

MINERAL POINT UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS

Including Independent Auditor's Report

As of and for the year ended June 30, 2017

Johnson Block and Company, Inc.
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Mineral Point Unified School District
June 30, 2017
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Mineral Point Unified School District
Mineral Point, Wisconsin

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mineral Point Unified School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Mineral Point Unified School District, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 3 through page 12 and budgetary comparison information and the Wisconsin Retirement System schedules on pages 44 through 48 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 Mineral Point Unified School District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information listed in the table of contents is the responsibility of management and 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 1, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Johnson Block And Company, Inc.



Mineral Point, WI
November 1, 2017

**MINERAL POINT UNIFIED
SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

The discussion and analysis of the Mineral Point Unified School District's financial information provides an overall review of financial activities for the fiscal year. The analysis generally focuses on school district financial performance as a whole. It should be read in conjunction with the Independent Auditor's Report at the front of this report and the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Total governmental revenues were \$11,089,558; including \$4,002,138 of property taxes, \$4,416,561 of state formula aid, and \$2,670,859 of charges for services, operating grants, capital grants, and interest and investment earnings. Total governmental expenditures were \$11,331,313; including \$6,764,680 for direct instruction.

The District amount of outstanding long-term obligations decreased by \$26,071.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

District-wide financial statements

- The district-wide financial statements are the *Statement of Net Position* and *Statement of Activities*. These statements present an aggregate view of the District's finances in a manner similar to private-sector business.
- The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The *Statement of Activities* presents information showing how the District's net position changed during the year. This statement reports the cost of government functions and how those functions were financed for the fiscal year.
- The district-wide financial statements are shown on pages 13 through 18 of this report.

**MINERAL POINT UNIFIED
SCHOOL DISTRICT**

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

Fund financial statements

- The District also produces fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The District, like other state and local governments, uses fund accounting to demonstrate compliance with finance related legal requirements. Fund statements generally report operations in more detail than the district-wide statements and provide information that may be useful in evaluating a district's short-term financing requirements.
- There are two fund financial statements, the *Balance Sheet* and the *Statement of Revenues, Expenditures and Changes in Fund Balance*. Generally, fund statements focus on short-term inflows and outflows of spendable resources and their impact on fund balance.
- Because the focus of fund financial statements is narrower than that of the district-wide statements, it is useful to make comparison between the information presented. By doing so, readers may better understand the long-term implication of the government's short-term financial decisions. A reconciliation to facilitate this comparison is provided either at the bottom of the governmental funds statement or as a separate statement.
- The District has two kinds of funds: *governmental* and *fiduciary*. *Governmental funds* include the District's six ongoing funds (general and special education, special revenue trust, community service, debt service, food service and capital projects). The District also has two *fiduciary funds*. One of the *fiduciary funds* serves as an agency fund for student organizations. The other fund is a private purpose trust fund which accounts for donations for scholarships and other bequests.
- Financial information is presented separately on both the *Balance Sheet* and *Statement of Revenues, Expenditures and Changes in Fund Balance* for the general/special education fund and capital projects fund as these are considered to be major funds. Data for the special revenue trust, community service, food service, and debt service funds is combined into a single, aggregated column. Data for each of these individual non-major funds is provided separately as supplementary information.
- The District serves as a trustee, or *fiduciary*, for student organizations and for scholarship donations. The assets of these organizations and scholarships do not directly benefit the District. *Fiduciary* activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operation. Fiduciary fund statements are presented on pages 19 and 20.
- The District adopts an annual appropriated budget for its general fund and special education fund. Budgetary comparison statements have been provided to demonstrate budget compliance. The budgetary comparison statements are on pages 44 and 45 of this report.

**MINERAL POINT UNIFIED
SCHOOL DISTRICT**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2017**

Notes to the financial statements

The Notes to the Financial Statements provide additional information that is essential to the full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 21 to 43 of this report.

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

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

**MINERAL POINT UNIFIED
SCHOOL DISTRICT**

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1, below, provides a summary of the District's net position for the year ended June 30, 2017.

**Table 1
Condensed Statement of Net Position**

	Total School District	
	2017	2016
Current assets	\$ 2,755,503	\$ 2,555,236
Capital assets, net of depreciation	8,411,892	8,369,297
Total assets	<u>\$11,167,395</u>	<u>\$10,924,533</u>
Deferred pension outflows	\$ 1,631,561	\$ 2,342,794
Total deferred outflows	<u>\$ 1,631,561</u>	<u>\$ 2,342,794</u>
Current liabilities	\$ 221,609	\$ 179,350
Long-term liabilities, including net pension liability	1,338,263	1,414,228
Total liabilities	<u>\$ 1,559,872</u>	<u>\$ 1,593,578</u>
Deferred pension inflows	\$ 763,032	\$ 955,942
Total deferred inflows	<u>\$ 763,032</u>	<u>\$ 955,942</u>
Net position		
Net investment in capital assets	\$7,688,284	\$7,794,730
Restricted	650,778	388,384
Unrestricted	2,136,990	2,534,693
Total net position	<u>\$10,476,052</u>	<u>\$10,717,807</u>

Table 2, below, provides a summary of the District's operating results and their impact on net position for the year ended June 30, 2017. The District relied primarily on property taxes (36.02%) and state aids (39.75%) to fund its operations. Combined, these account for 75.77% of all revenues or \$8.41 million. Program revenues, in the form of charges for services (2.47%), operating grants and contributions (19.97%) and capital grants and contributions (1.76%) accounted for \$2.69 million of the total revenue of \$11.1 million.

**MINERAL POINT UNIFIED
SCHOOL DISTRICT**

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

**Table 2
Changes in Net Position from Operating Results**

	Total School District	
	2017	2016
Revenues		
Program revenues		
Charges for services	\$ 273,633	\$ 263,743
Operating grants and contributions	2,218,696	1,925,741
Capital grants and contributions	195,832	107,257
General revenues		
Property taxes	4,002,138	3,945,753
State formula aid	4,416,561	4,598,897
Other	3,281	1,407
Total revenues	\$ 11,110,141	\$ 10,842,798
Expenses		
Instruction	\$ 6,764,680	\$ 6,376,268
Pupil and instructional services	800,874	715,662
Administration	2,701,815	2,633,079
Central services/Insurance	407,212	348,450
Interest	15,869	20,211
Other support services	233,208	248,577
Non-program transactions	407,655	464,905
Total expenses	\$ 11,331,313	\$ 10,807,152
Loss on disposal of fixed assets	(20,583)	(35,315)
Changes in Net Position	\$ (241,755)	\$ 331

Table 3, below, shows the District's total cost for providing the seven major district activities and their respective net cost. The net cost of services is the result after subtracting charges for services and operating grants and contributions that the District used to offset the program's total cost. The cost of all governmental activities this year was \$11,331,313. Individuals who directly participated or benefited from a program offering paid for \$273,633 of costs. Federal, state governments, and local aid subsidized certain programs with grants and contributions of \$2,414,528. General revenues of the District financed the net cost of governmental activities \$8,421,980.

