

AUDITED FINANCIAL STATEMENTS  
SCHOOL DISTRICT OF PLATTEVILLE  
PLATTEVILLE, WISCONSIN  
JUNE 30, 2012

School District of Platteville  
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For the Year Ended June 30, 2012

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
School District of Platteville  
Platteville, Wisconsin

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District of Platteville as of and for the year ended June 30, 2012, which collectively comprise the School District of Platteville's basic financial statements as listed in the table of contents. These financial statements are the responsibility of School District of Platteville's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Platteville as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

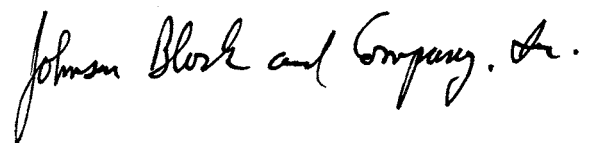
In accordance with *Government Auditing Standards*, we will also be issuing a report on our consideration of the School District of Platteville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the schedule of funding progress for postemployment benefit plans on pages 32 through 37 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information listed in the table of contents is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

JOHNSON BLOCK AND COMPANY, INC.

A handwritten signature in black ink that reads "Johnson Block and Company, Inc." with a stylized flourish at the end.

Mineral Point, WI  
November 7, 2012

## BASIC FINANCIAL STATEMENTS

School District of Platteville  
Statement of Net Assets  
June 30, 2012

	Governmental Activities
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 2,401,598
Receivables:	
Taxes	2,843,219
Due from other governmental units	475,445
Other accounts	5,515
Prepaid expenses	187,034
Total current assets	5,912,811
Noncurrent assets:	
Capital assets	26,028,094
Less: accumulated depreciation	12,112,889
Total capital assets	13,915,205
Other assets:	
Unamortized debt issue costs	63,620
Total assets	\$ 19,891,636
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	\$ 6,285
Accrued liabilities:	
Accrued salaries and wages	996,030
Payroll taxes and withholdings	333,781
Interest	62,032
Current portion of long-term obligations	1,591,000
Total current liabilities	2,989,128
Noncurrent liabilities:	
Bonds and notes payable,	
Plus deferred debt premium of \$146,657	5,821,657
Compensated absences	532,463
Other postemployment benefits	995,791
Less: current portion	(1,591,000)
Total noncurrent liabilities	5,758,911
Total liabilities	8,748,039
<b>Net assets</b>	
Investment in capital assets, net of related debt	9,485,548
Restricted	415,229
Unrestricted	1,242,820
Total net assets	11,143,597
Total liabilities and net assets	\$ 19,891,636

School District of Platteville  
Statement of Activities  
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
				Total Governmental Activities
Governmental activities:				
Instruction:				
Regular instruction	\$ 6,369,528	\$ 298,490	\$ 346,182	\$ (5,724,856)
Vocational instruction	576,047		29,596	(546,451)
Special instruction	1,607,913	22,203	891,526	(694,184)
Other instruction	1,271,723	116,593		(1,155,130)
Total instruction	<u>9,825,211</u>	<u>437,286</u>	<u>1,267,304</u>	<u>(8,120,621)</u>
Support services:				
Pupil services	614,930		7,914	(607,016)
Instructional staff services	894,843		124,985	(769,858)
General administration services	263,054		1,500	(261,554)
Building administration services	906,423			(906,423)
Business services	2,229,680	79,520	56,503	(2,093,657)
Central services	503,054	120,822		(382,232)
Insurance	144,693			(144,693)
Other support services	608,632		21,998	(586,634)
Community services	35,725	33,574		(2,151)
Food services	726,822	406,041	349,534	28,753
Interest and fiscal charges	208,449			(208,449)
Amortization	(32,921)			32,921
Depreciation-unallocated	430,278			(430,278)
Total support services	<u>7,533,662</u>	<u>639,957</u>	<u>562,434</u>	<u>(6,331,271)</u>
Total governmental activities	<u>17,358,873</u>	<u>1,077,243</u>	<u>1,829,738</u>	<u>(14,451,892)</u>
Total school district	<u>\$ 17,358,873</u>	<u>\$ 1,077,243</u>	<u>\$ 1,829,738</u>	<u>(14,451,892)</u>
General revenues:				
Property taxes				
General purposes				6,987,580
Debt services				1,277,818
Other taxes				12,727
Federal and State aid not restricted for specific purposes				
General				7,147,601
Interest and investment earnings				8,945
Miscellaneous				18,250
Total general revenues				<u>15,452,921</u>
Change in net assets				1,001,029
Net assets-beginning of year				<u>10,142,568</u>
Net assets-end of year				<u>\$ 11,143,597</u>

School District of Platteville  
Balance Sheet  
Governmental Funds  
June 30, 2012

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 2,066,665	\$ 334,933	\$ 2,401,598
Receivables:			
Taxes	2,843,219		2,843,219
Due from other funds	16,299		16,299
Due from other governments	416,160	59,285	475,445
Other accounts	5,515		5,515
Prepaid expenditures	187,034		187,034
 Total assets	 \$ 5,534,892	 \$ 394,218	 \$ 5,929,110
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 6,285		\$ 6,285
Due to other funds		16,299	16,299
Accrued salaries and wages	996,030		996,030
Payroll taxes and withholdings	333,781		333,781
 Total liabilities	 1,336,096	 16,299	 1,352,395
Fund balances:			
Nonspendable	187,034		187,034
Restricted	37,310	377,919	415,229
Unassigned	3,974,452		3,974,452
 Total fund balances	 4,198,796	 377,919	 4,576,715
 Total liabilities and fund balances	 \$ 5,534,892	 \$ 394,218	 \$ 5,929,110

**Total net assets reported for governmental activities in the statement of net assets are different from the amount reported above as total governmental funds fund balance because:**

Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets:

Governmental capital assets	\$ 26,028,094	
Governmental accumulated depreciation	(12,112,889)	13,915,205

Long term liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements. Long-term liabilities reported in the statement of net assets that are not reported in the funds balance sheet are:

Bonds and notes payable	5,675,000	
Bond premium	146,657	
Bond issue costs	(63,620)	
Accrued interest on general obligation debt	62,032	
Compensated absences	532,463	
Other postemployment benefits	995,791	(7,348,323)

Total net assets-governmental activities	\$ 11,143,597
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School District of Platteville  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2012

