

MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2015

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

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MENASHA, WISCONSIN**

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Menasha Joint School District
Menasha, 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 Menasha Joint School District (District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Emphasis of Matter

The District has implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* for the year ended June 30, 2015. 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 management's discussion and analysis on pages 3-12 and the required supplementary information as listed in the table of contents, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The nonmajor governmental fund, general fund, and agency fund combining schedules, listed as other supplementary information in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines*, and are also not a required part of the basic financial statements.

The nonmajor governmental fund, general fund, and agency fund combining schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 have also issued our report dated November 25, 2015, 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 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.

Erickson & Associates, S.C.

ERICKSON & ASSOCIATES, S.C.
Appleton, Wisconsin
November 25, 2015

MENASHA JOINT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For The Year Ended June 30, 2015

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

FINANCIAL HIGHLIGHTS

- The District's overall financial status, as reflected in total net position, increased by \$4,769,746.
- The General Fund (Fund 10) fund balance increased from \$8,586,912 to \$9,262,990. The original budget was adopted with the expectation of a increase in fund balance. The actual increase in Fund 10 was \$676,078, which was due to staffing changes that occurred during the school year. The district also saw favorable results in our utility usage for the year.
- As of June 30, 2015, the District's governmental funds reported combined ending fund balances of \$20.0M, a decrease of \$15.5M in comparison with the prior year. The entire fund balance has been assigned or restricted for specific purposes with the largest amount set aside to pay future contractual salaries.
- Board of Education policy states that it *"will annually review the fund balance and strive to maintain an operating reserve of 20% of the anticipated General Fund expenditures budget for the subsequent year or a balance sufficient to avoid cash flow borrowing, whichever is greater."* As of June 30, 2015, the fund balance for the General Fund was \$9.3M, or approximately 24.7% of the 2014-2015 budgeted General Fund expenditures.

MENASHA JOINT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS For The Year Ended June 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of two parts - management's discussion and analysis and the basic financial statements, including notes to the financial statements and supplementary information.

The basic financial statements consist of two kinds of statements that present different views of the District's financial activities.

District-wide Financial Statements

- The *Statement of Net Position* compares assets to liabilities to give an overall view of the financial health of the District. This statement includes fixed assets and long-term liabilities.
- The *Statement of Activities* defines the District's expenses by function and illustrates the total that is offset by corresponding revenues - charges for services and/or operating grants and contributions. General revenues and extraordinary credits are identified. The result is total net expense offset by general and miscellaneous revenue - recognizing the change in net position for the District from the previous year.

Fund Financial Statements

- The remaining statements: *Balance Sheet - Governmental Funds* and *Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds* focus on individual parts of the District. Fund financial statements generally report operations in more detail than the district-wide statements.

The *Notes to Financial Statements* provide further explanation of some of the information in the statements and provide additional disclosures so statement users have a complete picture of the District's financial activities and position.

Required Supplementary Information further explains and supports the financial statements.

Other Supplementary Information provides information specific to nonmajor governmental funds and schedules of federal and state awards.

MENASHA JOINT SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

For The Year Ended June 30, 2015

The major features of the District’s financial statements, including the scope of the activities reported and type of information contained, is shown in the following table. (Table #1)

Table #1

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

MENASHA JOINT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2015

Table #2

Condensed Statement of Net Position			
	<u>2015</u>	<u>As Restated</u> <u>2014</u>	<u>%</u> <u>Change</u>
<u>Assets</u>			
Current Assets	\$26,214,598	\$42,995,924	-39%
Noncurrent Assets	\$5,073,208	\$7,003,763	-28%
Capital Assets	\$46,351,520	\$22,627,094	105%
Total Assets	\$77,639,326	\$72,626,781	7%
Deferred Outflows of Resources	\$3,846,486	\$57,021	6646%
<u>Liabilities</u>			
Current Liabilities	\$8,916,491	\$9,661,416	-8%
Noncurrent Liabilities	\$45,768,363	\$41,001,077	12%
Total Liabilities	\$54,684,854	\$50,662,493	8%
Deferred Inflows of Resources	\$9,903	--	100%
<u>Net Position</u>			
Net investment in Capital Assets	\$8,962,945	\$5,632,276	59%
Restricted	\$1,076,157	\$2,063,712	-48%
Unrestricted	\$16,751,953	\$14,325,321	17%
Total Net Position	\$26,791,055	\$22,021,309	22%

Statement of Net Position: (Table #2)

The District's overall financial status, as reflected in total net position, increased by \$4.77M to \$26.8M. The District reported total assets of \$77.64M, of which \$46.35M are capital assets. The District reported total liabilities of \$54.68M, of which \$45.77M are long-term liabilities.

MENASHA JOINT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For The Year Ended June 30, 2015

Table #3

Changes in Net Position from Operating Results For Governmental Activities					
	<u>2014-15</u>	<u>%</u>	<u>2013-14</u>	<u>%</u>	<u>% Change</u>
Revenues:					
Program					
Charges for Services	\$2,462,423	5%	\$2,271,588	5%	8%
Operating Grants	\$6,901,906	14%	\$6,661,106	14%	4%
General					
Property Taxes	\$14,263,960	29%	\$13,091,690	27%	9%
General State Aids	\$25,130,373	52%	\$25,168,979	53%	0%
Other	\$124,379	0%	\$264,714	1%	-53%
Total Revenues	<u>\$48,883,041</u>	<u>100%</u>	<u>\$47,458,077</u>	<u>100%</u>	3%
Expenses:					
Instruction	\$22,733,731	52%	\$24,560,940	53%	-7%
Support Services	\$12,357,614	28%	\$13,631,073	29%	-9%
Nonprogram	\$3,099,796	7%	\$2,780,676	6%	11%
Food Service	\$2,026,662	5%	\$1,892,207	4%	7%
Community Service	\$689,664	1%	\$815,096	2%	-15%
Packaged Services	\$270,679	1%	\$161,529	0%	68%
Interest and Fiscal Charges	\$1,837,709	4%	\$1,488,919	3%	23%
Unallocated Depreciation	\$1,097,440	2%	\$1,178,656	3%	-7%
Total Expenses	<u>\$44,113,295</u>	<u>100%</u>	<u>\$46,509,096</u>	<u>100%</u>	-5%
Change in Net Position	<u>\$4,769,746</u>		<u>\$948,981</u>		403%

MENASHA JOINT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For The Year Ended June 30, 2015

The following are examples of the types of expenditures included in (Table #3)

- Instruction costs include expenses for all activities that are part of the District's program. This includes expenses for formally organized and/or separately budgeted instructional activities that are carried out during the academic year.
- Academic support costs include expenses incurred to provide support services for the District's primary missions: instruction and public service. This category also includes expenses for central, executive-level activities concerned with District management and long-range planning, fiscal operations, administrative data processing, employee personnel and records, storerooms, and printing, etc.
- Nonprogram expenditures in general are any expenditures that are for purposes other than the instructional activities the District is primarily created to conduct. These include overhead, utility costs, transportation, and contracted services.
- Food service expenditures include all those expenses related to the preparation and delivery of food to the District as well as supervision of the student body during lunch hours.
- Community service accounts for activities such as adult education, community recreation programs, non-special education preschool, day care services, and other programs which are not elementary and secondary education programs but have the primary function of serving the community. Examples of these types of expenses are salaries, benefits, travel, purchased services, etc.
- Packaged services accounts for multidistrict projects which are necessary to keep separate records of expenditures so that participant district's share of expenditures and resulting state and federal revenues will be determined accurately.
- Interest and fiscal charges relate to all those costs incurred for banking and interest charges related to the District's long-term debt obligations.
- Unallocated depreciation expenditures are related to allocating the cost of a tangible asset over its useful life.

Revenues: (Table #3)

- For FY15, the District received \$48.88M in revenue. This is an increase of 3% or \$1.42M over the previous year. Property taxes increased from the prior year by \$1.17M to \$14.26M and general state aids decreased by \$38,606 to \$25.13M. For FY15, 29% of total revenue came from local school property taxes, and 52% of the total came in the form of general state aids. The District received approximately 19% of all revenue in the form of specific use state aid, federal grants, contributions from individuals, and direct fees for services.

MENASHA JOINT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For The Year Ended June 30, 2015

Revenues: (Table #3) - Continued

- Individuals who directly participated or received benefits from a program offering contributed \$2.46M of the cost, an increase of \$190,835 from the prior year. Book and activity fees, admissions to athletic events, school lunch fees, open enrollment tuition, and building rental fees are included here.
- Individuals and federal and state government subsidized certain programs with grants and contributions of \$6.9M, which is an increase of \$240,800 from the prior year. Special education, transportation, breakfast, and lunch aids are included here.

Expenses: (Table #3)

- For FY15, the District's total expenditure amount was \$44.11M. This is a decrease of \$2.4M from the prior year. For FY15, 52% was directed to instruction and 28% was directed to support services. Nonprogram expenditure amounts were 7% of the total. The food service, community service, and packaged services programs represented 7%, and costs for debt service represented 4% of total expenditures.

