

PLATTEVILLE SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
Including Independent Auditor's Report
As of and for the year ended June 30, 2015

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School District of Platteville
Table of Contents
For the Year Ended June 30, 2015

Independent Auditor's Report	1
Basic Financial Statements	
District-Wide Financial Statements:	
Statement of Net Position	4
Statement of Activities.....	5
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	6
Statement of Revenues, Expenditures and Changes in Fund Balances -Governmental Funds	7
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	8
Statement of Net Position – Fiduciary Funds.....	9
Statement of Changes in Fiduciary Net Position	10
Notes to the Basic Financial Statements	11
Required Supplementary Information:	
Budgetary Comparison Schedule for the General Fund	38
Budgetary Comparison Schedule for the Special Education Fund	39
Notes to the Budgetary Schedules	40
Schedule of Funding Progress for Postemployment Benefit Plans	42
Wisconsin Retirement System Schedules	43
Supplementary Information:	
Combining Balance Sheet – Nonmajor Governmental Funds	44
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	45
Schedule of Changes in Assets and Liabilities – Pupil Activity Fund	46

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, 2015, 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, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective July 1, 2014, the School District of Platteville adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the schedule of funding progress for postemployment benefit plans, and the Wisconsin Retirement System schedules on pages 38-43 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 17, 2015
Mineral Point, WI

BASIC FINANCIAL STATEMENTS

School District of Platteville
Statement of Net Position
June 30, 2015

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,594,629
Receivables:	
Taxes	2,686,627
Due from other governmental units	478,928
Other accounts	7,168
Prepaid expenses	181,520
Total current assets	5,948,872
Noncurrent assets:	
Restricted assets:	
Net pension asset	1,579,508
Fixed assets:	
Capital assets	26,273,936
Less: accumulated depreciation	(12,974,416)
Other assets:	
Net other postemployment benefit	34,533
Total noncurrent assets	14,913,561
Total assets	20,862,433
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension outflows	1,379,019
Total assets and deferred outflows of resources	\$ 22,241,452
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 115,569
Accrued liabilities:	
Accrued salaries and wages	957,641
Payroll taxes and withholdings	363,848
Unearned revenue	10,126
Interest	23,870
Current portion of long-term obligations	1,090,988
Total current liabilities	2,562,042
Noncurrent liabilities:	
Bonds and notes payable,	
Plus deferred debt premium of \$36,663	1,911,663
Compensated absences	411,958
Other pension benefits	300,765
Less: current portion	(1,090,988)
Total noncurrent liabilities	1,533,398
Total liabilities	4,095,440
NET POSITION	
Net investment in capital assets	12,462,857
Restricted	3,320,699
Unrestricted	2,362,456
Total net position	18,146,012
Total liabilities and net position	\$ 22,241,452

School District of Platteville
Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental activities:					
Instruction:					
Regular instruction	\$ 6,599,613	\$ 401,266	\$ 417,905	\$	\$ (5,780,442)
Vocational instruction	445,512		7,542		(437,970)
Special instruction	1,695,108	11,307	807,051		(876,750)
Other instruction	888,531	113,563	1,893		(773,075)
Total instruction	<u>9,628,764</u>	<u>526,136</u>	<u>1,234,391</u>		<u>(7,868,237)</u>
Support services:					
Pupil services	839,178		98,877		(740,301)
Instructional staff services	939,710		129,589		(810,121)
General administration services	283,347				(283,347)
Building administration services	941,146				(941,146)
Business administration services	2,493,080	47,865	41,113		(2,404,102)
Central services	596,358	49,933	5,791		(540,634)
Insurance	159,986				(159,986)
Other support services	1,118,004		59,148		(1,058,856)
Community services	13,808	11,582			(2,226)
Food services	823,246	381,259	384,538		(57,449)
Interest and fiscal charges	100,346				(100,346)
Depreciation - unallocated	390,548				(390,548)
Total support services	<u>8,698,757</u>	<u>490,639</u>	<u>719,056</u>		<u>(7,489,062)</u>
Total governmental activities	<u>18,327,521</u>	<u>1,016,775</u>	<u>1,953,447</u>		<u>(15,357,299)</u>
Total school district	<u>\$ 18,327,521</u>	<u>\$ 1,016,775</u>	<u>\$ 1,953,447</u>	<u>\$</u>	<u>(15,357,299)</u>
General revenues:					
Property taxes					
General purposes					7,339,480
Debt services					1,277,326
Other taxes					14,559
Federal and State aid not restricted for specific purposes					
General					7,942,539
Interest and investment earnings					45,523
Miscellaneous revenue					39,733
Loss on disposal of capital assets					(73,614)
Total general revenues					<u>16,585,546</u>
Change in net position					<u>1,228,247</u>
Net position - beginning, as previously reported					13,994,771
Prior period adjustment - implementation of GASB Statement No. 68 and No. 71					<u>2,922,994</u>
Net position - beginning, as restated					<u>16,917,765</u>
Net position - ending					<u>\$ 18,146,012</u>

