

School District of the Menomonie Area

Menomonie, Wisconsin

Financial Statements With Supplementary Financial Information

Year Ended June 30, 2015

School District of the Menomonie Area

Financial Statements With Supplementary Financial Information

Year Ended June 30, 2015

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School District of the Menomonie Area

Financial Statements With Supplementary Financial Information

Year Ended June 30, 2015

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Independent Auditor's Report

Board of Education
School District of the Menomonie Area
Menomonie, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of the Menomonie Area, (the "District"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District of the Menomonie Area'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; 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.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of the Menomonie Area, as of June 30, 2015, and the respective changes in financial position thereof, for the year then ended in accordance with accounting principles generally accepted in the United States.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2015 the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis, budgetary comparison schedule – General Fund, the schedules of funding progress and employer contributions – OPEB, the schedules of employer's proportionate share of the net pension liability (asset) and employer contributions – Wisconsin Retirement System, the schedule of changes in the employer's net pension liability and related ratios – district pension plan, the schedule of employer contributions – district pension plan, and the schedule of investment returns – district pension plan on pages 4 through 16 and pages 66 through 76 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The fiduciary fund – schedule of changes in assets and liabilities (student organizations' agency fund) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, and are also not a required part of the basic financial statements. The fiduciary fund – schedule of changes in assets and liabilities (student organizations' agency fund) and the 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. In our opinion, the fiduciary fund – schedule of changes in assets and liabilities (student organizations' agency fund) and the schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2015, on our consideration of the School District of the Menomonie Area'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.

Wipfli LLP

Wipfli LLP

December 1, 2015
Eau Claire, Wisconsin

Management's Discussion and Analysis

School District of the Menomonie Area

Management's Discussion and Analysis
Year Ended June 30, 2015

This section of the School District of the Menomonie Area's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2015. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's overall financial position as reflected in total net position is \$25,907,406.
- Net position increased \$2,428,578 during the year.
- The District increased the principal amount of outstanding general obligation debt by \$10,690,000.
- In the governmental funds, the District's total fund balance decreased \$6,498,017 during the year. The general fund balance increased by \$2,276,792.

Overview of the Financial Statements

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

Government-Wide Financial Statements

- The government-wide financial statements are the *statement of net position* and *statement of activities*. These statements present an aggregate view of the District's finances in a manner similar to private-sector business. Both statements distinguish functions that are supported principally by property taxes and intergovernmental revenues, called *governmental activities*, from functions that are intended to recover all or a significant portion of costs through user fees and charges called *business-type activities*. As of June 30, 2015, the District had no business-type activities.
- The *statement of net position* presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as *net position*. 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 year. This statement reports the cost of government functions and how those functions were financed for the fiscal year.

Fund Financial Statements

- The District also produces *fund financial statements*. A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities. The District, like other state and local governments, uses fund accounting to demonstrate compliance with finance-related legal requirements. Fund statements generally report operations in more detail than the government-wide statements and provide information that may be useful in evaluating a district's near-term financing requirements.
- There are two fund financial statements, the *balance sheet* and the *statement of revenues, expenditures, and changes in fund balances*. Generally, fund 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.

Fund Financial Statements (Continued)

- Because the focus of fund financial statements is narrower than that of the government-wide statements, it is useful to make comparisons between the information presented. By doing so, readers may better understand the long-term implications of the government's near-term financial 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 has two kinds of funds: governmental and fiduciary. The District maintains individual governmental funds (general, food service, package cooperative program, donations, and debt service) and individual capital project funds as needed. The District has three fiduciary funds.
- Financial information is presented separately on both the balance sheet and the statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund since these are considered to be major funds. Data for the food service, package cooperative program, and donations funds is combined into a single, aggregated column.
- The District serves as a trustee, or fiduciary, for student organizations, the District employees, and various scholarship programs. The assets of these organizations and programs do not directly benefit nor are they under the direct control of the District. The District's responsibility is limited to ensuring the assets reported in these funds are used only for their intended purposes. Fiduciary activities are excluded from the government-wide financial statements because the District cannot use these assets to finance its operations.
- The District adopts an annual budget for all governmental funds. For financial statement reporting purposes, the general fund, special education fund, and community service fund are combined and reported as the general fund. A budgetary comparison schedule for the general fund (not including the special education fund and the community service fund) has been provided as required supplementary information to demonstrate budget compliance.

Notes to the Financial Statements

The *notes to the financial statements* provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

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

	Government-Wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire District (except fiduciary funds).	The activities of the District that are not proprietary or fiduciary, such as instructional, support services, and community services.	Assets held by the District on behalf of someone else. Student and other organizations that have funds on deposit with the District are reported here.
Required financial statements	Statement of net position. Statement of activities.	Balance sheet. Statement of revenues, expenditures, and changes in fund balance.	Statement of fiduciary net position. Statement of changes in fiduciary net position.
Basis of accounting and measurement focus	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial resources focus.	Accrual accounting. Economic resources focus.
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets and liabilities, both financial and capital, short-term and long-term. These funds do not currently contain any capital assets, although they can.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All additions or deductions during the year, regardless of when cash is received or paid.

Financial Analysis

The District as a Whole

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$25,907,406 at the close of the most recent fiscal year.

By far the largest portion of the District's net position, \$16,917,616, reflects its investment in capital assets (e.g., land, buildings, furniture, and equipment), less any outstanding debt used to acquire those assets. The District uses these capital assets to provide services; 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. (See Table 1.)

Table 1		
School District of the Menomonie Area		
Net Position		
As of June 30, 2015 and 2014		
	Governmental Activities	
	2015	2014
Current and other assets	\$ 19,586,771	\$ 26,989,903
Capital assets	57,009,501	37,297,653
Total assets	76,596,272	64,287,556
Deferred outflows of resources	2,958,940	145,332
Long-term liabilities	48,987,174	38,078,738
Other liabilities	4,660,632	8,767,739
Total liabilities	53,647,806	46,846,477
Net position:		
Net investment in capital assets	16,917,616	16,857,878
Restricted	4,258,417	645,744
Unrestricted	4,731,373	82,789
Total net position	\$ 25,907,406	\$ 17,586,411

The District as a Whole (Continued)

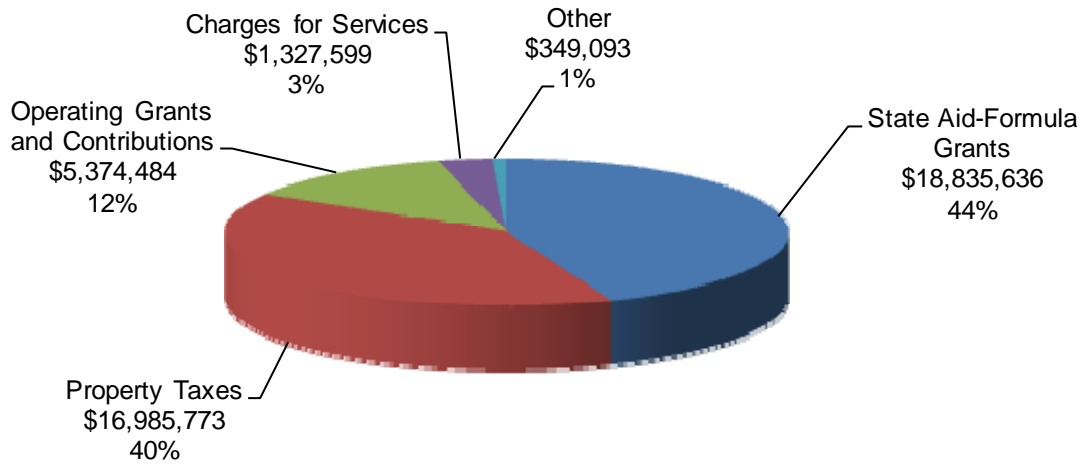
Change in net position. Table 2 shows the changes in net position.

Table 2 School District of the Menomonie Area Change in Net Position As of June 30, 2015 and 2014		
	<u>Governmental Activities</u>	
	2015	2014
Revenues:		
Program revenues:		
Charges for services	\$ 1,327,599	\$ 1,313,353
Operating grants and contributions	5,374,484	5,424,997
General revenues:		
Property taxes	16,985,773	16,677,756
State aid-formula grants	18,835,636	18,734,583
Other	349,093	536,572
Total revenues	42,872,585	42,687,261
Expenses:		
Instruction	22,846,623	21,517,663
Pupil services	1,621,680	1,503,411
Instructional staff services	1,218,953	1,262,842
General administration services	776,348	694,744
Building administration services	1,716,816	1,573,282
Business services	494,311	420,387
Operations and maintenance	3,754,571	3,664,253
Pupil transportation services	1,980,246	1,930,215
Food service	1,596,705	1,575,479
Central services	1,061,151	1,087,054
Insurance	293,140	317,774
Community services	232,152	236,527
Interest on debt	1,608,999	1,341,307
Other support services	57,577	52,905
Depreciation - Unallocated	1,184,735	898,020
Total expenses	40,444,007	38,075,863
Change in net position	2,428,578	4,611,398
Net position - Beginning of year	17,586,411	12,975,013
Restatement of beginning net position	5,892,417	-
Net position - End of year	<u>\$ 25,907,406</u>	<u>\$ 17,586,411</u>

The District as a Whole (Continued)

The District's total revenues were \$42,872,585 for the year ended June 30, 2015. Property taxes and state formula aid accounted for 84 percent of total revenue for the year. (See Figure 1.) The remaining 16 percent came from operating grants and contributions, charges for services, and other general revenues.

Figure 1. Sources of the School District of the Menomonie Area's Revenues for Fiscal Year 2015

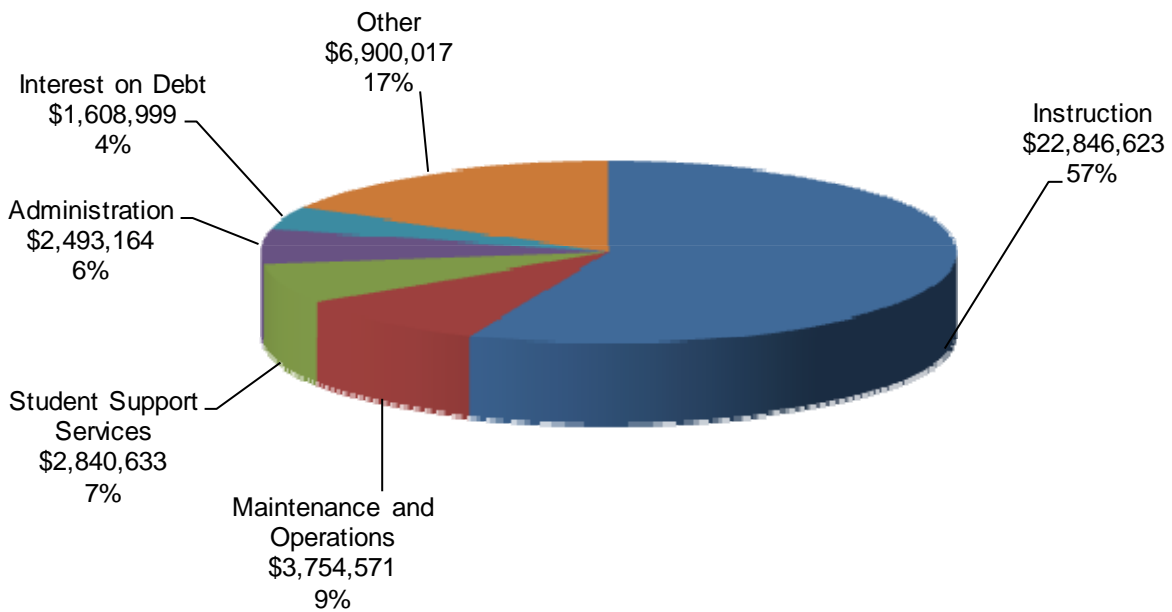


The District as a Whole (Continued)

The total cost of all programs and services was \$40,444,007. The District's expenses are predominantly related to educating and caring for students (64 percent). (See Figure 2.) The purely administrative activities of the District accounted for just 6 percent of total costs.