**MINERAL POINT UNIFIED
SCHOOL DISTRICT**

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

**Table 3
Net Cost of Governmental Activities**

	Total Cost of Services 2017	Net Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2016
Instruction	\$ 6,764,680	\$ 4,752,622	\$ 6,376,268	\$ 4,678,794
Pupil and instructional services	800,874	709,053	715,662	644,702
Administration	2,701,815	2,147,533	2,633,079	2,177,647
Central services /Insurances	407,212	407,212	348,450	345,187
Other support services	24,513	24,513	28,076	28,076
Non-program transactions	407,655	407,655	464,905	425,293
Interest expense	15,869	(14,131)	20,211	(9,789)
Depreciation-Unallocated	208,695	208,695	220,501	220,501
Total	\$ 11,331,313	\$ 8,643,152	\$ 10,807,152	\$8,510,411

Table 4, below provides a summary of the District's fiduciary funds net position for the year ended June 30, 2017.

**Table 4
Statement of Net Position – Fiduciary Funds**

	Private Purpose Trust	Agency Fund	Totals 2017	Totals 2016
Assets				
Cash and investments	\$103,744	\$30,139	\$133,883	\$149,664
Total assets	<u>\$103,744</u>	<u>\$30,139</u>	<u>\$133,883</u>	<u>\$149,664</u>
Liabilities				
Due to student groups		\$30,139	\$30,139	\$31,506
Total liabilities		<u>\$30,139</u>	<u>\$30,139</u>	<u>\$31,506</u>
Net Position				
Reserved for scholarships	\$103,744		\$103,744	\$118,158
Total liabilities and net position	<u>\$103,744</u>	<u>\$30,139</u>	<u>\$133,883</u>	<u>\$149,664</u>

Table 5, below shows the original and final budgeted amounts and the actual budget and variance with the final budget.

**MINERAL POINT UNIFIED
SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u> <u>Original Budget</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Revenues:					
Property taxes	\$ 3,751,035	\$ 3,864,715	\$ 3,863,715	\$ 112,680	\$ (1,000)
Other local sources	84,600	84,600	51,627	(32,973)	(32,973)
Interdistrict sources	489,979	550,612	530,338	40,359	(20,274)
Intermediate sources	4,000	4,000	14,854	10,854	10,854
State sources	4,885,642	4,829,085	4,836,739	(48,903)	7,654
Federal sources	155,630	155,630	182,072	26,442	26,442
Total Revenues	9,370,886	9,488,642	9,479,345	108,459	(9,297)
Expenditures:					
Instructions:					
Undifferentiated instruction	1,983,473	1,983,473	1,962,647	20,826	20,826
Regular instruction	1,816,006	1,926,652	2,111,587	(295,581)	(184,935)
Vocational instruction	279,529	298,695	298,695	(19,166)	-
Physical instruction	248,704	248,804	248,707	(3)	97
Co-curricular activities	379,277	379,277	365,679	13,598	13,598
Special needs		2,000			2,000
Total Instruction	4,706,989	4,838,901	4,987,315	(280,326)	(148,414)
Support Services:					
Pupil services	201,084	201,084	200,257	827	827
Instructional Staff services	393,595	402,635	401,984	(8,389)	651
General administration services	262,019	252,255	250,579	11,440	1,676
Building administration services	515,858	519,744	519,743	(3,885)	1
Business administration	1,464,355	1,411,977	1,425,367	38,988	(13,390)
Central services	273,072	273,072	265,871	7,201	7,201
Insurance	102,221	79,221	69,880	32,341	9,341
Principal and interest	5,707	5,707	43,952	(38,245)	(38,245)
Other support services	151,000	151,000	-	151,000	151,000
Total support services	3,368,911	3,296,695	3,177,633	191,278	119,062
Non-Program Transactions:					
Purchased instructional services	305,394	323,904	317,239	(11,845)	6,665
Total non-program transactions	305,394	323,904	317,239	(11,845)	6,665
Total Expenditures	8,381,294	8,459,500	8,482,187	(100,893)	(22,687)
Excess (deficiency) of revenues over expenditures	989,592	1,029,142	997,158	7,566	(31,984)
OTHER FINANCING SOURCES (USES)					
Capital lease proceeds			231,665	231,665	231,665
Transfers out	(1,029,142)	(1,029,142)	(1,276,214)	(247,072)	(247,072)
Total other financing sources (uses):	(1,029,142)	(1,029,142)	(1,044,549)	(15,407)	(15,407)
Net change in fund balance	(39,550)	-	(47,391)	(7,841)	(47,391)
Fund balance - beginning	2,060,325	2,060,325	2,060,325		
Fund balance - ending	\$ 2,020,775	\$ 2,060,325	\$ 2,012,934	\$ (7,841)	\$ (47,391)

**MINERAL POINT UNIFIED
SCHOOL DISTRICT**

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

Table 5 continued					
Budgeted Comparison Schedule for the Special Education Fund					
	Budgeted Amounts		Actual	Variances	
	Original	Final		Positive (Negative)	
				Original	Final
Revenues:					
Interdistrict sources	\$ 98,500	\$ 98,500	\$ 109,321	\$ 10,821	\$ 10,821
Intermediate sources	-	-	100	100	100
State sources	371,682	371,682	398,495	26,813	26,813
Federal sources	211,620	211,620	144,630	(66,990)	(66,990)
Total Revenues	681,802	681,802	652,546	(29,256)	(29,256)
Expenditures:					
Instruction:					
Special instruction	1,385,126	1,370,027	1,271,123	114,003	98,904
Total Instruction	1,385,126	1,370,027	1,271,123	114,003	98,904
Support Services:					
Pupil services	55,288	78,015	82,769	(27,481)	(4,754)
Instructional staff services	82,579	112,537	111,038	(28,459)	1,499
Bldg Administration services	25,958	-	-	25,958	-
Business Administration	10,000	26,365	26,872	(16,872)	(507)
Total support services	173,825	216,917	220,679	(46,854)	(3,762)
Non-Program Transactions:					
Purchased instructional services	151,993	124,000	90,416	61,577	33,584
Total Expenditures	1,710,944	1,710,944	1,582,218	128,726	128,726
Excess of revenues over (under) expenditures	(1,029,142)	(1,029,142)	(929,672)	99,470	99,470
Other Financing Sources (uses)					
Operating Transfers In	1,029,142	1,029,142	929,672	(99,470)	(99,470)
Net Change in fund balance					
Fund Balance- beginning					
Fund Balance- ending	\$ -	\$ -	\$ -	\$ -	\$ -

**MINERAL POINT UNIFIED
SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

FINANCIAL ASPECTS OF THE DISTRICT'S FUNDS

The District completed the year with a total governmental fund balance of \$2,666,652 up from last year's ending fund balance of \$2,459,177.

- The general fund had a decrease in fund balance of \$ 47,391.
- The capital projects fund had an increase in fund balance of \$314,147.
- The debt service fund had an increase in fund balance of \$ 1076. The fund balance of the debt service fund will fluctuate from year to year. The District makes principal and interest payments in October, and is required to carry a balance at least sufficient to cover the payments until property taxes are collected in the second half of the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2017 the District had invested over \$16.4 million in capital assets, including buildings, site improvements, and furniture and equipment (see Table 6 below). The District recognized depreciation expense of \$ 374,285 for this fiscal year. Detailed information about capital assets can be found in Note 4 to the financial statements.