MENASHA JOINT SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2015**

Table #4

Net Cost of Governmental Activities		
	<u>Total Cost of Services</u> 2015	<u>Net Cost of Services</u> 2015
Instruction	\$22,733,731	\$17,872,908
Support Services	\$12,357,614	\$10,191,662
Nonprogram	\$3,099,796	\$3,099,796
Food Service	\$2,026,662	\$46,852
Community Service	\$689,664	\$605,807
Packaged Services	\$270,679	\$(3,208)
Interest and Fiscal Charges	\$1,837,709	\$1,837,709
Unallocated Depreciation	\$1,097,440	\$1,097,440
Total	<u>\$44,113,295</u>	<u>\$34,748,966</u>

Net Cost of Governmental Activities: (Table #4)

- Total cost of all governmental activities was \$44.11M.
- Net cost of governmental activities, \$34.75M, was financed by general revenues, which are primarily made up of property taxes, \$14.26M, and general state aids, \$25.13M. Miscellaneous and investment earnings accounted for \$124,379. In addition, District operations were subsidized by \$9.36M, which was collected through direct fees and operating grants.

General Fund Budgetary Comparison:

- Consistent with current state statutes and regulations, an original budget is adopted in October to reflect the actual revenue cap and state aid certification. The District amended its originally adopted budget in 2014-15.
- Fund 10 budget was originally approved with a surplus of \$1.2M. The actual results for the year showed a surplus of \$676,078.

MENASHA JOINT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS For The Year Ended June 30, 2015

Fund Balances:

- The District shows a total for all fund balances of \$20,024,485 as of June 30, 2015.
- \$9,262,990 is in the General Fund (Fund 10). This represents 24.7% of expenditures. The majority of this fund balance is assigned for future contractual salary obligations.
- \$1,071,157 in the Debt Service Fund (Funds 38 & 39) is reserved to make future payments on long-term debt as required by law.
- \$8,936,425 in the Capital Projects Fund (Fund 49) is reserved for future capital projects.
- Fund balances in the Food Service Fund, Packaged Services Fund and Community Service Fund will be used to fund continuing operations in those funds.

Capital Asset and Debt Administration:

Capital Assets

- At year-end, the District had \$46.35M in capital assets. Further detail can be found in Note 3 to the financial statements.

Long-term Debt

- At year-end, the District had \$48.2M in long-term obligations. Further detail can be found in Note 5 to the financial statements.

Decisions That Will Impact the Future of the District:

State imposed revenue limits will continue to challenge the budgets of school districts throughout the state, especially those with steady or declining enrollments. Although the state made some small increases to the revenue limit formula, those changes did not provide sufficient revenue to cover the District's ever growing expenditure budget. As in past years, the revenue limit guidelines set forth by the state creates an even larger challenge for schools to balance the budget without impacting educational programs and local school tax levies. Current revenue limit laws allow school districts to make up any reduction in state aid by increasing local property taxes within the total allowed revenue limits. Any further reductions in state general aid could result in increased property taxes under current law. Property tax increases are unpopular with the community and, therefore, distasteful to legislators. Changes in the revenue limit law, possible tax levy limits/freezes, or other related proposals will continue to be reviewed, making future general fund revenues uncertain.

The District realized a slight decrease in total enrollment over the prior year of 2013-14 with an enrollment head count total of 3,599 students Pre-K through Grade 12. However, given the current enrollment trend and the characteristics of the revenue limit law, which has been in place since 1993, the District will again be required to plan for a significant projected shortfall even with the operation budget reductions planned for the subsequent budget. It should be noted that the District took measures to reduce the projected shortfalls for the 2014-2015 budget year with benefit concessions by District employees as well as changes in state law to meet the overall reductions in state equalization aid. Budget planning began with the District utilizing the services of Prudent Man Analysis (PMA) to forecast budget projections for 2014-15 and beyond.

MENASHA JOINT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For The Year Ended June 30, 2015

Decisions That Will Impact the Future of the District - Continued:

Impact of Projected Budget Reductions - The largest share of the District's expenditure budget (approximately 72% of total operating expenditures) is for salaries and benefits of staff that provide direct instruction and other support services. In order to balance the 2014-15 budget, the District negotiated strongly for a favorable renewal for the health insurance benefits of District employees. Although there were minimal increases from these changes, the District still faced numerous needs in other areas that ultimately could not be avoided and will impact the District's fund balance in future years.

Projected Cost of Health & Dental Insurance - Although the District has taken positive steps to contain the cost of health and dental insurance benefits changing from the point-of-service plan to an HMO, while providing very reasonable benefits for its employees, the rate of increase in these benefits continues to exceed the rate of increase allowed for by the revenue limit guidelines. Therefore, benefits have the potential to increase the percentage share of total compensation for employees.

Contacting the District's Financial Management:

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Brian Adesso, Director of Business Services, Menasha Joint School District, 328 Sixth Street, P.O. Box 340, Menasha, WI 54952.

BASIC FINANCIAL STATEMENTS

MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN

STATEMENT OF NET POSITION

June 30, 2015

ASSETS

Current assets:

Cash and investments	\$ 21,010,084
Taxes receivable	2,803,077
Accounts receivable	1,424,605
Due from other governments	975,700
Inventory	1,132
Total current assets	<u>26,214,598</u>

Noncurrent assets:

Net WRS pension asset	3,722,661
Other post employment benefits	1,350,547
Total noncurrent assets	<u>5,073,208</u>

Capital assets:

Land, buildings and equipment	64,669,251
Less accumulated depreciation	18,317,731
Net capital assets	<u>46,351,520</u>

Total assets	<u>77,639,326</u>
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DEFERRED OUTFLOWS OF RESOURCES

Expected vs. actual experience - WRS pension	539,670
Expected vs. actual investment income - WRS pension	1,802,692
Contributions after measurement date - WRS pension	1,461,545
Deferred charges - issuance costs	42,579
	<u>3,846,486</u>

LIABILITIES

Current liabilities:

Current portion of long-term debt	2,437,500
Accounts payable	2,633,657
Accrued salaries and related items	3,547,316
Advance deposits	9,140
Accrued interest payable	288,878
Total current liabilities	<u>8,916,491</u>

Long-term liabilities:

Bonds and notes payable	44,320,000
Bond premium	1,147,467
Other post employment supplemental pension obligations	300,896
Total long-term liabilities	<u>45,768,363</u>

Total liabilities	<u>54,684,854</u>
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DEFERRED INFLOWS OF RESOURCES

Changes in proportional share & difference in actual contributions - WRS pension	<u>9,903</u>
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NET POSITION

Net investment in capital assets	8,962,945
Restricted	1,076,157
Unrestricted	<u>16,751,953</u>
Total net position	<u>\$ 26,791,055</u>

MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Instruction				
Undifferentiated curriculum	\$ 6,695,801	\$ 783,355	\$ 98,306	\$ (5,814,140)
Regular curriculum	8,521,238	783,355	323,327	(7,414,556)
Special curriculum	5,580,179	78,458	2,783,164	(2,718,557)
Other instruction	1,936,513	--	10,858	(1,925,655)
Total instruction	<u>22,733,731</u>	<u>1,645,168</u>	<u>3,215,655</u>	<u>(17,872,908)</u>
Support services				
Pupil services	1,840,602	--	1,065,559	(775,043)
Instructional staff services	2,037,355	--	798,424	(1,238,931)
General administration	373,014	--	9,808	(363,206)
School building administration	2,151,519	--	--	(2,151,519)
Business administration	4,672,697	--	69,949	(4,602,748)
Other support services	1,282,427	52,246	169,966	(1,060,215)
Total support services	<u>12,357,614</u>	<u>52,246</u>	<u>2,113,706</u>	<u>(10,191,662)</u>
Nonprogram expenses	3,099,796	--	--	(3,099,796)
Food service	2,026,662	407,265	1,572,545	(46,852)
Community service	689,664	83,857	--	(605,807)
Packaged services	270,679	273,887	--	3,208
Interest and fiscal charges	1,837,709	--	--	(1,837,709)
Unallocated depreciation	1,097,440	--	--	(1,097,440)
Total	<u>\$ 44,113,295</u>	<u>\$ 2,462,423</u>	<u>\$ 6,901,906</u>	<u>(34,748,966)</u>

General revenues:

General state aids	25,130,373
Property taxes levied for:	
General purposes	9,957,707
Debt service	3,572,653
Community service	733,600
Interest income	45,241
Miscellaneous	79,138
Total general revenues	<u>39,518,712</u>

Change in net position 4,769,746

Net position, beginning of year, as restated 22,021,309

Net position, end of year \$ 26,791,055

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**BALANCE SHEET -
GOVERNMENTAL FUNDS**

June 30, 2015

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 9,969,578	\$ 1,071,157	\$ 8,936,425	\$ 1,032,924	\$ 21,010,084
Taxes receivable, net	2,803,077	--	--	--	2,803,077
Accounts receivable	1,424,605	--	--	--	1,424,605
Due from other governments	975,700	--	--	--	975,700
Inventory	1,132	--	--	--	1,132
Total assets	\$ 15,174,092	\$ 1,071,157	\$ 8,936,425	\$ 1,032,924	\$ 26,214,598
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 2,363,786	\$ --	\$ --	\$ 269,871	\$ 2,633,657
Accrued salaries and related items	3,547,316	--	--	--	3,547,316
Advance deposits	--	--	--	9,140	9,140
Total liabilities	5,911,102	--	--	279,011	6,190,113
Fund balances:					
Nonspendable	1,132	--	--	--	1,132
Spendable:					
Restricted	--	1,071,157	8,936,425	--	10,007,582
Assigned	9,261,858	--	--	753,913	10,015,771
Total fund balances	9,262,990	1,071,157	8,936,425	753,913	20,024,485
Total liabilities and fund balances	\$ 15,174,092	\$ 1,071,157	\$ 8,936,425	\$ 1,032,924	\$ 26,214,598