Total revenues surpassed expenses, increasing net position by \$2,428,578.

Figure 2. School District of the Menomonie Area's Expenses for Fiscal Year 2015



Governmental Activities

Net cost of governmental activities. Table 3 reports the cost of the District’s activities. The table also shows each activity’s net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

Table 3				
School District of the Menomonie Area				
Net Cost of Governmental Activities				
	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
Instruction	\$ 22,846,623	\$ 21,517,663	\$ 19,068,770	\$ 17,657,545
Pupil and instructional staff services	2,840,633	2,766,253	1,812,900	1,878,432
Administrative and business	2,987,475	2,688,413	2,987,475	2,688,413
Maintenance and operations	3,754,571	3,664,253	3,754,571	3,664,253
Transportation	1,980,246	1,930,215	1,862,684	1,797,544
Food service	1,596,705	1,575,479	(4,167)	(86,599)
Community service	232,152	236,527	186,190	177,985
Interest on debt	1,608,999	1,341,307	1,519,648	1,247,615
Other	2,596,603	2,355,753	2,553,853	2,312,325
	<u>\$ 40,444,007</u>	<u>\$ 38,075,863</u>	<u>\$ 33,741,924</u>	<u>\$ 31,337,513</u>

- The cost of all *governmental* activities this year was 40,444,007.
- Some of the cost was paid by the users of the District’s programs \$(1,327,599).
- The federal and state governments subsidized certain programs with grants and contributions \$(5,374,484).
- Most of the District’s costs \$(33,741,924), however, were paid for by District taxpayers and the taxpayers of our state.
- This portion of governmental activities was paid for with \$16,985,773 in property taxes, \$18,835,636 of state aid based on the statewide education aid formula, and \$349,093 with investment earnings and other general revenues, resulting in an increase in net position of \$2,428,578.

Governmental Funds

The District completed the year with a total governmental fund balance of \$12,105,571, which is \$6,498,017 under last year's ending fund balance of \$18,603,588.

- The general fund had an increase in fund balance of \$2,276,792. This was due to the District spending less than was budgeted in many areas of the budget, including approximately \$700,000 less than anticipated for retiree health insurance. Also, the built-in contingency amount was not expended.
- Debt service fund had an increase of \$120,633.
- The capital projects fund had a decrease of \$8,945,107. This was primarily due to current year capital projects that were funded with debt issued in the prior year.
- Revenues and other financing sources exceeded expenditures and other financing uses by \$49,665 for the other nonmajor governmental funds. These funds included the Donations Fund, Food Service Fund, and Package and Cooperative Program Fund.

General Fund on a Budgetary Basis Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into three categories:

- Implementing budgets for specially funded projects, which include both federal and state grants.
- Increasing appropriations for significant unbudgeted costs.
- Reallocating the budget between functional lines.

The District's final budget for the general fund anticipated that revenues and other financing sources would exceed expenditures and other financing uses by \$231,285; the actual results for the year show a surplus of \$2,287,161.

- Actual revenues were \$113,043 less than expected.
- The actual expenditures and other financing sources (uses) were \$2,168,919 less than budget.

Capital Assets and Debt Administration

Capital Assets

At the end of the 2015 fiscal year, the District had invested over \$82.7 million in a broad range of capital assets, including land, construction in progress, buildings, and equipment. (See Table 4.) Additional information about capital assets can be found in Note 6 to the financial statements. Total accumulated depreciation on these assets exceeded \$25.7 million for governmental activities.

- Asset acquisitions for governmental activities totaled \$21.5 million.
- The District recognized depreciation expense of \$1.8 million for governmental activities.

Table 4		
School District of the Menomonie Area		
Capital Assets		
	Governmental Activities	
	2015	2014
Land	\$ 806,600	\$ 806,600
Construction in progress	19,699,118	7,980,898
Land improvements	1,701,290	1,627,836
Buildings and building improvements	52,679,816	43,374,615
Furniture and equipment	7,896,302	7,816,827
Accumulated depreciation	(25,773,625)	(24,309,123)
	<u>\$ 57,009,501</u>	<u>\$ 37,297,653</u>

Long-Term Debt

At year-end, the District had \$48,987,174 in general obligation bonds and notes and other long-term obligations outstanding. (See Table 5.) Additional information about the District's long-term obligations is presented in Note 7 to the financial statements.

	Total School District June 30,		Total % Change
	2015	2014	2014-2015
General obligation bonds and notes	\$ 40,877,095	\$ 29,986,730	36.3
Capital leases	445,235	659,741	(32.5)
Compensated absences	110,852	114,112	(2.9)
Net OPEB obligation	4,035,107	3,756,925	7.4
Net pension obligation (GASBS 27)	-	3,561,231	N/A
Net pension liability (GASBS 68)	3,518,885	-	N/A
	<u>\$ 48,987,174</u>	<u>\$ 38,078,739</u>	<u>28.6</u>

- The District retired \$12,285,000 of outstanding bonds and notes.
- The District issued \$22,975,000 of general obligation bonds and notes.
- The District's increase in the net OPEB obligation resulted from the District funding 81.7% of its OPEB cost for the current year. See Notes 9, 10, and 11 for more information on the District's retirement benefits.

Factors Bearing on the District's Future

Certain circumstances that will impact the District's financial status in the future are as follows:

- The District is currently experiencing decreasing enrollment. Enrollment for the 2015–2016 fiscal year is down approximately 34 students from prior years. The District anticipates that enrollment for the 2016–2017 fiscal year will have an increase of approximately 8 students from the 2015–2016 fiscal year.
- The state of Wisconsin has an open enrollment law that allows students to attend the school district of their choice with few restrictions. The State adjusts each district's general state aid payment based on the number of students who transfer. The School District of the Menomonie Area expects to have a net loss of 66 students that will decrease state aid by \$438,174 in 2015–2016.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Joseph Zydowsky, District Administrator, School District of the Menomonee Area, 215 Pine Avenue NE, Menomonee, Wisconsin 54751.

Government-Wide Financial Statements

School District of the Menomonie Area

Statement of Net Position

June 30, 2015

<i>Assets and Deferred Outflows of Resources</i>	Governmental Activities
Current assets:	
Cash and investments	\$ 8,576,141
Receivables:	
Taxes	6,255,003
Accounts	117,504
Due from other governments	1,000,541
Prepaid items	342,557
Inventory	7,444
<hr/>	
Total current assets	16,299,190
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Noncurrent assets:	
Restricted - Net pension asset	3,287,581
Capital assets:	
Land	806,600
Construction in progress	19,699,118
Land improvements	1,701,290
Buildings and building improvements	52,679,816
Furniture and equipment	7,896,302
Less accumulated depreciation	(25,773,625)
<hr/>	
Total capital assets, net of accumulated depreciation	57,009,501
<hr/>	
Total noncurrent assets	60,297,082
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Total assets	76,596,272
<hr/>	
Deferred outflows of resources:	
Related to pensions	2,844,750
Deferred charge on refunding	114,190
<hr/>	
Total deferred outflows of resources	2,958,940
<hr/>	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 79,555,212

<i>Liabilities and Net Position</i>	Governmental Activities
Liabilities:	
Current liabilities:	
Accounts payable	\$ 54,810
Accrued liabilities:	
Salaries and related items	3,475,830
Interest	498,920
Claims incurred but not reported	631,000
Due to other governments	72
Current portion of long-term obligations	2,612,161
Total current liabilities	7,272,793
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	46,375,013
Total noncurrent liabilities	46,375,013
Total liabilities	53,647,806
Net position:	
Net investment in capital assets	16,917,616
Restricted for:	
Pension benefit	3,287,581
Debt service	342,253
Self insurance	330,615
Food service	152,958
Donor-approved purchases	145,010
Unrestricted	4,731,373
Total net position	25,907,406
TOTAL LIABILITIES AND NET POSITION	\$ 79,555,212

School District of the Menomonie Area

Statement of Activities

Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenues and Changes in Net Position
				Total Governmental Activities
Governmental activities:				
Instruction:				
Regular instruction	\$ 15,762,419	\$ 445,140	\$ 1,042,781	\$ (14,274,498)
Vocational instruction	1,018,745	-	39,813	(978,932)
Special education instruction	4,510,150	131,421	1,977,299	(2,401,430)
Other instruction	1,555,309	134,399	7,000	(1,413,910)
Total instruction	22,846,623	710,960	3,066,893	(19,068,770)
Support services:				
Pupil services	1,621,680	-	87,253	(1,534,427)
Instructional staff services	1,218,953	-	940,480	(278,473)
General administration services	776,348	-	-	(776,348)
Building administration services	1,716,816	-	-	(1,716,816)
Business services	494,311	-	-	(494,311)
Operations and maintenance	3,754,571	-	-	(3,754,571)
Pupil transportation services	1,980,246	-	117,562	(1,862,684)
Food service	1,596,705	535,511	1,065,361	4,167
Central services	1,061,151	35,166	7,584	(1,018,401)
Insurance	293,140	-	-	(293,140)
Community service	232,152	45,962	-	(186,190)
Interest	1,608,999	-	89,351	(1,519,648)
Other support services	57,577	-	-	(57,577)
Depreciation - Unallocated	1,184,735	-	-	(1,184,735)
Total support services	17,597,384	616,639	2,307,591	(14,673,154)
Total governmental activities (carried forward)	\$ 40,444,007	\$ 1,327,599	\$ 5,374,484	(33,741,924)

School District of the Menomonie Area

Statement of Activities (Continued)

Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenues and Changes in Net Position
				Total Governmental Activities
Total governmental activities (brought forward)				\$ (33,741,924)
General revenues:				
Property taxes:				
General purposes				13,350,324
Debt service				3,380,000
Community service				255,449
State and federal aids not restricted to specific functions:				
General				18,778,729
Other				56,907
Interest and investment earnings				16,024
Miscellaneous				263,987
Gain on sale of assets				69,082
Total general revenues				36,170,502
Change in net position				2,428,578
Net position - Beginning of year, as restated				23,478,828
Net position - End of year				\$ 25,907,406