Table 6

Governmental Activities	Capital Assets	
	Balance 6/30/17	Balance 6/30/16
Total capital assets, not being depreciated	\$ 787,499	\$ 523,219
Total capital assets, being depreciated	15,671,548	15,380,523
Total capital assets	16,459,047	15,903,742
Total accumulated depreciation	8,047,155	7,534,445
Governmental activities capital assets, net	\$ 8,411,892	\$ 8,369,297

**MINERAL POINT UNIFIED
SCHOOL DISTRICT**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2017**

Long-Term Obligations

At the end of fiscal year 2017, the District had \$ 1,468,081 in general obligation bonds and other long-term debt and liabilities (see Table 7 below). The District’s outstanding long-term obligations decreased by \$ 26,071. Detailed information about the District’s long-term obligations is presented in Note 5 to the financial statements.

**Table 7
Outstanding Long-Term Obligations**

	Total School District	
	2017	2016
Notes Payable	\$ 526,705	\$ 604,930
Net Pension Liability	232,610	446,590
Other	708,766	442,632
Total	\$ 1,468,081	\$ 1,494,152

FACTORS BEARING ON THE DISTRICT’S FUTURE

Circumstances that may impact the District’s financial status in the future are as follows:

- The District has had a decreasing enrollment over the past few years and will continue to decrease.
- The District’s health insurance moved to a Health Reimbursement Account-HRA.
- Both the support and certified groups are settled for the 2017-2018 year. Both groups share an Employee Handbook Agreement.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have any questions about this report or need additional information, contact Luke Francois, District Administrator, (608) 987-0740 or Marsha Kjelland, District Bookkeeper, (608) 987-0742, Mineral Point Unified School District, 705 Ross Street, Mineral Point, WI 53565.

BASIC FINANCIAL STATEMENTS

Exhibit A-1
Mineral Point Unified School District
Statement of Net Position
June 30, 2017

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 962,646
Cash and cash equivalents - restricted	296,187
Taxes receivable	1,223,987
Inventory	6,022
Due from other governmental units	167,547
Prepaid	99,114
Total current assets	<u>2,755,503</u>
Capital assets	
Property, plant and equipment	16,459,047
Less: accumulated depreciation	<u>(8,047,155)</u>
Total capital assets	<u>8,411,892</u>
Total assets	<u>11,167,395</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension outflows	<u>1,631,561</u>
Total assets and deferred outflows of resources	<u>\$ 12,798,956</u>
LIABILITIES	
Current liabilities:	
Accrued salaries and wages	67,376
Accounts payable	21,475
Accrued interest payable	2,940
Current portion of long-term obligations	<u>129,818</u>
Total current liabilities	<u>221,609</u>
Noncurrent liabilities:	
Notes and bonds payable	526,705
Capital lease	196,903
Vested employee sick leave	511,863
Net pension liability - state retirement plan	232,610
Less: current portion	<u>(129,818)</u>
Total noncurrent liabilities	<u>1,338,263</u>
Total liabilities	<u>1,559,872</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred pension inflows	<u>763,032</u>
NET POSITION	
Net investment in capital assets	7,688,284
Restricted	650,778
Unrestricted	<u>2,136,990</u>
Total net position	<u>10,476,052</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 12,798,956</u>

See accompanying notes to the basic financial statements.

Exhibit A-2
Mineral Point Unified School District
Statement of Activities
For the Year Ended June 30, 2017

<u>Functions/Programs</u>	Program Revenues			Net (Expenses)	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
Instruction:					
Regular instruction	\$ 4,298,706	\$ 17,083	\$ 1,087,091	\$	\$ (3,194,532)
Vocational education	314,295		11,266		(303,029)
Special education	1,277,342		675,619		(601,723)
Other instruction	874,337	25,867	195,132		(653,338)
Total instruction	6,764,680	42,950	1,969,108		(4,752,622)
Support services:					
Pupil services	298,100		551		(297,549)
Instructional staff services	502,774		91,270		(411,504)
General administration services	271,316				(271,316)
Building administration services	555,080				(555,080)
Business administration	1,875,419	230,683	157,767	165,832	(1,321,137)
Central services	337,332				(337,332)
Insurance	69,880				(69,880)
Interest expense and fiscal charges	15,869			30,000	14,131
Depreciation - unallocated	208,695				(208,695)
Community services	24,513				(24,513)
Total support services	4,158,978	230,683	249,588	195,832	(3,482,875)
Non-program transactions:					
Purchased instructional services	407,655				(407,655)
Total governmental activities	\$ 11,331,313	\$ 273,633	\$ 2,218,696	\$ 195,832	(8,643,152)
General revenues:					
Property taxes					
General purposes					3,863,715
Debt services					62,584
Other taxes					75,839
Federal and State aid not restricted for specific purposes					
General					4,416,561
Loss on sale of fixed assets					(20,583)
Interest and investment earnings					3,281
Total general revenues					8,401,397
Changes in net position					(241,755)
Net position-beginning of year					10,717,807
Net position-end of year					\$ 10,476,052

Exhibit A-3
Mineral Point Unified School District
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Capital Projects Fund	Other Governmental Funds	Totals
ASSETS				
Cash and investments	\$ 725,561	\$	\$ 237,085	\$ 962,646
Cash and investments - restricted		296,187		296,187
Taxes receivable	1,223,987			1,223,987
Inventory			6,022	6,022
Due from other funds		130,000		130,000
Due from other governments	167,547			167,547
Prepaid	99,114			99,114
Total assets	\$ 2,216,209	\$ 426,187	\$ 243,107	\$ 2,885,503
LIABILITIES				
Accrued wages and payroll taxes	\$ 67,376	\$	\$	\$ 67,376
Accounts payable	5,899		15,576	21,475
Due to other funds	130,000			130,000
Total liabilities	203,275		15,576	218,851
FUND BALANCES				
Non-spendable	99,114			99,114
Restricted		426,187	227,531	653,718
Assigned	130,000			130,000
Unassigned	1,783,820			1,783,820
Total fund balances	2,012,934	426,187	227,531	2,666,652
Total liabilities and fund balances	\$ 2,216,209	\$ 426,187	\$ 243,107	\$ 2,885,503

Exhibit A-4
 Mineral Point Unified School District
 Reconciliation of the Governmental Funds Balance Sheet
 with the Statement of Net Position
 June 30, 2017

Total fund balances - governmental funds: \$ 2,666,652

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:

Governmental capital assets	16,459,047	
Governmental accumulated depreciation	<u>(8,047,155)</u>	8,411,892

Pension deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plan. These items are reflected in the statement of net position and are being amortized with pension expense in the statement of activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and therefore are not reported in the fund statements.

