

PLATTEVILLE SCHOOL DISTRICT

FINANCIAL STATEMENTS

Including Independent Auditor's Report

As of and for the year ended June 30, 2014

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School District of Platteville
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For the Year Ended June 30, 2014

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Platteville as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Platteville, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 33 through page 36 and schedule of funding progress for postemployment benefit plans on page 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 for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires 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.

Other Information

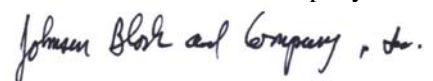
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District of Platteville's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

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

Johnson Block and Company, Inc.



November 4, 2014
Mineral Point, WI

BASIC FINANCIAL STATEMENTS

School District of Platteville
Statement of Net Position
June 30, 2014

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,521,001
Receivables:	
Taxes	2,841,141
Due from other governmental units	261,113
Other accounts	6,819
Prepaid expenses	247,218
Total current assets	5,877,292
Noncurrent assets:	
Capital assets	27,000,352
Less: accumulated depreciation	(13,450,487)
Total capital assets	13,549,865
Total assets	\$ 19,427,157
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 245
Accrued liabilities:	
Accrued salaries and wages	914,075
Payroll taxes and withholdings	321,650
Deposits	10,419
Interest	37,739
Current portion of long-term obligations	2,200,572
Total current liabilities	3,484,700
Noncurrent liabilities:	
Bonds and notes payable,	
Plus deferred debt premium of \$73,327	3,253,327
Compensated absences	259,136
Other postemployment benefits	358,599
Other pension benefits	277,196
Less: current portion	(2,200,572)
Total noncurrent liabilities	1,947,686
Total liabilities	5,432,386
NET POSITION	
Net investment in capital assets	11,466,538
Restricted	339,890
Unrestricted	2,188,343
Total net position	13,994,771
Total liabilities and net position	\$ 19,427,157

See accompanying notes to the basic financial statements.

School District of Platteville
Statement of Activities
For the Year Ended June 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		Net (Expenses)
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
				Total Governmental Activities
Governmental activities:				
Instruction:				
Regular instruction	\$ 6,378,203	\$ 372,059	\$ 392,692	\$ (5,613,452)
Vocational instruction	417,542		952	(416,590)
Special instruction	1,618,363		761,835	(856,528)
Other instruction	973,299	109,250		(864,049)
Total instruction	9,387,407	481,309	1,155,479	(7,750,619)
Support services:				
Pupil services	736,242		119,634	(616,608)
Instructional staff services	1,008,415		133,337	(875,078)
General administration services	279,295			(279,295)
Building administration services	843,494			(843,494)
Business services	2,457,316	29,850	53,334	(2,374,132)
Central services	622,498	44,726		(577,772)
Insurance	147,545			(147,545)
Other support services	995,825		20,029	(975,796)
Community services	23,222	15,564		(7,658)
Food services	790,129	363,729	382,291	(44,109)
Interest and fiscal charges	138,983			(138,983)
Depreciation-unallocated	400,972			(400,972)
Total support services	8,443,936	453,869	708,625	(7,281,442)
Total governmental activities	17,831,343	935,178	1,864,104	(15,032,061)
Total school district	\$ 17,831,343	\$ 935,178	\$ 1,864,104	\$ (15,032,061)
General revenues:				
Property taxes				
General purposes				7,132,017
Debt services				1,277,516
Other taxes				25,026
Federal and State aid not restricted for specific purposes				
General				7,745,353
Interest and investment earnings				45,920
Loss on disposal of capital assets				(3,971)
Total general revenues				16,221,861
Change in net position				1,189,800
Net position-beginning of year				12,804,971
Net position-end of year				\$ 13,994,771

School District of Platteville
Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 2,191,643	\$ 329,358	\$ 2,521,001
Receivables:			
Taxes	2,841,141		2,841,141
Due from other funds	5,066		5,066
Due from other governments	242,667	18,446	261,113
Other accounts	5,311	1,508	6,819
Prepaid expenditures	247,218		247,218
 Total assets	 \$ 5,533,046	 \$ 349,312	 \$ 5,882,358
LIABILITIES			
Accounts payable	\$ 245	\$	\$ 245
Due to other funds		5,066	5,066
Accrued salaries and wages	914,075		914,075
Deposits	321,650		321,650
Unearned revenue	2,505	7,914	10,419
 Total liabilities	 1,238,475	 12,980	 1,251,455
FUND BALANCES			
Nonspendable	247,218		247,218
Restricted		339,890	339,890
Assigned	110,385		110,385
Unassigned (deficit)	3,936,968	(3,558)	3,933,410
 Total fund balances	 4,294,571	 336,332	 4,630,903
 Total liabilities and fund balances	 \$ 5,533,046	 \$ 349,312	 \$ 5,882,358

Total net position reported for governmental activities in the statement of net position 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 position:

Governmental capital assets	\$ 27,000,352	
Governmental accumulated depreciation	(13,450,487)	13,549,865