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>			
Property taxes	\$ 7,000,307	\$ 1,277,818	\$ 8,278,125
Other local sources	207,455	490,682	698,137
Interdistrict sources	267,227		267,227
Intermediate sources	2,943		2,943
State sources	7,769,193	15,600	7,784,793
Federal sources	775,603	385,394	1,160,997
Other sources	167,434	246	167,680
Total revenues	<u>16,190,162</u>	<u>2,169,740</u>	<u>18,359,902</u>
<u>Expenditures</u>			
Instruction:			
Regular instruction	6,339,129	33,642	6,372,771
Vocational instruction	520,671	27,851	548,522
Special instruction	1,609,330		1,609,330
Other instruction	963,371	16,783	980,154
Total instruction	<u>9,432,501</u>	<u>78,276</u>	<u>9,510,777</u>
Support services:			
Pupil services	632,978	5,380	638,358
Instructional staff services	844,447	27,080	871,527
General administration services	253,147		253,147
Building administration services	911,244		911,244
Business services	2,334,023	197	2,334,220
Central services	556,779		556,779
Insurance	144,693		144,693
Principal payments		1,165,000	1,165,000
Interest and fiscal charges		234,407	234,407
Other support services	608,632		608,632
Community services		32,016	32,016
Food services		726,822	726,822
Total support services	<u>6,285,943</u>	<u>2,190,902</u>	<u>8,476,845</u>
Total expenditures	<u>15,718,444</u>	<u>2,269,178</u>	<u>17,987,622</u>
Excess (deficiency) of revenues over expenditures	471,718	(99,438)	372,280
Other Financing Sources (Uses):			
Transfer to general fund		(2,922)	(2,922)
Transfer to debt service fund	(121,089)		(121,089)
Transfer from general fund		121,089	121,089
Transfer from food service fund	2,775		2,775
Transfer from community service fund	147		147
Net change in fund balances	353,551	18,729	372,280
Fund balances-beginning of year	<u>3,845,245</u>	<u>359,190</u>	<u>4,204,435</u>
Fund balances-end of year	<u>\$ 4,198,796</u>	<u>\$ 377,919</u>	<u>\$ 4,576,715</u>

School District of Platteville  
 Reconciliation of Statement of Revenues, Expenditures and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Year Ended June 30, 2012

Net change in fund balances-total governmental funds		\$ 372,280
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.</p>		
Capital outlay reported in governmental fund statements	386,447	
Depreciation expenses reported in the statement of activities	<u>(723,308)</u>	
Amount by which capital outlays are greater (less) than depreciation in the current period.		(336,861)
<p>Some expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Change in compensated absences		24,402
Change in other post-employment benefits		(281,487)
<p>Long-term proceeds, including capital leases, provide current financial resources to government funds but issuing long-term debt increases long-term liabilities in the statement of net assets. Repayment of principal on long-term debt is reported in governmental funds as an expenditure but is reported as a reduction in long-term debt in the statement of net assets and does not affect the statement of activities.</p>		
Amount of long-term debt principal payments in the current year		1,165,000
<p>Debt issuance costs are reported in the governmental funds as expenditures when those amounts are paid. However, those costs are shown in the statement of net assets and allocated over the life of the debt issue as amortization expense in the statement of activities</p>		
Amount of debt issuance costs amortized during the current year		(15,965)
<p>Debt premiums are reported in the governmental funds as revenues when those amounts are received. However, the premium is shown in the statement of net assets and allocated over the life of the debt issue as amortization expense in the statement of activities</p>		
Amount of debt premium amortized in the current year		48,886
<p>In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.</p>		
The amount of interest paid during the current period	233,223	
The amount of interest accrued during the current period	<u>(208,449)</u>	
Interest paid is greater (less) than interest earned by		<u>24,774</u>
Change in net assets-governmental activities		<u>\$ 1,001,029</u>

See accompanying notes to the basic financial statements.

School District of Platteville  
Statement of Net Assets  
Fiduciary Funds  
June 30, 2012

	Private Purpose Trusts	Agency Fund	Total
<b>Assets:</b>			
Cash and investments	\$ <u>46,685</u>	\$ <u>106,863</u>	\$ <u>153,548</u>
Total assets	\$ <u><u>46,685</u></u>	\$ <u><u>106,863</u></u>	\$ <u><u>153,548</u></u>
<b>Liabilities:</b>			
Accounts payable	\$	\$ 232	\$ 232
Due to student groups	<u>                    </u>	<u>106,631</u>	<u>106,631</u>
Total liabilities	<u>                    </u>	<u>106,863</u>	<u>106,863</u>
<b>Net assets:</b>			
Restricted for scholarships	<u>46,685</u>	<u>                    </u>	<u>46,685</u>
Total liabilities and net assets	\$ <u><u>46,685</u></u>	\$ <u><u>106,863</u></u>	\$ <u><u>153,548</u></u>

School District of Platteville  
Statement of Changes in Fiduciary Net Assets  
For the Year Ended June 30, 2012

	<u>Private Purpose Trusts</u>
<b>Additions</b>	
Interest	\$ 995
Contributions	<u>1,131</u>
Total additions	<u>2,126</u>
<b>Deductions</b>	
Scholarships awarded	<u>36,025</u>
Total deductions	<u>36,025</u>
Change in net assets	(33,899)
Net assets-beginning of year	<u>80,584</u>
Net assets-end of year	<u><u>\$ 46,685</u></u>

School District of Platteville  
Notes to the Basic Financial Statements  
June 30, 2012

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The School District of Platteville is organized as a common school district governed by an elected nine-member school board. The district operates grades kindergarten through grade 12 and several adult education and recreation programs. The District is comprised of all or parts of eleven taxing districts.

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

The reporting entity for the district is based upon criteria set forth by the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity. The financial reporting entity consists of (a) organizations for which the stand-alone government is financially accountable and (b) the stand-alone government that is controlled by a separately elected governing body that is legally separate and is fiscally independent. All of the accounts of the district comprise the stand-alone government

B. Basis of Presentation

***District-wide Financial Statements***

The statement of net assets and the statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. The District does not report any business-type activities.

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

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

Internally dedicated resources are reported as general revenues rather than as program revenues.

School District of Platteville  
Notes to the Basic Financial Statements  
June 30, 2012

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***Fund Financial Statements***

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

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

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

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

***Governmental Funds***

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

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

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects or expendable trusts) that are legally restricted to expenditures for specified purposes.

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

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Permanent Funds - Permanent Funds are used to account for resources legally held in trust. All resources of the fund, including any earnings on invested resources, may be used to support the organization.

School District of Platteville  
Notes to the Basic Financial Statements  
June 30, 2012

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***Fiduciary Funds (Not included in district-wide statements)***

Private-Purpose Trust Funds - Private-purpose Trust Funds are used to account for resources legally held in trust for student scholarships.

Agency Funds - Agency Funds are used to account for assets held by the District as an agent for individuals, private organizations, and/or other governmental units.

***Major Funds***

The District reports the following major governmental funds:

General Fund

***Non-Major Funds***

The District reports the following non-major funds:

Special Revenue:

Community Service-accounts for activities associated with providing recreational and enrichment programs to the community.

Package Cooperative-accounts for programs provided on a cooperative basis with other Districts.

Special Revenue Trust-accounts for trust funds that can be used for District operations. The source of such funds is gifts and donations from private parties.

Food Service –accounts for the activities of the District’s food service, generally school hot lunch program.

Debt Service

***Fiduciary Funds***

The District reports the following fiduciary funds:

Private-Purpose Trust Funds –  
Scholarship Fund-accounts for assets that are accumulated to provide scholarships.

Agency Funds –  
Student Activity Fund-accounts for assets held as an agent for various student and parent organizations.