School District of Platteville
Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 2,271,123	\$ 323,506	\$ 2,594,629
Receivables:			
Taxes	2,686,627		2,686,627
Due from other funds	12,521		12,521
Due from other governments	464,804	14,124	478,928
Other accounts	5,941	1,227	7,168
Prepaid expenditures	181,520		181,520
Total assets	\$ 5,622,536	\$ 338,857	\$ 5,961,393
LIABILITIES			
Accounts payable	\$ 114,477	\$ 1,092	\$ 115,569
Due to other funds		12,521	12,521
Accrued salaries and wages	957,641		957,641
Payroll taxes and withholdings	363,848		363,848
Unearned revenue		10,126	10,126
Total liabilities	1,435,966	23,739	1,459,705
FUND BALANCES			
Nonspendable	181,520		181,520
Restricted		327,639	327,639
Unassigned (deficit)	4,005,050	(12,521)	3,992,529
Total fund balances	4,186,570	315,118	4,501,688
Total liabilities and fund balances	\$ 5,622,536	\$ 338,857	\$ 5,961,393

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	\$ 26,273,936	
Governmental accumulated depreciation	(12,974,416)	13,299,520

The net pension asset is not a current financial resource and is, therefore, not reported in the fund statements.

1,579,508

Pension deferred outflows of resources is actuarially determined by the defined benefit pension plan. This item is reflected in the Statement of Net Position and is being amortized with pension expense in the Statement of Activities.

The deferred outflows of resources is not a financial resource or use and therefore is not reported in the fund statements.

Deferred outflows of resources		1,379,019
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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	1,875,000	
Bond premium	36,663	
Accrued interest on general obligation debt	23,870	
Compensated absences	411,958	
Other postemployment benefits	(34,533)	
Other pension benefits	300,765	(2,613,723)

Total net position-governmental activities		\$ 18,146,012
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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, 2015

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 7,354,039	\$ 1,277,326	\$ 8,631,365
Other local sources	175,940	426,270	602,210
Interdistrict sources	406,917		406,917
Intermediate sources	13,455		13,455
State sources	8,574,632	16,661	8,591,293
Federal sources	873,182	367,827	1,241,009
Other sources	106,417	50	106,467
Total revenues	17,504,582	2,088,134	19,592,716
EXPENDITURES			
Instruction:			
Regular instruction	6,807,498	14,971	6,822,469
Vocational instruction	454,862		454,862
Special instruction	1,721,745		1,721,745
Other instruction	866,903	17,534	884,437
Total instruction	9,851,008	32,505	9,883,513
Support services:			
Pupil services	838,161		838,161
Instructional staff services	927,169		927,169
General administration services	282,086		282,086
Building administration services	938,452		938,452
Business administration services	2,717,960	42	2,718,002
Central services	638,368		638,368
Insurance	159,986		159,986
Principal payments		1,305,000	1,305,000
Interest and fiscal charges		114,215	114,215
Other support services	717,453		717,453
Food services		778,431	778,431
Total support services	7,219,635	2,197,688	9,417,323
Community services:			
Community services		20,545	20,545
Non-program transactions:			
Purchased instructional services	394,740		394,740
Adjustments and refunds	5,810		5,810
Total non-program transactions	400,550		400,550
Total expenditures	17,471,193	2,250,738	19,721,931
Excess (deficiency) of revenues over expenditures	33,389	(162,604)	(129,215)
OTHER FINANCING SOURCES (USES)			
Transfer to debt service fund	(141,390)		(141,390)
Transfer from general fund		141,390	141,390
Total other financing sources (uses)	(141,390)	141,390	
Net change in fund balances	(108,001)	(21,214)	(129,215)
Fund balances - beginning	4,294,571	336,332	4,630,903
Fund balances - ending	\$ 4,186,570	\$ 315,118	\$ 4,501,688

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, 2015

Net change in fund balances-total governmental funds		\$ (129,215)
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	600,627	
Depreciation expenses reported in the statement of activities	<u>(777,358)</u>	
Amount by which capital outlays are greater (less) than depreciation in the current period.		(176,731)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations and disposals) is to decrease net position:		(73,614)
Vested employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports values of benefits earned during the year.		
Change in compensated absences		(152,822)
In governmental funds, the payments for post-employment benefits and other pension benefits are reported as an expenditure when contributed. In the statement of activities, the annual required contribution, as determined by an actuarial study, is reported as an expense.		
Change in other postemployment benefits		393,132
Change in other pension benefits		(23,569)
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		1,305,000
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		36,664
Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the Statement of Activities is actuarially determined by the defined benefit pension plan as the difference between the pension asset from the prior year to the current year, with some adjustments.		
Amount of current year required contributions into the defined benefit pension plan	625,520	
Actuarially determined change in net pension asset between years, with adjustments.	<u>(589,987)</u>	
		35,533
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	113,215	
The amount of interest accrued during the current period	<u>(99,346)</u>	
Interest paid is greater (less) than interest earned by		<u>13,869</u>
Change in net position-governmental activities		<u>\$ 1,228,247</u>