Fund Financial Statements

School District of the Menomonie Area

Governmental Funds – Balance Sheet

June 30, 2015

<i>Assets</i>	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and investments	\$ 6,511,629	\$ 795,311	\$ 1,106,536	\$ 162,665	\$ 8,576,141
Receivables:					
Taxes	6,255,003	-	-	-	6,255,003
Accounts	15,322	-	-	2,772	18,094
Due from other governments	870,511	31,907	13,002	85,121	1,000,541
Due from other funds	99,410	3,282	-	53,234	155,926
Prepaid items	342,557	-	-	-	342,557
Inventory	-	-	-	7,444	7,444
TOTAL ASSETS	\$14,094,432	\$ 830,500	\$ 1,119,538	\$ 311,236	\$ 16,355,706
<i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i>					
Liabilities:					
Accounts payable	\$ 54,624	\$ -	\$ -	\$ 186	\$ 54,810
Accrued liabilities:					
Salaries and related items	3,462,748	-	-	13,082	3,475,830
Claims incurred but not reported	631,000	-	-	-	631,000
Due to other governments	72	-	-	-	72
Due to other funds	53,234	-	3,282	-	56,516
Total liabilities	4,201,678	-	3,282	13,268	4,218,228
Deferred inflows of resources:					
Unavailable revenue - Other revenue	-	31,907	-	-	31,907
Fund balances:					
Nonspendable:					
Prepays	342,557	-	-	-	342,557
Inventories	-	-	-	7,444	7,444
Restricted:					
Debt service	-	798,593	-	-	798,593
Self insurance	330,615	-	-	-	330,615
Capital projects	-	-	1,116,256	-	1,116,256
Food service	-	-	-	145,514	145,514
Donor-approved expenditures	-	-	-	145,010	145,010
Assigned for community service	42,865	-	-	-	42,865
Unassigned	9,176,717	-	-	-	9,176,717
Total fund balances	9,892,754	798,593	1,116,256	297,968	12,105,571
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$14,094,432	\$ 830,500	\$ 1,119,538	\$ 311,236	\$ 16,355,706

School District of the Menomonie Area

Governmental Funds – Balance Sheet (Continued)

June 30, 2015

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

Total fund balances - Governmental funds (previous page)	\$ 12,105,571
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position:

Governmental capital assets	\$ 82,783,126	
Governmental accumulated depreciation	(25,773,625)	57,009,501

The net pension liability (asset) and the deferred outflows of resources related to pensions are only reported in the statement of net position:

Net pension asset	3,287,581	
Deferred outflows of resources related to pensions	2,844,750	6,132,331

Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the fund statements.	114,190
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Receivables not currently available are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	31,907
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Long-term liabilities, including bonds and notes payable, are not due in the current year and, therefore, are not reported in the fund statements. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Balances reported in the statement of net position that are not reported in the funds balance sheet are:

Bonds and notes payable	(40,877,095)	
Capital leases payable	(445,235)	
Accrued interest on long-term debt	(498,920)	
Compensated absences	(110,852)	
Net pension liability	(3,518,885)	
Net OPEB obligation	(4,035,107)	(49,486,094)

Total net position - Governmental activities	\$ 25,907,406
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School District of the Menomonie Area

Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2015

	General Fund	Debt Service Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Local sources	\$ 13,876,996	\$ 3,380,048	\$ 10,484	\$ 640,011	\$ 17,907,539
Interdistrict sources	563,505	-	-	-	563,505
Intermediate sources	9,720	-	-	-	9,720
State sources	21,000,388	-	-	44,586	21,044,974
Federal sources	1,908,082	-	-	1,102,742	3,010,824
Miscellaneous	148,893	91,282	28,694	-	268,869
Total revenues	37,507,584	3,471,330	39,178	1,787,339	42,805,431
Expenditures:					
Instruction:					
Regular instruction	15,381,931	-	-	46,535	15,428,466
Vocational instruction	994,811	-	-	17,308	1,012,119
Special instruction	4,508,955	-	-	-	4,508,955
Other instruction	1,510,543	-	-	21,862	1,532,405
Total instruction	22,396,240	-	-	85,705	22,481,945
Support services:					
Pupil services	1,616,616	-	-	3,471	1,620,087
Instructional staff services	1,154,414	-	-	82,069	1,236,483
General administration services	767,789	-	-	-	767,789
Building administration services	1,714,526	-	-	-	1,714,526
Business services	492,842	-	-	-	492,842
Operations and maintenance	2,963,736	-	22,033,640	4,351	25,001,727
Pupil transportation	1,975,941	-	-	4,305	1,980,246
Food service	-	-	-	1,594,157	1,594,157
Central services	1,079,427	-	-	650	1,080,077
Insurance	286,913	-	6,227	-	293,140
Debt service:					
Principal	214,506	12,285,000	-	-	12,499,506
Interest and fiscal charges	22,910	1,226,612	-	-	1,249,522
Issuance costs	-	243,363	54,500	-	297,863
Other support services	57,577	-	-	-	57,577
Community service	233,596	-	-	-	233,596
Total support services	12,580,793	13,754,975	22,094,367	1,689,003	50,119,138
Total expenditures	34,977,033	13,754,975	22,094,367	1,774,708	72,601,083
Excess (deficiency) of revenues over expenditures	2,530,551	(10,283,645)	(22,055,189)	12,631	(29,795,652)

School District of the Menomonie Area

Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)

Year Ended June 30, 2015

	General Fund	Debt Service Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Other financing sources (uses):					
Transfers in	\$ -	\$ 215,725	\$ 1,000	\$ 53,234	\$ 269,959
Transfers out	(253,759)	-	-	(16,200)	(269,959)
Notes issued	-	-	13,040,000	-	13,040,000
Refunding bonds issued	-	9,935,000	-	-	9,935,000
Premium on bonds issued	-	253,553	-	-	253,553
Proceeds from sale of capital assets	-	-	69,082	-	69,082
Net other financing sources (uses)	(253,759)	10,404,278	13,110,082	37,034	23,297,635
Net change in fund balances	2,276,792	120,633	(8,945,107)	49,665	(6,498,017)
Fund balances - Beginning of year	7,615,962	677,960	10,061,363	248,303	18,603,588
Fund balances - End of year	\$ 9,892,754	\$ 798,593	\$ 1,116,256	\$ 297,968	\$ 12,105,571

School District of the Menomonie Area

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

Year Ended June 30, 2015

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

Total net change in fund balances - Governmental funds \$ (6,498,017)

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

Capital outlays reported in governmental fund statements	\$21,518,427
Depreciation expense reported in the statement of activities	(1,767,534)

Amount by which capital outlays are greater than depreciation
in the current year. 19,750,893

Unpaid sick and vacation pay is a liability of the governmental funds only if the employee has resigned or retired.

Amount by which the liability for sick and vacation pay changed in
the current year. 3,260

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

The amount of long-term debt principal payments in the current year 12,499,506

Proceeds of principal of long-term debt are reported in the governmental funds as revenue, but are reported as an increase in long-term debt in the statement of net position and do not affect the statement of activities.

The issuance of long-term debt in the current year (22,975,000)

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

The value of capital assets disposed of during the year was:	342,077
The amount of depreciation recapture for the year was:	303,032

The difference in the value of assets, net of recaptured depreciation, creates
a loss of: (39,045)

School District of the Menomonie Area

Governmental Funds – Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities (Continued)

Year Ended June 30, 2015

Vested employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.

Change in net OPEB obligation	\$ (278,182)
Change in net pension liability - District pension plan	262,933
Change in net pension asset - WRS	(2,013,185)
Change in deferred outflows of resources related to pensions	2,032,512

Amounts paid are less than amounts earned	\$	4,078
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Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Premium	(195,483)
Discount	(4,882)
Deferred amount on refunding	(31,143)

The net effect of these differences in the current year:		(231,508)
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Receivables not currently available are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.

The net effect of these differences in the current year:		(1,929)
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In governmental funds, interest payments on long-term debt are reported as expenditures when due. In the statement of activities, interest is reported as incurred.

The amount of interest paid during the current year:	1,243,083
The amount of interest accrued during the current year:	(1,326,743)

Interest paid is less than interest accrued		(83,660)
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Change in net position - Governmental activities	\$	2,428,578
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School District of the Menomonie Area

Fiduciary Funds – Statement of Net Position

June 30, 2015

	(Scholarship Trust) Private-Purpose Trust Fund	Employee Benefit Trust Fund	Agency Fund
Assets:			
Cash and investments	\$ 1,988	\$ 1,633,926	\$ 243,719
Total assets	\$ 1,988	\$ 1,633,926	\$ 243,719
Liabilities:			
Due to student organizations	\$ -	\$ -	\$ 243,719
Due to general fund	-	99,410	-
Total liabilities	-	99,410	\$ 243,719
Net position:			
Restricted for scholarships	1,988	-	
Restricted for other postemployment and pension benefits	-	1,534,516	
Total net position	1,988	1,534,516	
Total net position and liabilities	\$ 1,988	\$ 1,633,926	

School District of the Menomonie Area

Fiduciary Funds – Statement of Changes in Net Position

Year Ended June 30, 2015

	(Scholarship Trust) Private-Purpose Trust Fund	Employee Benefit Trust Fund
Additions:		
Employer contributions	\$ -	\$ 1,769,514
Retiree contributions	-	95,878
Interest	-	29,701
Total additions	-	1,895,093
Deductions:		
Benefits paid	-	1,376,041
Total deductions	-	1,376,041
Change in net position	-	519,052
Net position - Beginning of year	1,988	1,015,464
Net position - End of year	\$ 1,988	\$ 1,534,516

School District of the Menomonie Area

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies**

Introduction

The financial statements of the School District of the Menomonie Area (the "District") have been prepared in accordance with accounting principles generally accepted in the United States (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.

Reporting Entity

The School District of the Menomonie Area is organized as a common school district. The District, governed by a nine-member elected school board, operates grades pre-kindergarten through 12 and is comprised of all or part of 15 taxing districts.

This report includes all of the funds of the School District of the Menomonie Area. The reporting entity for the District consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. This report does not contain any component units.

School District of the Menomonee Area

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

New Accounting Pronouncement

Management adopted the provisions of the Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The statement establishes new requirements for the District to report a “net pension liability (asset) for the unfunded (overfunded) portion of its pension plans and deferred outflows of resources and deferred inflows of resources related to pension plans. See Note 15 for the restatement of the beginning net position.

Basis of Presentation

Government-Wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The fiduciary funds are only reported in the statements of fiduciary net position at the fund financial statement level.

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

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

The District applies restricted resources first when an expense is incurred for a purpose for which both restricted and unrestricted net position are available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the statement of activities.

School District of the Menomonee Area

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Basis of Presentation (Continued)

Fund Financial Statements:

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

The District reports the following major governmental funds:

- **General Fund** – This is the District's primary operating fund. It accounts for all financial activity that is not accounted for and reported in another fund, including educational programs for students with disabilities as well as programs provided to the community as a whole.
- **Capital Projects Fund** – Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- **Debt Service Fund** – This fund accounts for financial resources that are restricted, committed, or assigned to expenditure for principal and interest on long-term general obligation debt of governmental activities, including amounts accumulated for principal and interest maturing in future years.

The District reports the following nonmajor governmental funds:

- **Donations Fund** – Used to account for gifts and donations that have been restricted by private parties for specific purposes.
- **Food Service Fund** – Used to account for financial resources that are restricted to expenditure in the District's breakfast and lunch program.
- **Package and Cooperative Program Fund** – Used to account for services provided on a cooperative basis with other educational agencies.