Deferred outflows of resources	1,631,561
Deferred inflows of resources	(763,032)

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

General obligation debt	526,705	
Capital leases	196,903	
Net pension liability	232,610	
Accrued interest on long-term debt	2,940	
Vested employee sick leave	<u>511,863</u>	(1,471,021)

Total net position - governmental activities \$ 10,476,052

Exhibit A-5
Mineral Point Unified School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	General Fund	Capital Projects Fund	Other Governmental Funds	Totals
REVENUES				
Property taxes	\$ 3,863,715	\$	\$ 137,584	\$ 4,001,299
Other local sources	51,627	668	713,648	765,943
Interdistrict sources	639,659			639,659
Intermediate sources	14,954			14,954
State sources	5,235,234		5,571	5,240,805
Federal sources	326,702		120,782	447,484
Total revenues	10,131,891	668	977,585	11,110,144
EXPENDITURES				
Instruction:				
Regular instruction	4,074,234		40,979	4,115,213
Vocational instruction	298,695		10,473	309,168
Special instruction	1,271,123		45	1,271,168
Other instruction	614,386		196,140	810,526
Total instruction	6,258,438		247,637	6,506,075
Support Services:				
Pupil services	283,026		804	283,830
Instructional staff services	511,222		4,045	515,267
General administration services	250,579		3,000	253,579
Building administration services	521,543			521,543
Business administration	1,452,239	16,521	682,869	2,151,629
Central services	265,871			265,871
Insurance	69,880			69,880
Principal and interest	43,952		91,730	135,682
Community services			23,323	23,323
Total support services	3,398,312	16,521	805,771	4,220,604
Non-program transactions:				
Purchased instructional services	407,655			407,655
Total expenditures	10,064,405	16,521	1,053,408	11,134,334
Excess (deficiency) of revenues over expenditures	67,486	(15,853)	(75,823)	(24,190)
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	231,665			231,665
Transfer to other funds	(346,542)			(346,542)
Transfer from general fund		330,000	16,542	346,542
Total other financing sources (uses)	(114,877)	330,000	16,542	231,665
Net change in fund balances	(47,391)	314,147	(59,281)	207,475
Fund balance - beginning	2,060,325	112,040	286,812	2,459,177
Fund balance - ending	\$ 2,012,934	\$ 426,187	\$ 227,531	\$ 2,666,652

Exhibit A-6
 Mineral Point Unified School District
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2017

Net change in fund balances-total governmental funds		\$ 207,475
Amounts reported for governmental activities in the statement of activities are different because:		
<p>The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.</p>		
Capital outlay reported in governmental fund statements	638,565	
Depreciation expense reported in the statement of activities	<u>(575,387)</u>	
Amount by which capital outlays are greater (less) than depreciation in the current period.		63,178
<p>The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, and disposals) is to increase/(decrease) net position:</p>		
		(20,583)
<p>Vested employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.</p>		
Change in compensated absences		(75,630)
<p>Long-term proceeds provide current financial resources to governmental funds, but issuing long-term debt increases long-term liabilities in the statement of net position. Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.</p>		
Principal payments on loans and capital leases		119,386
Proceeds from capital lease		(231,665)
<p>The issuance of long term debt provides current financial resources to governmental funds and does not have any effect on net position.</p>		
<p>The amount of long-term debt issued in the current year is:</p>		
<p>In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.</p>		
The amount of interest paid during the current period	14,479	
The amount of interest accrued during the current period	<u>(14,052)</u>	
Interest paid is greater (less) than interest accrued by		427
<p>Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan.</p>		
<p>Pension expense in the statement of activities is actuarially determined by the defined benefit pension plan as the differences between the net pension liability from the prior year to the current year, with some adjustments.</p>		
Difference between the required contributions into the defined benefit plan and the actuarially determined change in net pension liability between years, with adjustments.		<u>(304,343)</u>
Change in net position-governmental activities		<u>\$ (241,755)</u>

Exhibit A-7
 Mineral Point Unified School District
 Statement of Net Position
 Fiduciary Funds
 June 30, 2017

	Private Purpose Trust	Agency Fund	Totals
ASSETS			
Cash and investments	\$ 103,744	\$ 30,139	\$ 133,883
Total assets	\$ 103,744	\$ 30,139	\$ 133,883
LIABILITIES			
Due to student groups	\$	30,139	\$ 30,139
Total liabilities	\$	\$ 30,139	\$ 30,139
NET POSITION			
Restricted for scholarships	103,744		103,744
Total liabilities and net position	\$ 103,744	\$ 30,139	\$ 133,883

Exhibit A-8
 Mineral Point Unified School District
 Statement of Changes in Net Position
 Fiduciary Funds
 For the Year Ended June 30, 2017

	<u>Private Purpose Trust</u>
ADDITIONS	
Interest	\$ 226
Gifts	<u>1,210</u>
Total additions	<u>1,436</u>
 DEDUCTIONS	
Scholarships awarded	<u>15,850</u>
Change in net position	(14,414)
Net position - beginning	<u>118,158</u>
Net position - ending	<u><u>\$ 103,744</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District
June 30, 2017
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NOTES TO THE BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2017

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Mineral Point Unified School District is organized as a common school district governed by an elected seven-member school board. The District operates an Early Childhood Program and grades pre-kindergarten through grade 12. The District is comprised of all or parts of eight taxing districts.

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

The reporting entity for the District is based upon criteria set forth by the Governmental Accounting Standards Board. The financial reporting entity consists of (a) organizations for which the stand-alone government is financially accountable and (b) the stand-alone government that is controlled by a separately elected governing body that is legally separate and is fiscally independent. All of the accounts of the District comprise the stand-alone government.

B. Basis of Presentation

District-wide Statements:

The statement of net position and the statement of activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except for fiduciary funds, which are presented in the fund financial statements by type. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. The District does not report any business-type activities.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2017

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements:

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

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

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

Governmental Activities

Governmental funds are identified as either general, special revenue, debt service, capital projects, or permanent, private-purpose trust or agency funds based upon the following guidelines:

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2017

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fiduciary Funds (Not included in district-wide statements)

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

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

Major Funds

The District reports the following major governmental funds:

General Fund

Capital Projects Fund

Non-Major Funds

The District reports the following non-major funds:

Special Revenue Funds:

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

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

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

Debt Service Fund

Fiduciary Funds

The District reports the following fiduciary funds:

Private- Purpose Trust Funds

Scholarship Fund – accounts for assets that are accumulated to provide scholarships.

Agency Funds

Student Activity Fund – accounts for assets held as an agent for various student organizations.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2017

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property tax revenues are recognized as revenue in the fiscal year levied as the District considers the property taxes as due prior to June 30. The District considers the taxes as due on January 1, the date from which interest and penalties accrue for non-payment of a scheduled installment. Full receipt of the entire levy is assured within sixty days of the school's fiscal year-end. Receipt of the balance of taxes levied within sixty days meets the requirements for availability in accordance with U.S. generally accepted accounting principles applicable to governmental entities.