School District of Platteville
Statement of Net Position
Fiduciary Funds
June 30, 2015

	<u>Private Purpose Trusts</u>	<u>Agency Fund</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 52,425	\$ 173,008	\$ 225,433
 Total assets	 <u>\$ 52,425</u>	 <u>\$ 173,008</u>	 <u>\$ 225,433</u>
 LIABILITIES			
Due to student groups	\$ _____	\$ 173,008	\$ 173,008
 Total liabilities	 _____	 173,008	 173,008
 NET POSITION			
Restricted for scholarships	<u>52,425</u>	_____	<u>52,425</u>
 Total liabilities and net position	 <u>\$ 52,425</u>	 <u>\$ 173,008</u>	 <u>\$ 225,433</u>

School District of Platteville
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2015

	Private Purpose Trusts
ADDITIONS	
Interest	\$ 6,865
Contributions	1,352
Total additions	8,217
DEDUCTIONS	
Scholarships awarded	4,514
Change in net position	3,703
Net position - beginning	48,722
Net position - ending	\$ 52,425

NOTES TO THE FINANCIAL STATEMENTS

School District of Platteville
Index to Notes to the Financial Statements
For the Year Ended June 30, 2015

Note 1.	<u>Summary of Significant Accounting Policies</u>	
	A. Reporting Entity	11
	B. Basis of Presentation.....	11 – 13
	C. Basis of Accounting	13 – 15
	D. Measurement Focus	15
	E. Assets and Liabilities	15 – 18
	F. Budgets	18
	G. Claims and Judgments	18
	H. Interfund Activity	19
	I. Equity Classifications	19 – 20
	J. Risk Management	20
	K. Pensions	20
	L. Change in Accounting Principle	21
	M. Deferred Outflows of Resources.....	21
Note 2.	<u>Explanation of Certain Differences Between Governmental Fund Statements and District-Wide Statements</u>	21
Note 3.	<u>Cash and Cash Equivalents/Investments</u>	22 – 24
Note 4.	<u>Capital Assets</u>	25
Note 5.	<u>Long-Term Obligations</u>	26 – 27
Note 6.	<u>Interfund Balances and Activity</u>	27
Note 7.	<u>Defined Benefit Pension Plan</u>	27 – 31
Note 8.	<u>Limitation of School District Revenues</u>	32
Note 9.	<u>Self-Funding Insurance Program</u>	32
Note 10.	<u>Governmental Fund Balances</u>	33
Note 11.	<u>Governmental Activities Net Position</u>	34
Note 12.	<u>Other Postemployment Benefits</u>	34 – 36
Note 13.	<u>Other Pension Benefits</u>	36
Note 14.	<u>Commitments</u>	37
Note 15.	<u>Effect of New Accounting Standard on Current Financial Statements</u>	37

School District of Platteville
Notes to the Basic Financial Statements
June 30, 2015

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, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (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, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (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, 2015

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 – 2014 tax roll:

Lien date and levy date	December, 2014
Tax bills mailed	December, 2014
Payment in full, or	January 31, 2015
First installment due	January 31, 2015
Second installment due	July 31, 2015
Personal property taxes in full	January 31, 2015

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, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (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, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets and Liabilities (Continued)

Cash and Investments (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:

	Capitalization Threshold	Estimated Useful Life
-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, 2015

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets and Liabilities (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, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets and Liabilities (Continued)

Sick Leave (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, 2015

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 residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

School District of Platteville
Notes to the Basic Financial Statements
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Equity Classifications (Continued)

Fund Statements (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.

K. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

School District of Platteville
Notes to the Basic Financial Statements
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Change in Accounting Principle

Effective July 1, 2014, the District adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. Implementation of GASB Statement No. 68 required net position in the governmental activities to be increased by \$2,922,994. A prior period adjustment was made to reflect the January 1, 2014 beginning net pension asset of \$2,537,504 and beginning deferred outflows of resources of \$385,490 for District contributions to the WRS after December 31, 2013 measurement date through June 30, 2014.

M. Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future periods and will not be recognized as an outflow of resources (expenditure) until then. The deferred outflows of resources are for the WRS pension system.

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.

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.