The District accounts for assets held as an agent for various student organizations in an agency fund, assets held for scholarship purposes in a private purpose trust fund, and resources legally held in trust for the District's pension and other postemployment and pension benefits in an employee benefit trust fund.

School District of the Menomonee Area

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Measurement Focus and Basis of Accounting

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available (susceptible to accrual). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the current fiscal year.

Expenditures are recognized when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

School District of the Menomonie Area

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less and shares in the local government investment pool.

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 Trust and Agency Funds use separate and distinct accounts. All other funds share in common bank and investment accounts.

State Statutes permit the District to invest available cash balances, other than debt service funds, in time deposits (maturing in not more than three years) of authorized depositories, U.S. Treasury obligations, U.S. agency issues, municipal obligations within Wisconsin, high-grade commercial paper, and the local government pooled investment fund administered by the State of Wisconsin Investment Board. Available balances in the Debt Service Fund may be invested in obligations of the United States and the local government pooled investment fund administered by the State of Wisconsin Investment Board.

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

Funds held in the Employee Benefit Trust Fund to provide for pension, postemployment health care benefits, and other postemployment benefits may be invested in any kind of property or type of investment consistent with the prudent investor rule set forth in WI Stat. 881.01. This rule requires the trustee of an Employee Benefit Trust Fund to exercise reasonable care, skill, and caution when investing and managing the assets of the trust.

All investments are stated at fair market value. Determination of fair value for investment in the local government investment pool is based on information provided by the State of Wisconsin Investment Board.

School District of the Menomonee Area

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Receivables and Payables

All accounts receivable are shown at gross amounts and, where appropriate, are reduced by an allowance for uncollectible accounts. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories, other than the food service fund, are recorded as expenditures when purchased rather than when consumed. Prepaid items represent payments made by the District for which benefits extend beyond June 30.

Capital Assets

Capital assets are recorded at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$5,000 for capitalizing capital assets other than computers. The District capitalizes all computers.

Capital assets are recorded in the government-wide financial statements but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared no longer needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings and 5 to 15 years for equipment.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is not capitalized.

School District of the Menomonee Area

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Capital Assets (Continued)

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

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

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.

School District of the Menomonee Area

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet 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 and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has two items that qualify for reporting in this category. The 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 District also reports deferred outflows of resources related to pensions for its proportionate shares of collective deferred outflows of resources related to pensions and District contributions to pension plans subsequent to the measurement date of the collective net pension liability (asset).

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents the 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 only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the term, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental fund reports unavailable revenues from federal government interest subsidies on qualifying promissory notes.

School District of the Menomonee Area

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

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

Compensated Absences – Non-exempt staff without individual contracts, who are at least 55 years old upon retirement and have at least 15 years as an employee of the District by June 30, 2022, can elect to stay with the benefits outlined in the most recent collectively bargained agreement between the District and the AFSCME and WCEA para-educator unions, which expired on June 30, 2012. Employees formerly covered by the AFSCME collectively bargained agreement will receive \$5 per hour of unused sick leave toward health insurance premiums or a cash settlement, for up to 960 hours after first accumulating 960 hours. Employees formerly covered by the Para-educator collectively bargained agreement will receive \$15 per hour for accumulated sick leave up to a maximum of 960 hours as a separation benefit. In addition, the District's policy allows employees to earn varying amounts of vacation pay for each year employed, accumulating to a vested amount of 4 weeks (160 hours). Upon retirement or termination of employment, the employee is entitled to payment. Consistent with the compensated absences reporting standards of GASB Statement No. 16, *Accounting for Compensated Absences*, an accrual for accumulated sick leave and vacation pay is included in the compensated absences liability at year-end. An estimate of the value of these future accumulated sick leave benefits is recognized as a long-term liability and future vacation pay is recognized as a current liability in the statement of net position.

Postemployment Benefits – As provided in applicable negotiated contracts, certified District employees meeting a minimum age and length of service requirement may participate in the District's group health insurance program until age 65 or qualifying for Medicare. The District bears the cost of the employee's participation up to the maximum amount it pays for active employees. Certain District employees also receive a stipend based upon length of service and employment classification.

School District of the Menomonee Area

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

District Pension Plans

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 the District defined benefit pension plan and additions to/deductions from the WRS' fiduciary net position and the District defined benefit pension plan's fiduciary net position have been determined on the same basis as they are reported by the WRS and the District defined benefit pension plan. 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.

Restricted Assets

Restricted assets are cash and cash equivalents and the net pension asset whose use is limited by legal requirements such as a bond indenture or investment in an irrevocable trust.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt (adjusted for unspent bond proceeds) used to build or acquire the capital assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

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

School District of the Menomonee Area

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not a spendable form – prepaid items or inventories or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance: This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board of Education – the District’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action that imposed the original commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance: This classification reflects the amounts constrained by the District’s “intent” to be used for specific purposes, but the amounts are neither restricted nor committed. The Board of Education and District administrator or designee have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

School District of the Menomonie Area

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Property Tax Levy

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

The aggregate district tax levy is apportioned and certified by November 6 of the current fiscal year for collection to comprising municipalities based on the immediate past October 1 full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes may be paid in full or 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 may be paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance.

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2014 tax levy is used to finance operations of the District's fiscal year ended June 30, 2015. All property taxes are considered due on January 1 when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30 and are available to pay current liabilities.

Subsequent Events

On July 13, 2015, the District issued taxable general obligation promissory notes in the amount of \$2,980,000 to be used for District construction projects.

Subsequent events have been evaluated through December 1, 2015, which is the date the financial statements were available to be issued.

School District of the Menomonie Area

Notes to Financial Statements

Note 2 **Stewardship and Accountability**

Limitation on School District Revenues

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

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

Note 3 **Cash and Investments**

Deposits

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's "Policy 651-Revenues from Investments" requires all deposits to be insured or collateralized. As of June 30, 2015, \$232,770 of the District's bank balance of \$3,933,488 was exposed to custodial credit risk as uninsured and uncollateralized.

Investments

Interest Rate Risk: 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. State Statute limits the maturity of commercial paper and corporate bonds to not more than seven years.

Credit Risk: State Statute limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. Ratings are not required, or available, for the Wisconsin Local Government Investment Pool (LGIP) or the Wisconsin Investment Series Cooperative (WISC). The District has no investment policy that would further limit its investment choices.

School District of the Menomonie Area

Notes to Financial Statements

Note 3 Cash and Investments (Continued)

Investments (Continued)

Concentration of Credit Risk: For an investment, concentration of credit risk is the risk of loss that may be caused by the District's investment in a single issuer. The District does not have an investment policy for concentration of credit risk. More than 5% of the District's investments are in annuity contracts with American United Life Insurance Company and the Local Government Investment Pool. These investments are 21% and 79%, respectively, of the District's total investments. The investments with American United Life Insurance Company also represent 100% of the total investments reported in the Employee Benefit Trust Fund.

The District's cash and investment balances at June 30, 2015, were as follows:

	Maturities	Fair Value
Local Government Investment Pool Fund	80 days average	\$ 6,116,606
U.S. Treasury bond		1,000
AUL annuity contracts		1,633,926
Total investments		7,751,532
Cash deposits with financial institutions carrying amount		2,703,467
Petty cash		775
Less - Cash and investments held by fiduciary funds		(1,879,633)
Cash and investments reported on statement of net position		\$ 8,576,141

The District has invested funds in the Wisconsin Local Government Investment Pool. The LGIP is an investment pool managed by the State of Wisconsin Investment Board, which allows governments within the state to pool their funds for investment purposes. The LGIP is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2(a)7 of the Investment Company Act of 1940. Investments in the LGIP are valued at fair value.

School District of the Menomonie Area

Notes to Financial Statements

Note 4 Short-Term Notes Payable

The District issues revenue anticipation notes in advance of tax collections and receipt of federal and state aids. These notes are necessary to allow the school to pay its operating expenditures.

Short-term notes payable activity for the year ended June 30, 2015, was as follows:

Description	Balance 07/01/14	Issued	Redeemed	Balance 06/30/15
1% Tax and Revenue Anticipation Promissory Note	\$ 3,000,000	\$ -	\$ 3,000,000	\$ -
Total	\$ 3,000,000	\$ -	\$ 3,000,000	\$ -

Interest paid on short-term notes for the year totaled \$6,417.

Note 5 Interfund Balances and Activity

Interfund receivable and payable balances in the fund financial statements on June 30, 2015, are as follows:

Due From:	Due To:		
	General Fund	Debt Service Fund	Donations Fund
General Fund	\$ -	\$ -	\$ 53,234
Capital Projects Fund	-	3,282	-
Employee Benefit Trust Fund	99,410	-	-
Totals	\$ 99,410	\$ 3,282	\$ 53,234

School District of the Menomonie Area

Notes to Financial Statements

Note 5 Interfund Balances and Activity (Continued)

The purpose of interfund receivable and payable balances is to eliminate negative cash and investments in various funds. The payable from the Employee Benefit Trust Fund to the General Fund is for unreimbursed postemployment benefits paid by the General Fund. The payable from the Capital Projects Fund to the Debt Service Fund is to reimburse the Debt Service Fund for debt premiums. The payable from the General Fund to the Donations Fund represents a one-time transfer of equity from the Community Service Fund to the Donations Fund.

In the statement of net position, amounts reported in fund balance sheets as interfund balances have been eliminated within the governmental activities columns.

Interfund transfers at June 30, 2015, were as follows:

Transfer From:	Transfer To:			Total
	Donations Fund	Debt Service Fund	Capital Projects Fund	
General Fund	\$ 53,234	\$ 199,525	\$ 1,000	\$ 253,759
Food Service Fund	-	16,200	-	16,200
Totals	\$ 53,234	\$ 215,725	\$ 1,000	\$ 269,959

The purpose for the interfund transfers to the Debt Service Fund is to make the long-term debt payments relating to technology upgrades, building improvements, and equipment for the food service department. The purpose for the interfund transfer to the Capital Projects Fund is to fund the District's long-term capital improvement plan. The purpose for the transfer to the Donations Fund was to transfer accumulated resources from the Community Services Fund so they could be used for District programs.

