,888,647
District's net pension liability (asset) as a percentage of covered-employee payroll	14.58%	5.36%	-0.08%

* The amounts presented for each fiscal year were determined as of the prior fiscal year end. Information for prior years is not available.

The notes to the required supplementary information are an integral part of this schedule.

HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin Schedule of Contributions Supplemental Pension Benefit Last 10 Fiscal Years*

	2015	2016	2017
Actuarially Determined Contributions (ADC)	\$ 1,233,721	\$ 986,666	\$ (186,086)
Contributions in relation to the ADC	1,233,721	986,666	186,086
Contribution deficiency (excess)	\$ -	\$ -	\$ (372,172)
Covered-employee payroll	18,947,310	23,888,648	23,888,649
Contributions as a percentage of covered-employee payroll	6.51%	4.13%	0.78%

Key Methods and Assumption Used to Calculate ADC

Actual cost method	Unit Credit Level % of Salary	Entry Age Normal - Level % of Salary	Entry Age Normal - Level % of Salary
Asset valuation method	Market Value	Market Value	Market Value
Amortization method	7 year Level dollar	6 year Level dollar	7 year Level dollar
Discount rate	5.50%	5.50%	3.75%
Inflation	4.00%	3.00%	3.00%

* The District implemented GASB Statement Nos. 68 and 71 for the year ended June 30, 2015. Information for prior years is not available. The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The notes to the required supplementary information are an integral part of this schedule.

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Schedule of Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System
Last 10 Fiscal Years

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered- Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
6/30/15	0.20476274%	\$ (5,029,533)	\$ 28,478,506	17.66%	102.74%
6/30/16	0.20541240%	3,337,912	29,308,088	11.39%	98.20%
6/30/17	0.20599452%	1,697,887	30,082,582	5.64%	99.12%

Schedule of Contributions
Wisconsin Retirement System
Last 10 Fiscal Years

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
6/30/15	\$ 1,995,233	\$ 1,995,233	\$ -	\$ 28,478,506	7.01%
6/30/16	1,992,953	1,992,953	-	29,308,088	6.80%
6/30/17	1,985,453	1,985,453	-	30,082,582	6.60%

The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. The District is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Notes to Required Supplemental Information
For the Year Ended June 30, 2017

NOTE A - WISCONSIN RETIREMENT SYSTEM

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

NOTE B - BUDGETS AND BUDGETARY ACCOUNTING

Operating budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes using the budgetary accounting procedures prescribed by the Wisconsin Department of Public Instruction (DPI). The DPI requires the District to separate special education revenues and expenditures from other general fund amounts. The legally adopted budget and budgetary expenditure control is exercised at the function level. Reported budget amounts are as originally adopted or as amended by Board of Education resolution.

The District follows these procedures in establishing the budgetary data reflected in the required supplementary information:

- Based upon requests from District staff, District administration recommends budget proposals to the Board of Education.
- The Board of Education prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
- Pursuant to the public budget hearing, the Board of Education may make alterations to the proposed budget.
- Once the Board of Education (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 Board of Education.
- Appropriations lapse at year end unless authorized as a carryover by the Board of Education. The portion of fund balance representing carryover appropriations is reported as a committed or assigned fund balance in the fund financial statements.
- Encumbrance accounting is not used by the District.

The District did not have any material violation of legal or contractual provisions for the fiscal year ended June 30, 2017.

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Notes to Required Supplemental Information
For the Year Ended June 30, 2017

NOTE C - BUDGETS AND BUDGETARY ACCOUNTING (Continued)

Budgetary information is derived from the annual operating budget and is presented in accordance with generally accepted accounting principles, except, the District adopts a separate budget for the special education fund. An explanation of the differences between Revenues, Expenditures, and Other Financing Sources (Uses) for budgetary funds on budgetary fund basis and a GAAP general fund basis is summarized below.