**C. Basis of Accounting**

The District-wide Statement of Net Assets and Statement of Activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

School District of Platteville  
Notes to the Basic Financial Statements  
June 30, 2012

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Cont.)

The modified accrual basis of accounting is followed by the governmental funds and agency funds. Under the modified basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources. 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.

Property tax revenues are recognized as revenue in the fiscal year levied as the District considers the property taxes as due prior to June 30. The District considers the taxes as due on January 31, the date from which interest and penalties accrue for non-payment of a scheduled installment. Full receipt of the entire levy is assured within sixty days of the school's fiscal year-end. Receipt of the balance of taxes levied within sixty days meets the requirements for availability in accordance with U.S. generally accepted accounting principles applicable to governmental entities.

Property taxes are collected by local taxing districts until January 31. Real estate tax collections after that date are made by the county, which assumes all responsibility for delinquent real estate taxes.

The aggregate amount of property taxes to be levied for district purposes is determined according to provisions of Chapter 120 of the Wisconsin Statutes. Property taxes levied by the District are certified to local taxing districts for collection. Property taxes attach as an enforceable lien as of January 1. Taxes are levied in December on the assessed value as of the prior January 1.

Property tax calendar – 2011 tax roll:

Lien date and levy date	December, 2011
Tax bills mailed	December, 2011
Payment in full, or	January 31, 2012
First installment due	January 31, 2012
Second installment due	July 31, 2012
Personal property taxes in full	January 31, 2012

State general and categorical aids and other entitlements are recognized as revenue in the period the District is entitled to the resources and the amounts are available. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred and the amounts are available. Amounts owed to the District which are not available are recorded as receivables and deferred revenue. Amounts received prior to the entitlement period are also recorded as deferred revenue.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, expenditure-driven grant programs, public charges for services, and investment income.



School District of Platteville  
Notes to the Basic Financial Statements  
June 30, 2012

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Charges for services provided to other educational agencies and private parties are recognized as revenue when services are provided. Charges for special educational services are not reduced by anticipated state special education aid entitlements.

For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the District has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

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

**D. Measurement Focus**

On the district-wide Statement of Net Assets and Statement of Activities governmental activities are presented using the economic resources measurement focus. Under this concept, revenues and expenses are matched using the accrual basis of accounting.

The measurement focus of all governmental funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or a reservation of fund equity. Liabilities for claims, judgments, compensated absences and pension contributions which will not be currently liquidated using expendable available financial resources are included as liabilities in the district-wide financial statements but are excluded from the governmental fund financial statements. The related expenditures are recognized in the governmental fund financial statements when the liabilities are liquidated.

**E. Assets and Liabilities**

***Cash and Investments***

The District has pooled the cash resources of its funds in order to maximize investment opportunities. Each fund's portion of total cash and investments is reported as cash and cash equivalents/investments by the District's individual major funds, and in the aggregate for non-major and agency funds.

All deposits of the District are made in board designated official depositories and are secured as required by State Statute. The District may designate, as an official depository, any bank or savings association. Also, the District may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

School District of Platteville  
Notes to the Basic Financial Statements  
June 30, 2012

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost which approximates fair value. Investments with a maturity of more than one year at acquisition and nonmoney market investments are carried at fair value as determined by quoted market prices.

***Accounts Receivable***

All accounts receivable are shown at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided as all amounts are considered collectible.

***Inventories and Prepaid Items***

Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventory in the general fund and governmental activities consist of expendable supplies held for compensation. The costs are recorded as expenditures under the purchase method. Prepaid items represent payments made by the District for which benefits extend beyond June 30.

***Internal Receivables and Payables***

During the course of operations transactions occur between individual funds that may result in amounts owed between funds. Short-term internal loans are reported as "due to and from other funds". Internal receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

***Capital Assets***

District-Wide Statements

In the district-wide financial statements, capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
-Site Improvements	\$ 25,000	20 years
-Buildings	25,000	45 years
-Building Improvements	25,000	20 years
-Furniture and Equipment	5,000	5-20 years
-Computer and Related Technology	5,000	7 years
-Library Books	5,000	5 years

School District of Platteville  
Notes to the Basic Financial Statements  
June 30, 2012

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

***Long-Term Obligations***

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the district-wide or fund financial statements.

All long-term debt to be repaid from governmental resources are reported as liabilities in the District-wide statements. The long-term debt consists primarily of notes, bonds or loans payable, capital leases and accrued compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures.

***Compensated Absences and Other Employee Benefit Amounts***

Vacation

The District's policy allows support staff employees to earn varying amounts of vacation pay each year depending on the total number of years employed. Vacation pay is granted on the employee's anniversary date and is not cumulative. Upon retirement or termination of employment, the employee is entitled to the pro-rated amount of vacation pay. Teachers do not receive vacation benefits. The District Administrator receives four weeks of noncumulative vacation.

Sick Leave

The District's policy allows employees to earn and accumulate ten days of sick leave for each year of service cumulative to one hundred twenty days. When an employee resigns or retires after 10 years of employment, the Board will pay support staff a lump sum of \$20 per day of unused sick leave up to the accumulated total. Teachers will receive a lump sum of \$25 per day of unused sick leave.

The District provides early retirement benefits to employees. To become eligible, the employee must meet the following requirements:

1. Must be eligible to receive early retirement benefits from the Wisconsin Retirement System.
2. Teachers- Must be employed by the District for fifteen years and reached the age of 55 prior to the commencement of the school year in which the retirement will be effective.  
Support Staff- Must be employed by the District for fifteen years, of which ten must be continuous and must have reached the age of 57 prior to the commencement of the school year in which the retirement will be effective.
3. Teachers- Must be employed at least 50%.

School District of Platteville  
Notes to the Basic Financial Statements  
June 30, 2012

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Upon retirement, resignation, or death (after achieving a specified number of years of service), employees receive a lump sum payment based on unused accumulated sick leave.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated sick leave for all employees after 15 years of service who are within 5 years of qualifying for early retirement.

Other Postemployment Benefits

As provided in applicable negotiated contracts, qualified employees meeting minimum age and length of service requirements may be eligible for certain other postemployment benefits directly from the District.

The entire compensated absence and postemployment benefit liabilities are reported on the district-wide financial statements. On governmental fund financial statements, compensated absences and postemployment benefit liabilities are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements.

***Debt Issuance Costs***

In governmental funds, debt issuance costs are recognized in the current period. For the district-wide financial statements, governmental activity debt issuance costs are amortized over the life of the debt issue.

F. Budgets

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.C.

The budgeted amounts presented include amendments adopted during the year. Transfers between functions and changes to the overall budget must be approved by a two-thirds board action. Appropriations lapse at year-end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the two-digit subfunction level in the general fund and at the one digit function level for all other funds.

G. Claims and Judgments

Claims and judgments are recorded as liabilities if all conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is liquidated. Claims and judgments are recorded in the district-wide financial statements as expense when the related liabilities are incurred. There were no significant claims or judgments at year-end.