School District of the Menomonie Area

Notes to Financial Statements

Note 6 Capital Assets

Capital asset balances and activity for the year ended June 30, 2015, were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 806,600	\$ -	\$ -	\$ 806,600
Construction work in progress	7,980,898	15,316,778	(3,598,558)	19,699,118
Total capital assets not being depreciated	8,787,498	15,316,778	(3,598,558)	20,505,718
Capital assets being depreciated:				
Land improvements	1,627,836	298,329	(224,875)	1,701,290
Buildings and building improvements	43,374,615	9,305,201	-	52,679,816
Furniture and equipment	7,816,827	196,677	(117,202)	7,896,302
Total capital assets being depreciated	52,819,278	9,800,207	(342,077)	62,277,408
Less accumulated depreciation for:				
Land improvements	967,661	80,130	(185,830)	861,961
Buildings and building improvements	18,041,672	1,112,379	-	19,154,051
Furniture and equipment	5,299,790	575,025	(117,202)	5,757,613
Total accumulated depreciation	24,309,123	1,767,534	(303,032)	25,773,625
Total capital assets being depreciated - Net of accumulated depreciation	28,510,155	8,032,673	(39,045)	36,503,783
Governmental activities capital assets - Net	\$ 37,297,653	\$ 23,349,451	\$ (3,637,603)	\$ 57,009,501

School District of the Menomonie Area

Notes to Financial Statements

Note 6 **Capital Assets** (Continued)

Depreciation expense was charged to governmental activities as follows:

Regular instruction	\$ 338,032
Vocational instruction	12,584
Special education	841
Other instruction	22,470
Pupil services	1,794
Instructional staff services	1,310
General administration services	9,281
Building administration services	2,541
Operations and maintenance of plant	145,959
Central services	25,748
School food service program	22,239
Depreciation not charged to a specific function	1,184,735
<hr/>	
Total depreciation for governmental activities	<u>\$ 1,767,534</u>

School District of the Menomonee Area

Notes to Financial Statements

Note 7 Long-Term Obligations

Long-term obligations of the District are as follows:

	Restated Balance 07/01/14	Additions	Reductions	Balance 06/30/15	Amounts Due Within One Year
Bonds	\$ 26,530,000	\$ 9,935,000	\$ 3,815,000	\$ 32,650,000	\$ 1,815,000
Plus unamortized premium	466,018	248,593	53,110	661,501	-
Less unamortized discounts	(29,288)	-	(4,882)	(24,406)	-
Notes	3,020,000	13,040,000	8,470,000	7,590,000	485,000
Subtotals	29,986,730	23,223,593	12,333,228	40,877,095	2,300,000
Capital leases	659,741	-	214,506	445,235	219,869
Compensated absences	114,112	110,852	114,112	110,852	92,292
Net pension liability	3,781,818	263,847	526,780	3,518,885	-
Net OPEB obligation	3,756,925	1,523,121	1,244,939	4,035,107	-
Totals	\$ 38,299,326	\$ 25,121,413	\$ 14,433,565	\$ 48,987,174	\$ 2,612,161

Payments on bonds and notes are made by the Debt Service Fund. The compensated absences, pension liability, and OPEB obligation will be liquidated by several of the governmental funds. Payments on the capital leases will be made by the General Fund.

School District of the Menomonie Area

Notes to Financial Statements

Note 7 Long-Term Obligations (Continued)

General Obligation Debt

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt at June 30, 2015, is comprised of the following individual issues:

	Government Activities			Balance 06/30/15
	Issue Dates	Interest Rates %	Dates of Maturity	
Promissory note	06/15/07	4.63-4.88	03/01/17	\$ 230,000
Promissory note	07/26/10	5.3	07/26/20	540,000
Promissory note	09/13/10	2.0-2.5	03/01/16	205,000
Taxable promissory notes	09/13/10	4.28	03/01/20	1,575,000
Refunding bonds	06/28/12	2.0-3.0	03/01/20	2,825,000
Improvement bonds	07/15/13	2.0-5.0	03/01/33	9,890,000
Improvement bonds	03/03/14	3.5-4.0	03/01/34	10,000,000
Taxable promissory notes	07/14/14	0.0	03/16/24	3,040,000
Refunding bonds	01/07/15	2.5-3.0	03/01/27	7,980,000
Taxable refunding bond	01/07/15	0.75-1.15	03/01/17	1,955,000
Promissory note	01/07/15	2.0-2.5	03/01/21	2,000,000
Total general obligation debt*				\$ 40,240,000

The 2014 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,628,268,157. The legal debt limit and margin of indebtedness as of June 30, 2015, in accordance with Section 67.03(1)(a) of the Wisconsin Statutes follows:

Legal debt limit (10% of \$1,628,268,157)	\$ 162,826,816
Deduct:	
Long-term debt* applicable to debt margin	40,240,000
Add:	
Debt service fund assets available	798,593
Margin of indebtedness	\$ 123,385,409

School District of the Menomonie Area

Notes to Financial Statements

Note 7 Long-Term Obligations (Continued)

General Obligation Debt (Continued)

Aggregate cash flow requirements for the retirement of long-term principal and interest as of June 30, 2015, follow:

Governmental Activities

Year Ended June 30	Principal	Interest	Totals
2016	\$ 2,300,000	\$ 1,387,056	\$ 3,687,056
2017	1,755,000	1,307,870	3,062,870
2018	1,045,000	1,273,105	2,318,105
2019	1,060,000	1,251,835	2,311,835
2020	1,755,000	1,230,115	2,985,115
2021-2025	9,565,000	5,268,510	14,833,510
2026-2030	11,415,000	4,044,613	15,459,613
2031-2034	11,345,000	1,330,600	12,675,600
Totals	\$ 40,240,000	\$ 17,093,704	\$ 57,333,704

On January 7, 2015, the District issued \$1,955,000 in general obligation bonds to refund \$1,875,000 in general obligation bonds. The current refunding resulted in an economic gain of \$26,013 and a decrease in cash flow requirements to service the debt of \$15,307.

Note 8 Leases

The District leases various items of equipment. These equipment leases, which expire during the next two years, are classified as capital leases. Furniture and equipment includes the following amounts for the leased equipment that have been capitalized:

	2015
Furniture and equipment	\$ 1,160,676
Less - Accumulated amortization	(696,406)
Totals	\$ 464,270

Lease amortization is included in depreciation expense.

School District of the Menomonie Area

Notes to Financial Statements

Note 8 Leases (Continued)

Future minimum payments, by year and in the aggregate, under the capital leases with initial or remaining terms in excess of one year consisted of the following:

	Capital Leases
2016	\$ 231,000
2017	231,000
Total minimum lease payments	462,000
Amount representing interest	(16,765)
Present value of net minimum lease payments	445,235
Less - Current maturities	219,869
Long-term obligations under capital lease	\$ 225,366

Note 9 Employee Retirement Plans – Wisconsin Retirement System

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 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

School District of the Menomonee Area

Notes to Financial Statements

Note 9 Employee Retirement Plans – Wisconsin Retirement System (Continued)

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

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

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

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:

School District of the Menomonee Area

Notes to Financial Statements

Note 9 Employee Retirement Plans – Wisconsin Retirement System (Continued)

Benefits Provided (Continued) – The WRS also provides death and disability benefits for employees.

Year	Core Fund Adjustment	Variable Fund Adjustment
2005	2.6%	7%
2006	0.8%	3%
2007	3.0%	10%
2008	6.6%	0%
2009	(2.1%)	(42%)
2010	(1.3%)	22%
2011	(1.2%)	11%
2012	(7.0%)	(7%)
2013	(9.6%)	9%
2014	4.7%	25%

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

During the reporting period, the WRS recognized \$1,320,513 in contributions from the employer.

Employee Category	Employee	Employer
General (including teachers)	6.8%	6.8%
Executives and elected officials	7.7%	7.7%
Protective with social security	6.8%	9.5%
Protective without social security	6.8%	13.1%

School District of the Menomonie Area

Notes to Financial Statements

Note 9 Employee Retirement Plans – Wisconsin Retirement System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions – At June 30, 2015, the District reported an asset of \$3,287,581 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013, rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the District's proportion was 0.13384425%, which was a decrease of 0.00060771% from its proportion measured as of December 31, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$1,301,186.

At June 30, 2015, the District reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 476,597
Net differences between projected and actual earnings on pension plan investments	1,592,005
Changes in proportion and differences between employer contributions and proportionate share of contributions	29,899
Employer contributions subsequent to the measurement date	746,249
Total	\$ 2,844,750

School District of the Menomonie Area

Notes to Financial Statements

Note 9 Employee Retirement Plans – Wisconsin Retirement System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued) – \$746,249 reported as deferred outflows related to pensions resulting from the District’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	<u>Deferred Outflows of Resources</u>
2016	\$ 513,476
2017	513,476
2018	513,476
2019	513,476
2020	44,597

School District of the Menomonee Area

Notes to Financial Statements

Note 9 Employee Retirement Plans – Wisconsin Retirement System (Continued)

Actuarial Assumptions – The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	December 31, 2013
Measurement date of net pension liability (asset)	December 31, 2014
Actuarial cost method	Entry Age
Asset valuation method	Fair market value
Long-term expected rate of return	7.2%
Discount rate	7.2%
Salary increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality	Wisconsin 2012 Mortality Table Mortality Table
Post-retirement adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014, is based upon a roll-forward of the liability calculated from the December 31, 2013, actuarial valuation.

School District of the Menomonee Area

Notes to Financial Statements

Note 9 Employee Retirement Plans – Wisconsin Retirement System (Continued)

Actuarial Assumptions (Continued)

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

<u>Asset Class</u>	<u>Long-Term Real Rate of Return</u>	<u>Target Allocation</u>
US equities	5.3%	21%
International equities	5.7%	23%
Fixed income	1.7%	36%
Inflation sensitive assets	2.3%	20%
Real estate	4.2%	7%
Private equity/debt	6.9%	7%
Multi-asset	3.9%	6%
Cash	0.9%	(20%)

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

School District of the Menomonie Area

Notes to Financial Statements

Note 9 Employee Retirement Plans – Wisconsin Retirement System (Continued)

Actuarial Assumptions (Continued)

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
District's proportionate share of the net pension liability (asset)	\$9,274,832	(\$3,287,581)	(\$13,208,867)

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

Payables to the Pension Plan – At June 30, 2015, the District reported a payable of \$515,114 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

Note 10 District Pension Plan and Benefits

The School District of the Menomonie Area administers a single-employer defined benefit plan that provides pension benefits to eligible retirees as established by District policy. The School District Board manages the pension plan and has appointed the District Director of Business Services as trustee and MidAmerica Administrative and Retirement Solutions, Inc. as investment manager. There are 382 active plan members, 69 inactive plan members currently receiving benefits and no inactive plan members entitled to but not yet receiving benefits.

School District of the Menomonie Area

Notes to Financial Statements

Note 10 District Pension Plan and Benefits (Continued)

The School Board has the authority to establish and amend the types of benefits provided through the pension plan. The School District of the Menomonie Area provides an early retirement stipend to employees who elect to retire beginning at age 55 with at least 15 years of service with the District. For administrators and teachers, the individual will receive a monthly stipend equal to 15% of the monthly (teachers) or average monthly (administrator's) salary for the last year of employment with the District. For individuals covered by the former custodial/maintenance/information systems contract, the District will pay an annual stipend in the amount of \$2,600. For individuals covered by the former clerical/food service contract, the District will pay an annual stipend in the amount of \$2,467. For all classes of employees the stipend shall be paid for a period of time not to exceed 60 months. The School Board determines the amount contributed to the trust. Currently the contribution equals the amount needed to pay current benefits. The plan does not issue a standalone report.

The pension plan investment policies and investment disclosures are discussed in Note 1 and Note 3. For June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.8 percent. The money-weighted rate of return expresses the investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The components of the net pension liability of the District at June 30, 2015, were as follows:

Total pension liability	\$ 3,574,781
Plan fiduciary net position	<u>(55,896)</u>
Net pension liability	<u>\$ 3,518,885</u>
Plan fiduciary net position as a percentage of the total pension liability	1.6%

The total pension liability measured as of June 30, 2015, was determined by an actuarial valuation as of July 1, 2013, and rolled forward to June 30, 2015. The actuarial assumptions included an inflation rate of 4.0 percent and projected salary increases of 4.0 percent, average, including inflation. The investment rate of return was 5.0 percent, net of pension plan investment expense, including inflation. Mortality, disability, and retirement rates are from the Wisconsin Retirement System experience for public schools.