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 position that are not reported in the funds balance sheet are:

Bonds and notes payable	3,180,000	
Bond premium	73,327	
Accrued interest on general obligation debt	37,739	
Compensated absences	259,136	
Other postemployment benefits	358,599	
Other pension benefits	277,196	(4,185,997)

Total net position-governmental activities	\$ 13,994,771	
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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, 2014

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 7,146,531	\$ 1,277,516	\$ 8,424,047
Other local sources	148,803	409,953	558,756
Interdistrict sources	371,610		371,610
Intermediate sources	3,638		3,638
State sources	8,298,825	16,052	8,314,877
Federal sources	912,616	363,720	1,276,336
Other sources	60,087	2,519	62,606
Total revenues	<u>16,942,110</u>	<u>2,069,760</u>	<u>19,011,870</u>
EXPENDITURES			
Instruction:			
Regular instruction	6,554,531	8,771	6,563,302
Vocational instruction	432,456		432,456
Special instruction	1,641,360		1,641,360
Other instruction	879,664	24,030	903,694
Total instruction	<u>9,508,011</u>	<u>32,801</u>	<u>9,540,812</u>
Support services:			
Pupil services	766,428		766,428
Instructional staff services	1,031,220		1,031,220
General administration services	283,871		283,871
Building administration services	914,833		914,833
Business services	2,621,600	15,668	2,637,268
Central services	645,320		645,320
Insurance	147,545		147,545
Principal payments		1,270,000	1,270,000
Interest and fiscal charges		151,365	151,365
Other support services	999,544		999,544
Community services		23,222	23,222
Food services		789,292	789,292
Total support services	<u>7,410,361</u>	<u>2,249,547</u>	<u>9,659,908</u>
Total expenditures	<u>16,918,372</u>	<u>2,282,348</u>	<u>19,200,720</u>
Excess (deficiency) of revenues over expenditures	23,738	(212,588)	(188,850)
OTHER FINANCING SOURCES (USES)			
Transfer to debt service fund	(143,290)		(143,290)
Transfer from general fund		143,290	143,290
Total other financing sources (uses)	<u>(143,290)</u>	<u>143,290</u>	
Net change in fund balances	(119,552)	(69,298)	(188,850)
Fund balances-beginning of year	4,414,123	405,630	4,819,753
Fund balances-end of year	<u>\$ 4,294,571</u>	<u>\$ 336,332</u>	<u>\$ 4,630,903</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, 2014

Net change in fund balances-total governmental funds \$ (188,850)

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

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 position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.

Capital outlay reported in governmental fund statements	539,274	
Depreciation expenses reported in the statement of activities	<u>(763,908)</u>	
Amount by which capital outlays are greater (less) than depreciation in the current period.		(224,634)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations and disposals) is to decrease net position: (14,471)

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.

Change in compensated absences		1,197
Change in other postemployment benefits		391,298
Change in other pension benefits		(93,788)

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 position. 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 position and does not affect the statement of activities.

Amount of long-term debt principal payments in the current year		1,270,000
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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 position and allocated over the life of the debt issue as interest income in the statement of activities

Amount of debt premium amortized in the current year		36,665
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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.

The amount of interest paid during the current period	150,365	
The amount of interest accrued during the current period	<u>(137,982)</u>	
Interest paid is greater (less) than interest earned by		<u>12,383</u>

Change in net position-governmental activities		<u>\$ 1,189,800</u>
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School District of Platteville
Statement of Net Position
Fiduciary Funds
June 30, 2014

	Private Purpose Trusts	Agency Fund	Total
ASSETS			
Cash and investments	\$ <u>48,722</u>	\$ <u>151,573</u>	\$ <u>200,295</u>
Total assets	\$ <u><u>48,722</u></u>	\$ <u><u>151,573</u></u>	\$ <u><u>200,295</u></u>
LIABILITIES			
Due to student groups	\$ _____	\$ <u>151,573</u>	\$ <u>151,573</u>
Total liabilities	_____	<u>151,573</u>	<u>151,573</u>
NET POSITION			
Restricted for scholarships	<u>48,722</u>	_____	<u>48,722</u>
Total liabilities and net position	\$ <u><u>48,722</u></u>	\$ <u><u>151,573</u></u>	\$ <u><u>200,295</u></u>

School District of Platteville
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2014

	Private Purpose Trusts
ADDITIONS	
Interest	\$ 512
Contributions	1,352
Total additions	1,864
DEDUCTIONS	
Scholarships awarded	1,777
Change in net position	87
Net position-beginning of year	48,635
Net position-end of year	\$ 48,722

NOTES TO THE FINANCIAL STATEMENTS

School District of Platteville
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For the Year Ended June 30, 2014

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School District of Platteville
Notes to the Basic Financial Statements
June 30, 2014

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 position 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, 2014

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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, 2014

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.