School District of Platteville
Notes to the Basic Financial Statements
June 30, 2015

NOTE 3 CASH AND CASH EQUIVALENTS/ INVESTMENTS

As previously discussed, cash for all District funds is pooled for investment purposes. At June 30, 2015, the cash and investments included the following:

Deposits with financial institutions	\$ 2,806,647
Wisconsin local government investment pool	2,288
Domestic equities	11,127
Total	<u>\$ 2,820,062</u>

Cash and investments as of June 30, 2015 are classified in the accompanying financial statements as follows:

Per statement of net position - governmental activities	\$ 2,594,629
Per statement of net position - fiduciary funds	
Private purpose	52,425
Agency	173,008
Total	<u>\$ 2,820,062</u>

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, 2015, \$11,127 of fiduciary funds are invested in domestic equities and are reflected at fair market value.

School District of Platteville
Notes to the Basic Financial Statements
June 30, 2015

NOTE 3

CASH AND CASH EQUIVALENTS/ INVESTMENTS (CONTINUED)

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	\$ 4,000	\$ 7,000	\$ 16,031
WI local government investment pool (LGIP)	2,288	2,288		
Totals	\$ 29,319	\$ 6,288	\$ 7,000	\$ 16,031

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, 2015, 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, 2015, 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.

School District of Platteville
Notes to the Basic Financial Statements
June 30, 2015

NOTE 3 CASH AND CASH EQUIVALENTS/ INVESTMENTS (CONTINUED)

Custodial Credit Risk (Continued)

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, 2015 was: 99.13% in U.S. Government Securities and .87% in Bankers' Acceptances. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

At June 30, 2015, \$277,031 of the District's deposits with financial institutions were insured by FDIC. \$3,010,293 was insured by collateral at the financial institution, and none of the District's deposits were in excess of FDIC and pledged collateral. 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, 2015

NOTE 4

CAPITAL ASSETS

Capital Assets

Capital asset balances and activity for the year ended June 30, 2015 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	579,970		(17,215)	562,755
 <i>Capital assets, being depreciated:</i>				
Buildings/site improvements	22,252,685	313,965		22,566,650
Furniture and equipment	4,035,282	303,877	(1,301,977)	3,037,182
Vehicles	132,415		(25,066)	107,349
Total capital assets, being depreciated	26,420,382	617,842	(1,327,043)	25,711,181
Total capital assets	27,000,352	617,842	(1,344,258)	26,273,936
 Less accumulated depreciation:				
Buildings/site improvements	10,690,591	482,577		11,173,168
Furniture and equipment	2,645,830	287,087	(1,228,363)	1,704,554
Vehicles	114,066	7,694	(25,066)	96,694
Total accumulated depreciation	13,450,487	777,358	(1,253,429)	12,974,416
Total net capital assets	\$ 13,549,865	\$ (159,516)	\$ (90,829)	\$ 13,299,520

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 31,946
Vocational instruction	3,036
Special education	2,839
Other instruction	12,134
Pupil services	900
Instructional staff services	6,398
Business administration services	163,377
Central services	166,030
Food services	150
Depreciation not charged to a specific function	390,548
Total depreciation for governmental activities	\$ 777,358

School District of Platteville
Notes to the Basic Financial Statements
June 30, 2015

NOTE 5

LONG-TERM OBLIGATIONS

Long-term liabilities

Long-term liability balances and activity for the year ended June 30, 2015 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Bonds	\$ 3,180,000	\$	\$ (1,305,000)	\$ 1,875,000	\$ 900,000
Plus: deferred bond premium	73,327		(36,664)	36,663	
Sub-total	3,253,327		(1,341,664)	1,911,663	900,000
Compensated absences	259,136	177,178	(24,356)	411,958	24,000
Other postemployment benefits	358,599	292,446	(651,045)		
Other pension benefits	277,196	178,133	(154,564)	300,765	166,988
Per statement of net position	\$ 4,148,258	\$ 647,757	\$ (2,171,629)	\$ 2,624,386	\$ 1,090,988

Total interest paid and accrued during the year:

	Expense	Paid
General obligation debt	\$ 99,346	\$ 113,215

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, 2015 is comprised of the following individual issues:

Description	Issue Date	Interest Rates	Date of Maturity	Balance 6/30/15
Refunding bonds	02/03/11	3.50%	03/01/16	\$ 800,000
Refunding bonds	12/21/10	2.7-5.05%	03/01/24	1,075,000
Total general obligation debt				\$ 1,875,000

The 2014 equalized valuation of the District, as certified by the Wisconsin Department of Revenue is \$880,288,936. The legal debt limit and margin of indebtedness as of June 30, 2015 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (10% of \$880,288,936)	\$ 88,028,894
Deduct long-term debt applicable to debt margin	(1,875,000)
Margin of indebtedness	\$ 86,153,894

School District of Platteville
Notes to the Basic Financial Statements
June 30, 2015

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

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

Years Ended	Principal	Interest	Total
<u>June 30,</u>			
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	120,000	30,085	150,085
2021-2024	535,000	66,195	601,195
Totals	<u>\$ 1,875,000</u>	<u>\$ 281,050</u>	<u>\$ 2,156,050</u>

NOTE 6

INTERFUND BALANCES AND ACTIVITY

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Community service	<u>\$ 12,521</u>

During the fiscal year ended June 30, 2015, \$141,390 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

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

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

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

School District of Platteville
Notes to the Basic Financial Statements
June 30, 2015

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

The WRS also provides death and disability benefits for employees.