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

June 30, 2015

Total fund balances for governmental funds		\$ 20,024,485
Total net position reported for governmental activities in the statement of net position is different because:		
Noncurrent assets - net WRS pension is not available to pay for current period expenditures and, therefore, is not reported in the funds.		3,722,661
Noncurrent assets - other post employment benefit obligations are not available to pay for current period expenditures and, therefore, are not reported in the funds.		1,350,547
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The capital assets consisted of:		
Land	1,859,197	
Land improvements, net of \$671,402 accumulated depreciation	404,958	
Buildings, net of \$15,023,215 accumulated depreciation	12,946,742	
Machinery & equipment, net of \$2,623,114 accumulated depreciation	1,840,919	
Construction in progress	29,299,704	
Total capital assets	46,351,520	
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds balance sheet.		(288,878)
Deferred charges - issuance costs are recorded as a deferred outflow of resources in statement of net position.		42,579
Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		3,803,907
Deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		(9,903)
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest is not accrued in governmental funds but, rather, is recognized as expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Balances as of June 30, 2015, are:		
Bonds and notes payable, including current portion	(46,757,500)	
Bond premium	(1,147,467)	
Other post employment supplemental pension obligations	(300,896)	(48,205,863)
Total net position of governmental activities		\$ 26,791,055

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2015

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Local sources	\$ 10,418,527	\$ 3,575,832	\$ 36,986	\$ 1,235,359	\$ 15,266,704
Interdistrict sources	1,193,486	--	--	--	1,193,486
Intermediate sources	80,378	--	--	172,113	252,491
State sources	27,947,608	--	--	44,674	27,992,282
Federal sources	2,431,748	--	--	1,547,871	3,979,619
Other revenue	61,494	55,191	--	81,774	198,459
Total revenues	<u>42,133,241</u>	<u>3,631,023</u>	<u>36,986</u>	<u>3,081,791</u>	<u>48,883,041</u>
Expenditures:					
Instruction:					
Undifferentiated curriculum	7,037,794	--	--	1,943	7,039,737
Regular curriculum	8,961,127	--	--	--	8,961,127
Special curriculum	5,878,968	--	--	--	5,878,968
Other instruction	2,051,502	--	--	--	2,051,502
Total instruction	<u>23,929,391</u>	<u>--</u>	<u>--</u>	<u>1,943</u>	<u>23,931,334</u>
Support services:					
Pupil services	1,918,084	--	--	--	1,918,084
Instructional staff services	2,137,584	--	--	--	2,137,584
General administration	440,977	--	--	--	440,977
School building administration	2,485,531	--	--	3,515	2,489,046
Business administration	5,412,459	--	23,295,092	780	28,708,331
Debt service	--	11,395,959	--	--	11,395,959
Other support services	2,028,341	--	--	--	2,028,341
Total support services	<u>14,422,976</u>	<u>11,395,959</u>	<u>23,295,092</u>	<u>4,295</u>	<u>49,118,322</u>
Nonprogram expenses	3,099,796	--	--	--	3,099,796
Food service	--	--	--	2,026,906	2,026,906
Community service	--	--	--	717,052	717,052
Cooperative services	--	--	--	273,887	273,887
Total expenditures	<u>41,452,163</u>	<u>11,395,959</u>	<u>23,295,092</u>	<u>3,024,083</u>	<u>79,167,297</u>
Excess of revenues (under) expenditures	<u>681,078</u>	<u>(7,764,936)</u>	<u>(23,258,106)</u>	<u>57,708</u>	<u>(30,284,256)</u>
Other financing sources (uses):					
Operating transfers in	--	--	5,000	--	5,000
Loan proceeds	--	7,321,730	7,500,000	--	14,821,730
Operating transfers (out)	<u>(5,000)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(5,000)</u>
Net other financing sources (uses)	<u>(5,000)</u>	<u>7,321,730</u>	<u>7,505,000</u>	<u>--</u>	<u>14,821,730</u>
Net change in fund balances	676,078	(443,206)	(15,753,106)	57,708	(15,462,526)
Fund balances, beginning of year	8,586,912	1,514,363	24,689,531	696,205	35,487,011
Fund balances, end of year	<u>\$ 9,262,990</u>	<u>\$ 1,071,157</u>	<u>\$ 8,936,425</u>	<u>\$ 753,913</u>	<u>\$ 20,024,485</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015**

Net change in fund balances-governmental funds	\$ (15,462,526)
The change in net position reported for governmental activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is capitalized and depreciated over their useful lives. This is the amount by which capital outlays exceed depreciation in the current period.	23,724,426
Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	1,538,086
Accrued interest expense on long-term debt is reported in the district-wide statement of activities and changes in net position, but does not require the use of current financial resources. Therefore, accrued interest is not reported as an expenditure in governmental funds.	46,125
Other post employment benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned throughout the year. Other post employment benefits earned are less than the amounts paid.	325,363
Governmental funds report the actual supplemental pension payments made. The district-wide statement of activities includes supplemental pension payments on an accrual basis. This is the amount by which the accrual basis exceeds the actual payments in the current year.	(92,123)
Bond issue costs, including loss on refunding, are reported in the governmental fund as an expenditure. In the statement of activities, these costs are capitalized and amortized over the life of the bonds.	(14,442)
Bond premiums are reported in the governmental funds as a revenue in the statement of activities, these transactions are capitalized and amortized over the life of the bonds.	(197,663)
Loan proceeds are reported as financing sources in governmental funds and, thus, contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position. This is the amount by which proceeds exceed repayments.	(5,097,500)
Changes in net position of governmental activities	<u>\$ 4,769,746</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS**

June 30, 2015

	Agency Funds	Private Purpose Trust Fund	Employee Benefit Trust Fund
ASSETS			
Cash and investments	\$ 261,591	\$ 301,661	\$ 173,108
Accounts receivable	--	--	760,781
Total assets	261,591	301,661	933,889
LIABILITIES			
Due to student organizations	261,591	--	--
NET POSITION			
Restricted for OPEB	--	--	933,889
Restricted for scholarships	--	301,661	--
Total net position	\$ --	\$ 301,661	\$ 933,889

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS**

For the Year Ended June 30, 2015

	Private Purpose Trust Fund	Employee Benefit Trust Fund
ADDITIONS		
Employer contributions - OPEB	\$ --	\$ 1,766,309
Employee contributions - OPEB	--	89,852
Investment income	392	1,065
Gifts	1,670	--
Miscellaneous	333	--
Total additions	2,395	1,857,226
DEDUCTIONS		
Scholarship	100	--
Employee benefit payments - OPEB	--	1,432,399
Total deductions	100	1,432,399
Change in net position	2,295	424,827
Net position, beginning of year	299,366	509,062
Net position, end of year	\$ 301,661	\$ 933,889

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies:

The financial statements of Menasha Joint School District (District) have been prepared in conformity with U.S. generally accepted accounting principles (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

Menasha Joint School District is a common school district. The District, governed by a seven member elected school board, operates grades K through 12 and is comprised of all or parts of three taxing districts. The District receives funding from local, state, and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB pronouncement since it has decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations, and it is primarily accountable for fiscal matters. In addition, there are no component units, as defined in GASB Statement 61 that are included in the District's reporting entity.

B. Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, as prescribed by the Wisconsin Department of Public Instruction for elementary and secondary school districts, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures as appropriate. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The District operates the following major governmental funds:

General Fund - The general fund is the operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in other funds.

Debt Service Fund - The debt service fund is 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 capital facilities (other than those financed by trust funds).

The District operates the following nonmajor governmental funds:

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or capital projects) that are legally restricted to expenditures for specified purposes. The District uses special revenue funds to account for its special revenue trust, food service, community service and packaged services funds.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 1. Summary of Significant Accounting Policies - Continued:

Fiduciary Funds - Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include private-purpose trust, employee benefit, and agency funds. Donations for scholarships and other bequests are accounted for in private-purpose trust funds. Private-purpose trust funds are accounted for in essentially the same manner as proprietary funds. Employee benefit trust funds are set up to put aside monies for future post retirement benefits. They are irrevocable and can only be dissolved after all the trust assets have been used for their intended purpose. Activities of student organizations are accounted for in an agency fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Basis of Presentation

District-wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements distinguish between governmental and business-type activities of the District. The District did not have any business-type activities in place at June 30, 2015.

The district-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation between the district-wide statements and the governmental fund statements.

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between the direct expenses and program revenues for each function or program of the governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, are clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All taxes and revenues not classified as program revenues are presented as general revenues of the District.

Fund Financial Statements

Fund financial statements report detailed information about the District. Their focus is on major funds rather than reported funds by type. Each major governmental fund is presented in a single column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 1. Summary of Significant Accounting Policies - Continued:

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. District-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using the modified accrual basis of accounting.

Revenues - Exchange and Nonexchange Transactions

Revenues resulting from exchange transactions are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recognized in the accounting period when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the District is sixty days after year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been met. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes, investment earnings, tuition, grants, and student fees.

Expenditures

Under the accrual basis of accounting, expenditures are recorded at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Accounting

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes. The legally adopted budget and budgetary expenditure control is exercised at the object level in the general fund and at the total expenditures level for all other funds. Reported budget amounts are as originally adopted or as amended by the Board of Education (Board) resolution.

F. Cash and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. All funds share common (pooled) checking and investment accounts, unless regulations require separate investment accounts.