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 Position 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, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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 – 2013 tax roll:

Lien date and levy date	December, 2013
Tax bills mailed	December, 2013
Payment in full, or	January 31, 2014
First installment due	January 31, 2014
Second installment due	July 31, 2014
Personal property taxes in full	January 31, 2014

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 inflows of resources. Amounts received prior to the entitlement period are also recorded as deferred inflows of resources.

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, 2014

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 inflows of resources arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred inflows of resources 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, deferred inflows of resources 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 Position 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 inflows of resources 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, 2014

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 Position.

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 Position. 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, 2014

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

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 up to 12 days of sick leave for each year of service cumulative to one hundred twenty days. When an employee resigns or retires after 15 years of employment, an amount equal to \$100 per 8 hour unused sick day, up to a maximum amount at \$12,000, shall be added to the employee's other postemployment benefit. The benefits resulting from unused sick leave are a compensated absence.

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

1. 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.
2. Teachers- Must be employed at least 50%.

School District of Platteville
Notes to the Basic Financial Statements
June 30, 2014

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 at fiscal yearend, 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.

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 sub-function 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, 2014

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 position.

I. Equity Classifications

District-wide Statements

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. 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 net investment in capital assets.
- b. Restricted net position - Consists of net position 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 position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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, 2014

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, District Administrator, Director of Business Services and Bookkeeper are 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, 2014

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, 2014, the cash and investments included the following:

Deposits with financial institutions	\$ 2,709,218
Wisconsin Local Government Investment Pool	2,286
Domestic equities	9,792
Total	\$ 2,721,296

Cash and investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

Per Statement of Net Position - Governmental activities	\$ 2,521,001
Per Statement of Net Position - Fiduciary funds	
Private purpose	48,722
Agency	151,573
Total	\$ 2,721,296

School District of Platteville
Notes to the Basic Financial Statements
June 30, 2014

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, 2014, \$9,792 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	36-48 months
Certificates of deposit	\$ 27,031	\$ 18,031	\$ 2,000	\$ 7,000
WI Local Government Investment Pool (LGIP)	2,286	2,286		
Totals	\$ 29,317	\$ 20,317	\$ 2,000	\$ 7,000

School District of Platteville
Notes to the Basic Financial Statements
June 30, 2014

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, 2014, 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 credit 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 time and savings accounts and \$ 250,000 for demand accounts. 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, 2014, 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, 2014 was: 99% in U.S. Government Securities and 1% in Bankers' Acceptances. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

At June 30, 2014, all of the District's deposits with financial institutions were insured by Federal depository insurance or collateralized. Fluctuating cash flows during the year due to tax collections, receipt of state aids and proceeds from borrowing may have resulted in temporary balances exceeding uninsured amounts.

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, 2014

NOTE 4

CAPITAL ASSETS

Capital Assets

Capital asset balances and activity for the year ended June 30, 2014 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 562,755	\$	\$	\$ 562,755
Construction work in progress		17,215		17,215
Total capital assets not being depreciated	562,755	17,215		579,970
 <i>Capital assets, being depreciated:</i>				
Buildings/site improvements	22,058,698	193,987		22,252,685
Furniture and equipment	3,785,108	328,072	(77,898)	4,035,282
Vehicles	132,415			132,415
Total capital assets, being depreciated	25,976,221	522,059	(77,898)	26,420,382
Total capital assets	26,538,976	539,274	(77,898)	27,000,352
 Less accumulated depreciation:				
Buildings/site improvements	10,212,903	477,688		10,690,591
Furniture and equipment	2,431,321	277,936	(63,427)	2,645,830
Vehicles	105,782	8,284		114,066
Total accumulated depreciation	12,750,006	763,908	(63,427)	13,450,487
Total net capital assets	\$ 13,788,970	\$ (224,634)	\$ (14,471)	\$ 13,549,865

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 30,256
Vocational instruction	2,779
Special education	4,700
Other instruction	18,342
Pupil services	1,600
Instructional staff services	17,583
Business administration	148,542
Central services	138,984
Food services	150
Depreciation not charged to a specific function	400,972
Total depreciation for governmental activities	\$ 763,908

School District of Platteville
Notes to the Basic Financial Statements
June 30, 2014

NOTE 5

LONG-TERM OBLIGATIONS

Long-term liabilities

Long-term liability balances and activity for the year ended June 30, 2014 were as follows:

	<u>Beginning</u>		<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>	<u>Current</u>
	Balance				Balance	Portion
Bonds	\$ 4,450,000	\$		\$ (1,270,000)	\$ 3,180,000	\$ 1,305,000
Plus: deferred bond premium	<u>109,992</u>			<u>(36,665)</u>	<u>73,327</u>	
Sub-total	4,559,992			(1,306,665)	3,253,327	1,305,000
Compensated absences	260,333	22,137		(23,334)	259,136	23,000
Other postemployment benefits	749,897	354,116		(745,414)	358,599	745,000
Other pension benefits	<u>183,408</u>	<u>190,689</u>		<u>(96,901)</u>	<u>277,196</u>	<u>127,572</u>
Per statement of net position	<u>\$ 5,753,630</u>	<u>\$ 566,942</u>	<u>\$ (2,172,314)</u>	<u>\$ 4,148,258</u>	<u>\$ 2,200,572</u>	