School District of the Menomonee Area

Notes to Financial Statements

Note 10 District Pension Plan and Benefits (Continued)

The long-term expected rate of return on pension plan investments was determined using a best-estimate of the rate of return (expected returns, net of pension plan investment expense, and inflation.)

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
AUL annuity contracts	5.0%

The discount rate used to measure the total pension liability was 3.79 percent based upon the first two years of projected payments discounted at a 5.0 percent long-term expected rate of return, and subsequent years discounted at 3.75 percent, which is the rate for a 20-year AA municipal bond as of June 30, 2015, as determined by the actuary at bondsonline.com. The projection of cash flows used to determine the discount rate assumed that the District's contributions will be made at a rate equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make only two years of the projected future benefit payments of current plan members. Therefore, a blended rate of return, as described above, was used to determine the total pension liability.

School District of the Menomonee Area

Notes to Financial Statements

Note 10 District Pension Plan and Benefits (Continued)

Changes in the Net Pension Liability for the year ended June 30, 2015, are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	\$ 3,841,172	\$ 59,354	\$ 3,781,818
Changes for the year:			
Service cost	126,880	-	126,880
Interest	136,967	-	136,967
Contributions - Employer	-	524,573	(524,573)
Net investment income	-	2,207	(2,207)
Benefit payments, including refunds of employee contributions	(530,238)	(530,238)	-
Net changes	(266,391)	(3,458)	(262,933)
Balances at June 30, 2015	\$ 3,574,781	\$ 55,896	\$ 3,518,885

The following presents the net pension liability of the District, calculated using the discount rate of 3.79 percent, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.79 percent) or 1-percentage-point higher (4.79 percent) than the current rate:

	1% Decrease (2.79%)	Current Discount Rate (3.79%)	1% Increase (4.79%)
District's net pension liability	\$ 3,696,504	\$ 3,518,885	\$ 3,346,741

For the year ended June 30, 2015, the District recognized pension expense of \$262,933. At June 30, 2015, the District reported no deferred outflows of resources and deferred inflows of resources related to the District pension plan.

At June 30, 2015, the District had no outstanding payable for the amount of contributions to the pension plan required for the year ended June 30, 2015.

School District of the Menomonee Area

Notes to Financial Statements

Note 11 Other Postemployment Benefits

Defined Benefit Plan

The District administers a single-employer defined benefit health care plan. The plan provides medical insurance benefits to eligible retirees and their spouses through the District's group medical insurance plan, which covers both active and retired members. Benefit provisions are established by the school board. The eligibility requirements are based on the retiree's position, years of service, and age at retirement. If eligible, the retiree may receive medical insurance benefits for up to 10 years or until they are eligible for Medicare. The plan does not issue a standalone report.

Membership of the plan consisted of 74 retirees receiving benefits and 238 active plan members at July 1, 2013, the date of the latest actuarial valuation.

The District's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or fund excess) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution	\$ 1,579,707
Interest on net OPEB obligation	187,846
Adjustment to annual required contribution	<u>(244,432)</u>
Annual OPEB cost	1,523,121
Contributions made	<u>(1,244,939)</u>
Increase in net OPEB obligation	278,182
Net OPEB obligation - Beginning of year	<u>3,756,925</u>
Net OPEB obligation - End of year	<u>\$ 4,035,107</u>

School District of the Menomonee Area

Notes to Financial Statements

Note 11 Other Postemployment Benefits (Continued)

Defined Benefit Plan (Continued)

The District's annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2015 and the two preceding fiscal years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2015	\$ 1,523,121	81.7%	\$ 4,035,107
6/30/2014	1,522,971	100.7%	3,756,925
6/30/2013	1,843,860	77.1%	3,766,878

The contribution requirements of plan members are based on employment agreements in effect on the date of retirement. The District's contribution is established annually based on an amount to pay current premiums and an additional amount to prefund benefits. For fiscal year 2015, the District contributed \$1,244,939 to the plan, including \$749,925 for current benefits and an additional \$495,014 to prefund benefits.

The funded status as of July 1, 2013, the most recent actuarial valuation date, was 4.76% funded. The actuarial accrued liability for benefits was \$17,365,335, and the actuarial value of assets was \$827,220, resulting in an unfunded actuarial accrued liability (UAAL) of \$16,538,115. The covered payroll (annual payroll of active employees covered by the plan) was \$17,588,728, and the ratio of the UAAL to the covered payroll was 94%.

The schedule of employer contributions on page 70 presents trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 43.

School District of the Menomonie Area

Notes to Financial Statements

Note 11 **Other Postemployment Benefits** (Continued)

Defined Benefit Plan (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care costs trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the July 1, 2013, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 5% rate of return (net of administrative expenses), based on the plan being funded in an irrevocable employee benefit trust invested in a long-term fixed income portfolio, and an annual health care cost trend rate of 10% initially, reduced by decrements of 1% to a rate of 5% after 5 years. The actuarial value of the plan assets was determined to be the market value of the plan assets as of the date of the actuarial valuation. The plan's unfunded actuarial liability is being amortized using the level dollar amortization method. The remaining amortization period at July 1, 2013, was 30 years.

School District of the Menomonie Area

Notes to Financial Statements

Note 11 **Other Postemployment Benefits** (Continued)

Defined Contribution Plan

Based on individual contracts, the School District of the Menomonie Area also provides OPEB benefits to its employees through a defined contribution plan. Starting with full-time teachers hired in the 2005-2006 school year, directors hired in the 2008-2009 school year, and coordinators hired in the 2007-2008 school year, the District will contribute 6% of the employee's salary into a Health Reimbursement Arrangement (HRA) account. After the seventh year of employment, the employee becomes fully vested in the account. Amounts contributed on behalf of employees who leave prior to fully vesting, remain in the plan to be offset against future District required contributions. In accordance with these requirements, the District contributed \$317,695 during the current year, and no contributions were made by employees. The plan is administered by National Insurance Services.

Note 12 **Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation. The District insures through commercial insurance companies for all risks of loss, except for health and dental care. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There was no significant reduction in the District's insurance coverage in fiscal 2015.

The District has retained the risk of loss for its health program. The plan is accounted for in the General Fund of the District as required by the Department of Public Instruction. A third-party administrator is responsible for the approval, processing, and payment of claims, after which they bill the District for reimbursement. As part of the health care coverage, the District purchases stop-loss coverage, which pays claims in excess of \$80,000 per individual and/or 125% of the annual estimated claims as provided by Medica. For the year ended June 30, 2015, the aggregate claims limit was \$6,819,434.

School District of the Menomonie Area

Notes to Financial Statements

Note 12 Risk Management (Continued)

At June 30, 2015, the District has recorded a \$1,199,179 liability, which represents accrued health insurance premiums for the current contract year and estimated outstanding claims incurred that were reported and unreported on or before June 30, 2015. This amount consists of accrued health insurance benefits for the current contract year of \$568,179 and outstanding claims, which were reported and unreported to the Plan Administrator of \$631,000. The amounts of reported and unreported claims for the District were estimated by the District.

	2015	2014
Unpaid claims at beginning of year	\$ 392,000	\$ 631,000
Current year claims	6,033,455	7,590,819
Claim payments	(5,794,455)	(7,829,819)
Unpaid claims at end of year	\$ 631,000	\$ 392,000

Note 13 Jointly Governed Organization

The District is served by Cooperative Education Service Agency No. 11 (CESA). CESA is a regional service entity organized to serve the educational needs of 39 school districts in all or parts of Barron, Buffalo, Burnett, Chippewa, Dunn, Eau Claire, Pepin, Pierce, Polk, Rusk, St. Croix, Sawyer, and Washburn Counties. CESA is governed by an 11-member board of control elected from a delegate assembly, which consists of one school board member from each of the school districts in the CESA region, with special provisions made for areas served by union high/K-8 districts. Participating school districts have neither an ongoing financial interest nor responsibility. The District purchased \$193,937 of education services during the fiscal year.

School District of the Menomoneie Area

Notes to Financial Statements

Note 14 Outstanding Contractual Commitments

The District entered into construction contracts with the following contractors during the year. The following amounts remain unspent as of June 30, 2015:

<u>Construction Contractors</u>	<u>Amount Remaining</u>
Market and Johnson	\$ 2,203,744
Market Materials	408,081
	<u>\$ 2,611,825</u>

Note 15 Prior Year Restatement

As a result of the implementation of GASB Statement No. 68, the governmental activities beginning net position was restated as follows:

	<u>Governmental Activities</u>
Balance at July 1, 2014, as previously reported	\$ 17,586,411
Remove previously reported net pension obligation	3,561,231
Subtract beginning net pension liability for District single employer plan	(3,781,818)
Add beginning net pension asset for WRS	5,300,765
Add deferred outflows of resources - Contributions after the measurement date	812,239
	<u>\$ 23,478,828</u>

Required Supplementary Information

School District of the Menomonee Area

Budgetary Comparison Schedule – General Fund

Year Ended June 30, 2015

	Budgeted Amounts		Actual on Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Local sources	\$ 13,583,325	\$ 13,583,325	\$ 13,575,585	\$ (7,740)
Interdistrict sources	398,100	432,085	432,085	-
Intermediate sources	6,427	9,639	9,639	-
State sources	19,719,940	19,763,942	19,754,800	(9,142)
Federal sources	1,054,423	1,226,338	1,135,178	(91,160)
Miscellaneous	127,675	153,894	148,893	(5,001)
Total revenues	34,889,890	35,169,223	35,056,180	(113,043)
Expenditures:				
Instruction:				
Regular instruction	16,094,776	16,040,994	15,381,931	659,063
Vocational instruction	1,032,945	1,038,453	994,193	44,260
Special instruction	526,045	526,120	400,601	125,519
Other instruction	1,667,068	1,685,305	1,510,543	174,762
Total instruction	19,320,834	19,290,872	18,287,268	1,003,604
Support services:				
Pupil services	1,017,888	1,056,332	921,599	134,733
Instructional staff services	1,131,976	1,149,473	930,632	218,841
General administration services	887,989	881,489	767,789	113,700
Building administration services	1,794,061	1,795,720	1,714,526	81,194
Business services	591,055	591,055	492,842	98,213
Operations and maintenance	3,016,546	2,997,612	2,954,911	42,701
Pupil transportation	1,827,418	1,827,418	1,741,920	85,498
Central services	1,116,620	1,148,419	1,076,785	71,634
Insurance	334,416	334,416	287,347	47,069
Debt service:				
Principal	214,506	214,506	214,506	-
Interest	28,494	28,494	22,910	5,584
Other support services	33,213	47,258	37,079	10,179
Total support services	11,994,182	12,072,192	11,162,846	909,346
Total expenditures	31,315,016	31,363,064	29,450,114	1,912,950

School District of the Menomonie Area

Budgetary Comparison Schedule – General Fund (Continued)

Year Ended June 30, 2015

	Budgeted Amounts		Actual on Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Excess of revenues over expenditures	\$ 3,574,874	\$ 3,806,159	\$ 5,606,066	\$ 1,799,907
Other financing uses:				
Transfers out	(3,574,874)	(3,574,874)	(3,318,905)	255,969
Net other financing uses	(3,574,874)	(3,574,874)	(3,318,905)	255,969
Net change in fund balance	-	231,285	2,287,161	2,055,876
Fund balance - Beginning of year	7,562,728	7,562,728	7,562,728	-
Fund balance - End of year	\$ 7,562,728	\$ 7,794,013	\$ 9,849,889	\$ 2,055,876

See Independent Auditor's Report.