School District of Platteville  
Notes to the Basic Financial Statements  
June 30, 2012

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Interfund Activity

Charges for services between funds are reported as revenues in the seller funds and as expenditure/expense in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. These transfers are eliminated from the statement of activities. On the fund financial statements, short-term interfund loans are classified as due to/from other funds. These amounts are eliminated in the statement of net assets.

I. Equity Classifications

*District-wide Statements*

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

*Fund Statements*

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable – includes amounts that are not in a spendable form (such as prepaid expenditures) or are required to be maintained intact.
- Restricted – includes amounts constrained to specific purposes by providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation.
- Committed – includes amounts constrained to specific purposes by the Board of Education, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- Assigned – includes amounts a government intends to use for a specific purpose; intent can be expressed by the Board of Education or by an official or body to which the Board of Education delegates the authority.
- Unassigned – includes amounts that are available for any purpose; positive amounts are reported only in the general fund.

School District of Platteville  
Notes to the Basic Financial Statements  
June 30, 2012

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Board may, from time to time, commit additional amounts of fund balance to a specific purpose. Such action shall be taken in open meeting and require the approval of a majority of the Board. Commitments of fund balance, once made, can be modified only by majority vote of the Board.

The School Board is authorized to assign fund balance, to the extent such assignment does not create a negative unassigned fund balance.

The Platteville School Board recognizes the need to maintain an operating reserve in the general fund for the following purposes:

1. Hold adequate working capital to meet cash flow needs during the fiscal year
2. Reduce the need for short-term borrowing
3. Serve as a safeguard for unanticipated expenditures of the District
4. Show fiscal responsibility to maintain a high credit rating which will help reduce future borrowing costs.

The District's fund balance policy does not establish a minimum fund balance requirement.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the District to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the District that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

J. Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 2 EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS  
AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

School District of Platteville  
Notes to the Basic Financial Statements  
June 30, 2012

NOTE 2 EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS  
AND DISTRICT-WIDE STATEMENTS (CONTINUED)

**Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities**

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories.

- a. Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities.
- b. Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording depreciation expense on those items as recorded in the statement of activities.
- c. Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability, interest expense is recorded as incurred, and principal payments are recorded as a reduction of liabilities.

NOTE 3 CASH AND CASH EQUIVALENTS/ INVESTMENTS

As previously discussed, cash for all District funds is pooled for investment purposes. At June 30, 2012, the cash and investments included the following:

Deposits with financial institutions	\$ 2,547,351
Wisconsin Local Government Investment Pool	2,281
Domestic Equities	5,514
Total	\$ 2,555,146

Cash and investments as of June 30, 2012 are classified in the accompanying financial statements as follows:

Per Statement of Net Assets - Governmental Activities	\$ 2,401,598
Per Statement of Net Assets - Fiduciary Funds	
Private Purpose	46,685
Agency	106,863
Total	\$ 2,555,146

School District of Platteville  
Notes to the Basic Financial Statements  
June 30, 2012

NOTE 3

CASH AND CASH EQUIVALENTS/ INVESTMENTS (CONTINUED)

Investments Authorized by Wisconsin Statutes

Investment of District funds is restricted by state statutes. Available investments are limited to:

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

Investments of Fiduciary Funds

Investments of fiduciary funds are authorized by the donor. At June 30, 2012, \$5,514 of fiduciary funds are invested in domestic equities and are reflected at fair market value.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District's investment policy does not address interest rate risk.

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

Investment Type	Remaining Maturity (in Months)			
	Amount	12 months or less	13-24 Months	25-36 Months
Certificates of Deposit	\$ 27,031	\$ 9,000	\$ 2,000	\$ 16,031
WI Local Government Investment Pool (LGIP)	2,281	2,281		
Totals	\$ 29,312	\$ 11,281	\$ 2,000	\$ 16,031



School District of Platteville  
Notes to the Basic Financial Statements  
June 30, 2012

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NOTE 3

CASH AND CASH EQUIVALENTS/ INVESTMENTS (CONTINUED)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District's investment policy limits the District's investments to the Wisconsin Local Government Investment Pool and Wisconsin Liquid Asset Fund. As of June 30, 2012, the District's investment in the Wisconsin Local Government Investment Pool was not rated.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the District would not be able to recover the value of its investment of collateral securities that are in possession of another party. The District's investment policy does not address custodial credit risk.

Deposits in each local and area bank are normally insured by the FDIC in the amount of \$250,000 for interest bearing accounts and \$250,000 for non interest bearing accounts. In addition, the banks used by the district participate in the Dodd-Frank Act. Under this program, the FDIC provides unlimited protection to all noninterest bearing accounts through December 31, 2012. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2012, the fair value of the District's share of the LGIP's assets was substantially equal to the amount reported above. Information on derivatives was not available to the District.

SWIB may invest in obligations of the U.S. Treasury and its agencies, Commercial Paper, Bank Time Deposits/Certificates of Deposit, Bankers' Acceptances, Asset Backed Securities and Repurchase Agreements secured by the U.S. Government or its agencies and other instruments authorized under State Investment Fund Investment guidelines.

Investment allocation in the local government investment pool as of June 30, 2012 was: 82% in U.S. Government Securities, 17% in FDIC insured deposit accounts, and 1% in Bankers' Acceptances. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

At June 30, 2012, all of the District's deposits with financial institutions were insured by Federal depository insurance or collateralized with a repurchase agreement from a local financial institution.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

School District of Platteville  
Notes to the Basic Financial Statements  
June 30, 2012

NOTE 4

CAPITAL ASSETS

Capital Assets

Capital asset balances and activity for the year ended June 30, 2012 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 562,755	\$	\$	\$ 562,755
Total capital assets not being depreciated	562,755			562,755
<i>Capital Assets, being depreciated:</i>				
Buildings/Site Improvements	21,751,820	170,678		21,922,498
Furniture and Equipment	3,269,735	215,769	(75,078)	3,410,426
Vehicles	132,415			132,415
Total Capital Assets, being depreciated	25,153,970	386,447	(75,078)	25,465,339
Total Capital Assets	25,716,725	386,447	(75,078)	26,028,094
<b>Less Accumulated Depreciation:</b>				
Buildings/Site Improvements	9,253,929	487,346		9,741,275
Furniture and Equipment	2,123,320	225,874	(75,078)	2,274,116
Vehicles	87,410	10,088		97,498
Total Accumulated Depreciation	11,464,659	723,308	(75,078)	12,112,889
Total Net Capital Assets	\$ 14,252,066	\$ (336,861)	\$	\$ 13,915,205

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 25,288
Vocational instruction	4,077
Special education	7,260
Other instruction	23,644
Pupil services	1,400
Instructional staff services	38,329
Business administration	102,906
Central services	90,126
Depreciation not charged to a specific function	430,278
Total depreciation for governmental activities	<u>\$ 723,308</u>

School District of Platteville  
Notes to the Basic Financial Statements  
June 30, 2012