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

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

Property tax calendar – 2016 tax roll:

Lien date and levy date	October, 2016
Tax bills mailed	December, 2016
Payment in full, or	January 31, 2017
First installment due	January 31, 2017
Second installment due	July 31, 2017
Personal property taxes in full	January 31, 2017

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2017

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

When both restricted and unrestricted resources are available for use, the District's policy is to use restricted resources first, then unrestricted resources, as they are needed.

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

D. Assets and Liabilities

Cash and Cash Equivalents/Investments

The District has pooled the cash resources of its funds in order to maximize investment opportunities. Each fund's portion of total cash and investments is reported as cash and cash equivalents/investments by the District's individual major funds, and in the aggregate for non-major and agency funds. Interest earned is reported monthly to the various funds based on each fund's proportionate equity in the cash and investments pool.

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

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

Accounts Receivable

All accounts receivable are shown at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since such allowance would not be material.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2017

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets and Liabilities (Continued)

Inventories and Prepaid Items

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

Internal receivables and payables

The amounts reported on the statement of net position for internal receivables and payables represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for these internal balances within the same fund type.

Capital Assets

District-wide Statements

In the district-wide financial statements, capital assets are reported at actual cost or estimated historical costs. Donated assets are reported at estimated fair market value at the time received.

All capital assets, or groups of assets, that meet the District's capitalization threshold of \$2,500 are capitalized and updated for additions. Assets that are disposed of are taken off on an annual basis. All improvements to capital assets are capitalized while the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's useful life are expensed.

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

Computer equipment	3 years
Vehicles	5 years
Other equipment	5-10 years
Site improvements	20 years
Buildings	50 years
Subsequent modernization to buildings	20 years

Fund Financial Statements

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

Vested Employee Benefits

The District's policy states that school year employees shall earn 10 sick days per school year accumulative up to 110 days. Upon retirement after age 55, teachers will be paid for 50% of their accumulated sick days not to exceed 110 days. The retirement must be recognized as such by the Wisconsin State Teachers Retirement System.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2017

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets and Liabilities (Continued)

Vested Employee Benefits (Continued)

The District's policy states that sick leave for calendar year employees is earned at 12 days per year and part time employees will receive sick leave on a pro-rated basis based upon number of hours they are scheduled to work accumulative to either 60 days or 45 days, respectively, depending on an employee's classification. Upon retirement after age 55 or 20 years of service, support staff will be paid 75% of their accumulated sick leave not to exceed 45 days or 33.75 days, depending upon the maximum days that can be accumulated for the various classifications.

Sick leave benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The vested sick leave liability is reported on the district-wide financial statements. In the governmental fund financial statements, none of the liability is reported as it is not expected to be paid using expendable available resources.

Long-Term Obligations

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

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

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

E. Retirement Plans

District employees participate in the Wisconsin Retirement System. See Audit Note #7.

F. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental fund types.

G. Estimates

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2017

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Risk Management

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

I. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

J. Equity Classifications

District-wide Statements

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

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

Fund Statements

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

1. Non-Spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
2. Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provision or enabling legislation.
3. Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
4. Assigned – includes amounts the Board intends to use for a specific purpose; intent can be expressed by the Board or by an official or body to which the Board delegates the authority. All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
5. Unassigned – includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2017

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Equity Classifications (Continued)

Fund Statements (Continued)

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

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

Long-Term Goals

The District's long-term goals for fund balance is to achieve and maintain a general fund balance that would alleviate the need to short-term borrow for operational cash flow needs. Fund balance in excess of this goal may be used for one-time expenditures or unforeseen costs (i.e. damages). The general fund balance shall not be used for recurring costs in the operating budget.

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

The School Board authorizes and directs the superintendent or designee to assign the fund balance, to the extent such assignment does not create a negative unassigned fund balance, as follows:

- 1). An amount sufficient to liquidate open encumbrances that are reasonably expected to result in an expenditure in the subsequent year end
- 2). An amount estimated to be sufficient to cover the cost of unsettled labor agreements, if any.
- 3). An amount estimated for labor costs incurred prior to recognition of revenue in the subsequent year
- 4). Unrestricted Community Service fund balance shall be assigned for future community service.

The District has a fund balance policy that establishes a minimum fund balance requirement of not less than 15% of the subsequent year's operational expenditures. If the fund balance happens to fall below 15% the District will take proactive actions to raise the fund balance. As of June 30, 2017 the general fund balance was 20.6% of current year general fund expenditures.

K. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net pension 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2017

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure) until then. The District has one item that qualifies for reporting in this category. The deferred outflows of resources are for the WRS pension system.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The District has one item that qualifies for reporting in this category. The deferred inflows of resources are related to the WRS pension system.

NOTE 2

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

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

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

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown on the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities in the basic financial statements represent:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2017

NOTE 3

CASH AND INVESTMENTS

As previously discussed, cash for all District funds is pooled for investment purposes with the exception of a separate checking account for debt service and capital projects uses. At June 30, 2017, the cash and investments included the following:

<u>Account Balances</u>	
Petty cash/cash on hand	\$ 300
Deposits with financial institutions	1,377,796
Certificates of deposit	2,742
WI local government investment pool	11,878
	<u>\$ 1,392,716</u>

Cash and investments as of June 30, 2017 are classified in the accompanying financial statements as follows:

Per statement of net assets - Exhibit A-1	
Cash and cash equivalents	\$ 962,646
Cash and cash equivalents - restricted	296,187
Per statement of net assets - Fiduciary Funds - Exhibit A-7:	
Private purpose trust	103,744
Agency	30,139
Total	<u>\$ 1,392,716</u>

Investments Authorized by Wisconsin State Statutes

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2017

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Investments

At June 30, 2017, the District's pooled investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>
WI local government investment pool (LGIP)	<u>\$ 11,878</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 rates.

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

<u>Investment Type</u>	<u>Remaining Maturity (in months)</u>	
	<u>Amount</u>	<u>12 months or less</u>
Certificate of deposit	\$ 2,742	\$ 2,742
WI local government investment pool (LGIP)	11,878	11,878
	<u>\$ 14,620</u>	<u>\$ 14,620</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment.

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investment policy that would further limit its investment choices. As of June 30, 2017, the District's investment in the Wisconsin Local Government Investment Pool was not rated.

Concentration of Credit Risk

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

At June 30, 2017 the District had \$1,549,551 deposited in one financial institution.

Custodial Credit Risk

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2017

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Federal Deposit Insurance Corporation (FDIC) Insurance

The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term 'time and savings deposits' includes NOW accounts and money market deposit accounts but does not include interest bearing demand deposit accounts. The term 'demand deposits' means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal.

Collateralization of Public Unit Deposits

Depending on applicable state or federal law, public unit deposits may be secured by collateral or assets of the bank. In the event of the failure of the bank, the FDIC will honor the collateralization agreement if the agreement is valid and enforceable under applicable law. The FDIC does not guarantee, however, that the collateral will be sufficient to cover the amount of the uninsured funds. As such, although it does not increase the insurance coverage of the public unit deposits, collateralization provides an avenue of recovery in the event of the failure of an insured bank.

Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations.

At June 30, 2017, \$500,000 of the District's deposits with financial institutions was insured by FDIC coverage. The remaining \$1,049,551 of the District's deposits above FDIC thresholds at June 30, 2017 was insured by collateral pledged at the financial institution.