	General Fund	Special Education Fund
Revenues		
Actual amounts (budgetary basis)	\$ 59,598,067	\$ 2,988,594
Reclassification of special education	2,988,594	(2,988,594)
Total Revenues	<u>62,586,661</u>	<u>-</u>
Expenditures		
Actual amounts (budgetary basis)	52,695,831	8,306,696
Reclassification of special education	8,306,696	(8,306,696)
Total Expenditures	<u>61,002,527</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures		
Actual amounts (budgetary basis)	6,902,236	(5,318,102)
Reclassification of special education	(5,318,102)	5,318,102
Excess of Revenues Over (Under) Expenditures	<u>1,584,134</u>	<u>-</u>
Other Financing Sources (Uses)		
Actual amounts (budgetary basis)	(5,463,878)	5,318,102
Reclassification of special education	5,318,102	(5,318,102)
Total Other Financing Sources (Uses)	<u>(145,776)</u>	<u>-</u>
Net Change in Fund Balance		
Actual amounts (budgetary basis)	1,438,358	-
Fund Balance - July 1		
Actual amounts (budgetary basis)	<u>20,306,935</u>	<u>-</u>
Fund Balance - June 30		
Actual amounts (budgetary basis)	<u>\$ 21,745,293</u>	<u>\$ -</u>

SUPPLEMENTARY INFORMATION

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017
(With summarized financial information as of June 30, 2016)

	Special Revenue Funds		
	Trust Fund	TEACH Fund	Other Special Projects Fund
ASSETS			
Cash and investments	\$ 840,171	\$ 95,262	\$ -
Receivables			
Accounts	14	-	-
Due from other funds	-	-	-
Due from other governments	-	-	2,645
TOTAL ASSETS	<u>\$ 840,185</u>	<u>\$ 95,262</u>	<u>\$ 2,645</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 15,410	\$ -	\$ -
Accrued payroll liabilities	1,349	-	1,323
Due to other funds	-	-	1,322
Total Liabilities	<u>16,759</u>	<u>-</u>	<u>2,645</u>
Fund Balances			
Restricted	-	95,262	-
Committed	823,426	-	-
Assigned	-	-	-
Total Fund Balances	<u>823,426</u>	<u>95,262</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 840,185</u>	<u>\$ 95,262</u>	<u>\$ 2,645</u>

Special Revenue Funds (Continued)			Debt Service	Capital Projects	Total Nonmajor Governmental Funds	
Community Service Funds			Non-Referendum Debt Service Fund	Long-term Capital Improvement Fund		
District	The Giving Tree	Summer Athletics			2017	2016
\$ 171,025	\$ 136,211	\$ 6,490	\$ 27,248	\$ 10,070	\$ 1,286,477	\$ 1,162,896
-	-	-	-	-	14	14
-	-	-	-	500,000	500,000	-
-	-	-	-	-	2,645	64,167
<u>\$ 171,025</u>	<u>\$ 136,211</u>	<u>\$ 6,490</u>	<u>\$ 27,248</u>	<u>\$ 510,070</u>	<u>\$ 1,789,136</u>	<u>\$ 1,227,077</u>
\$ -	\$ 5,958	\$ -	\$ -	\$ -	\$ 21,368	\$ 41,411
17,624	-	-	-	-	20,296	20,729
-	-	-	-	-	1,322	33,667
<u>17,624</u>	<u>5,958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,986</u>	<u>95,807</u>
-	-	-	27,248	510,070	632,580	134,170
-	-	-	-	-	823,426	792,050
153,401	130,253	6,490	-	-	290,144	205,050
<u>153,401</u>	<u>130,253</u>	<u>6,490</u>	<u>27,248</u>	<u>510,070</u>	<u>1,746,150</u>	<u>1,131,270</u>
<u>\$ 171,025</u>	<u>\$ 136,211</u>	<u>\$ 6,490</u>	<u>\$ 27,248</u>	<u>\$ 510,070</u>	<u>\$ 1,789,136</u>	<u>\$ 1,227,077</u>

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017
(With summarized financial information for the year ended June 30, 2016)