See accompanying notes to Budgetary Comparison Schedule – General Fund.

School District of the Menomonie Area

Notes to Budgetary Comparison Schedule – General Fund

Year Ended June 30, 2015

Note 1 **Budgetary Information**

Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction (DPI).

The legally adopted budget and budgetary expenditure control are exercised at the two-digit subfunction level in the general fund and at the function level for all other funds. Reported budget amounts are as originally adopted or as amended by School Board resolution.

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

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

Appropriations lapse at year-end unless authorized as a carryover by the School Board. The portion of fund balance representing carryover appropriations is reported as an assigned fund balance.

School District of the Menomonie Area

Notes to Budgetary Comparison Schedule – General Fund (Continued)

Year Ended June 30, 2015

Note 2 Budgetary Comparisons

GAAP requires a budgetary comparison for the general fund and each major special revenue fund. Analysis of the general fund budget is included in *management's discussion and analysis*.

Required comparisons are between the final budget and actual on a budgetary basis. The "original budget" represents the budget as approved by the school board after it sets the tax to be levied for the fiscal year. The "final budget" is the "original budget" adjusted for any budget amendments approved by the school board during the fiscal year and up to the time the financial statements are ready to be issued. The "actual on a budgetary basis" excludes the revenues, expenditures, and other financing sources/(uses) of the special education fund and community service fund, which are treated as special revenue funds for budgetary purposes. The following schedule reconciles the "budgetary basis" revenues and expenditures of the *budgetary comparison schedule – general fund* to the *governmental funds – statement of revenues, expenditures, and changes in fund balances*.

	General Fund			General Fund
	Actual on Budgetary Basis	Special Education Fund	Community Service Fund	Actual on GAAP Basis
Revenues	\$ 35,056,180	\$ 2,149,993	\$ 301,411	\$ 37,507,584
Expenditures	(29,450,114)	(5,268,373)	(258,546)	(34,977,033)
Other financing sources (uses)	(3,318,905)	3,118,380	(53,234)	(253,759)
Net change in fund balance	\$ 2,287,161	\$ -	\$ (10,369)	\$ 2,276,792

School District of the Menomonic Area

Schedules of Funding Progress and Employer Contributions – OPEB

Year Ended June 30, 2015

SCHEDULE OF FUNDING PROGRESS - OPEB

As of June 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) - Unprojected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAAL as a Percentage of Covered Payroll
07/01/13	\$ 827,220	\$ 17,365,335	\$ 16,538,115	4.8%	\$ 17,588,728	94.0%
07/01/11	524,849	19,655,100	19,130,251	2.7%	17,259,939	110.8%
07/01/09	265,120	22,148,996	21,883,876	1.2%	18,408,600	118.9%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB

For the Year Ended June 30, 2015

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2015	\$ 1,579,707	78.8%
2014	1,579,707	97.0%
2013	1,894,235	75.0%
2012	1,894,235	71.7%
2011	2,434,495	56.2%
2010	2,451,156	44.0%

See Independent Auditor's Report.

See accompanying notes to the Schedules of Funding Progress and Employer Contributions – Pension and OPEB

School District of the Menomonee Area

Notes to the Schedules of Funding Progress and Employer Contributions – OPEB

Year Ended June 30, 2015

Note 1 Data in the schedules of funding progress and employer contributions was taken from the report issued by the actuary for pension and OPEB benefits.

Note 2 The following are significant changes in benefits and assumptions used in the actuarial studies for the District's OPEB:

	July 1, 2009	July 1, 2011	July 1, 2013
Eligibility:			
Administrators	Age 55 with 15 years of service in the District	Hired prior to July 1, 2005 and age 55 with 15 years of service in the District	Hired prior to July 1, 2005 and age 55 with 15 years of service in the District
Coordinators	N/A	Hired prior to July 1, 2007 and age 55 with 15 years of service in the District	Hired prior to July 1, 2007 and age 55 with 15 years of service in the District
Non-union executive assistants	N/A	Hired prior to July 1, 2008 and age 55 with 15 years of service in the District	Hired prior to July 1, 2008 and age 55 with 15 years of service in the District
Teachers	Age 55 with 15 years of service in the District	Hired prior to July 1, 2005 and age 55 with 15 years of service in the District	Hired prior to July 1, 2005 and age 55 with 15 years of service in the District
AFSCME	Age 55 with 15 years of service in the District	Hired prior to July 1, 2007 and age 55 with 15 years of service in the District	Hired prior to July 1, 2007 and age 55 with 15 years of service in the District
Benefit:			
Administrators	District pays 100% of insurance premium up to date of Medicare eligibility	District pays 100% of insurance premium up to date of Medicare eligibility	District pays 100% of insurance premium up to date of Medicare eligibility
Coordinators	N/A	District pays 100% of insurance premium up to date of Medicare eligibility	District pays 100% of insurance premium up to date of Medicare eligibility

School District of the Menomonie Area

Notes to the Schedules of Funding Progress and Employer Contributions – OPEB (Continued)

Year Ended June 30, 2015

Note 2

(Continued)

	July 1, 2009	July 1, 2011	July 1, 2013
Benefit: (continued)			
Non-union executive assistants	N/A	District pays 100% of insurance premium up to date of Medicare eligibility	District pays 100% of insurance premium up to date of Medicare eligibility
Teachers	District pays 100% of insurance premium up to date of Medicare eligibility	Depending on date of retirement, District will pay a minimum of 25% of premium amount in effect at retirement to 100% of premiums up to date of Medicare eligibility	Depending on date of retirement, District will pay a minimum of 25% of premium amount in effect at retirement to 100% of premiums up to date of Medicare eligibility
AFSCME	Employee pays 100% of insurance premium up to date of Medicare eligibility	Employee pays 100% of insurance premium up to date of Medicare eligibility	Employee pays 100% of insurance premium up to date of Medicare eligibility
Plan population	444	483	476
Actuarial cost method	Unprojected unit credit	Unprojected unit credit	Unprojected unit credit
Remaining amortization period	30 years	30 years	30 years
Amortization method	Level dollar	Level dollar	Level dollar
Discount rate	4%	5%	5%
Medical trend	5% initially then 9.5% reduced by decrements to a rate of 6% after 8 years	10% reduced by decrements to a rate of 5% after 5 years	10% reduced by decrements to a rate of 5% after 5 years

School District of the Menomonie Area

Schedules of Employer's Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions – Wisconsin Retirement System

Year Ended June 30, 2015

SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) WISCONSIN RETIREMENT SYSTEM (WRS)

June 30, 2015*

	<u>2015</u>
District's proportion of the net pension liability (asset)	0.13384425%
District's proportionate share of the net pension liability (asset)	\$ (3,287,581)
District's covered-employee payroll during the measurement period	\$ 18,863,936
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(17.43%)
Plan fiduciary net position as a percentage of the total pension liability	102.74%

* The amounts presented were determined as of 12/31/2014

SCHEDULE OF EMPLOYER CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM (WRS)

June 30, 2015

	<u>2015</u>
Contractually required contribution for the fiscal period	\$ 1,254,486
Contributions in relation to the contractually required contribution	<u>(1,254,486)</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll for the fiscal period	\$ 18,234,773
Contributions as a percentage of covered-employee payroll	6.88%

Notes to the Schedules:

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

Changes of assumptions: There were no changes in the assumptions.

School District of the Menomonie Area

Schedule of Changes in the Employer's Net Pension Liability and Related Ratios – District Pension Plan

Year Ended June 30, 2015

	2015	2014
Total pension liability:		
Service cost	\$ 126,880	\$ 126,880
Interest	136,967	147,321
Benefit payments, including refunds of member contributions	(530,238)	(513,369)
Net change in total pension liability	(266,391)	(239,168)
Total pension liability - Beginning	3,841,172	4,080,340
Total pension liability - Ending (a)	\$ 3,574,781	\$ 3,841,172
Plan fiduciary net position:		
Contributions - Employer	\$ 524,573	\$ 560,761
Net investment income	2,207	1,109
Benefit payments, including refunds of employee contributions	(530,238)	(564,554)
Net change in plan fiduciary net position	(3,458)	(2,684)
Plan fiduciary net position - Beginning	59,354	62,038
Plan fiduciary net position - Ending (b)	\$ 55,896	\$ 59,354
District's net pension liability - Ending (a) - (b)	\$ 3,518,885	\$ 3,781,818
Plan fiduciary net position as a percentage of the total pension liability	1.56%	1.55%
Covered-employee payroll	\$17,588,728	\$17,588,728
District's net pension liability as a percentage of covered-employee payroll	20.01%	21.50%

School District of the Menomonie Area

Schedule of Employer Contributions – District Pension Plan

Year Ended June 30, 2015

	2015	2014
Actuarially determined contribution	\$ 380,365	\$ 380,365
Contributions in relation to the actuarially determined contribution	524,573	560,761
Contribution deficiency (excess)	\$ (144,208)	\$ (180,396)
Covered-employee payroll	\$ 17,588,728	\$ 17,588,728
Contributions as a percentage of covered-employee payroll	2.98%	3.19%

Notes to Schedule:

Valuation date: July 1, 2013

Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	Market value
Inflation	4.0%
Salary increases	4.0%, average, including inflation
Investment rate of return	5.0%, net of pension plan investment expense, including inflation

School District of the Menomonie Area

Schedule of Investment Returns – District Pension Plan

Year Ended June 30, 2015

	2015	2014
Annual money-weighted rate of return, net of investment expense	1.83%	1.82%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

Supplementary Financial Information

School District of the Menomonie Area

Fiduciary Fund – Schedule of Changes in Assets and Liabilities (Student Organizations' Agency Fund)

Year Ended June 30, 2015

<i>Assets</i>	Balance 07/01/14	Receipts	Disbursements	Balance 6/30/15
Cash and investments	\$ 258,336	\$ 384,190	\$ 398,807	\$ 243,719
TOTAL ASSETS	\$ 258,336	\$ 384,190	\$ 398,807	\$ 243,719
<i>Liabilities</i>				
Due to student organizations:				
Oaklawn Elementary	\$ 1,230	\$ 2	\$ 158	\$ 1,074
River Heights Elementary	3,542	104	320	3,326
Knapp Elementary	2,428	318	811	1,935
Wakanda Elementary	5,248	10,502	10,511	5,239
Downsville Elementary	2,013	1,460	1,304	2,169
Lucas Charter School	66	-	-	66
Middle school	37,628	76,154	69,325	44,457
High school	206,181	295,650	316,378	185,453
TOTAL LIABILITIES	\$ 258,336	\$ 384,190	\$ 398,807	\$ 243,719