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

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

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

During the reporting period, the WRS recognized \$628,316 in contributions from the employer.

School District of Platteville
Notes to the Basic Financial Statements
June 30, 2015

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contribution rates as of June 30, 2015 are:

	<u>Employee</u>	<u>Employer</u>
General (including teachers)	6.80%	6.80%
Executive & elected officials	7.70%	7.70%
Protective with social security	6.80%	9.50%
Protective without social security	6.80%	13.10%

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

At June 30, 2015, the School District of Platteville reported an asset of \$1,579,508 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The School District of Platteville's proportion of the net pension asset was based on the School District of Platteville's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the School District of Platteville's proportion was .06430507%, which was a decrease of .00005779% from its proportion measured as of December 31, 2013.

For the year ended June 30, 2015, the School District of Platteville's recognized pension expense of \$620,256.

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

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 228,980
Net differences between projected and actual earnings on pension plan investments	764,874
Changes in proportion and differences between employer contributions and proportionate share of contributors	1,862
Employer contributions subsequent to the measurement date	383,303
Totals	\$ 1,379,019

\$383,303 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

School District of Platteville
Notes to the Basic Financial Statements
June 30, 2015

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

Year Ended June 30:	<u>Deferred Outflows of Resources</u>
2016	\$ 195,833
2017	195,833
2018	195,833
2019	195,833
2020	195,833
Thereafter	16,551
Total	<u>\$ 995,716</u>

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

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset)	December 31, 2014
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

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

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

School District of Platteville
Notes to the Basic Financial Statements
June 30, 2015

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Class	Long-Term Real Rate of Return	Target Allocation
US Equities	5.3%	21%
International Equities	5.7	23%
Fixed Income	1.7	36%
Inflation Sensitive Assets	2.3	20%
Real Estate	4.2	7%
Private Equity/Debt	6.9	7%
Multi-Asset	3.9	6%
Cash	0.9%	-20%

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

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
District's proportionate share of the net pension liability (asset)	\$4,456,065	\$(1,579,508)	\$(6,346,161)

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

School District of Platteville
Notes to the Basic Financial Statements
June 30, 2015

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, 2015.

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, 2015, the District has reported a liability of \$13,744, which represents reported and unreported claims which were incurred on or before June 30, 2015, 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 \$6,185 and claims which were not yet reported to either the plan administrator or the District of \$7,559. 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>
2014-2015	\$ 13,495	\$ 208,522	\$ (208,273)	\$ 13,744
2013-2014	14,503	204,938	(205,946)	13,495
2012-2013	12,415	215,258	(213,170)	14,503

School District of Platteville
Notes to the Basic Financial Statements
June 30, 2015

NOTE 10

GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at June 30, 2015 include the following:

Nonspendable:	
Major fund:	
General fund:	
Prepaid expenditures	<u>\$ 181,520</u>
Restricted:	
Nonmajor funds:	
Trust fund:	
Restricted for:	
Purposes of the trust	\$ 880
Food service fund:	
Restricted for:	
Food service programs	79,945
Debt service fund:	
Restricted for:	
Future debt service requirements	<u>246,814</u>
Total restricted fund balances	<u>\$ 327,639</u>

At June 30, 2015, the following nonmajor fund had a deficit fund balance:

Community service	<u>\$ (12,521)</u>
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School District of Platteville
Notes to the Basic Financial Statements
June 30, 2015

NOTE 11

GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the District-wide statement of net position at June 30, 2015 includes the following:

Governmental activities:

Net investment in capital assets

Capital assets, net of accumulated depreciation	\$ 13,299,520
Less: related long-term debt outstanding	(800,000)
Less: deferred bond premium	(36,663)
Total net investment in capital assets	12,462,857

Restricted:

Debt service	246,814
Food service	79,945
Special revenue trust	880
Other post-employment benefits	34,533
Employee pension plan	2,958,527
Total restricted	3,320,699

Unrestricted

Total governmental activities net position	\$ 18,146,012
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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, 2014. Employees who retire after July 1, 2014 can elect to continue on the District's health insurance plan but would be responsible for the full amount of the premium. There are 74 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 35. 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, 2015