	Special Revenue Funds		
	Trust Fund	TEACH Fund	Other Special Projects Fund
Revenues			
Property taxes	\$ -	\$ -	\$ -
Other local sources	717,338	509	-
Federal sources	-	-	32,994
Other sources	-	-	-
Total Revenues	717,338	509	32,994
Expenditures			
Instruction			
Regular instruction	311,397	-	-
Vocational instruction	3,501	-	-
Other instruction	249,572	-	-
Total Instruction	564,470	-	-
Support Services			
Pupil services	-	-	32,994
Instructional staff services	72,236	-	-
General administration services	1,717	-	-
School administration services	13,521	-	-
Business services	17,930	-	-
Operations and maintenance of plant	4,030	-	-
Pupil transportation services	9,294	-	-
Central services	2,764	-	-
Other support services	-	-	-
Community Services	-	-	-
Debt Service			
Principal	-	-	-
Interest	-	-	-
Total Support Services	121,492	-	32,994
Total Expenditures	685,962	-	32,994
Excess of Revenues Over (Under) Expenditures	31,376	509	-
Other Financing Sources			
Transfers in	-	-	-
Net Change in Fund Balances	31,376	509	-
Fund Balances - July 1	792,050	94,753	-
Fund Balances - June 30	\$ 823,426	\$ 95,262	\$ -

Special Revenue Funds (Continued)			Debt Service	Capital Projects	Total Nonmajor Governmental Funds	
Community Service Funds			Non- Referendum Debt Service Fund	Long Term Capital Improvement Fund		
District	The Giving Tree	Summer Athletics			2017	2016
\$ 356,781	\$ -	\$ -	\$ 308,453	\$ -	\$ 665,234	\$ 645,723
118,791	108,624	-	420	63	945,745	1,045,125
-	-	-	-	-	32,994	31,743
-	-	-	111,465	-	111,465	116,507
475,572	108,624	-	420,338	63	1,755,438	1,839,098
-	-	-	-	-	311,397	179,721
-	-	-	-	-	3,501	5,892
-	-	-	-	-	249,572	261,097
-	-	-	-	-	564,470	446,710
-	-	-	-	-	32,994	32,286
-	-	-	-	-	72,236	61,310
14,564	-	-	-	-	16,281	19,610
-	-	-	-	-	13,521	9,224
-	-	-	-	-	17,930	35,794
-	-	-	-	-	4,030	287
-	10,956	-	-	-	20,250	75,255
-	-	-	-	-	2,764	508,458
155,637	-	-	-	-	155,637	154,516
251,041	65,999	905	-	-	317,945	295,637
-	-	-	300,000	-	300,000	280,000
-	-	-	122,500	-	122,500	122,500
421,242	76,955	905	422,500	-	1,076,088	1,594,877
421,242	76,955	905	422,500	-	1,640,558	2,041,587
54,330	31,669	(905)	(2,162)	63	114,880	(202,489)
-	-	-	-	500,000	500,000	-
54,330	31,669	(905)	(2,162)	500,063	614,880	(202,489)
99,071	98,584	7,395	29,410	10,007	1,131,270	1,333,759
\$ 153,401	\$ 130,253	\$ 6,490	\$ 27,248	\$ 510,070	\$ 1,746,150	\$ 1,131,270

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Pupil Activity Fund
Schedule of Changes in Assets and Liabilities
For the Year Ended June 30, 2017

	Balance 7/1/16	Receipts	Disbursements	Balance 6/30/17
ASSETS				
Cash	\$ 260,256	\$ 989,471	\$ 1,043,204	\$ 206,523
LIABILITIES				
Accounts payable	\$ -	\$ 4,851	\$ -	\$ 4,851
Due to student organizations				
Forest Glen Elementary School	6,956	16,079	18,299	4,736
Bay Harbor Elementary School	1,330	14,960	15,819	471
Howard Elementary School	1,651	11,905	11,922	1,634
Meadowbrook Elementary School	3,954	14,207	13,560	4,601
Suamico Elementary School	1,723	11,064	7,821	4,966
Lineville Intermediate School	8,582	35,375	34,407	9,550
Bay View Middle School	8,982	61,599	59,811	10,770
Bay Port High School	227,078	819,431	881,565	164,944
TOTAL LIABILITIES	<u>\$ 260,256</u>	<u>\$ 989,471</u>	<u>\$ 1,043,204</u>	<u>\$ 206,523</u>

**ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS**

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

To the Board of Education
Howard-Suamico School District
Green Bay, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Howard-Suamico School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Howard-Suamico School District's basic financial statements, and have issued our report thereon dated November 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Howard-Suamico School 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 Howard-Suamico School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Howard-Suamico School District's internal control.