Total interest paid and accrued during the year:

	<u>Expense</u>	<u>Paid</u>
General obligation debt	<u>\$ 137,982</u>	<u>\$ 150,365</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, 2014 is comprised of the following individual issues:

Description	Issue Date	Interest Rates	Date of Maturity	Balance 6/30/14
Refunding bonds	02/03/11	3.25-3.5%	03/01/16	\$ 2,010,000
Refunding bonds	12/21/10	2.4-5.05%	03/01/24	<u>1,170,000</u>
Total general obligation debt				<u>\$ 3,180,000</u>

The 2013 equalized valuation of the District, as certified by the Wisconsin Department of Revenue is \$801,878,998. The legal debt limit and margin of indebtedness as of June 30, 2014 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (10% of \$801,878,998)	\$ 80,187,900
Deduct long-term debt applicable to debt margin	<u>(3,180,000)</u>
Margin of indebtedness	<u>\$ 77,007,900</u>

School District of Platteville
Notes to the Basic Financial Statements
June 30, 2014

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

Aggregate cash flow requirements for the retirement of long-term principal and interest at June 30, 2014 follows:

Years Ended	Principal	Interest	Total
<u>June 30,</u>	<u> </u>	<u> </u>	<u> </u>
2015	\$ 1,305,000	\$ 113,215	\$ 1,418,215
2016	900,000	71,610	971,610
2017	100,000	40,910	140,910
2018	105,000	37,910	142,910
2019	115,000	34,340	149,340
2020-2024	655,000	96,280	751,280
Totals	<u>\$ 3,180,000</u>	<u>\$ 394,265</u>	<u>\$ 3,574,265</u>

NOTE 6

INTERFUND BALANCES AND ACTIVITY

During the fiscal year ended June 30, 2014, \$143,290 was transferred from the general fund to the debt service fund. This transfer was used to cover any costs not covered by direct revenues. In the Statement of Activities, this amount was 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.

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:

School District of Platteville
Notes to the Basic Financial Statements
June 30, 2014

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

	<u>2013</u>		<u>2014</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers)	6.65%	6.65%	7.0%	7.0%
Executive & elected officials	7.0%	7.0%	7.75%	7.75%
Protective with social security	6.65%	9.75%	7.0%	10.10%
Protective without social security	6.65%	12.35%	7.0%	13.70%

The payroll for the School District of Platteville employees covered by the WRS for the year ended June 30, 2014 was \$8,863,908; the employer's total payroll was \$9,316,432. The total required contribution for the year ended June 30, 2014 was \$1,217,451, which consisted of \$608,726 or 6.9% of the covered payroll from the employer and \$608,725 or 6.9% of the covered payroll from the employee. Total contributions for the years ended June 30, 2013 and 2012 were \$1,081,259 and \$1,044,689 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.

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, 2014.

School District of Platteville
Notes to the Basic Financial Statements
June 30, 2014

NOTE 9

SELF-FUNDING INSURANCE PROGRAM (CONTINUED)

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, 2014, the District has reported a liability of \$13,495, which represents reported and unreported claims which were incurred on or before June 30, 2014, 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 \$6,073 and claims which were not yet reported to either the plan administrator or the District of \$7,422. 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>
2013-2014	\$ 14,503	\$ 204,938	\$ (205,946)	\$ 13,495
2012-2013	12,415	215,258	(213,170)	14,503
2011-2012	12,430	185,901	(185,916)	12,415

School District of Platteville
Notes to the Basic Financial Statements
June 30, 2014

NOTE 10

GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at June 30, 2014 include the following:

Nonspendable:	
Major fund:	
General fund:	
Prepaid expenditures	<u>\$ 247,218</u>
Restricted:	
Nonmajor funds:	
Food service fund:	
Restricted for:	
Food service programs	\$ 92,580
Debt service fund:	
Restricted for:	
Future debt service requirements	<u>247,310</u>
Total restricted	<u>\$ 339,890</u>

At June 30, 2014, the following nonmajor fund had a deficit fund balance:

Community service	<u>\$ (3,558)</u>
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School District of Platteville
Notes to the Basic Financial Statements
June 30, 2014

NOTE 11

GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the District-wide Statement of Net Position at June 30, 2014 includes the following:

Governmental activities:

Net investment in capital assets

Capital assets, net of accumulated depreciation	\$ 13,549,865
Less: related long-term debt outstanding	(2,010,000)
Less: deferred bond premium	(73,327)
Total net investment in capital assets	11,466,538

Restricted:

Debt service	247,310
Food service	92,580
Total restricted	339,890

Unrestricted

Total governmental activities net position	\$ 2,188,343
	\$ 13,994,771

NOTE 12

OTHER POSTEMPLOYMENT BENEFITS

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. Benefits are paid by the District for those employees who retired prior to July 1, 2012. Employees who retire after July 1, 2012 can elect to continue on the District's health insurance plan but would be responsible for the full amount of the premium. There are 65 retired members in the plan and an estimated 20% of active employees (those that would elect to remain on the District's health insurance plan and would pay the full premium), or 37. 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.