NOTE 5

LONG-TERM OBLIGATIONS

Long-term Liabilities

Long-term liability balances and activity for the year ended June 30, 2012 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Bonds	\$ 6,840,000	\$	\$ (1,165,000)	\$ 5,675,000	\$ 1,225,000
Plus: Deferred Issuance Premiums	195,543		(48,886)	146,657	
Sub-Total	7,035,543		(1,213,886)	5,821,657	1,225,000
Compensated Absences	556,865		(24,402)	532,463	24,000
Other Postemployment Benefits	714,304	623,681	(342,194)	995,791	342,000
Per Statement of Net Assets	<u>\$ 8,306,712</u>	<u>\$ 623,681</u>	<u>\$ (1,580,482)</u>	<u>\$ 7,349,911</u>	<u>\$ 1,591,000</u>

Total interest paid and accrued during the year:

	<u>Expense</u>	<u>Paid</u>
General Obligation Debt	<u>\$ 208,449</u>	<u>\$ 233,223</u>

Long-Term 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, 2012 is comprised of the following individual issues:

Description	Issue Date	Interest Rates	Date of Maturity	Balance 6/30/12
Refunding Bonds	02/03/11	3.0-3.5%	03/01/16	\$ 4,325,000
Refunding Bonds	12/21/10	1.8-5.05%	03/01/24	1,350,000
Total General Obligation Debt				<u>\$ 5,675,000</u>

The 2011 equalized valuation of the District, as certified by the Wisconsin Department of Revenue is \$801,929,965. The legal debt limit and margin of indebtedness as of June 30, 2012 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt Limit (10% of \$801,929,965)	\$ 80,192,997
Deduct Long-term Debt Applicable to Debt Margin	<u>(5,675,000)</u>
Margin of Indebtedness	<u>\$ 74,517,997</u>

School District of Platteville  
Notes to the Basic Financial Statements  
June 30, 2012

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

Aggregate cash flow requirements for the retirement of long-term principal and interest at June 30, 2012 follows:

Years Ended June 30,	Principal	Interest	Total
2013	\$ 1,225,000	\$ 186,095	\$ 1,411,095
2014	1,270,000	150,365	1,420,365
2015	1,305,000	113,215	1,418,215
2016	900,000	71,610	971,610
2017	100,000	40,910	140,910
2018-2022	595,000	147,530	742,530
2023-2024	280,000	21,000	301,000
Totals	<u>\$ 5,675,000</u>	<u>\$ 730,725</u>	<u>\$ 6,405,725</u>

NOTE 6

INTERFUND BALANCES AND ACTIVITY

During the fiscal year ended June 30, 2012, \$121,089 was transferred from the general fund to the debt service fund. The community service and food service funds transferred \$147 and \$2,775, respectively, to the general fund. These transfers were used to cover any costs not covered by direct revenues. In the Statement of Activities, these amounts were eliminated.

NOTE 7

DEFINED BENEFIT PENSION PLAN

All eligible School District of Platteville employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year (440 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. Note: Employees hired to work nine or ten months per year, (e.g. teachers contracts), but expected to return year after year are considered to have met the one-year requirement.

Prior to June 29, 2011, covered employees in the General/Teacher/Educational Support Personnel category were required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan. Employers could make these contributions to the plan on behalf of employees. Employers were required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

School District of Platteville  
Notes to the Basic Financial Statements  
June 30, 2012

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, including Teachers, and Executive and Elected Officials. Required contributions for protective contributions 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. Contribution rates are as follows:

	2011		2012	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	5.8%	5.8%	5.9%	5.9%
Executive & Elected Officials	6.65%	6.65%	7.05%	7.05%
Protective with Social Security	5.8%	8.9%	5.9%	9.0%
Protective without Social Security	5.8%	11.2%	5.9%	11.3%

The payroll for School District of Platteville employees covered by the WRS for the year ended June 30, 2012 was \$8,910,237; the employer's total payroll was \$9,310,579. The total required contribution for the year ended June 30, 2012 was \$1,044,689, which consisted of \$560,196 or 6.3% of the covered payroll from the employer and \$484,493 or 5.4% of the covered payroll from the employee. Total contributions for the years ending June 30, 2011 and 2010 were \$1,014,420 and \$920,818 respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee's three highest years earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. 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 become WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

The WRS also provides death and disability benefits for employees. Eligibility for and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes. The WRS issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

NOTE 8

LIMITATION OF SCHOOL DISTRICT REVENUES

Wisconsin statutes limit the amount of revenues school districts are permitted to derive from general state aids and property taxes unless a higher amount is approved by a referendum of the taxpayers. This limitation does not apply to revenues needed for the repayment of any general obligation debt (including refinanced debt) authorized by either of the following: (a) a resolution of the school board or a referendum prior to August 12, 1993, (b) a referendum on or after August 12, 1993.

School District of Platteville  
Notes to the Basic Financial Statements  
June 30, 2012

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NOTE 9

SELF-FUNDING INSURANCE PROGRAM

On August 1, 1998, the District established a self-funded dental plan for its employees. The plan administrators, Delta Dental Plan of Wisconsin, Inc., are responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The plan reports on a fiscal year ended June 30, 2012.

Accounting and budgeting requirements for the plan are established by the Wisconsin Department of Public Instruction. The plan is accounted for in the general fund of the District.

As part of the Dental plan, the coverage the District pays claims up to \$1,000 per individual on a calendar year basis.

As of June 30, 2012, the District has reported a liability of \$12,415, which represents reported and unreported claims which were incurred on or before June 30, 2012, but were not paid by the District as of that date. This amount consists of claims reported to the plan administrator but not the District of \$5,587 and claims which were not yet reported to either the plan administrator or the District of \$6,828. The amounts not reported to the District were determined by the plan administrator.

<u>Year</u>	<u>Accrued Balance at Beginning of Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Accrued Balance at End of Year</u>
2011-2012	\$ 12,430	\$ 185,901	\$ (185,916)	\$ 12,415
2010-2011	\$ 12,242	\$ 186,814	\$ (186,626)	\$ 12,430
2009-2010	\$ 10,983	\$ 184,812	\$ (183,553)	\$ 12,242

School District of Platteville  
Notes to the Basic Financial Statements  
June 30, 2012

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NOTE 10

GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at June 30, 2012 include the following:

Nonspendable:	
Major Fund:	
<b>General Fund:</b>	
Prepaid expenditures	<u>\$ 187,034</u>
Restricted	
Major Fund:	
<b>General Fund:</b>	
Dental reserve	37,310
Nonmajor Funds:	
<b>Community Service Fund:</b>	
Restricted for:	
Community service programs	1,684
<b>Trust Fund:</b>	
Restricted for:	
Purposes of the trust	1,042
<b>Food Service Fund:</b>	
Restricted for:	
Food service programs	127,872
<b>Debt Service Fund:</b>	
Restricted for:	
Future debt service requirements	<u>247,321</u>
Total Restricted	<u>\$ 415,229</u>

School District of Platteville  
Notes to the Basic Financial Statements  
June 30, 2012

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NOTE 11

GOVERNMENTAL ACTIVITIES NET ASSETS

Governmental activities net assets reported on the District-wide Statement of Net Assets at June 30, 2012 includes the following:

Governmental Activities:

Invested in capital assets, net of related debt	
Capital assets, net of accumulated depreciation	\$ 13,915,205
Less: related long-term debt outstanding	<u>(4,429,657)</u>
Total Invested in Capital Assets	<u>9,485,548</u>
Restricted:	
Dental Reserve	37,310
Debt Service	247,321
Community Service	1,684
Trust Donations	1,042
Food Service	<u>127,872</u>
Total Restricted	<u>415,229</u>
Unrestricted	<u>1,242,820</u>
Total Governmental Activities Net Assets	<u>\$ 11,143,597</u>

NOTE 12

OTHER POSTEMPLOYMENT BENEFITS

The School District of Platteville has implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. This implementation allows the District to report its liability for other postemployment benefits consistent with newly established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements.