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

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

Compliance and Other Matters

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

Howard-Suamico School District's Response to Finding

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

Purpose of this Report

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



Certified Public Accountants
Green Bay, Wisconsin
November 30, 2017

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

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

To the Board of Education
Howard-Suamico School District
Green Bay, Wisconsin

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Howard-Suamico School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *State Single Audit Guidelines* issued by the State of Wisconsin. Those standards, the Uniform Guidance and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Howard-Suamico School 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 Howard-Suamico School District's compliance.

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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 in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2017-002 to be a significant deficiency.

Howard-Suamico School District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of prior year audit findings and corrective action plan. Howard-Suamico School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Certified Public Accountants
Green Bay, Wisconsin
November 30, 2017

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency
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U.S. DEPARTMENT OF AGRICULTURE

Child Nutrition Cluster		
School Breakfast Program	10.553	WI Department of Public Instruction
National School Lunch Program	10.555	WI Department of Public Instruction
National School Lunch Program - Commodities	10.555	WI Department of Public Instruction
Total National School Lunch Program		
Special Milk Program for Children	10.556	WI Department of Public Instruction
Total Child Nutrition Cluster		
Total U.S. Department of Agriculture		

U.S. DEPARTMENT OF EDUCATION

Title I Grants to Local Educational Agencies	84.010	WI Department of Public Instruction
Special Education Cluster (IDEA)		
Special Education Grants to States	84.027	WI Department of Public Instruction
Special Education Grants to States	84.027	CESA
Special Education Grants to States - High Cost Aid	84.027	WI Department of Public Instruction
Special Education Preschool Grants	84.173	WI Department of Public Instruction
Total Special Education Cluster (IDEA)		
Career and Technical Education -- Basic Grants to States	84.048	WI Department of Public Instruction
Indian Education Act	84.060	Direct Program
English Language Acquisition State Grants	84.060	WI Department of Public Instruction
Improving Teacher Quality State Grants	84.060	WI Department of Public Instruction
Total U.S. Department of Education		

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Medicaid Cluster		
Medical Assistance Program	93.778	WI Department of Health Services
Total Medicaid Cluster		

Total U.S. Department of Health and Human Services

TOTAL EXPENDITURES OF FEDERAL AWARDS

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

Pass-Through Entity Identifying Number	Revenues			Total Expenditures	Subrecipient Payment
	(Accrued) Deferred Revenue 7/1/2016	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/2017		
2017-052604-SB-546	\$ (3,418)	\$ 86,185	\$ 16,213	\$ 98,980	\$ -
2017-052604-NSL-547	(17,621)	490,805	84,420	557,604	-
2017-052604-NSL-547	-	180,349	-	180,349	-
	(17,621)	671,154	84,420	737,953	-
2017-052604-SMP-548	-	500	-	500	-
	(21,039)	757,839	100,633	837,433	-
	(21,039)	757,839	100,633	837,433	-
17-052604-Title I-141	(347,296)	347,296	352,771	352,771	-
2017-052604-IDEA-341	(336,937)	1,107,648	272,742	1,043,453	-
2017-052604-IDEA-341	-	7,000	-	7,000	-
2017-052604-IDEA-341	-	6,156	-	6,156	-
47-052604-Pte - S-347	(13,826)	38,135	2,537	26,846	-
	(350,763)	1,158,939	275,279	1,083,455	-
FY2017-052289-NT0-420	-	26,331	375	26,706	-
Not available	(4,438)	34,786	2,645	32,993	-
17-052604-Title III A-391	(16,219)	37,433	2,465	23,679	-
17-052604-Title II-365	(47,036)	71,052	60,887	84,903	-
	(765,752)	1,675,837	694,422	1,604,507	-
	(43,135)	247,957	-	204,822	-
	(43,135)	247,957	-	204,822	-
	(43,135)	247,957	-	204,822	-
	\$ (829,926)	\$ 2,681,633	\$ 795,055	\$ 2,646,762	\$ -