NOTE 12

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

	Governmental Activities
Annual required contribution	\$ 310,851
Interest on net OPEB obligation	14,344
Adjustment to annual required contribution	(32,749)
Annual OPEB cost (expense)	292,446
Contributions made	(685,578)
Change in net OPEB obligation	(393,132)
OPEB obligation at beginning of year	358,599
OPEB net asset at end of year	\$ (34,533)

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, 2015 were:

Fiscal Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Net Asset)
2015	\$ 292,446	234.4%	\$ (34,533)
2014	354,116	210.5%	358,599
2013	363,878	167.6%	749,897

Funded Status and Funding Progress. As of July 1, 2014, the most recent actuarial valuation date, the District's unfunded actuarial accrued liability (UAAL) was \$3,129,472. 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, 2014 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 \$892,989 for a ratio of the UAAL to covered payroll of 350.5%

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, 2015

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The July 1, 2014 actuarial valuation used the projected unit credit actuarial cost method. The actuarial assumptions included a rate of 4.0% to discount expected liabilities to the valuation date. The initial healthcare trend rate was 7.50% for medical, decreasing by .50% per year down to 6.50%, then by .10% per year down to 5.0%, and level thereafter. 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:

	Governmental Activities
Annual pension cost (expense)	\$ 178,062
Interest on net pension obligation	11,088
Adjustment to annual pension cost	(11,017)
Annual pension cost (expense)	178,133
Pension payment made	(154,564)
Change in net pension obligation	23,569
Net pension obligation at beginning of year	277,196
Net pension obligation at end of year	\$ 300,765

The annual pension cost for the current year was determined as part of the July 1, 2014 actuarial valuation using the unit credit actuarial cost method. The actuarial assumptions included (a) 4.0% discount rate and (b) projected salary increases at 3%. 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, 2015 were:

Fiscal Year Ended June 30	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
2015	\$ 178,133	86.8%	\$ 300,765
2014	190,689	50.8%	277,196
2013	183,408	0.0%	183,408

The annual payroll for active employees covered by the plan in the actuarial valuation was \$892,989.

School District of Platteville
Notes to the Basic Financial Statements
June 30, 2015

NOTE 14

COMMITMENTS / SUBSEQUENT EVENTS

As of June 30, 2015, the District had purchase commitments of approximately \$929,000.

Subsequent to June 30, 2015, the District approved a contract for 2015 referendum building projects of \$16,200,000. The projects will be partially funded with referendum general obligation school building and improvement bonds of \$15,000,000. On October 19, 2015, the District issued \$10,000,000 of bonds with interest rates of 2.0% to 3.0%, due in 2030. Debt requirements are as follows:

Years Ending	Principal	Interest	Total
<u>June 30,</u>	<u> </u>	<u> </u>	<u> </u>
2016	\$ 330,000	\$ 88,023	\$ 418,023
2017		233,463	233,463
2018		233,463	233,463
2019		233,463	233,463
2020		233,463	233,463
2021-2025	3,965,000	1,058,613	5,023,613
2026-2030	<u>5,705,000</u>	<u>484,460</u>	<u>6,189,460</u>
Totals	<u>\$ 10,000,000</u>	<u>\$ 2,564,948</u>	<u>\$ 12,564,948</u>

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

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefit Other than Pensions. Application of this standard may restate portions of these financial statements.

Required Supplemental Information

School District of Platteville
 Budgetary Comparison Schedule for the General Fund
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances	
	Original	Final		Positive (Negative)	
				Original to Actual	Final to Actual
REVENUES					
Property taxes	\$ 7,353,480	\$ 7,353,480	\$ 7,354,039	\$ 559	\$ 559
Other local sources	121,240	169,995	175,940	54,700	5,945
Interdistrict sources	218,634	395,942	395,610	176,976	(332)
Intermediate sources			10,700	10,700	10,700
State sources	7,944,499	8,070,408	8,070,407	125,908	(1)
Federal sources	399,441	488,675	473,105	73,664	(15,570)
Other sources	57,000	106,551	106,417	49,417	(134)
Total revenues	<u>16,094,294</u>	<u>16,585,051</u>	<u>16,586,218</u>	<u>491,924</u>	<u>1,167</u>
EXPENDITURES					
Instruction	8,137,442	8,150,349	8,129,263	8,179	21,086
Support services	6,055,669	6,577,038	6,569,130	(513,461)	7,908
Non-program transactions	217,775	171,851	341,402	(123,627)	(169,551)
Total expenditures	<u>14,410,886</u>	<u>14,899,238</u>	<u>15,039,795</u>	<u>(628,909)</u>	<u>(140,557)</u>
Excess (deficiency) of revenues over expenditures	<u>1,683,408</u>	<u>1,685,813</u>	<u>1,546,423</u>	<u>(136,985)</u>	<u>(139,390)</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers (out)	(1,683,408)	(1,683,408)	(1,654,424)	28,984	28,984
Net change in fund balance		2,405	(108,001)	(108,001)	(110,406)
Fund balance - beginning	<u>4,294,571</u>	<u>4,294,571</u>	<u>4,294,571</u>		
Fund balance - ending	<u>\$ 4,294,571</u>	<u>\$ 4,296,976</u>	<u>\$ 4,186,570</u>	<u>\$ (108,001)</u>	<u>\$ (110,406)</u>