Plan Description – The School District of Platteville operates a single-employer retiree benefit plan that provides postemployment health insurance benefits to eligible employees and their spouses or dependents. There are 133 active and 64 retired members in the plan. Benefits and eligibility for employees are established and amended through collective bargaining with the recognized bargaining agent for each group; and include postemployment health coverage. Benefits and eligibility for administrators and general support staff are established and amended by the governing body.

Funding Policy – The District funds the policy on a pay-as-you-go-basis.



School District of Platteville  
Notes to the Basic Financial Statements  
June 30, 2012

NOTE 12

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

	Government Activities
Annual required contribution	\$ 619,600
Interest on net OPEB obligation	35,715
Adjustment to annual required contribution	(31,634)
Annual OPEB cost (expense)	623,681
Contributions made	(342,194)
Change in net OPEB obligation	281,487
OPEB obligation at beginning of year	714,304
OPEB obligation at end of year	\$ 995,791

The three-year history of the District’s annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation through the year ending June 30, 2012 were:

Fiscal Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 623,681	55.0%	\$ 995,791
2011	\$ 590,287	48.0%	\$ 714,304
2010	\$ 483,759	58.0%	\$ 406,235

Funded Status and Funding Progress – As of July 1, 2010, the most recent actuarial valuation date, for the period July 1, 2010 through June 30, 2011, the District’s unfunded actuarial accrued liability (UAAL) was \$6,396,045. The annual payroll for active employees covered by the plan in the actuarial valuation was \$9,186,015 for a ratio of the UAAL to covered payroll of 70%.

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

School District of Platteville  
Notes to the Basic Financial Statements  
June 30, 2012

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NOTE 12

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

In the July 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a rate of 5% to discount expected liabilities to the valuation date. The initial healthcare trend rate was 2.5% for medical. The UAAL is being amortized as a level percentage of projected payrolls.

NOTE 13 EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENT

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No.63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and Statement No. 64 Derivative Instruments: Applications of Hedge Accounting Termination Provisions-an amendment of GASB Statement No. 53. The District has not determined the impact of these standards on the financial statements. Application of these standards may restate portions of these financial statements.

Required Supplemental Information

Required Supplementary Information  
School District of Platteville  
Budgetary Comparison Schedule for the General Fund  
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances	
	Original	Final		Positive (Negative)	
				Original to Actual	Final to Actual
<u>Revenues</u>					
Property taxes	\$ 6,831,973	\$ 7,002,580	\$ 7,000,307	\$ 168,334	\$ (2,273)
Local sources	158,725	171,803	207,455	48,730	35,652
Interdistrict	174,347	166,055	245,024	70,677	78,969
State sources	8,017,418	7,247,500	7,248,322	(769,096)	822
Federal sources	463,642	423,852	356,558	(107,084)	(67,294)
Other sources	42,000	75,307	167,434	125,434	92,127
Total revenues	<u>15,688,105</u>	<u>15,087,097</u>	<u>15,225,100</u>	<u>(463,005)</u>	<u>138,003</u>
<u>Expenditures</u>					
Instruction:					
Undifferentiated curriculum	3,351,589	3,258,227	3,358,254	(6,665)	(100,027)
Regular curriculum	3,444,272	3,141,636	2,980,875	463,397	160,761
Vocational curriculum	582,419	516,329	520,671	61,748	(4,342)
Physical curriculum	545,643	493,815	563,762	(18,119)	(69,947)
Co-curricular activities	364,685	336,599	362,949	1,736	(26,350)
Other special needs	84,687	103,692	36,660	48,027	67,032
Support Services:					
Pupil services	459,218	411,561	406,176	53,042	5,385
Instructional staff services	733,518	720,609	701,584	31,934	19,025
General administration	237,162	280,085	253,147	(15,985)	26,938
School building administration	997,929	952,618	911,244	86,685	41,374
Business administration	2,212,855	2,175,374	2,277,908	(65,053)	(102,534)
Central services	532,206	546,852	556,779	(24,573)	(9,927)
Insurance & judgments	131,000	137,000	144,693	(13,693)	(7,693)
Principal and interest	31,788			31,788	
Other support service	292,424	315,575	298,028	(5,604)	17,547
Purchased instructional services	170,007	162,600	203,765	(33,758)	(41,165)
Total expenditures	<u>14,171,402</u>	<u>13,552,572</u>	<u>13,576,495</u>	<u>594,907</u>	<u>(23,923)</u>
Excess (deficiency) of revenues over expenditures	1,516,703	1,534,525	1,648,605	131,902	114,080
<u>Other Financing Sources (Uses)</u>					
Operating transfers in	19,756	20,033	19,549	(207)	(484)
Adjustments and refunds		(3,000)			3,000
Operating transfers (out)	(1,536,459)	(1,551,558)	(1,314,603)	221,856	236,955
Net change in fund balance			353,551	353,551	353,551
Fund balance-beginning of year	<u>3,845,245</u>	<u>3,845,245</u>	<u>3,845,245</u>		
Fund balance-end of year	<u>\$ 3,845,245</u>	<u>\$ 3,845,245</u>	<u>\$ 4,198,796</u>	<u>\$ 353,551</u>	<u>\$ 353,551</u>