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Schedule of State Financial Assistance
For the Year Ended June 30, 2017

Grantor Agency/State Program Title	State I.D. Number	Pass-through Agency	State Identifying Number
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DEPARTMENT OF PUBLIC INSTRUCTION

Special Education and School Age Parents	255.101	Direct Program	052604-100
State School Lunch Aid	255.102	Direct Program	052604-107
Common School Fund Library Aid	255.103	Direct Program	052604-104
Bilingual Bicultural Aid Lea	255.106	Direct Program	052604-111
General Transportation Aid	255.107	Direct Program	052604-102
Nutrition Improvement	255.108	Direct Program	052604-110
Equalization Aids	255.201	Direct Program	052604-116
High Cost Special Education Aid	255.210	Direct Program	052604-119
State School Breakfast Aid	255.344	Direct Program	052604-108
Educator Effective Evaluation System	255.940	Direct Program	052604-154
Per Pupil Aid	255.945	Direct Program	052604-113
Assessments of Reading Readiness	255.956	Direct Program	052604-166
Robotics League Participation Grants	255.959	Direct Program	052604-168

Total Department of Public Instruction

TOTAL STATE PROGRAMS

The notes to the schedule of state financial assistance are an integral part of this schedule.

Revenues			Total Expenditures	Subrecipient Payments
(Accrued) Deferred Revenue 7/1/2016	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/2017		
\$ -	\$ 1,696,124	\$ -	\$ 1,696,124	\$ -
-	27,230	-	27,230	-
-	193,213	-	193,213	-
-	5,924	-	5,924	-
-	152,745	-	152,745	-
-	110	-	110	-
(625,077)	33,308,650	567,130	33,250,703	-
-	21,420	-	21,420	-
-	6,886	-	6,886	-
-	35,760	-	35,760	-
(825,150)	2,200,400	-	1,375,250	-
-	10,636	-	10,636	-
-	-	1,593	1,593	-
(1,450,227)	37,659,098	568,723	36,777,594	-
\$ (1,450,227)	\$ 37,659,098	\$ 568,723	\$ 36,777,594	\$ -

HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin

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

NOTE A - BASIS OF PRESENTATION

The accompanying schedules of Expenditures of Federal Awards and State Financial Assistance include the federal and state grant activity of the Howard-Suamico School District and are presented on the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the District's 2017 basic financial statements. Accrued revenue at yearend consists of state program expenditures scheduled for reimbursement to the District in succeeding year while deferred revenue represents advances for state programs that exceed recorded District expenditures. The District has not elected to charge a de minimis indirect rate of 10% of modified total direct costs.

NOTE C - SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

The 2016-2017 eligible costs under the State Special Education Program as reported by the District are \$6,154,595. Compiled information required by compliance requirement 1 - 1 of the Special Education Audit Program was reported to the Wisconsin Department of Public Instruction.

NOTE D - OVERSIGHT AGENCIES

The federal and state oversight agencies for the District are as follows:

Federal - U.S. Department of Education
State - Wisconsin Department of Public Instruction

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Section I - Summary of Auditors' Results

Basic Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	Yes
Noncompliance material to basic financial statements noted?	No

Federal Awards and State Financial Assistance

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) 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 Uniform Guidance?	Yes
Any audit findings disclosed that are required to be reported in accordance with the <i>State Single Audit Guidelines</i> ?	Yes

Identification of major federal and state programs:

CFDA Number	Name of Federal Program
	<i>Special Education Cluster</i>
84.027	Individuals with Disabilities Education Act
84.173	IDEA Preschool Entitlement

State ID Number	Name of State Program
255.101	Special Education and School Age Parents
255.201	Equalization Aids

Audit threshold used to determine between Type A and Type B programs:

Federal	\$750,000
State	\$250,000

Auditee qualified as low-risk auditee	Yes
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HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2017

Section II - Financial Statement Findings

Finding No.	Internal Control Deficiencies
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2017-001 Preparation of Annual Financial Report

Repeat of Finding 2015-001

Condition: Current District staff maintains accounting records which reflect the District's financial transactions; however, preparing the District's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The District contracts with us and our knowledge of applicable accounting principles, financial statement formats, and note disclosures to assist in the preparation of the annual financial report in an efficient manner.