Fluctuating cash flows during the year due to collections, receipt of state aids and proceeds from borrowing may have resulted in temporary balances during the year significantly exceeding insured amounts at the balance sheet date.

Wisconsin Local Government Investment Pool

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board (SWIB). The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. All investments are valued at amortized cost by the SIF for purposes of calculating earnings to each participant. Specifically, the SIF distributes income to pool participants monthly, based on their average daily share balance. Distributions include interest income based on stated rates (both paid and accrued), amortization of discounts and premiums on a straight-line basis, realized investment gains and losses calculated on an amortized cost basis, and investment expenses. This method does not distribute to participants any unrealized gains or losses generated by the pool's investments. Detailed information about the SIF is available in separately issued financial statements available at <http://www.doa.state.wi.us/Divisions/Budget-and-Finance/LGIP>. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2017, the fair value of the District's share of the LGIP's assets was substantially equal to the amount reported above. Information on derivatives was not available to the District.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2017

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

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

Investment allocation in the local government investment pool as of June 30, 2017 was 97.72% in U.S. Government Securities, 1.29% in FDIC insured deposit accounts and Banker Acceptances, and 0.99% in Corporate Notes.

NOTE 4

CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2017 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 237,250	\$	\$	\$ 237,250
Construction work in process	285,969	264,280		550,249
Total capital assets not being depreciated	523,219	264,280		787,499
 <i>Capital assets, being depreciated:</i>				
Buildings	12,294,870	51,948		12,346,818
Land improvements	162,198			162,198
Furniture and equipment	2,798,666	322,337	(83,260)	3,037,743
Vehicles	124,789			124,789
Total capital assets, being depreciated	15,380,523	374,285	(83,260)	15,671,548
Total capital assets	15,903,742	638,565	(83,260)	16,459,047
 Less accumulated depreciation:				
Buildings	5,468,198	258,382		5,726,580
Land improvements	53,616	6,337		59,953
Furniture and equipment	1,914,865	301,151	(62,677)	2,153,339
Vehicles	97,766	9,517		107,283
Total accumulated depreciation	7,534,445	575,387	(62,677)	8,047,155
Total net capital assets	\$ 8,369,297	\$ 63,178	\$ (20,583)	\$ 8,411,892

NOTES TO THE BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2017

NOTE 4

CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 69,851
Vocational instruction	7,195
Special education	6,570
Other instruction	6,394
Instructional staff services	13,637
General administration	4,145
Business administration	113,913
Central services	144,987
Depreciation not charged to a specific function	<u>208,695</u>
Total depreciation for governmental activities	<u><u>\$ 575,387</u></u>

NOTE 5

SHORT-TERM AND LONG-TERM OBLIGATIONS

A. Short-term Liabilities

The District had a \$1,500,000 tax and revenue anticipation note from a local bank for 2016/17. Interest was 0.89% and the note expired on August 8, 2016.

Borrowings under the note are due upon demand and the note is subject to annual renewal.

	Balance 7/1/16	Additions	Removals	Balance 6/30/17
Line of credit	\$	\$ 1,232,000	\$ (1,232,000)	\$

The note was issued for cash flow purposes. Total interest paid on this note for the year was \$2,246.

B. Long-term Liabilities

Long-term liability balances and activity for the year ended June 30, 2017 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Notes	\$ 604,930	\$	\$ (78,225)	\$ 526,705	\$ 78,928
Capital lease	<u>6,399</u>	<u>231,665</u>	<u>(41,161)</u>	<u>196,903</u>	<u>50,890</u>
Sub-total	611,329	231,665	(119,386)	723,608	129,818
Vested employee sick leave	<u>436,233</u>	<u>75,630</u>	<u></u>	<u>511,863</u>	<u></u>
Total	<u><u>\$ 1,047,562</u></u>	<u><u>\$ 307,295</u></u>	<u><u>\$ (119,386)</u></u>	<u><u>\$ 1,235,471</u></u>	<u><u>\$ 129,818</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2017

NOTE 5

SHORT-TERM AND LONG-TERM OBLIGATIONS (CONTINUED)

B. Long-term Liabilities (Continued)

Total long-term interest paid and accrued during the year:

	Expense	Paid
Long-term debt	\$ 13,506	\$ 13,933
Capital lease	546	546
Total	\$ 14,052	\$ 14,479

General obligation debt at June 30, 2017 is comprised of the following individual issues:

Description	Issue Date	Interest Rates	Date of Maturity	Balance 6/30/17
Notes payable - Stadium	05/01/14	2.85%	04/01/24	\$ 181,705
Notes payable - Energy Efficiency Loan	07/01/13	1.87%	04/01/23	345,000
Total				\$ 526,705

The \$250,000 stadium loan dated May 1, 2014 is expected to be repaid through community fundraising efforts. If the fundraising efforts do not produce the necessary funds to make full payments on the loan, the District has obtained guarantors from the community to contribute the necessary funds to pay for any shortfall.

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District.

The 2016 equalized valuation of the District, as certified by the Wisconsin Department of Revenue is \$330,004,633. The legal debt limit and margin of indebtedness as of June 30, 2017 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (10% of \$330,004,633)	\$ 33,000,463
Deduct long-term debt applicable to debt margin	(526,705)
Margin of indebtedness	\$ 32,473,758

Aggregate cash flow requirements for the retirement of long-term principal and interest at June 30, 2017 follows:

Years Ended	Principal	Interest	Total
June 30,			
2018	\$ 78,928	\$ 11,759	\$ 90,687
2019	79,612	10,032	89,644
2020	80,315	8,298	88,613
2021	86,039	6,520	92,559
2022	86,783	4,638	91,421
2023-2024	115,028	4,402	119,430
Totals	\$ 526,705	\$ 45,649	\$ 572,354

NOTES TO THE BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2017

NOTE 5

SHORT-TERM AND LONG-TERM OBLIGATIONS (CONTINUED)

C. Vested Employee Benefits

Vested employee sick leave at June 30, 2017 is calculated based on the District's assumptions that employee's will receive future payments for these benefits. Benefits included in this calculation include sick leave payments estimated for all staff. The estimated liability for earned sick leave benefits at June 30, 2017 is \$511,863 and is shown on the statement of net position. There are currently 102 people eligible to receive these benefits. The liability for the vested employee sick leave was determined using an estimated probability that certain employees would receive benefits in the future and depending on the assumptions used, the estimated liability could vary significantly.

NOTE 6

CAPITAL LEASES, AS LESSEE

The following is an analysis of the original cost of leased property under capital leases by major classes as of June 30, 2017.

Computer lease	\$ 231,665
Scrubber lease	8,825
Total lease payments	<u>\$ 240,490</u>

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2017.

<u>Year Ended June 30,</u>	
2018	\$ 53,592
2019	50,284
2020	49,180
2021	49,180
Total payments	<u>\$ 202,236</u>
Less: interest	<u>(5,333)</u>
Minimum lease payments	<u>\$ 196,903</u>

NOTE 7

DEFINED BENEFIT PENSION PLAN

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

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2017

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

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
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5.0)

NOTES TO THE BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2017

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. 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 \$281,397 in contributions from the employer.