All investments are stated at fair value. Determination of fair value for investment in the State Treasurer's investment pool is based on information provided by the State of Wisconsin Investment Board. Determination of fair value for investment held for the employment benefit trust fund is based on information provided by BMO Financial Group.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 1. Summary of Significant Accounting Policies - Continued:

G. Property Taxes

The aggregate District tax levy is apportioned and certified by November 6 of the current fiscal year for collection to comprising municipalities based on the immediate past October 1 full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes may be paid in full or two or more installments with the first installment payable the subsequent January 31, and the final payment no later than the following July 31. On or before January 15, and by the 20th of each subsequent month thereafter, the District is paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the County Treasurer makes full settlement to the District for any remaining balance. The County assumes all responsibility for delinquent real property taxes.

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

H. Receivables

Receivables at June 30, 2015, consisted of taxes, accounts, interest, and governmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of federal and state programs.

I. Inventories and Prepaid Items

Inventories are valued at the lower of cost or the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

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

The District's policy allows employees to earn varying amounts of sick pay for each year employed, accumulating to a maximum vested amount of 144 days. The District's policy does not allow accumulated employee vacation to vest. Upon retirement, employees are entitled to continue receiving District funded health and, for teachers, dental insurance. Custodial, maintenance, food service and secretarial employees receive one month of health insurance for every six days of unused sick leave. Teachers receive health and dental insurance until age 65 or until they become eligible for Medicare, whichever comes first. Termination of employment other than retirement results in the loss of accumulated sick leave benefits.

Benefits that require payment in future fiscal years though related to currently received services are recorded as expenditure in the period or periods in which they are paid or are normally payable rather than the period in which they are incurred. The value of vested benefits payable in future fiscal periods are recorded in the district-wide statements.

K. Capital Assets and Depreciation

General capital assets are reported in the district-wide statement of net position but not in the fund financial statements.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 1. Summary of Significant Accounting Policies - Continued:

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirement during the year. Donated fixed assets are recorded at their fair value as of the date received. The District follows the policy of not capitalizing assets with a cost of less than \$1,000 and a useful life of less than five years, unless their exclusion as a group would make the financial statements materially misleading. The District does not possess any infrastructure. All reported capital assets, with the exception of land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital asset. Depreciation is computed using the straight-line method over the following useful lives:

Land	Not depreciated
Buildings	20-50 years
Land improvements	20 years
Machinery and equipment	5-20 years

L. Interfund Activity

Short-term interfund loans are classified as interfund receivables/payables in the fund financial statements. These amounts are eliminated in the statement of net position.

M. Accrued Liabilities and Long-term Debt

All accrued liabilities and long-term debt are reported in the district-wide financial statements.

For governmental fund financial statements, accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims and judgements and compensated absences paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources. Long-term debt paid from governmental funds is not recognized as a liability in the fund financial statements until due.

N. Deferred Outflows / Inflows of Resources

The District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The District has items in this category relating to its share of the WRS pension plan and the deferred charges - issuance costs resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has an item in this category relating to its share of the WRS pension plan.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 1. Summary of Significant Accounting Policies - Continued:

O. WRS Pensions

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

P. Fund Balances

The GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), effective for reporting periods beginning after June 15, 2010. The statement establishes fund balance classifications, provides for a hierarchy of spending constraints for spendable resources, and requires disclosure of nonspendable resources, and spendable resources. The District has adopted GASB 54 and the following information relates to its implementation.

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

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

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

Committed fund balance - these amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board of Education - the District's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed fund balance at June 30, 2015.

Assigned fund balance - this classification reflects the amounts constrained by the District's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board and the Director of Business Services have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts in governmental funds that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance - this fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds. The District did not have any unassigned fund balance at June 30, 2015.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 1. Summary of Significant Accounting Policies - Continued:

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

The Board has set a general fund minimum fund balance target of at least 20% of expenditures and recurring transfers of both the general and special education funds or a balance sufficient to avoid cash flow borrowing, whichever is greater. The special education fund does not meet the definition of a special revenue fund as defined in GASB pronouncements and the activity in this fund is consolidated with the general fund in the fund financial statements.

Q. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2. Cash and Investments:

The debt service fund and capital projects fund account for their transactions through separate and distinct bank and investment accounts as required by state statutes. In addition, the trust and agency funds use separate and distinct accounts. All other funds share in common bank and investment accounts.

The District is required to invest its funds in accordance with Wisconsin Statute 66.0603 (1M). The Board has adopted an investment policy pursuant to these statutes that allows the District to invest in the following:

- Time deposits

- Securities guaranteed by the U.S. Government

- Securities of Wisconsin Municipal Units

- Securities of Wisconsin Educational and Local Government Investment Pool

- Bonds issued by a local exposition district

- Bonds issued by a local professional baseball park district

- Bonds issued by a local professional stadium district

- Bonds issued by the University of Wisconsin Hospitals and Clinics Authority

- Bonds issued by a local cultural arts district

- Bonds issued by the Wisconsin Aerospace Authority

- Securities which mature or may be tendered for purchase at the option of the holder within not more than 7 years of the date on which it is acquired and received the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's Investors Service, or other similar nationally recognized rating agency

- Securities of an open-ended management investment company or investment trust, if the investment company does not charge a sales load, is registered under the investment company act of 1940, and the portfolio is limited to bonds and securities issued by the federal government, bonds that are guaranteed by the federal government, or repurchase securities that are fully collateralized by bonds or securities

Under the 2005 Wisconsin Act 99, school districts are allowed to invest funds held in trust to provide for post employment health care benefits and other post employment benefits provided separately from a defined benefit pension plan in the same manner as authorized for investments under Wisconsin Statute 881.01 "Uniform Prudent Investor Act".

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 2. Cash and Investments - Continued:

Under Wisconsin Statute 881.01, a trustee who invests and manages assets of the trust must comply with the prudent investor rule set forth in the statute. This rule requires the trustee of an employee benefit trust fund to exercise reasonable care, skill and caution when investing and managing the assets of the trust.

The carrying amount of the District's cash and investments totaled \$21,746,444 on June 30, 2015, as summarized below:

Petty cash funds	\$	325
Deposits with financial institutions		1,972,115
Investments		
Wisconsin investment series cooperative		19,132,229
BMO Financial Group		83,256
State Treasurer's investment pool		558,519
		<u>\$ 21,746,444</u>

Reconciliation to the basic financial statements:

Statement of net assets	\$	21,010,084
Fiduciary funds		
Employee benefit trust		173,108
Student scholarship		301,661
Agency funds		261,591
		<u>\$ 21,746,444</u>

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

Custodial Credit Risk

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

Deposits in banks are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 per official custodian. In addition, the State of Wisconsin has a State Guarantee Fund that provides a maximum of \$400,000 per entity above the amount provided by the FDIC. However, due to the relatively small size of the Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.

As of June 30, 2015, the carrying amount of the District's bank deposits was \$1,972,115 and the bank balance was \$2,634,516. Of the bank balances, \$489,541 was covered by FDIC insurance and the remaining \$2,144,975 was collateralized by US Bank, thru Federal Home Loan Mortgage Corporation.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 2. Cash and Investments - Continued:

The District's investments for the employee benefit trust are held in an irrevocable trust and are registered in the name of the corporate trustee for the benefit of the District. The District's investments are not exposed to custodial credit risk because the assets are held in the irrevocable trust and cannot be assigned to the obligations of the custodian in the case of the custodian becoming insolvent.

The investment in the State Treasurer's investment pool is insured against defaults in principal payments by Financial Security Assurance Incorporated.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. For investments (other than invested under Wisconsin State Statute 881.01), Wisconsin statutes limit investments in securities to the two ratings assigned by nationally recognized statistical rating organizations.

The District does not have a formal policy to address credit risk, but the risk is mitigated by the fact that the District is not invested in any individual securities and is invested in index funds, which allow for a more diversified portfolio. The District's bond mutual funds are rated B to AA by Standard & Poor's. The District's money market funds are not rated.

Following is the distribution of the District's investments by each investment type:

<u>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>
WISC Investment Series - money market account	\$ 19,132,229	\$ 19,132,229
State Treasurer's investment pool	558,519	558,519
BMO Financial Group		
Money market funds	4,540	4,540
Bond mutual funds	58,989	58,939
Equity mutual funds	19,847	19,777
Totals	<u>\$ 19,774,124</u>	<u>\$ 19,774,004</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy to address interest rate risk, but the risk is mitigated by the fact that the District is not invested in any individual bond security and is invested in bond index funds, which allow for a more diversified portfolio.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 3. Changes in Capital Assets:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	\$ 1,859,197	\$ --	\$ --	\$ 1,859,197
Land improvements	1,076,361	--	--	1,076,361
Buildings	27,969,957	--	--	27,969,957
Machinery and equipment	5,678,824	852,790	2,067,582	4,464,032
Construction in progress	5,330,628	23,969,076	--	29,299,704
Total	<u>41,914,967</u>	<u>24,821,866</u>	<u>2,067,582</u>	<u>64,669,251</u>
Accumulated Depreciation:				
Land improvements	669,766	1,637	--	671,403
Buildings	14,529,277	493,938	--	15,023,215
Machinery and equipment	4,088,830	452,666	1,918,383	2,623,113
Total	<u>19,287,873</u>	<u>948,241</u>	<u>1,918,383</u>	<u>18,317,731</u>
Net total	<u>\$ 22,627,094</u>	<u>\$ 23,873,625</u>	<u>\$ 149,199</u>	<u>\$ 46,351,520</u>

Note 4. Interfund Transactions:

No amounts were due to or from individual governmental type funds as of June 30, 2015. Interfund transfers on the fund financial statements for the year ended June 30, 2015, consisted of the following:

Transfer from the general fund to the capital improvement fund	<u>\$ 5,000</u>
--	-----------------

Note 5. Long-term Obligations:

Long-term obligations of the District are as follows:

<i>Type</i>	Beginning Balance	Additions	Reductions	Ending Balance
General obligation debt	\$ 41,660,000	\$ 14,545,000	\$ 9,447,500	\$ 46,757,500
Bond premium	949,804	276,730	79,067	1,147,467
Supplemental pension plan	208,773	92,123	--	300,896
Totals	<u>\$ 42,818,577</u>	<u>\$ 14,913,853</u>	<u>\$ 9,526,567</u>	<u>\$ 48,205,863</u>

Total interest paid for the year ended June 30, 2015, was \$1,868,229 on long-term debt.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 5. Long-term Obligations - Continued:

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 issues:

<i>Description</i>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Balances</u>
General obligation bonds	11/9/01	1.65%	3/1/21	\$ 435,000
General obligation bonds	3/1/12	4.375%	3/1/21	1,020,000
General obligation bonds	12/15/14	1.00-2.00%	3/1/21	6,985,000
General obligation bonds	12/21/09	1.15-5.00%	3/1/19	1,075,000
General obligation bonds	9/3/13	2.00-5.00%	3/1/33	27,770,000
General obligation bonds	11/25/14	2.00-3.00%	3/1/29	7,035,000
Taxable general obligation bond - QZAB	3/17/14	0.0%	3/1/24	2,000,000
State trust fund loan - QSCB	9/15/10	4.25%	3/15/20	<u>437,500</u>
Total general obligation debt				<u>\$ 46,757,500</u>

The Qualified School Construction Bond (QSCB) provides for a 100% federal subsidy on the total interest requirements. Since the District is not required to pay any interest during the term of the loan, the interest requirements for this bond are not shown in the accompanying schedule of maturities.

The Qualified Zone Academy Bond (QZAB) provides for a 100% federal subsidy on the total interest requirements. Since the District is not required to pay any interest during the term of the loan, the interest requirements for this bond are not shown in the accompanying schedule of maturities.

The 2014 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,266,787,087. 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 is as follows:

Debt limit (10% of \$1,266,787,087)	\$ 126,678,709
Deduct long-term debt applicable to debt margin	<u>46,757,500</u>
Margin of indebtedness	<u>\$ 79,921,209</u>

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 5. Long-term Obligations - Continued:

Aggregate cash flow requirements for the retirement of general obligation debt principal and interest on June 30, 2015, are as follows:

Year ending <i>June 30,</i>	Principal	Interest	Total
2016	\$ 2,437,500	\$ 1,667,396	\$ 4,104,896
2017	2,477,500	1,631,891	4,109,391
2018	2,547,500	1,587,893	4,135,393
2019	2,612,500	1,538,580	4,151,080
2020	2,432,500	1,480,943	3,913,443
2021-2025	11,585,000	6,456,020	18,041,020
2026-2030	14,075,000	4,038,300	18,113,300
2031-2033	8,590,000	818,120	9,408,120
Totals	<u>\$ 46,757,500</u>	<u>\$ 19,219,143</u>	<u>\$ 65,976,643</u>

Note 6. Fund Balance Reporting:

The following table discloses details of the amounts reported in the various fund balance categories as of June 30, 2015:

<i>Description</i>	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Inventory	\$ 1,132	\$ --	\$ --	\$ --	\$ 1,132
Restricted:					
Debt service fund	--	1,071,157	--	--	1,071,157
Capital projects fund	--	--	8,931,425	--	8,931,425
Capital improvement fund	--	--	5,000	--	5,000
Assigned:					
Employee contracts for salaries	9,261,858	--	--	--	9,261,858
Donations - Special revenue trust fund	--	--	--	33,677	33,677
Food service fund activities	--	--	--	236,178	236,178
Community service fund activities	--	--	--	484,058	484,058
Total fund balances	<u>\$ 9,262,990</u>	<u>\$ 1,071,157</u>	<u>\$ 8,936,425</u>	<u>\$ 753,913</u>	<u>\$ 20,024,485</u>

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 7. Excess of Actual Expenditures Over Budget:

The following funds had an excess of actual expenditures over budget for the year ended June 30, 2015:

General fund:

Regular curriculum	\$ 434,997
Other instruction	260,847
Pupil services	12,329
General administration	39,842
Business administration	207,044
Other support services	20,580

Special education fund:

Special education curriculum	280,969
Pupil services	23,599
Instructional staff services	30,200

Note 8. General Information About the WRS 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.

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.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 8. General Information About the WRS Pension Plan - Continued:

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	2.60%	7%
2006	1	3
2007	3	10
2008	7	0
2009	(2)	(42)
2010	(1)	22
2011	(1)	11
2012	(7)	(7)
2013	(10)	9
2014	5	25

Contributions

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

During the reporting period, the WRS recognized \$1,465,228 in contributions from the employer.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 8. General Information About the WRS Pension Plan - Continued:

Contribution rates as of June 30, 2015 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers)	6.80%	6.80%
Executives & 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 and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the District reported an asset of \$3,722,661 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013, rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the District's proportion was .15155728%, which was a decrease of .00008716% from its proportion measured as of December 31, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$1,458,591.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 539,670	\$ --
Changes in assumptions	--	--
Net differences between projected and actual earnings on pension plan investments	1,802,692	--
Changes in proportion and differences between employer contributions and proportionate share of contributions	--	9,903
Employer contributions subsequent to the measurement date	1,461,545	--
Total	<u>\$ 3,803,907</u>	<u>\$ 9,903</u>

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 8. General Information About the WRS Pension Plan - Continued:

\$1,461,545 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2015	\$ 460,733	\$ 1,839
2016	460,733	1,839
2017	460,733	1,839
2018	460,733	1,839
2019	460,733	1,839
Thereafter	38,695	710

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	7.20%
Discount rate	7.20%
Salary increases:	
Inflation	3.20%
Seniority/Merit	0.2% - 5.8%
Mortality	Wisconsin 2012 Mortality Table
Post-retirement adjustments*	2.10%

* 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.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 8. General Information About the WRS Pension Plan - Continued:

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Single Discount rate

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20%, 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%) or 1-percentage-point higher (8.20%) than the current rate:

	<u>1% Decrease to Discount Rate (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase to Discount Rate (8.20%)</u>
District's proportionate share of the net pension liability (asset)	\$ 10,502,269	\$(3,722,661)	\$(14,956,936)

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 8. General Information About the WRS Pension Plan - Continued:

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.

Note 9. Other Post Employment Benefits:

The District's post employment medical plan is a single-employer defined benefit healthcare plan administered by the District. The plan provides medical, dental, and life insurance benefits to eligible retirees and their spouses. The authority to establish and amend benefit provisions is with the Board of Education. There is no financial report issued by the plan. The benefits are calculated as follows:

Administrators: WRS retirement age and retiring after July 1, 2013, with a minimum of 10 years of service as of August 31, 2013; the District will make annual contributions of \$6,500/single and \$15,500/family towards eligible retiree's medical premiums, including annual HRA contributions of \$500/single and \$1,000/family, and annual contributions of \$360/single and \$1,200/family towards their dental premiums. The District's contributions will continue for a period of 8 years but not to exceed Medicare eligibility. The District will also pay the life insurance premiums on behalf of the retiree for the same duration.

Teachers: WRS retirement age and retiring after July 1, 2013, with a minimum of 12 years of service as of August 31, 2013; the District will make annual contributions of \$6,500/single and \$15,500/family towards eligible retiree's medical premiums, including annual HRA contributions of \$500/single and \$1,000/family, and annual contributions of \$360/single and \$1,200/family towards their dental premiums. The District's contributions will continue for a period of 8 years but not to exceed Medicare eligibility.

Administrative Support: WRS retirement age and retiring after July 1, 2013, with a minimum of 12 years of service as of August 31, 2013; the District will make annual contributions of \$6,500/single and \$15,500/family towards eligible retiree's medical premiums, including annual HRA contributions of \$500/single and \$1,000/family, and annual contributions of \$360/single and \$1,200/family towards their dental premiums. The District's contributions will continue for a period of 8 years but not to exceed Medicare eligibility. The District will also pay the life insurance premiums on behalf of the retiree for the same duration.

Secretaries: WRS retirement age and retiring after July 1, 2013, with a minimum of 10 years of service as of August 31, 2013; the District will make annual contributions of \$6,500/single and \$15,500/family towards eligible retiree's medical premiums including annual HRA contributions of \$500/single and \$1,000/family. The District's contributions will continue for a period of 3 years but not to exceed Medicare eligibility.

Maintenance: WRS retirement age and retiring after July 1, 2013, with a minimum of 10 years service as of August 31, 2013; the District will make annual contributions of \$6,500/single and \$15,500/family towards eligible retiree's medical premiums including annual HRA contributions of \$500/single and \$1,000/family. The District's contributions will continue for a period of 3.5 years but not to exceed Medicare eligibility.

The accrual basis of accounting is used. The fair value of assets is determined by the market value of assets, if any, paid by a willing buyer to a willing seller.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 9. Other Post Employment Benefits - Continued:

The contribution requirements of the District are established and may be amended by the Board. The required contribution is based on an actuarial study. For the fiscal year ended June 30, 2015, the District contributed \$1,766,309.

The District's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding, if paid on an ongoing basis, projected to cover the normal cost as well as the amortized unfunded actuarial liability. The following table shows the components of the District's annual OPEB for the year, the amount actually contributed, and the changes to the District's net OPEB obligation.