Required Supplementary Information

School District of Platteville  
 Budgetary Comparison Schedule for the Special Education Fund  
 For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances- Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
<u>Revenues:</u>					
Interdistrict sources	\$ 15,160	\$ 15,160	\$ 22,203	\$ 7,043	\$ 7,043
Intermediate sources	5,000	5,000	2,943	(2,057)	(2,057)
State sources	517,937	517,937	520,871	2,934	2,934
Federal sources	430,068	427,503	419,045	(11,023)	(8,458)
Total revenues	<u>968,165</u>	<u>965,600</u>	<u>965,062</u>	<u>(3,103)</u>	<u>(538)</u>
<u>Expenditures:</u>					
<u>Instruction:</u>					
Special instruction	1,743,896	1,721,684	1,609,330	134,566	112,354
Total instruction	<u>1,743,896</u>	<u>1,721,684</u>	<u>1,609,330</u>	<u>134,566</u>	<u>112,354</u>
<u>Support Services:</u>					
Pupil services	231,459	231,459	226,802	4,657	4,657
Instructional staff services	156,844	155,844	142,863	13,981	12,981
Business services	82,629	81,129	56,115	26,514	25,014
Other support services	90,150	90,150	106,839	(16,689)	(16,689)
Purchased instructional services	65,741	87,888		65,741	87,888
Total support services	<u>626,823</u>	<u>646,470</u>	<u>532,619</u>	<u>94,204</u>	<u>113,851</u>
Total expenditures	<u>2,370,719</u>	<u>2,368,154</u>	<u>2,141,949</u>	<u>228,770</u>	<u>226,205</u>
Excess (deficiency) of revenues over expenditures	(1,402,554)	(1,402,554)	(1,176,887)	225,667	225,667
<u>Other Financing Sources (Uses):</u>					
Transfer to general fund	(19,004)	(19,004)	(16,627)	2,377	2,377
Transfer from general fund	<u>1,421,558</u>	<u>1,421,558</u>	<u>1,193,514</u>	<u>(228,044)</u>	<u>(228,044)</u>
Net change in fund balance					
Fund balance-beginning of year					
Fund balance-end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

Required Supplementary Information

School District of Platteville  
 Schedule of Funding Progress for  
 Postemployment Benefit Plans  
 June 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) (2)	Unfunded AAL (2-1)	Funded Ratio (1/2)	Covered Payroll (3)	UAAL as a Percentage of Covered Payroll ((2-1)/3)
7/1/2010		\$ 6,396,045	\$ 6,396,045	0%	\$ 9,186,015	70%
7/1/2007		4,438,091	4,438,091	0%	8,969,553	49%

Note: The District has only had two valuations performed. A third valuation will be presented when it occurs.

School District of Platteville  
Notes to the Budgetary Schedules  
For the Year Ended June 30, 2012

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NOTE 1

BUDGET SCHEDULE

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. The legally adopted budget and budgetary expenditure control is exercised at the 2-digit subfunctions for the general fund and at the one digit function for all other funds. Reported budget amounts are as originally adopted or as amended by the 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 alter the proposed budget.
- After 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.

The District is legally required by the State of Wisconsin to maintain and budget separately for a Special Education Fund. GASB Statement No. 54 requires the Special Education Fund to be combined with the General Fund in the basic financial statements. Due to the perspective differences in budgeting, the required supplementary information reports the budgetary comparison information separately for the General Fund and the Special Education Fund.

Except as noted in the previous paragraph, annual budgets are adopted on a basis consistent with U.S generally accepted accounting principles for all governmental and special revenue funds.

Appropriations lapse at year-end unless authorized as a carryover by the School Board.

School District of Platteville  
Notes to the Budgetary Schedules  
For the Year Ended June 30, 2012

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NOTE 2

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following functions/subfunctions had an excess of actual expenditures over budget for the year ended June 30, 2012:

<u>Fund</u>	<u>Excess Expenditures</u>
General Fund:	
Undifferentiated Curriculum	\$ 100,027
Vocational Instruction	4,342
Physical Curriculum	69,947
Co-curricular Activities	26,350
Business Administration	102,534
Central Services	9,927
Insurance & Judgments	7,693
Purchased Instructional Services	41,165



School District of Platteville  
Notes to the Budgetary Schedules  
For the Year Ended June 30, 2012

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NOTE 3

EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY  
INFLOWS AND OUTFLOWS AND GAAP REVENUES AND EXPENDITURES

	<u>General Fund</u>	<u>Special Education Fund</u>
<b>A) Sources/Inflows of Resources:</b>		
Actual amounts "total revenues" from the budgetary comparison schedules	\$ <u>15,225,100</u>	\$ <u>965,062</u>
Reclassification:		
Special education fund revenues are reclassified to the general fund, required for GAAP reporting	<u>965,062</u>	<u>(965,062)</u>
The general fund revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	\$ <u>16,190,162</u>	\$ <u>                    </u>
	<u>General Fund</u>	<u>Special Education Fund</u>
<b>B) Uses/Outflows of Resources:</b>		
Actual amounts "total expenditures" from the budgetary comparison schedules	\$ 13,576,495	\$ 2,141,949
Reclassification:		
Special education fund expenditures are reclassified to the general fund, required for GAAP reporting	<u>2,141,949</u>	<u>(2,141,949)</u>
The general fund expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	\$ <u>15,718,444</u>	\$ <u>                    </u>

Supplemental Information

School District of Platteville  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2012

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Community Service	Package Cooperative	Trust	Food Service	Debt Service	
<b>Assets</b>						
Cash and investments	\$ 1,684		\$ 1,042	\$ 84,886	\$ 247,321	\$ 334,933
Due from other governments		16,299		42,986		59,285
<b>Total assets</b>	<u>\$ 1,684</u>	<u>\$ 16,299</u>	<u>\$ 1,042</u>	<u>\$ 127,872</u>	<u>\$ 247,321</u>	<u>\$ 394,218</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Due to other funds		\$ 16,299				\$ 16,299
<b>Total liabilities</b>		<u>16,299</u>				<u>16,299</u>
<b>Fund balances:</b>						
Restricted	1,684		1,042	127,872	247,321	377,919
<b>Total fund balances</b>	<u>1,684</u>		<u>1,042</u>	<u>127,872</u>	<u>247,321</u>	<u>377,919</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,684</u>	<u>\$ 16,299</u>	<u>\$ 1,042</u>	<u>\$ 127,872</u>	<u>\$ 247,321</u>	<u>\$ 394,218</u>

School District of Platteville  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2012

	Special Revenue Funds					Total Nonmajor Governmental Funds	
	Community Service	Package Cooperative	Trust	Food Service	Debt Service		
<b>Revenues:</b>							
Property taxes	\$		\$		\$	1,277,818	\$ 1,277,818
Other local sources		33,574		51,065		406,040	3 490,682
State sources						15,600	15,600
Federal sources			51,706			333,688	385,394
Other sources						246	246
<b>Total revenues</b>		<u>33,574</u>		<u>51,065</u>		<u>755,574</u>	<u>1,277,821</u> 2,169,740
<b>Expenditures:</b>							
<b>Instruction:</b>							
Regular instruction				33,642			33,642
Vocational instruction			27,851				27,851
Other instruction				16,783			16,783
<b>Total instruction</b>			<u>27,851</u>	<u>50,425</u>			<u>78,276</u>
<b>Support Services</b>							
Pupil services			5,380				5,380
Instructional staff services			18,278	8,802			27,080
Business services			197				197
Community services		32,016					32,016
Food services						726,822	726,822
Principal payments						1,165,000	1,165,000
Interest and fiscal charges						234,407	234,407
<b>Total support services</b>		<u>32,016</u>	<u>23,855</u>	<u>8,802</u>		<u>726,822</u>	<u>1,399,407</u> 2,190,902
<b>Total expenditures</b>		<u>32,016</u>	<u>51,706</u>	<u>59,227</u>		<u>726,822</u>	<u>1,399,407</u> 2,269,178
Excess (deficiency) of revenues over expenditures		1,558		(8,162)		28,752	(121,586) (99,438)
<b>Other Financing Sources (Uses)</b>							
Transfer from general fund						121,089	121,089
Transfer to general fund		(147)				(2,775)	(2,922)
<b>Total other financing sources (uses)</b>		<u>(147)</u>				<u>(2,775)</u>	<u>121,089</u> 118,167
Net change in fund balance		1,411		(8,162)		25,977	(497) 18,729
Fund balances-beginning of year		273		9,204		101,895	247,818 359,190
Fund balances-end of year	\$	<u>1,684</u>	\$	<u>1,042</u>	\$	<u>127,872</u>	\$ <u>247,321</u> \$ 377,919