Contribution rates as of June 30, 2017 are:

Employee Category	Employee	Employer
General (including teachers)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

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

At June 30, 2017, the Mineral Point School District reported a liability of \$232,610 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Mineral Point School District's proportion of the net pension liability was based on the Mineral Point School District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the Mineral Point School District's proportion was .02822117%, which was an increase of .00073837% from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the Mineral Point School District's recognized pension expense of \$587,998.

At June 30, 2017, the Mineral Point School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 88,694	\$ 731,538
Changes of assumptions	243,203	
Net differences between projected and actual earnings on pension plan investments	1,157,857	
Changes in proportion and differences between employer contributions and proportionate share of contributions		31,494
Employer contributions subsequent to the measurement date	141,807	
Total	\$ 1,631,561	\$ 763,032

NOTES TO THE BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2017

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$141,807 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2018. 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:	Net Outflows (Inflows) of Resources
2018	\$ 297,918
2019	297,918
2020	202,668
2021	(72,089)
2022	307
Total	\$ 726,722

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset)	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2017

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Asset Allocation Targets and Expected Returns							
As of December 31, 2016							
Core Fund Asset Class	Asset Allocation %		Destination Target Asset Allocation %		Long-Term Expected Nominal Rate of Return %		Long-Term Expected Real Rate of Return %
Global Equities	50	%	45	%	8.3	%	5.4
Fixed Income	24.5		37		4.2		1.4
Inflation Sensitive Assets	15.5		20		4.3		1.5
Real Estate	8		7		6.5		3.6
Private Equity/Debt	8		7		9.4		6.5
Multi-Asset	4		4		6.6		3.7
Total Core Fund	110		120		7.4		4.5
Variable Fund Asset Class							
U.S. Equities	70		70		7.6		4.7
International Equities	30		30		8.5		5.6
Total Variable Fund	100		100		7.9		5
New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%							
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations							

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 3.78%. 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2017

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
Mineral Point School District's proportionate share of the net pension liability (asset)	\$ 3,060,131	\$ 232,610	\$ (1,944,710)

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://etf.wi.gov/publications/cafr.htm>

NOTE 8 GOVERNMENTAL ACTIVITIES NET POSITION AND GOVERNMENTAL FUND BALANCES

Governmental activities net position reported on the District-Wide Statement of Net Position at June 30, 2017 includes the following:

Governmental Activities:	
Capital assets, net of accumulated depreciation	\$ 8,411,892
Less: Long-term debt outstanding	(526,705)
Less: Capital leases outstanding	(196,903)
Net investment in capital assets	7,688,284
Restricted:	
Capital projects	426,187
Debt service	33,934
Community service	17,052
Student groups and other activities	173,605
Total restricted	650,778
Unrestricted	2,136,990
Total governmental activities net position	\$ 10,476,052

NOTES TO THE BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2017

NOTE 8 GOVERNMENTAL ACTIVITIES NET POSITION AND GOVERNMENTAL FUND BALANCES (CONTINUED)

Governmental fund balances reported on the fund financial statements at June 30, 2017 include the following:

Non-spendable:	
Major Funds:	
General - prepaids	<u>\$ 99,114</u>
Restricted:	
Major Funds:	
Capital projects - energy efficiency, stadium project and other capital facilities	426,187
Non-major Funds:	
Special revenue trust-student groups and other activities	173,605
Debt service	36,874
Community service	<u>17,052</u>
Total restricted	<u>653,718</u>
Assigned:	
Major Funds:	
General - capital improvement fund	<u>130,000</u>
Unassigned:	
Major Funds:	
General	<u>1,783,820</u>
Total governmental fund balances	<u><u>\$2,666,652</u></u>

NOTE 9 LIMITATION OF SCHOOL DISTRICT REVENUES

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

NOTE 10 INTERFUND BALANCES AND ACTIVITY

During the fiscal year ended June 30, 2017, \$330,000 was transferred to the debt service fund from the general fund to cover payment of principal and interest on long-term debt. \$16,542 was transferred to the food service fund from the general fund.

\$929,672 was transferred to the special education fund from the general fund during the fiscal year ended June 30, 2017. This transfer was used to cover any costs not covered by direct revenues. In the Fund Statements the general fund and special education funds are combined and the transfer is netted. In the Statement of Activities, all transfers have been eliminated.

NOTE 11 COMMITMENTS/SUBSEQUENT EVENTS

The District has committed to several contracts for a football stadium project. As of June 30, 2017, total obligation for the football stadium totaled \$190,000. This includes \$150,000 for the lights and \$42,000 for the fencing.

Subsequent to June 30, 2017, the District approved \$95,000 for a dust collector and for other maintenance projects.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit B-1
Required Supplementary Information
Budgetary Comparison Schedule for the General Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Original Budget	Variance with Final Budget
	Original	Final		Favorable (Unfavorable)	Favorable (Unfavorable)
REVENUES					
Property taxes	\$ 3,751,035	\$ 3,864,715	\$ 3,863,715	\$ 112,680	\$ (1,000)
Other local sources	84,600	84,600	51,627	(32,973)	(32,973)
Interdistrict sources	489,979	550,612	530,338	40,359	(20,274)
Intermediate sources	4,000	4,000	14,854	10,854	10,854
State sources	4,885,642	4,829,085	4,836,739	(48,903)	7,654
Federal sources	155,630	155,630	182,072	26,442	26,442
Total revenues	<u>9,370,886</u>	<u>9,488,642</u>	<u>9,479,345</u>	<u>108,459</u>	<u>(9,297)</u>
EXPENDITURES					
Instruction:					
Undifferentiated instruction	1,983,473	1,983,473	1,962,647	20,826	20,826
Regular instruction	1,816,006	1,926,652	2,111,587	(295,581)	(184,935)
Vocational instruction	279,529	298,695	298,695	(19,166)	
Physical instruction	248,704	248,804	248,707	(3)	97
Co-curricular activities	379,277	379,277	365,679	13,598	13,598
Special needs		2,000			2,000
Total instruction	<u>4,706,989</u>	<u>4,838,901</u>	<u>4,987,315</u>	<u>(280,326)</u>	<u>(148,414)</u>
Support Services:					
Pupil services	201,084	201,084	200,257	827	827
Instructional staff services	393,595	402,635	401,984	(8,389)	651
General administration services	262,019	252,255	250,579	11,440	1,676
Building administration services	515,858	519,744	519,743	(3,885)	1
Business administration	1,464,355	1,411,977	1,425,367	38,988	(13,390)
Central services	273,072	273,072	265,871	7,201	7,201
Insurance	102,221	79,221	69,880	32,341	9,341
Principal and interest	5,707	5,707	43,952	(38,245)	(38,245)
Other support services	151,000	151,000		151,000	151,000
Total support services	<u>3,368,911</u>	<u>3,296,695</u>	<u>3,177,633</u>	<u>191,278</u>	<u>119,062</u>
Non-Program Transactions:					
Purchased instructional services	305,394	323,904	317,239	(11,845)	6,665
Total non-program transactions	<u>305,394</u>	<u>323,904</u>	<u>317,239</u>	<u>(11,845)</u>	<u>6,665</u>
Total expenditures	<u>8,381,294</u>	<u>8,459,500</u>	<u>8,482,187</u>	<u>(100,893)</u>	<u>(22,687)</u>
Excess (deficiency) of revenues over expenditures	<u>989,592</u>	<u>1,029,142</u>	<u>997,158</u>	<u>7,566</u>	<u>(31,984)</u>
OTHER FINANCING SOURCES (USES)					
Capital lease proceeds			231,665	231,665	231,665
Transfers out	(1,029,142)	(1,029,142)	(1,276,214)	(247,072)	(247,072)
Total other financing sources (uses):	<u>(1,029,142)</u>	<u>(1,029,142)</u>	<u>(1,044,549)</u>	<u>(15,407)</u>	<u>(15,407)</u>
Net change in fund balance	(39,550)		(47,391)	(7,841)	(47,391)
Fund balance - beginning	2,060,325	2,060,325	2,060,325		
Fund balance - ending	<u>\$ 2,020,775</u>	<u>\$ 2,060,325</u>	<u>\$ 2,012,934</u>	<u>\$ (7,841)</u>	<u>\$ (47,391)</u>