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 unfunded 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.

School District of Platteville
Notes to the Basic Financial Statements
June 30, 2014

NOTE 12

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

	Governmental Activities
Annual required contribution	\$ 392,704
Interest on net OPEB obligation	29,771
Adjustment to annual required contribution	(68,359)
Annual OPEB cost (expense)	354,116
Contributions made	(745,414)
Change in net OPEB obligation	(391,298)
OPEB obligation at beginning of year	749,897
OPEB obligation at end of year	\$ 358,599

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, 2014 were:

Fiscal Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 354,116	210.5%	\$ 358,599
2013	363,878	167.6%	749,897
2012	623,681	55.0%	995,791

Funded Status and Funding Progress. As of July 1, 2012, the most recent actuarial valuation date, the District's unfunded actuarial accrued liability (UAAL) was \$3,334,806. Only the implicit rate subsidy of those active employees who are estimated to continue on the policy upon retirement (and will fully pay the health insurance premium) is included in this calculation. The remaining portion of this liability is attributed to employees who retired prior to July 1, 2012 and for whom the District contributes toward the health insurance premium. The estimated annual payroll for active employees who are covered by the plan in the actuarial valuation was \$1,593,649 for a ratio of the UAAL to covered payroll of 209.3%

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.

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.

School District of Platteville
Notes to the Basic Financial Statements
June 30, 2014

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The July 1, 2012 actuarial valuation used the projected unit credit actuarial cost method. The actuarial assumptions included a rate of 3.97% to discount expected liabilities to the valuation date. The initial healthcare trend rate was 10% for medical. The UAAL is being amortized as a level percentage of projected payrolls over 12 years.

NOTE 13 OTHER PENSION BENEFITS

Plan Description. Employees may receive, in lieu of the OPEB benefits as stated in Note 12, a cash benefit in lieu of health insurance coverage. The annual amount of this stipend differs by classification.

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

Annual Pension Cost and Net Pension Obligation. The District's annual pension cost and net pension obligation for the current year are:

	<u>Governmental Activities</u>
Annual pension cost (expense)	\$ 190,666
Interest on net pension obligation	7,281
Adjustment to annual pension cost	<u>(7,258)</u>
Annual pension cost (expense)	190,689
Pension payment made	<u>(96,901)</u>
Change in net pension obligation	93,788
Net pension obligation at beginning of year	<u>183,408</u>
Net pension obligation at end of year	<u><u>\$ 277,196</u></u>

The annual pension cost for the current year was determined as part of the July 1, 2012 actuarial valuation using the unit credit actuarial cost method. The actuarial assumptions included (a) 3.97% discount rate and (b) projected salary increases at 4%. Mortality, disability and retirement rates are from the retirement rates used in the valuation of the Wisconsin Retirement System.

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The District's annual pension cost, the percentage of the annual pension costs contributed to the plan, and the net pension obligation for the year ended June 30, 2014 were:

Fiscal Year Ended June 30	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
2014	\$ 190,689	50.8%	\$ 374,097
2013	183,408	0.0%	183,408

The annual payroll for active employees covered by the plan in the actuarial valuation was \$7,968,245.

School District of Platteville
Notes to the Basic Financial Statements
June 30, 2014

NOTE 14

COMMITMENTS

As of June 30, 2014, the District had purchase commitments of approximately \$ 317,000. On July 14, 2014, the District approved roof repairs of \$ 39,465.

NOTE 15 EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENT

The Government Accounting Standards Board (GASB) has approved Statement No. 68, Accounting and Financial reporting for Pensions-an amendment of GASB Statement No. 27. Application of this standard 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, 2013