Annual required contribution	\$	1,350,519
Interest on net OPEB obligation	(56,385)
Adjustment to annual required contribution		146,812
Annual OPEB cost		1,440,946
Contributions made		1,766,309
Change in net OPEB obligation	(325,363)
Net OPEB obligation - beginning of year	(1,025,184)
Net OPEB obligation - ending of year	\$(1,350,547)

As of July 1, 2014, the most recent actuarial valuation date, the plan was 6.09% funded. The actuarial accrued liability for benefits was \$8,355,260, and the actuarial value of assets was \$509,062. This resulted in an unfunded actuarial liability (UAAL) of \$7,846,198.

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

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

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 9. Other Post Employment Benefits - Continued:

For the actuarial valuation, the unprojected unit credit method was used. The actuarial assumption included a 5.5% investment rate of return (net of administrative expenses), which is based on the plan being funded in an irrevocable employee benefit trust invested in a long-term fixed income portfolio. The actuarial assumption also included a health and dental care cost trend rate of 7.5% initially, decreasing by .5% per year down to 6.0%, then by .1% per year down to 5.0%. The UAAL is being amortized as a level percentage of projected payroll. The remaining amortization period at June 30, 2015, was 8 years.

Note 10. Other Post Employment Pension Benefits:

The District provides a supplemental pension benefit to eligible retirees in the form of a cash stipend. The supplemental pension plan is a single-employer defined benefit plan administered by the District. The benefits paid to eligible retirees are accounted for under GASB Statement Nos. 27 and 50. There is no financial report issued with the plan. The supplemental pension benefits are calculated as follows:

Eligible teachers, maintenance staff or secretaries will receive a one-time contribution into a Medical Trust or a 401(a) based upon a flat dollar amount per year of service in the District upon retirement. Additionally, on behalf of any eligible active employee that does meet the required years of service as of August 31, 2013, and is currently not participating in the group medical plan, the District offers a cash payment in lieu of their participation in the retirement benefit. The total amount of this cash stipend in lieu of the retirement benefit will be paid out in two equal annual payments.

The required contribution is based on projected pay-as-you-go financing requirements.

The District's annual pension cost and supplemental pension obligation for the current year are as follows:

Annual required contribution	\$	92,069
Interest on net pension obligation		8,351
Adjustment to annual required contribution	(8,297)
Annual pension cost		92,123
Contributions made		-
Change in supplemental pension obligation		92,123
Supplemental pension obligation - beginning of year		208,773
Supplemental pension obligation - ending of year	\$	300,896

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 10. Other Post Employment Pension Benefits - Continued:

The District's annual pension cost, the percentage of annual pension cost contributed to the plan, and the net pension obligation are as follows for the years ended June 30:

	Annual Pension Cost	Employer Contribution	Percentage of Annual Pension Cost Contributed	Supplemental Pension Obligation
2015	\$ 92,123	\$ --	--	\$ 300,896
2014	92,328	--	--	208,773
2013	87,709	--	--	116,445
2012	115,064	193,757	168.4%	28,736
2011	112,039	223,947	199.9%	107,429

As of July 1, 2014, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$445,472, and the actuarial value of assets was \$0, resulting in an UAAL of \$445,472.

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

The annual required contribution for the current year was determined as part of the July 1, 2014, actuarial valuation using the unprojected unit credit actuarial cost method. The actuarial assumptions included an investment rate of 4.0% per year, and turnover, mortality, and retirement age rates are based on the "Wisconsin Retirement System Experience Study". The unfunded actuarial accrued liability (UAAL) is based on a 30-year level dollar method.

Note 11. Self-funded Dental Insurance Program:

The District has established a self-funded dental benefit plan for its employees. The plan administrator, Delta Dental, is 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 ending June 30.

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

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 11. Self-funded Dental Insurance Program - Continued:

At June 30, 2015, the District reported a liability of \$46,647, which represents reported and unreported claims that were incurred on or before June 30, 2015, but were not paid by the District as of that date. This amount consists of claims of \$32,170 reported to the District by the plan administrator, claims of \$14,477 reported to the plan administrator but not the District, and claims of \$0, which were not yet reported to either the plan administrator or the District. The amounts not reported to the District were determined by the plan administrator.

Note 12. Limitation on School District Revenues:

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

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

Note 13. Contingent Liabilities:

Risk management - The District is exposed to various risks of loss, including torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance coverage for most of these risks. There were no significant reductions in purchased coverage for the year ended June 30, 2015. No settlements exceeded insured amounts in the last three fiscal years.

Litigation - From time to time, the District is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and counsel that the likelihood is remote, due in part to insurance coverage, that any other such claims or proceedings will have a material effect on the District's financial position.

Note 14. Prior Period Adjustment:

The effect of the District making a prior period adjustment due to the implementation of GASB 68 resulted in the restatement of the District's net position as of July 1, 2014, as follows:

Total net position as previously reported in the statement of activities	\$ 16,042,730
Net pension asset	<u>5,978,579</u>
Total net position at July 1, 2014	<u><u>\$ 22,021,309</u></u>

Note 15. Subsequent Events:

The District has evaluated all subsequent events through November 25, 2015, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**SCHEDULE OF FUNDING PROGRESS -
OTHER POST EMPLOYMENT BENEFITS**

June 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Unprojected Unit Credit Liability	Unfunded AAL (UAAL)	Funded Ratios	Covered Payroll	UAAL as a Percentage of Covered Payroll
07/01/10	\$ 19,312	\$ 18,748,973	\$ 18,729,661	0.10%	\$ 21,326,218	87.82%
07/01/12	110,261	12,926,507	12,816,246	0.85%	19,748,769	64.90%
07/01/14	509,062	8,355,260	7,846,198	6.09%	22,788,510	34.43%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS -
OTHER POST EMPLOYMENT BENEFITS**

June 30, 2015

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/15	\$ 1,440,946	122.58%	\$ (1,350,547)
06/30/14	852,587	210.64%	(1,025,184)
06/30/13	855,069	199.88%	(81,900)
06/30/12	1,903,298	89.80%	772,169
06/30/11	1,873,873	93.75%	578,007

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**SCHEDULE OF FUNDING PROGRESS - OTHER POST EMPLOYMENT
PENSION BENEFIT OBLIGATIONS**

June 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Unprojected Unit Credit Liability	Unfunded AAL (UAAL)	Funded Ratios	Covered Payroll	UAAL as a Percentage of Covered Payroll
07/01/10	\$ --	\$ 948,503	\$ 948,503	0.00%	\$ 21,326,218	4.45%
07/01/12	--	628,710	628,710	0.00%	19,748,769	3.18%
07/01/14	--	445,472	445,472	0.00%	22,788,510	1.95%

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET
Wisconsin Retirement System
Last 10 Fiscal Years*

	2015
The District's proportion of the net pension asset	0.15155728%
The District's proportion share of the net pension asset	\$ 3,722,661
The District's covered employee payroll	\$ 20,908,290
Plan fiduciary net position as a percentage of the total pension 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 THE DISTRICT'S CONTRIBUTIONS
Wisconsin Retirement System
Last 10 Fiscal Years*

Contractually required contributions	\$ 1,465,228
Contributions in relation to the contractually required contributions	(1,465,228)
Contribution deficiency (excess)	\$ - -
The District's covered employee payroll	\$ 20,908,290
Contributions as a percentage of covered employee payroll	7.01%

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

2015 is the first year that this information has been made available due to implementation of GASB 68.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

NOTES TO REQUIRED WRS SCHEDULES
For the Year Ended June 30, 2015

Note 1. Change of Benefit Terms:

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

Note 2. Change of Assumptions:

There were no changes in the assumptions.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL -
GENERAL FUND**

For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:				
Local sources	\$ 10,360,722	\$ 10,052,532	\$ 10,340,161	\$ 287,629
Interdistrict sources	1,320,365	1,320,365	1,193,486	(126,879)
Intermediate sources	48,369	48,369	38,734	(9,635)
State sources	25,785,114	26,086,773	26,159,187	72,414
Federal sources	1,238,248	1,238,248	1,478,649	240,401
Other revenue	--	--	61,402	61,402
Total revenues	<u>38,752,818</u>	<u>38,746,287</u>	<u>39,271,619</u>	<u>525,332</u>
Expenditures:				
Instruction:				
Undifferentiated curriculum	7,229,354	7,352,600	7,037,794	314,806
Regular curriculum	8,497,664	8,526,130	8,961,127	(434,997)
Other instruction	1,761,363	1,787,359	2,048,206	(260,847)
Total instruction	<u>17,488,381</u>	<u>17,666,089</u>	<u>18,047,127</u>	<u>(381,038)</u>
Support services:				
Pupil services	984,153	994,221	1,006,550	(12,329)
Instructional staff services	1,917,626	1,886,503	1,782,227	104,276
General administration	406,103	394,430	434,272	(39,842)
School building administration	2,510,017	2,494,721	2,485,531	9,190
Business administration	4,768,536	4,881,943	5,088,987	(207,044)
Other support services	1,837,132	2,006,096	2,026,676	(20,580)
Total support services	<u>12,423,567</u>	<u>12,657,914</u>	<u>12,824,243</u>	<u>(166,329)</u>
Nonprogram expenses	2,935,372	2,935,372	2,835,786	99,586
Total expenditures	<u>32,847,320</u>	<u>33,259,375</u>	<u>33,707,156</u>	<u>(447,781)</u>
Excess of revenues over expenditures	5,905,498	5,486,912	5,564,463	77,551
Other financing sources (uses):				
Operating transfers (out)	<u>(4,727,907)</u>	<u>(4,747,982)</u>	<u>(4,888,385)</u>	<u>(140,403)</u>
Net change in fund balance	1,177,591	738,930	676,078	(62,852)
Fund balance, beginning of year	<u>8,586,912</u>	<u>8,586,912</u>	<u>8,586,912</u>	<u>--</u>
Fund balance, end of year	<u>\$ 9,764,503</u>	<u>\$ 9,325,842</u>	<u>\$ 9,262,990</u>	<u>\$ (62,852)</u>