School District of Platteville
 Budgetary Comparison Schedule for the Special Education Fund
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances- Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
REVENUES					
Intermediate sources	\$	\$	\$ 2,755	\$ 2,755	\$ 2,755
Interdistrict sources			11,307	11,307	11,307
State sources	499,196	499,196	504,225	5,029	5,029
Federal sources	445,908	445,908	400,077	(45,831)	(45,831)
Total revenues	945,104	945,104	918,364	(26,740)	(26,740)
EXPENDITURES					
Instruction	1,836,115	1,836,115	1,721,745	114,370	114,370
Support services	637,007	637,007	650,505	(13,498)	(13,498)
Non-program transactions	14,000	14,000	59,148	(45,148)	(45,148)
Total expenditures	2,487,122	2,487,122	2,431,398	55,724	55,724
Excess (deficiency) of revenues over expenditures	(1,542,018)	(1,542,018)	(1,513,034)	28,984	28,984
OTHER FINANCING SOURCES (USES)					
Transfer from general fund	1,542,018	1,542,018	1,513,034	(28,984)	(28,984)
Net change in fund balance					
Fund balance - beginning					
Fund balance - ending	\$	\$	\$	\$	\$

School District of Platteville
Notes to the Budgetary Schedules
For the Year Ended June 30, 2015

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 one digit function for all 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 had an excess of actual expenditures over budget for the year ended June 30, 2015:

Fund	Excess Expenditures
General Fund	
Non-program transactions	\$ 169,551
Special Education Fund	
Support services	13,498
Non-program transactions	45,148

School District of Platteville
Notes to the Budgetary Schedules
For the Year Ended June 30, 2015

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	\$ 16,586,218	\$ 918,364
Reclassification:		
Special education fund revenues are reclassified to the general fund, required for GAAP reporting	<u>918,364</u>	<u>(918,364)</u>
The general fund revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 17,504,582</u>	<u>\$</u>
B) Uses/Outflows of Resources:		
Actual amounts "total expenditures" from the budgetary comparison schedules	\$ 15,039,795	\$ 2,431,398
Reclassification:		
Special education fund expenditures are reclassified to the general fund, required for GAAP reporting	<u>2,431,398</u>	<u>(2,431,398)</u>
The general fund expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 17,471,193</u>	<u>\$</u>

School District of Platteville
 Schedule of Funding Progress for
 Postemployment Benefit Plans
 June 30, 2015

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>						
7/1/2014		\$ 3,129,472	\$ 3,129,472	0%	\$ 892,989	350%
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%
<u>Other Pension Benefits</u>						
7/1/2014		\$ 1,900,559	\$ 1,900,559	0%	\$ 892,989	213%
7/1/2012		1,778,699	1,778,699	0%	7,968,245	22%

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

Platteville School District
Wisconsin Retirement System Schedule
June 30, 2015

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
Last 10 Fiscal Years*

	2015
District's proportion of the net pension liability (asset)	(.06430507%)
District's proportionate share of the net pension liability (asset)	(\$1,579,508)
District's covered-employee payroll	\$8,975,928
Proportionate share of net pension liability (asset) as a percentage of its' covered employee payroll	(17.6%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years*

Contractually required contributions	\$628,316
Contributions in relation to the contractually required contributions	(\$628,316)
Contribution deficiency (excess)	\$ -
District's covered-employee payroll	\$8,975,928
Contributions as a percentage of covered-employee payroll	7.0%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year

The District implemented Government Accounting Standards Board Statement No. 68 for the year ended June 30, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 9 preceding years.

Notes to Wisconsin Retirement System Schedules
for the Year Ended June 30, 2015

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

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

Supplemental Information

School District of Platteville
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Community Service	Trust	Food Service	Debt Service	
ASSETS					
Cash and investments	\$	\$ 600	\$ 76,092	\$ 246,814	\$ 323,506
Accounts receivable		280	947		1,227
Due from other governments			14,124		14,124
Total assets	\$	\$ 880	\$ 91,163	\$ 246,814	\$ 338,857
LIABILITIES					
Accounts payable	\$	\$	\$ 1,092	\$	\$ 1,092
Due to other funds	12,521				12,521
Unearned revenue			10,126		10,126
Total liabilities	12,521		11,218		23,739
FUND BALANCES					
Restricted		880	79,945	246,814	327,639
Unassigned (deficit)	(12,521)				(12,521)
Total fund balances	(12,521)	880	79,945	246,814	315,118
Total liabilities and fund balances	\$	\$ 880	\$ 91,163	\$ 246,814	\$ 338,857