School District of Platteville  
Pupil Activity Funds  
Schedule of Changes in Assets and Liabilities  
For the Year Ended June 30, 2012

	<u>Balance</u> <u>7/1/2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2012</u>
<u>Assets</u>				
Cash & investments	\$ 106,391	\$ 234,926	\$ (234,454)	\$ 106,863
Total assets	<u>\$ 106,391</u>	<u>\$ 234,926</u>	<u>\$ (234,454)</u>	<u>\$ 106,863</u>
<u>Liabilities</u>				
Accounts payable	\$	\$ 232	\$	\$ 232
Due to student organizations:				
Elementary School	4,186	27,274	(30,388)	1,072
Middle School	16,215	32,907	(33,895)	15,227
High School	70,638	174,904	(169,992)	75,550
District Wide	<u>15,352</u>	<u>885,712</u>	<u>(886,282)</u>	<u>14,782</u>
Total liabilities	<u>\$ 106,391</u>	<u>\$ 1,121,029</u>	<u>\$ (1,120,557)</u>	<u>\$ 106,863</u>

School District of Platteville  
 Package Cooperative Fund  
 Detail Schedule of Expenditures  
 For the Year Ended June 30, 2012

WUFAR Code	Function	Salaries	Employee Benefits	Purchased Services	Non-Capital Objects	Capital Objects	Total
130000	Vocational	\$	\$	142	\$ 3,670	\$ 24,039	\$ 27,851
200000	Support Service			18,875	4,980		23,855
Total Expenditures		\$	\$	\$ 19,017	\$ 8,650	\$ 24,039	\$ 51,706



Certified Public Accountants

2500 Business Park Road ▲ Mineral Point, Wisconsin 53565 ▲ TEL 608-987-2206 ▲ FAX 608-987-3391

COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES

To the Board of Education  
School District of Platteville  
Platteville, Wisconsin

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Platteville Unified School District ("District") as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 would not necessarily 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 discussed below, we identified certain deficiencies in internal control that we consider to be material weakness and other deficiencies 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 following deficiency in the District's internal control to be a material weakness:

Segregation of Duties

The size of the office staff precludes a proper separation of functions to assure adequate internal control. This is not unusual in organizations of your size, but management should continue to be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in management's knowledge and monitoring of matters relating to the District's operations. Management of the District takes an active part in monitoring matters relating to District operations.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the District's internal control to be significant deficiencies:

Preparation of Financial Statements

The District's staff does not prepare the financial statements and accompanying notes. It has designated an individual responsible for reviewing and accepting the financial statements and related notes.

Pupil Activity Checking Account

A pupil activity checking account was not recorded in the District's books prior to the audit. During the audit, the District recorded the account in a separate pupil activity fund. The District office will receive monthly financial statements from the pupil activity and reflect activity in the general ledger throughout the year.

Other observations are summarized on the attached page.

This communication is intended solely for the information and use of management, the Board of Education, and others within the administration, and is not intended to be and should not be used by anyone other than these specified parties.

JOHNSON BLOCK AND COMPANY, INC.

*Johnson Block and Company, Inc.*

Mineral Point, Wisconsin  
November 7, 2012



### Student Activity Funds

The District has one student activity with a negative cash balance at June 30, 2012. We recommend that activities not be allowed to carry negative cash balances.

### Old Outstanding Checks

The District has several checks outstanding greater than six months. We recommend the District void and reissue the checks or add the amounts back to cash.

### Budget Appropriations

We noted the District was over budget in several expenditure functions. We recommend the District approve budget amendments throughout the year to prevent expenditures from exceeding budget appropriations. Budget amendments require authorization by a vote of two-thirds of a board's entire membership.

### Athletic Event Procedures

Collectors of athletic event cash receipts do not count their collections before giving money to the Athletic Director for deposit. There is a lack of control over the receipts until money is counted. We recommend requiring collectors to count their receipts before giving money to the Athletic Director.

Collectors also do not collect tickets for each paying individual. The use of tickets allows for a reconciliation of cash collected to tickets issued. We recommend issuing tickets at sporting events to allow for a reconciliation. The individuals collecting the money should not also be the person collecting the tickets.



**Johnson & Block**  
AND COMPANY, INC.

Certified Public Accountants

2500 Business Park Road ▲ Mineral Point, Wisconsin 53565 ▲ TEL 608-987-2206 ▲ FAX 608-987-3391

November 7, 2012

To the Board of Education  
School District of Platteville

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the School District of Platteville ("District"), for the year ended June 30, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have previously communicated such information to you in our engagement letter. Professional standards also require that we provide you with the following information related to the audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies were not changed for the year ending June 30, 2012. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the district-wide financial statements were:

- 1) Management's estimate of the vested sick leave is based on the probability of employees meeting the requirement to be paid for sick leave at the time of retirement. We evaluated the key factors and assumptions used to develop the liability of future payment of sick leave in determining that it is reasonable in relation to the financial statements taken as a whole.
- 2) Management's estimate of the other postemployment benefits liability is based on various factors. The estimated liability was computed by an actuarial study performed for the fiscal year beginning July 1, 2011. We evaluated the key factors and assumptions used to develop the liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was the disclosure of the other postemployment benefits liability in Note 12 to the financial statements.

The disclosures in the financial statements are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following material misstatements detected as a result of audit procedures were corrected by management:

- Recognize Microsoft settlement revenue

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 7, 2012.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Education and management and is not intended to be and should not be used by anyone other than those specified parties.

Very truly yours,

*JOHNSON BLOCK AND COMPANY, INC.*

*Johnson Block and Company, Inc.*

**Platteville School District**

<b>Reference</b>	<b>Type</b>	<b>Date Account Number</b>	<b>Description</b>	<b>Debit</b>	<b>Credit</b>	<b>Net Income Effect</b>	<b>Workpaper</b>
PJE01	Potential	06/30/12					
		10-250000-000	Total Business Administration	13,156.00			
		10-811800-000	Accrued Payable		13,156.00		
		10-250000-000	Total Business Administration		13,959.00		
		10-933000-000	Unassigned	13,959.00			
			Record accrued payroll at 6/30/12			803.00	BB-1
		TOTAL		<u>27,115.00</u>	<u>27,115.00</u>	<u>803.00</u>	