School District of the Menomonie Area

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

Administering Agency Pass-Through Agency Award Description	Federal Catalog Number	Grantor Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
Wisconsin Department of Public Instruction		
Child Nutrition Cluster:		
School Breakfast	10.553	
July 1, 2014 - June 30, 2015		\$ 302,233
National School Lunch Program (Cash Assistance)	10.555	
July 1, 2014 - June 30, 2015		540,822
National School Lunch Program (Noncash Assistance)	10.555	
July 1, 2014 - June 30, 2015		94,383
TOTAL 10.555		635,205
Special Milk Program for Children	10.556	
July 1, 2014 - June 30, 2015		1,189
Summer Food Service Program for Children	10.559	
July 1, 2014 - June 30, 2015		61,720
TOTAL CHILD NUTRITION CLUSTER		1,000,347
Fresh Fruit and Vegetable Program	10.582	
July 1, 2014 - June 30, 2015		20,429
TOTAL U.S. DEPARTMENT OF AGRICULTURE		1,020,776

School District of the Menomonie Area

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2015

Administering Agency Pass-Through Agency Award Description	Federal Catalog Number	Grantor Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>		
Wisconsin Department of Public Instruction		
Special Education Cluster:		
Special Education - Grants to States (IDEA, Part B) July 1, 2014 - June 30, 2015	84.027	\$ 590,527
Special Education - Preschool Grants (IDEA Preschool) July 1, 2014 - June 30, 2015	84.173	11,815
<u>TOTAL SPECIAL EDUCATION CLUSTER</u>		<u>602,342</u>
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA) July 1, 2014 - June 30, 2015	84.010	682,059
Career and Technical Education - Basic Grants to States July 1, 2014 - June 30, 2015	84.048	30,174
Twenty-First Century Community Learning Centers July 1, 2014 - June 30, 2015	84.287	50,000
English Language Acquisition Grants July 1, 2014 - June 30, 2015	84.365	14,539
Improving Teacher Quality State Grants July 1, 2014 - June 30, 2015	84.367	131,551
<u>TOTAL U.S. DEPARTMENT OF EDUCATION</u>		<u>1,510,665</u>

School District of the Menomonie Area

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2015

Administering Agency Pass-Through Agency Award Description	Federal Catalog Number	Grantor Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		
<u>Direct:</u>		
Substance Abuse and Mental Health Services - Projects of Regional and National Significance July 1, 2014 - June 30, 2015	93.243	\$ 43,605
Drug-Free Communities Support Program Grants September 30, 2014 - September 29, 2015	93.276	38,361
Wisconsin Department of Public Instruction Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance July 1, 2014 - June 30, 2015	93.079	7,000
Pregnancy Assistance Fund Program July 1, 2014 - June 30, 2015	93.500	51,986
Wisconsin Department of Health Services Medical Assistance Program July 1, 2014 - June 30, 2015	93.778	338,431
<u>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		<u>479,383</u>
TOTAL FEDERAL AWARDS		\$ 3,010,824

See Independent Auditor's Report.

See accompanying notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance.

School District of the Menomonie Area

Schedule of State Financial Assistance

Year Ended June 30, 2015

Administering Agency Pass-Through Agency Award Description	State ID Number	Accrued or (Unearned) Revenue July 1, 2014	State Grantor Reimbursements	Grantor Expenditures	Accrued or (Unearned) Revenue June 30, 2015
<u>Cost Reimbursement Programs</u>					
<u>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</u>					
AODA Program Grant July 1, 2014 - June 30, 2015	255.306	\$ 20,430	\$ 26,224	\$ 22,394	\$ 16,600
<u>WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT</u>					
CESA #10 Chippewa Valley Youth Apprenticeship July 1, 2014 - June 30, 2015	20.445(7)(b)	-	9,639	9,639	-
Total Cost Reimbursement Programs		\$ 20,430	35,863	\$ 32,033	\$ 16,600
<u>Entitlement Programs</u>					
Special Education and School Age Parents Program District Programs	255.101		1,239,495		
Participant in Package Program at Elmwood			316		
Participant in Package Program at CESA #11			81		
Total Special Education and School Age Parents Program			1,239,892		
State Lunch	255.102		13,351		
Common School Fund	255.103		130,850		
Bilingual/Bicultural (LEA)	255.106		31,418		
Pupil Transportation	255.107		107,530		
General Equalization	255.201		18,778,729		
High Cost Special Education Aid	255.210		6,093		
Peer Review & Mentoring	255.301		25,000		
State Breakfast Program	255.344		31,234		
Tuition Payments by State	255.401		19,079		
Science-Tech Engineering & Math Grants	255.929		10,730		
Educator Effective Eval Sys Grants Public	255.940		19,840		
Per Pupil Aid	255.945		501,000		
Career and Technical Education Incentive Grants	255.950		25,000		
<u>WISCONSIN DEPARTMENT OF NATURAL RESOURCES</u>					
Payment in Lieu of Taxes	370.503		26,324		
<u>WISCONSIN DEPARTMENT OF REVENUE</u>					
Computer Aid	835.109		56,907		
TOTAL STATE FINANCIAL ASSISTANCE			\$ 21,058,840		

See Independent Auditor's Report.

See accompanying notes to the Schedules of Expenditures of
Federal Awards and State Financial Assistance.

School District of the Menomonie Area

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance

Year Ended June 30, 2015

Note 1 **Basis of Presentation**

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the School District of the Menomonie Area under programs of the federal and state government for the year ended June 30, 2015. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*, and *State of Wisconsin Single Audit Guidelines*. Because the schedules present only a selected portion of the operations of the School District of the Menomonie Area, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the School District of the Menomonie Area.

Note 2 **Summary of Significant Accounting Policies**

Expenditures reported on the schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3 **Special Education and School Age Parents Program**

2014–2015 eligible costs under the State Special Education Program are \$4,484,035.

Other Reports



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Board of Education
School District of the Menomonie Area
Menomonie, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of the Menomonie Area (the "District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 1, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be a material weakness and other deficiencies in internal control that we consider to be significant deficiencies.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness (2015-002).

A significant deficiency is a deficiency, or 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies (2015-001 and 2015-003).

Compliance and Other Matters

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

Responses to Findings

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

Purpose of This Report

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



Wipfli LLP

December 1, 2015
Eau Claire, Wisconsin



Independent Auditor's Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance

Board of Education
School District of the Menomonie Area
Menomonie, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited the School District of the Menomonie Area's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration, that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2015. The School District of the Menomonie Area's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District of the Menomonie Area'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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the School District of the Menomonie Area's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the School District of the Menomonie Area 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, 2015.

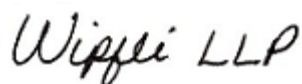
Report on Internal Control Over Compliance

Management of the School District of the Menomonie Area is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District of the Menomonie Area'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 *OMB Circular A-133* and the *State of Wisconsin Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District of the Menomonie Area's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *OMB Circular A-133* and the *State of Wisconsin Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



Wipfli LLP

December 1, 2015
Eau Claire, Wisconsin

School District of the Menomonie Area

Schedule of Findings and Questioned Costs

Year Ended June 30, 2015

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified not considered to be material weakness(es)?	Yes
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 Section .510(a)?	No

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
10.553, 10.555, 10.556, and 10.559	Child Nutrition Cluster
84.027 and 84.173	Special Education Cluster
93.778	Medical Assistance Program
Dollar threshold used to distinguish between Type A and Type B Programs	\$300,000
Auditee qualified as a low-risk auditee?	No

School District of the Menomonee Area

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2015

Section I – Summary of Auditor's Results (Continued)

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified not considered to be material weakness(es)? No

Type of auditor's report issued on compliance for major programs: Unmodified

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

Identification of major state programs:

State I.D. Number	Name of State Program
255.101	Special Education and School Age Parents
255.107	Pupil Transportation
255.201	General Equalization
255.210	High Cost Special Education Aid

School District of the Menomonee Area

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2015

Section II – Financial Statement Findings

2015-001 Segregation of Duties

Criteria – No one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Condition – Incompatible functions are currently being performed by the same individual.

Cause – Limited staff available and inadequate compensating controls.

Effect – Decreased likelihood that unauthorized, false, or incorrectly coded transactions will be prevented, or detected and corrected, in a timely fashion, which may result in misstated financial statements.

Recommendation – We recommend that management and those charged with governance continue to evaluate whether to accept the degree of risk associated with this condition because of cost or other considerations.

Corrective Action Plan – The District does not have the resources available to increase staff size and eliminate this internal control deficiency. The Board and management are aware of the incompatible duties and will continue to provide oversight and monitor the District's operations. In addition, the Board reviews monthly cash disbursements and bank reconciliations for oversight.

School District of the Menomonie Area

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2015

Section II – Financial Statement Findings (Continued)

2015-002 Financial Accounting and Reporting

Criteria – The District is responsible for reporting financial data reliably in accordance with accounting principles generally accepted in the United States (GAAP).

Condition – As part of our professional services for the year ended June 30, 2015, we were requested to draft the financial statements and accompanying notes to the financial statements.

Cause – The District does not expect, nor does it require, its financial staff to have the ability to prepare GAAP financial statements.

Effect – As a result of not having an individual trained in the preparation of GAAP basis financial statements, the completeness of the financial statement disclosures and the accuracy of the financial statement presentation is negatively impacted as outside auditors do not have the same comprehensive understanding of the District as its own management.

Recommendation – We recommend that management and those charged with governance continue to evaluate whether to accept the degree of risk associated with this condition because of cost or other considerations.

Corrective Action Plan – The District does not have the resources and staff to prepare the financial statements and notes but will continue to oversee the auditor's services and review and approve the financial statements and notes.

School District of the Menomonee Area

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2015

Section II – Financial Statement Findings (Continued)

2015-003 Adjustments

Condition – During our audit, Wipfli LLP proposed a number of adjusting journal entries. The adjusting journal entries did not have an effect on any completed grant contracts during the year. Since the District's internal controls did not discover these adjustments prior to our audit, a significant deficiency exists in the District's controls.

Criteria – Adjusting journal entries not prepared by the District's accounting department are considered to be an internal control weakness.

Effect – Proper recording and reporting of financial information may not occur within a timely manner.

Recommendation – We recommend that the individuals involved in the accounting function review the current year adjustments and take steps to eliminate them in the future.

Corrective Action Plan – The District will continue working to reduce the number of adjusting journal entries proposed by the auditor.

Section III – Federal Findings and Questioned Costs

None.

Section IV – State Findings and Questioned Costs

None.

School District of the Menomonie Area

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2015

Section V – 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 noncompliance, nonmaterial noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue, or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State of Wisconsin Single Audit Guidelines*:

Department of Public Instruction	No
Department of Revenue	No
Department of Natural Resources	No
Department of Workforce Development	No
Department of Health Services	No

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

Name of Partner



Robert Ganschow, CPA

Date

December 1, 2015

School District of the Menomonie Area

Schedule of Prior Year's Findings and Questioned Costs

Year Ended June 30, 2015

Financial Statement Findings

2014-001 Segregation of Duties – See finding 2015-001.

2014-002 Financial Accounting and Reporting – See finding 2015-002.

2014-003 Adjustments – See finding 2015-003.

Federal Award Findings and Questioned Costs

None.

State Findings and Questioned Costs

None.