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
REVENUES					
Property taxes	\$ 7,145,017	\$ 7,145,017	\$ 7,146,531	\$ 1,514	\$ 1,514
Local sources	117,886	148,587	148,803	30,917	216
Interdistrict	271,840	371,609	371,610	99,770	1
State sources	7,747,103	7,864,335	7,865,335	118,232	1,000
Federal sources	364,061	507,577	507,578	143,517	1
Other sources	50,000	60,088	60,087	10,087	(1)
Total revenues	<u>15,695,907</u>	<u>16,097,213</u>	<u>16,099,944</u>	<u>404,037</u>	<u>2,731</u>
EXPENDITURES					
Instruction:					
Undifferentiated curriculum	3,166,141	3,234,182	3,225,692	(59,551)	8,490
Regular curriculum	3,370,785	3,337,305	3,328,839	41,946	8,466
Vocational curriculum	463,402	433,528	432,456	30,946	1,072
Physical curriculum	521,384	515,069	514,753	6,631	316
Co-curricular activities	364,938	358,820	358,820	6,118	
Other special needs	7,000	6,092	6,091	909	1
Support Services:					
Pupil services	502,465	455,875	454,851	47,614	1,024
Instructional staff services	882,857	807,622	805,892	76,965	1,730
General administration	240,924	284,443	283,871	(42,947)	572
School building administration	904,063	917,532	914,833	(10,770)	2,699
Business administration	2,355,640	2,568,037	2,564,770	(209,130)	3,267
Central services	460,258	646,033	645,320	(185,062)	713
Insurance & judgments	153,908	147,545	147,545	6,363	
Other support service	539,212	606,973	606,973	(67,761)	
Purchased instructional services	186,650	251,503	251,503	(64,853)	
Total expenditures	<u>14,119,627</u>	<u>14,570,559</u>	<u>14,542,209</u>	<u>(422,582)</u>	<u>28,350</u>
Excess (deficiency) of revenues over expenditures	<u>1,576,280</u>	<u>1,526,654</u>	<u>1,557,735</u>	<u>(18,545)</u>	<u>31,081</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers (out)	<u>(1,576,280)</u>	<u>(1,677,287)</u>	<u>(1,677,287)</u>	<u>(101,007)</u>	
Total other financing sources (uses)	<u>(1,576,280)</u>	<u>(1,677,287)</u>	<u>(1,677,287)</u>	<u>(101,007)</u>	
Net change in fund balance		(150,633)	(119,552)	(119,552)	31,081
Fund balance-beginning of year	<u>4,414,123</u>	<u>4,414,123</u>	<u>4,414,123</u>		
Fund balance-end of year	<u>\$ 4,414,123</u>	<u>\$ 4,263,490</u>	<u>\$ 4,294,571</u>	<u>\$ (119,552)</u>	<u>\$ 31,081</u>

Required Supplementary Information

School District of Platteville
 Budgetary Comparison Schedule for the Special Education Fund
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances- Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
REVENUES					
Intermediate sources	\$ 5,000	\$ 5,000	\$ 3,638	\$ (1,362)	\$ (1,362)
State sources	489,360	489,360	433,490	(55,870)	(55,870)
Federal sources	455,857	455,857	405,038	(50,819)	(50,819)
Total revenues	<u>950,217</u>	<u>950,217</u>	<u>842,166</u>	<u>(108,051)</u>	<u>(108,051)</u>
EXPENDITURES					
Instruction:					
Special instruction	1,642,563	1,659,237	1,641,360	1,203	17,877
Total instruction	<u>1,642,563</u>	<u>1,659,237</u>	<u>1,641,360</u>	<u>1,203</u>	<u>17,877</u>
Support Services:					
Pupil services	284,022	299,796	311,577	(27,555)	(11,781)
Instructional staff services	186,472	202,872	225,328	(38,856)	(22,456)
Business services	57,000	58,700	56,830	170	1,870
Other support services	213,150	162,602	141,068	72,082	21,534
Total support services	<u>740,644</u>	<u>723,970</u>	<u>734,803</u>	<u>5,841</u>	<u>(10,833)</u>
Total expenditures	<u>2,383,207</u>	<u>2,383,207</u>	<u>2,376,163</u>	<u>7,044</u>	<u>7,044</u>
Excess (deficiency) of revenues over expenditures	<u>(1,432,990)</u>	<u>(1,432,990)</u>	<u>(1,533,997)</u>	<u>(101,007)</u>	<u>(101,007)</u>
OTHER FINANCING SOURCES (USES)					
Transfer from general fund	<u>1,432,990</u>	<u>1,432,990</u>	<u>1,533,997</u>	<u>101,007</u>	<u>101,007</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>

School District of Platteville
Notes to the Budgetary Schedules
For the Year Ended June 30, 2014

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 sub-functions 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.

NOTE 2

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following functions/sub-functions had an excess of actual expenditures over budget for the year ended June 30, 2014:

Fund	Excess Expenditures
Special education fund:	
Support services	\$ 10,833

School District of Platteville
Notes to the Budgetary Schedules
For the Year Ended June 30, 2014

NOTE 3

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

	<u>General Fund</u>	<u>Special Education Fund</u>
A) Sources/Inflows of Resources:		
Actual amounts "total revenues" from the budgetary comparison schedules	\$ 16,099,944	\$ 842,166
Reclassification:		
Special education fund revenues are reclassified to the general fund, required for GAAP reporting	<u>842,166</u>	<u>(842,166)</u>
The general fund revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 16,942,110</u>	<u>\$</u>
B) Uses/Outflows of Resources:		
Actual amounts "total expenditures" from the budgetary comparison schedules	\$ 14,542,209	\$ 2,376,163
Reclassification:		
Special education fund expenditures are reclassified to the general fund, required for GAAP reporting	<u>2,376,163</u>	<u>(2,376,163)</u>
The general fund expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 16,918,372</u>	<u>\$</u>

Required Supplementary Information

School District of Platteville
 Schedule of Funding Progress for
 Postemployment Benefit Plans
 June 30, 2014