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL -
SPECIAL EDUCATION FUND
For the Year Ended June 30, 2015**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Interdistrict sources	\$ 107,433	\$ 107,433	\$ 78,366	\$ (29,067)
Intermediate sources	--	--	41,644	41,644
State sources	1,747,350	1,747,350	1,788,421	41,071
Federal sources	982,372	982,372	953,099	(29,273)
Other sources	--	--	92	92
Total revenues	<u>2,837,155</u>	<u>2,837,155</u>	<u>2,861,622</u>	<u>24,467</u>
Expenditures:				
Instruction:				
Undifferentiated curriculum	--	2,000	--	2,000
Special education curriculum	5,600,282	5,597,999	5,878,968	(280,969)
Other instruction	4,270	4,270	3,296	974
Total instruction	<u>5,604,552</u>	<u>5,604,269</u>	<u>5,882,264</u>	<u>(277,995)</u>
Support services:				
Pupil services	885,935	887,935	911,534	(23,599)
Instructional staff services	312,563	325,157	355,357	(30,200)
General administration	9,000	12,200	6,705	5,495
Business administration	413,816	416,180	323,472	92,708
Other support services	2,000	2,000	1,665	335
Total support services	<u>1,623,314</u>	<u>1,643,472</u>	<u>1,598,733</u>	<u>44,739</u>
Nonprogram	<u>331,700</u>	<u>331,700</u>	<u>264,010</u>	<u>67,690</u>
Total expenditures	<u>7,559,566</u>	<u>7,579,441</u>	<u>7,745,007</u>	<u>(165,566)</u>
Excess of revenues under expenditures	<u>(4,722,411)</u>	<u>(4,742,286)</u>	<u>(4,883,385)</u>	<u>(141,099)</u>
Other financing sources (uses):				
Operating transfers in	<u>4,722,411</u>	<u>4,742,286</u>	<u>4,883,385</u>	<u>141,099</u>
Net change in fund balance	--	--	--	--
Fund balance, beginning of year	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balance, end of year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

OTHER SUPPLEMENTARY INFORMATION

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2015

	Special Revenue Trust Fund	Food Service	Community Service	Packaged Services	Total
ASSETS					
Cash and investments	<u>\$ 33,677</u>	<u>\$ 290,267</u>	<u>\$ 502,741</u>	<u>\$ 206,239</u>	<u>\$ 1,032,924</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ --	\$ 54,089	\$ 18,683	\$ 197,099	\$ 269,871
Accrued salaries and related items	<u>--</u>	<u>--</u>	<u>--</u>	<u>9,140</u>	<u>9,140</u>
Total liabilities	<u>--</u>	<u>54,089</u>	<u>18,683</u>	<u>206,239</u>	<u>279,011</u>
Fund balances:					
Spendable:					
Assigned	<u>33,677</u>	<u>236,178</u>	<u>484,058</u>	<u>--</u>	<u>753,913</u>
Total liabilities and fund balances	<u>\$ 33,677</u>	<u>\$ 290,267</u>	<u>\$ 502,741</u>	<u>\$ 206,239</u>	<u>\$ 1,032,924</u>

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015**

	Special Revenue Trust Fund	Food Service	Community Service	Packaged Services	Total
Revenues:					
Local sources	\$ 10,637	\$ 407,265	\$ 817,457	\$ --	\$ 1,235,359
Intermediate sources	--	--	--	172,113	172,113
State sources	--	44,674	--	--	44,674
Federal sources	--	1,527,871	--	20,000	1,547,871
Other revenue	--	--	--	81,774	81,774
Total revenues	<u>10,637</u>	<u>1,979,810</u>	<u>817,457</u>	<u>273,887</u>	<u>3,081,791</u>
Expenditures:					
Instruction:					
Undifferentiated curriculum	1,943	--	--	--	1,943
Support services:					
School building administration	3,515	--	--	--	3,515
Business administration	780	--	--	--	780
Food service	--	2,026,906	--	--	2,026,906
Community service	--	--	717,052	--	717,052
Packaged services	--	--	--	273,887	273,887
Total expenditures	<u>6,238</u>	<u>2,026,906</u>	<u>717,052</u>	<u>273,887</u>	<u>3,024,083</u>
Net change in fund balances	4,399	(47,096)	100,405	--	57,708
Fund balances,					
beginning of year	<u>29,278</u>	<u>283,274</u>	<u>383,653</u>	<u>--</u>	<u>696,205</u>
Fund balances, end of year	<u>\$ 33,677</u>	<u>\$ 236,178</u>	<u>\$ 484,058</u>	<u>\$ --</u>	<u>\$ 753,913</u>

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**COMBINING BALANCE SHEET -
GENERAL FUND**

June 30, 2015

	General Fund	Special Education Fund	Eliminations	Total General Fund
ASSETS				
Cash and investments	\$ 9,274,624	\$ 694,954	\$ --	\$ 9,969,578
Taxes receivable, net	2,803,077	--	--	2,803,077
Accounts receivable	1,539,220	--	(114,615)	1,424,605
Due from other governments	823,135	152,565	--	975,700
Inventory	1,132	--	--	1,132
Total assets	\$ 14,441,188	\$ 847,519	\$ (114,615)	\$ 15,174,092
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,355,532	\$ 122,869	\$ (114,615)	\$ 2,363,786
Accrued salaries and related items	2,822,666	724,650	--	3,547,316
Total liabilities	5,178,198	847,519	(114,615)	5,911,102
Fund balances:				
Nonspendable	1,132	--	--	1,132
Spendable:				
Assigned	9,261,858	--	--	9,261,858
Fund balances	9,262,990	--	--	9,262,990
Total liabilities and fund balances	\$ 14,441,188	\$ 847,519	\$ (114,615)	\$ 15,174,092

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GENERAL FUND**

For the Year Ended June 30, 2015

	General Fund	Special Education Fund	Eliminations	Total General Fund
Revenues:				
Local sources	\$ 10,340,161	\$ 78,366	\$ --	\$ 10,418,527
Interdistrict sources	1,193,486	--	--	1,193,486
Intermediate sources	38,734	41,644	--	80,378
State sources	26,159,187	1,788,421	--	27,947,608
Federal sources	1,478,649	953,099	--	2,431,748
Other revenue	61,402	92	--	61,494
Total revenues	<u>39,271,619</u>	<u>2,861,622</u>	<u>--</u>	<u>42,133,241</u>
Expenditures:				
Instruction:				
Undifferentiated curriculum	7,037,794	--	--	7,037,794
Regular curriculum	8,961,127	--	--	8,961,127
Special curriculum	--	5,878,968	--	5,878,968
Other instruction	2,048,206	3,296	--	2,051,502
Total instruction	<u>18,047,127</u>	<u>5,882,264</u>	<u>--</u>	<u>23,929,391</u>
Support services:				
Pupil services	1,006,550	911,534	--	1,918,084
Instructional staff services	1,782,227	355,357	--	2,137,584
General administration	434,272	6,705	--	440,977
School building administration	2,485,531	--	--	2,485,531
Business administration	5,088,987	323,472	--	5,412,459
Other support services	2,026,676	1,665	--	2,028,341
Total support services	<u>12,824,243</u>	<u>1,598,733</u>	<u>--</u>	<u>14,422,976</u>
Nonprogram expenses	<u>2,835,786</u>	<u>264,010</u>	<u>--</u>	<u>3,099,796</u>
Total expenditures	<u>33,707,156</u>	<u>7,745,007</u>	<u>--</u>	<u>41,452,163</u>
Excess of revenues over (under) expenditures	<u>5,564,463</u>	<u>(4,883,385)</u>	<u>--</u>	<u>681,078</u>
Other financing sources (uses):				
Operating transfers in	--	4,883,385	(4,883,385)	--
Operating transfers (out)	<u>(4,888,385)</u>	<u>--</u>	<u>4,883,385</u>	<u>(5,000)</u>
Net change in fund balances	676,078	--	--	676,078
Fund balances, beginning of year	<u>8,586,912</u>	<u>--</u>	<u>--</u>	<u>8,586,912</u>
Fund balances, end of year	<u>\$ 9,262,990</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 9,262,990</u>

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**COMBINING BALANCE SHEET -
AGENCY FUNDS**

June 30, 2015

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
ASSETS				
Cash	\$ 233,910	\$ 693,423	\$ 665,742	\$ 261,591
LIABILITIES				
Due to student organizations				
Menasha High School	\$ 153,137	\$ 529,836	\$ 506,933	\$ 176,040
Maplewood Middle School	55,729	120,973	116,585	60,117
Gegan Elementary School	11,557	14,830	15,276	11,111
Jefferson Elementary School	2,408	3,365	3,738	2,035
Clovis Grove Elementary School	8,926	13,113	12,879	9,160
Butte des Morts				
Elementary School	1,858	9,438	8,663	2,633
Nicolet Elementary School	295	1,868	1,668	495
Total liabilities	<u>\$ 233,910</u>	<u>\$ 693,423</u>	<u>\$ 665,742</u>	<u>\$ 261,591</u>