School District of Platteville
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue Funds			Debt Service	Total Nonmajor Governmental Funds
	Community Service	Trust	Food Service		
REVENUES					
Property taxes	\$	\$	\$	1,277,326	\$1,277,326
Other local sources	11,582	33,427	381,258	3	426,270
State sources			16,661		16,661
Federal sources			367,827		367,827
Other sources			50		50
Total revenues	11,582	33,427	765,796	1,277,329	2,088,134
EXPENDITURES					
Instruction:					
Regular instruction		14,971			14,971
Other instruction		17,534			17,534
Total instruction		32,505			32,505
Support services:					
Business administration services		42			42
Food services			778,431		778,431
Principal payments				1,305,000	1,305,000
Interest and fiscal charges				114,215	114,215
Total support services		42	778,431	1,419,215	2,197,688
Community services:					
Community services	20,545				20,545
Total expenditures	20,545	32,547	778,431	1,419,215	2,250,738
Excess (deficiency) of revenues over expenditures	(8,963)	880	(12,635)	(141,886)	(162,604)
OTHER FINANCING SOURCES (USES)					
Transfer from general fund				141,390	141,390
Net change in fund balance	(8,963)	880	(12,635)	(496)	(21,214)
Fund balances - beginning	(3,558)		92,580	247,310	336,332
Fund balances - ending	\$ (12,521)	\$ 880	\$ 79,945	\$ 246,814	\$ 315,118

School District of Platteville
Pupil Activity Funds
Schedule of Changes in Assets and Liabilities
For the Year Ended June 30, 2015

	<u>Balance</u> <u>7/1/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/15</u>
ASSETS				
Cash and investments	\$ 151,573	\$ 297,701	\$ (276,266)	\$ 173,008
Total assets	<u>\$ 151,573</u>	<u>\$ 297,701</u>	<u>\$ (276,266)</u>	<u>\$ 173,008</u>
LIABILITIES				
Due to student organizations:				
Elementary School	\$ 7,577	\$ 15,253	\$ (13,030)	\$ 9,800
Middle School	18,304	36,580	(32,020)	22,864
High School	106,339	220,805	(215,084)	112,060
District Wide	<u>19,353</u>	<u>25,063</u>	<u>(16,132)</u>	<u>28,284</u>
Total liabilities	<u>\$ 151,573</u>	<u>\$ 297,701</u>	<u>\$ (276,266)</u>	<u>\$ 173,008</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, 2015, 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.

➤ WRS Reporting

The District did not contribute retirement for one eligible employee who started after the beginning of the 2014-2015 fiscal year. Employee Trust Funds discovered this error during its review of the District's annual report. The District subsequently contributed the required amount.

At the beginning of the school year, Skyward's (the District's accounting software) WRS report is reviewed to be sure all enrollments are included; however, Skyward's WRS report is not reviewed for new enrollments after the start of the year. Skyward's WRS report should be reviewed in the month when any new employees or new WRS enrollments become eligible.

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 17, 2015
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.



Johnson & Block AND COMPANY, INC.

Certified Public Accountants

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

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, 2015. 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. As described in Note 1 to the financial statements, the District changed accounting policies related to pensions by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to its Measurement Date, for the year ended June 30, 2015. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Activities. 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.
- 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, 2014.
- 3) Management's estimate of the pension asset, pension liability and deferred outflow of resources, is based on various key factors. These estimates were computed by the pension plan administrator.

We evaluated the key factors and assumptions used to develop these amounts in determining that they are reasonable in relation to the financial statements.

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:

- Record funds transfers.

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 17, 2015.

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 and the Wisconsin Retirement System schedule, 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.

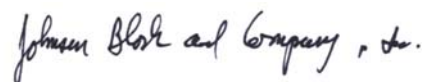
We were engaged to report on the Combining Schedules and the Schedule of Changes in Activity Accounts, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing 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,

A handwritten signature in cursive script that reads "Johnson Block and Company, Inc." The signature is written in dark ink and is positioned above the printed name of the company.

Johnson Block and Company, Inc.

November 17, 2015
Mineral Point, WI

Account	Description	Debit	Credit
Proposed JE # 6001			
Record hourly accrued payroll at 6/30/15.			
10-250000-000	Total Business Administration	25,245.00	
10-933000-000	Unassigned	25,895.00	
10-250000-000	Total Business Administration		25,895.00
10-811800-000	Accrued Payable		25,245.00
Total		<u>51,140.00</u>	<u>51,140.00</u>

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.