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)
<u>Other Postemployment Benefits</u>						
7/1/2012		\$ 3,334,806	\$ 3,334,806	0%	\$ 1,593,649 (A)	209%
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%
<u>Other Pension Benefits</u>						
7/1/2012		\$ 1,778,699	\$ 1,778,699	0%	\$ 7,968,245	22%

(A)=estimated at 20% of active employee payroll

Supplemental Information

School District of Platteville
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Community Service	Trust	Food Service	Debt Service	
ASSETS					
Cash and investments	\$	\$	\$ 82,048	\$ 247,310	\$ 329,358
Accounts receivable		1,508			1,508
Due from other governments			18,446		18,446
Total assets	\$	\$ 1,508	\$ 100,494	\$ 247,310	\$ 349,312
LIABILITIES					
Due to other funds	\$ 3,558	\$ 1,508	\$	\$	\$ 5,066
Deposits			7,914		7,914
Total liabilities	3,558	1,508	7,914		12,980
FUND BALANCES					
Restricted			92,580	247,310	339,890
Unassigned (deficit)	(3,558)				(3,558)
Total fund balances	(3,558)		92,580	247,310	336,332
Total liabilities and fund balances	\$	\$ 1,508	\$ 100,494	\$ 247,310	\$ 349,312

School District of Platteville
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds			Debt Service	Total Nonmajor Governmental Funds
	Community Service	Trust	Food Service		
REVENUES					
Property taxes	\$	\$	\$	\$ 1,277,516	\$1,277,516
Other local sources	15,564	30,658	363,729	2	409,953
State sources			16,052		16,052
Federal sources			363,720		363,720
Other sources			2,519		2,519
Total revenues	15,564	30,658	746,020	1,277,518	2,069,760
EXPENDITURES					
Instruction:					
Regular instruction		8,771			8,771
Other instruction		24,030			24,030
Total instruction		32,801			32,801
Support Services:					
Business services		15,668			15,668
Community services	23,222				23,222
Food services			789,292		789,292
Principal payments				1,270,000	1,270,000
Interest and fiscal charges				151,365	151,365
Total support services	23,222	15,668	789,292	1,421,365	2,249,547
Total expenditures	23,222	48,469	789,292	1,421,365	2,282,348
Excess (deficiency) of revenues over expenditures	(7,658)	(17,811)	(43,272)	(143,847)	(212,588)
OTHER FINANCING SOURCES (USES)					
Transfer from general fund				143,290	143,290
Net change in fund balance	(7,658)	(17,811)	(43,272)	(557)	(69,298)
Fund balances-beginning of year	4,100	17,811	135,852	247,867	405,630
Fund balances-end of year	\$ (3,558)	\$	\$ 92,580	\$ 247,310	\$ 336,332

School District of Platteville
Pupil Activity Funds
Schedule of Changes in Assets and Liabilities
For the Year Ended June 30, 2014

	<u>Balance</u> <u>7/1/2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2014</u>
ASSETS				
Cash & investments	\$ 108,344	\$ 268,231	\$ (225,002)	\$ 151,573
Total assets	<u>\$ 108,344</u>	<u>\$ 268,231</u>	<u>\$ (225,002)</u>	<u>\$ 151,573</u>
LIABILITIES				
Due to student organizations:				
Elementary School	\$ 314	\$ 13,985	\$ (6,722)	\$ 7,577
Middle School	15,166	34,673	(31,535)	18,304
High School	76,531	178,381	(148,573)	106,339
District Wide	<u>16,333</u>	<u>41,192</u>	<u>(38,172)</u>	<u>19,353</u>
Total liabilities	<u>\$ 108,344</u>	<u>\$ 268,231</u>	<u>\$ (225,002)</u>	<u>\$ 151,573</u>



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 School District of Platteville (“District”) as of and for the year ended June 30, 2014, 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 was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

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:

➤ Internal Control Environment

A properly designed system of internal control includes adequate staffing, policies, and procedures to properly segregate duties. This includes systems that are designed to limit the access or control of any one individual to your government’s assets, and to achieve a higher likelihood that errors or irregularities in your processes would be discovered by your staff. At this time, the District does not have internal controls in place to achieve adequate segregation of duties. This is discussed further on page 3.

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

An additional consequence of the size of the office staff, combined with the specific expertise of your accounting and financial reporting department, is that management has elected to rely on the knowledge of its auditors to prepare its annual financial statements and related disclosures. Your District, like many others, has made the determination that because of the ever changing and numerous reporting requirements associated with preparing financial statements that are in conformity with accounting principles generally accepted in the United States of America, it is more cost advantageous to rely on the expertise of its outside auditors to assist in the preparation of its financial statements.