Criteria: The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes.

Cause: District management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.

Effect: Without our involvement, the District may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.

Recommendation: We recommend the District continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the District is necessary to obtain a complete and adequate understanding of the District's annual financial report.

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2017

Section III - Federal Award and State Financial Assistance Findings

Finding No.	Internal Control Deficiencies
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2017-002 Financial Reporting for Federal and State Financial Assistance

Repeat of Finding 2015-002

CFDA #: All federal programs

State IDs: All state programs

Condition: The Uniform Guidance and the *State Single Audit Guidelines* require the District to prepare appropriate financial statements, including the schedules of expenditures of federal awards and state financial assistance. While the current staff of the District maintain financial records supporting amounts reported in the schedules of expenditures of federal awards and state financial assistance, the District contracts with Schenck to compile the data from these records and prepare the single audit report for the District.

Criteria: Having staff with expertise in federal and state financial reporting prepare the District's single audit report is an internal control intended to prevent, detect and correct a potential misstatement in the schedules of expenditures of federal awards and state financial assistance, or accompanying notes to the schedule.

Cause: The additional costs associated with hiring staff sufficiently experienced to prepare the District's single audit report, including the additional training time, outweigh the derived benefits.

Effect: The District could receive federal or state grant awards which are not included in the accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance.

Recommendation: We recommend District personnel continue reviewing the District's single audit report prepared by Schenck. While it may not be cost beneficial to hire additional staff to prepare these items, a thorough review of this information by appropriate staff of the District is necessary to ensure all federal and state financial assistance programs are properly reported in the District's single audit report.

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2017

Section IV - Other Issues

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? No

Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the State Single Audit Guidelines?

Wisconsin Department of Public Instruction Yes
Wisconsin Department of Health Services Yes

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

Name and signature of Shareholder



Paul G. Denis, CPA

Date of report

November 30, 2017

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Schedule of Prior Year Audit Findings and Corrective Action Plan
For the Year Ended June 30, 2017

Status of Prior Year Audit Finding

The findings noted in the 2016 Schedule of Findings and Questioned Costs have been reported to the proper federal and state agencies. The current status of the prior year audit findings, as provided by management, follows:

Finding No.	Prior Year Audit Finding
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2015-001 Preparation of Annual Financial Report

Management continues to believe the cost of additional staff time and training to prepare year-end closing entries and reports outweigh the benefits to be received. The finding is repeated as 2017-001.

2015-002 Financial Reporting for Federal and State Financial Assistance

Management continues to believe the cost of additional staff time and training to prepare year-end closing entries and reports outweigh the benefits to be received. The finding is repeated as 2017-002.

Finding 2017-001	Preparation of Annual Financial Report
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Management Management believes the cost of additional staff time and training to prepare year-end
Response: closing entries and reports outweigh the benefits to be received.

Finding 2017-002	Financial Reporting for Federal and State Financial Assistance
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Management Management believes that the cost of hiring additional staff to compile and prepare the
Response: schedule of federal awards and state financial assistance outweigh the benefits to be received. Management will continue to review and approve the information prepared by Schenck prior to issuance.

Additional Response

Matt Spets, Assistant Superintendent of Business Services is the contact person for the District. Matt performs the following mitigating controls:

1. Reviews and approves all adjusting entries proposed by the auditors.
2. Compares final adjusted trial balance with audited financial statements.
3. Compares the schedule of expenditures of federal awards and state financial assistance to:
 - a. Final adjusted trial balance
 - b. Submitted final reimbursement claims
 - c. State payment register and DPI website