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2015

Awarding Agency/ Pass-Through Agency/ Award Description	Federal Catalog Number	Accrued Receivable 6/30/14	Expenditures	Grantor Reimbursement	Accrued Receivable 6/30/15
U.S. DEPARTMENT OF AGRICULTURE					
WI Department of Public Instruction					
<i>Child Nutrition Cluster</i>					
National School Breakfast	10.553	\$ 11,585	\$ 422,914	\$ 434,499	\$ --
National School Lunch-noncash	10.555	--	96,730	96,730	--
National School Lunch-cash	10.555	19,128	847,823	866,951	--
National School Milk	10.556	66	3,057	3,123	--
Summer Food Service Program	10.559	--	48,101	48,101	--
Child Nutrition Cluster Total		<u>30,779</u>	<u>1,418,625</u>	<u>1,449,404</u>	<u>--</u>
Child and Adult Care Food Program	10.558	--	62,584	62,584	--
Fresh Fruit and Vegetable Program	10.582	5,707	46,662	52,369	--
U.S. DEPARTMENT OF EDUCATION					
WI Department of Public Instruction					
<i>Title I Cluster</i>					
Title I-A	84.010	364,855	794,835	973,189	186,501
Title I-A State Program Improvement	84.010	16,715	36,892	50,457	3,150
Academic Parent Teacher Teams	84.010	--	20,000	4,000	16,000
Title I Cluster Total		<u>381,570</u>	<u>851,727</u>	<u>1,027,646</u>	<u>205,651</u>
<i>Special Education Cluster</i>					
IDEA Flow Through	84.027	416,608	703,918	978,711	141,815
IDEA Discretionary	84.027	--	--	--	--
High Cost Special Education Aid	84.027	--	27,216	27,216	--
IDEA Preschool Entitlement	84.173	4,371	29,939	29,464	4,846
Special Education Cluster Total		<u>420,979</u>	<u>761,073</u>	<u>1,035,391</u>	<u>146,661</u>
Title IV-B 21st Century Community Learning Centers	84.287	150,654	279,269	406,884	23,039
Title III-A English Language Acquisition Programs	84.365	45,275	45,233	64,271	26,237
Title II-A, Teacher/ Principal Training and Recruiting Fund	84.367	45,860	176,373	173,756	48,477
CESA #6					
Carl Perkins	84.048	--	33,234	28,162	5,072
National-Louis University					
Reading Recovery Consortium	xx.xxx	--	20,000	20,000	--
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
WI Department of Health Services					
Medical Assistance Program	93.778	--	318,073	318,073	--
Totals		<u>\$ 1,080,824</u>	<u>\$ 4,012,853</u>	<u>\$ 4,638,540</u>	<u>\$ 455,137</u>

SEE NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE AWARDS.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended June 30, 2015**

Awarding Agency/ Pass-Through Agency/ Award Description	State ID Number	Accrued Receivable 6/30/14	Expenditures	Grantor Reimbursement	Accrued Receivable 6/30/15
WI DEPARTMENT OF PUBLIC INSTRUCTION					
Special Education and School					
Age Parents	255.101	\$ --	\$ 1,776,713	\$ 1,776,713	\$ --
State School Lunch	255.102	--	16,298	16,298	--
Common School Fund Library Aid	255.103	--	136,226	136,226	--
Bilingual/Bicultural Aid	255.106	--	191,753	191,753	--
Pupil Transportation Aid	255.107	--	53,683	53,683	--
General Equalization Aid	255.201	447,676	24,911,239	24,916,309	442,606
High Cost Special Education Aid	255.210	--	11,708	11,708	--
School Breakfast	255.344	--	28,376	28,376	--
Aid for High-poverty School District	255.926	--	219,134	219,134	--
Educator Effective Evaluation System	255.940	--	47,360	23,280	24,080
Per Pupil Adjustment Aid	255.945	--	558,900	558,900	--
Childhood fitness	255.930	1,000	--	1,000	--
Career and Technical Educator Incentive	255.950	--	6,000	6,000	--
CESA #6					
Special Education and School					
Age Parents	255.101	--	41,644	41,644	--
WI DEPARTMENT OF WORKFORCE DEVELOPMENT					
Local Youth Apprenticeship	445.112	--	2,250	2,250	--
CESA #6					
Local Youth Apprenticeship	445.112	--	5,500	5,500	--
WI DEPARTMENT OF REVENUE					
Tax Exempt Computer Aid	xxx.xxx	18,906	31,283	18,906	31,283
Totals		<u>\$ 467,582</u>	<u>\$ 28,038,067</u>	<u>\$ 28,007,680</u>	<u>\$ 497,969</u>

SEE NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE AWARDS.

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND
STATE AWARDS**

For the Year Ended June 30, 2015

Note 1. Basis of Presentation:

The accompanying schedules of expenditures of federal awards and state awards include the federal and state grant activity of Menasha Joint School District and are presented on the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of OMB Circular 133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Guidelines*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Special Education and School Age Parents Program:

The 2014-2015 eligible costs under the state special education program as reported by the District are \$6,703,938.



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

Board of Education
Menasha Joint School District
Menasha, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Menasha Joint School District (District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 25, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as 2015-002 to be a material weakness.

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 deficiency described in the accompanying schedule of findings and questioned costs as 2015-001 to be a significant deficiency.

Compliance and Other Matters

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

District's Response to Findings

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

Purpose of this Report

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

Erickson & Associates, S.C.

ERICKSON & ASSOCIATES, S.C.

Appleton, Wisconsin

November 25, 2015



Erickson & Associates, S.C.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT GUIDELINES

Board of Education
Menasha Joint School District
Menasha, Wisconsin

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Erickson & Associates, S.C.

ERICKSON & ASSOCIATES, S.C.

Appleton, Wisconsin

November 25, 2015

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

Summary of Auditor's Results:

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	No
Type of auditor's report on compliance for major programs:	Unmodified opinion
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 Section 510(1)?	No

Identification of major federal programs:

10.553	<i>Child Nutrition Cluster</i>
10.555	National School Breakfast
10.555	National School Lunch - noncash
10.556	National School Lunch - cash
10.559	National School Milk
	Summer Food Service Program

Dollar threshold used to distinguish between Type A and Type B Programs	\$300,000
Auditee qualified as a low-risk auditee?	Yes

State Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	No
Type of auditor's report on compliance for major programs:	Unmodified opinion
Any audit findings disclosed that are required to be reported in accordance with the <i>State Single Audit Guidelines</i> ?	No

Identification of major state programs:

255.101	Special Education and School Age Parents
255.201	General Equalization Aid
255.926	Aid for High-Poverty School District

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the Year Ended June 30, 2015

Financial Statement Findings:

2015-001 Financial Statement Preparation

Condition: The District has historically relied upon its auditors to assist in the preparation of the district-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the District's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered part of the District's internal controls.

Criteria: Pursuant to SAS 115, *Communicating Internal Control Related Matters Identified in an Audit*, we are required to report on whether the District is able to prepare financial statements in accordance with generally accepted accounting principles (GAAP). The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data, and (2) reporting district-wide and fund financial statements, including the related footnotes.

Cause: The additional costs with hiring staff experienced in preparing financial statements, along with additional training time, outweigh the derived benefits.

Recommendation: The District should continue to evaluate the cost/benefit of outsourcing the task of preparing the financial statements to the external auditors.

District Response: The District has evaluated the cost/benefit of outsourcing the task of preparing the financial statements to the auditors. District Management has determined that it is in the best interest of the District to continue to do so. The District will carefully review the draft of the financial statements and notes prior to approving them and accept responsibility for their content and presentation.

2015-002 Number and Type of Journal Entries

Condition: During our audit, we identified and proposed material and nonmaterial adjustments, which were approved and posted by management.

Criteria: Pursuant to SAS 115, *Communicating Internal Control Related Matters Identified in an Audit*, we are required to report a finding if we identify material misstatements in the financial statements that were not initially identified by the District's internal controls, even if management subsequently corrects the misstatements.

Cause: Various account balances needed auditor adjustments in order to produce financial statements in conformity with generally accepted accounting principles.

Recommendation: The District should attempt to post all entries prior to the start of the audit and have procedures in place to determine the proper handling of unusual and infrequent transactions.

District Response: The District will attempt to make additional procedures to detect and correct misstatements in the general ledger.

Federal and State Findings and Questioned Costs:

None reported

**MENASHA JOINT SCHOOL DISTRICT
MENASHA, WISCONSIN**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND CORRECTIVE ACTION PLAN**

For the Year Ended June 30, 2015

Status of Prior Year Audit Findings

The findings noted in the 2014 schedule of findings and questioned costs have been reported to the proper federal and state agencies.

Regarding finding 2014-001, management continues to believe that due to budget constraints, it is not practicable for the District to hire additional staff to correct this finding.

Regarding finding 2014-002, during the current year management posted some journal entries prior to the start of the audit, but there were still several material journal entries made by the auditors during the audit.

Corrective Action Plan for Audit Findings

The contact person responsible for the corrective action plan is Brian Adesso, Director of Business Services.

Finding 2015-001 is an ongoing finding and is anticipated to be a finding in future years. See management's response to this finding on page 61.

For the corrective action plan regarding finding 2015-002, see management's response to this finding on page 61. The corrective action plan is anticipated to be implemented prior to June 30, 2016.