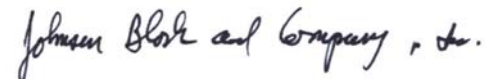
However, since the financial statements are the responsibility of the District's management, the control over the financial statements being prepared in conformity with accounting principles generally accepted in the United States of America, lies with management. Currently, the District has elected not to dedicate its resources to providing sufficient internal control over the preparation of its financial statements in conformity with accounting principles generally accepted in the United States of America, resulting in a more than remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

➤ Student Activity Disbursements

Two of fifteen pupil activity disbursements tested were not properly signed by the advisor and principal. Disbursements must be approved by both the activity advisor and the principal according to the Student Activity Funds Management policy.

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.



November 4, 2014
Mineral Point, WI

INTERNAL CONTROL ENVIRONMENT

There are also other key controls related to significant transaction cycles that are important in reducing the risk of errors or irregularities. At this time, the District does not have the following controls in place:

CONTROLS OVER ACCOUNTS PAYABLE/DISBURSEMENTS

1. Persons processing accounts payable are not always separate from those ordering or receiving goods or services (segregation of duties).
2. Person initiating electronic fund transfers is not separate from those authorizing, confirming or reconciling the transactions (segregation of duties).
3. There is not an appropriate system for review and approval of new vendors.
4. Bank reconciliations are not reviewed and approved by someone independent of the accounts payable/disbursement cycle.

CONTROLS OVER PAYROLL

1. Persons preparing the payroll are not independent of other personnel duties or restricted from access to the payroll account (segregation of duties).
2. Changes to employee rates and data in the payroll system are not approved or verified by someone independent of payroll processing (segregation of duties).

CONTROLS OVER FOOD SERVICE ACCOUNTING

1. There is no reconciliation of food service account balances between the food service software and the general ledger control account.
2. The person reviewing free and reduced food service eligibility can also enter information into the system to determine eligibility.

CONTROLS OVER PERIOD CLOSE

1. Account reconciliations are not performed by someone independent of the processing of transactions in the account (segregation of duties).

Achieving adequate segregation of duties may not be cost beneficial to attain in all situations. However, it is very important the management and the governing body provide the appropriate level of financial oversight to the District's day-to-day activities. We recommend that the District consider the benefits of implementing additional policies and procedures to address key controls related to its significant transaction cycles, as noted above.



Certified Public Accountants

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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, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, OMB Circular A-133 and the State Single Audit Guidelines, 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 was not changed during the year ended June 30, 2014. 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 and other pension benefits liabilities are based on various factors. The estimated liabilities were computed by an actuarial study performed for the fiscal year beginning July 1, 2012. We evaluated the key factors and assumptions used to develop the liabilities 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 disclosures affecting the financial statements are the disclosures of the other postemployment benefits liability in Note 12 and the other pension benefits liability in Note 13 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 misstatements detected as a result of our audit procedures were corrected by management:

- Reclassify open enrollment revenue.
- Reflect prepaid expenditure/expense.

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 4, 2014.

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

We applied certain limited procedures to Budgetary Comparison Schedules and the Schedule of Funding Progress for Postemployment Benefit Plans, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Combining Schedules and the Schedule of Changes in Activity Accounts, which accompany the financial statements but are not RSI. With respect to this supplementary information, 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.

Attached are recommendations and informational points to management that are not material weaknesses or significant deficiencies.

Restriction on Use

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.

November 4, 2014
Mineral Point, WI

RECOMMENDATIONS AND INFORMATIONAL POINTS TO MANAGEMENT
THAT ARE NOT MATERIAL WEAKNESSES OR SIGNIFICANT DEFICIENCIES

Data Restoration

There is not a procedure in place to periodically attempt to recover data from accounting software. Application data and file server recovery procedures should be tested at least annually to ensure data integrity and recovery.

Internal Controls

As mentioned in the communication of significant deficiencies and material weaknesses, the size of the office staff precludes a proper separation of functions to assure adequate internal control. The following changes to procedures and controls would improve the District's segregation of duties:

1. Three employees have access to create purchase orders and create new vendors in the accounting system. Two of the three employees also write checks. Purchasing and check writing activities should be segregated.
2. Two accounting personnel make bank deposits. The same employees are responsible for cash reconciliations, journal entries and recording activity on the general ledger. Bank deposits should be made by someone outside the accounting function and, if possible, made by someone outside the business office.

Long Term Capital Improvement Trust Fund (Fund 46)

A school board with an approved long-term capital improvement plan (minimum of 10 years) may establish a trust that is funded with a transfer from the general fund. The contribution from the general fund to Fund 46 would be recorded as the expenditure for shared cost and equalization aid purposes. Future expenditures from Fund 46 are not part of shared costs. A school board is prohibited from removing money deposited into Fund 46 for a period of five years after the fund is created. After the initial five year period is over, funds may only be used for the purposes identified in the approved long-term capital improvement fund. Fund 46 assets may not be transferred to any other district fund.

Prior to June 30th of the fiscal year in which Fund 46 is established, the Board would need to:

- 1) Approve a long-term capital improvement plan (minimum of 10 years).
- 2) Pass a resolution creating the Long-Term Capital Improvement Trust fund.