Exhibit B-2
 Required Supplementary Information
 Mineral Point Unified School District
 Budgetary Comparison Schedule for the Special Education Fund
 For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u> <u>Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>		<u>Original</u>	<u>Final</u>
REVENUES					
Interdistrict sources	\$ 98,500	\$ 98,500	\$ 109,321	\$ 10,821	\$ 10,821
Intermediate sources			100	100	100
State sources	371,682	371,682	398,495	26,813	26,813
Federal sources	211,620	211,620	144,630	(66,990)	(66,990)
Total revenues	<u>681,802</u>	<u>681,802</u>	<u>652,546</u>	<u>(29,256)</u>	<u>(29,256)</u>
EXPENDITURES					
Instruction:					
Special instruction	<u>1,385,126</u>	<u>1,370,027</u>	<u>1,271,123</u>	<u>114,003</u>	<u>98,904</u>
Total instruction	<u>1,385,126</u>	<u>1,370,027</u>	<u>1,271,123</u>	<u>114,003</u>	<u>98,904</u>
Support Services:					
Pupil services	55,288	78,015	82,769	(27,481)	(4,754)
Instructional staff services	82,579	112,537	109,238	(26,659)	3,299
Building administration services	25,958		1,800	24,158	(1,800)
Business administration	10,000	26,365	26,872	(16,872)	(507)
Total support services	<u>173,825</u>	<u>216,917</u>	<u>220,679</u>	<u>(46,854)</u>	<u>(3,762)</u>
Non-Program Transactions:					
Purchased instructional services	<u>151,993</u>	<u>124,000</u>	<u>90,416</u>	<u>61,577</u>	<u>33,584</u>
Total expenditures	<u>1,710,944</u>	<u>1,710,944</u>	<u>1,582,218</u>	<u>128,726</u>	<u>128,726</u>
Excess of revenues over (under) expenditures	<u>(1,029,142)</u>	<u>(1,029,142)</u>	<u>(929,672)</u>	<u>99,470</u>	<u>99,470</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	<u>1,029,142</u>	<u>1,029,142</u>	<u>929,672</u>	<u>(99,470)</u>	<u>(99,470)</u>
Net change in fund balances					
Fund balance - beginning	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balance - ending	<u>\$ </u>	<u>\$ </u>	<u>\$ </u>	<u>\$ </u>	<u>\$ </u>

Exhibit B-3
 Required Supplementary Information
 Mineral Point Unified School District
 Wisconsin Retirement System Schedules
 June 30, 2017

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

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2016	0.02822117%	\$ 232,610	\$ 4,263,535	5.46%	99.12%
2015	0.02748280%	446,590	3,981,792	11.22%	98.20%
2014	(0.02684848%)	(659,291)	3,803,283	(17.33%)	102.74%

*The proportionate share of the net pension liability (asset) and other amounts presented above for each year were determined as of the calendar year-end that occurred 6 months prior to the financial reporting period.

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years**

Year ended June 30,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
2017	\$ 289,473	\$ (289,473)	\$	\$ 4,322,748	6.70%
2016	270,887	(270,887)		4,043,245	6.70%
2015	271,255	(271,255)		3,931,210	6.90%

**The contribution and other amounts presented above for each fiscal year are based on information that occurred during that fiscal year.

MINERAL POINT UNIFIED SCHOOL DISTRICT
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 June 30, 2017

NOTE 1

BUDGET SCHEDULE

Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction, which is in accordance with generally accepted accounting principles. The legally adopted budget and budgetary expenditure control is exercised at the fund level for all funds. Reported budget amounts are as originally adopted or as amended by the School Board resolution.

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

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

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

NOTE 2

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

Annual budgets are adopted on a basis consistent with U.S generally accepted accounting principles for all governmental and special revenue funds.

The following functions had an excess of actual expenditures over budget for the year ended June 30, 2017:

Fund	Excess Expenditures
General Fund:	
Instruction	\$ 148,414
Transfers out	247,072
Special Education Fund:	
Support services	3,762

MINERAL POINT UNIFIED SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2017

NOTE 3

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

	<u>General Fund</u>	<u>Special Education Fund</u>
A) Sources/Inflows of Resources:		
Actual amounts "total revenues"		
from the budgetary comparison schedules	\$ 9,479,345	\$ 652,546
Reclassification:		
Special education fund revenues are reclassified to the general fund, required for GAAP reporting	<u>652,546</u>	<u>(652,546)</u>
The general fund revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 10,131,891</u>	<u>\$ _____</u>
B) Uses/Outflows of Resources:		
Actual amounts "total expenditures"		
from the budgetary comparison schedules	\$ 8,482,187	\$ 1,582,218
Reclassification:		
Special education fund expenditures are reclassified to the general fund, required for GAAP reporting	<u>1,582,218</u>	<u>(1,582,218)</u>
The general fund expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 10,064,405</u>	<u>\$ _____</u>

NOTE 4

WISCONSIN RETIREMENT SYSTEM SCHEDULES

Governmental Accounting Standards Board Statement No. 68 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 8 preceding years.

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

Changes of assumptions. A change in actuarial assumptions was made in 2015. Rates used in mortality tables were updated based on actual WRS experience and adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%). The mortality table was adopted by the Board in connection with the 2012-2014 Experience Study. This assumption is used to measure the probabilities of participants dying before retirement and the probabilities of each benefit payment being made after retirement.

SUPPLEMENTARY INFORMATION

Exhibit C-1
 Mineral Point Unified School District
 Combining Balance Sheet
 Non-major Governmental Funds
 June 30, 2017

	Special Revenue Fund				Total Non-Major Governmental Funds
	Trust Fund	Food Service Fund	Community Service Fund	Debt Service Fund	
ASSETS					
Cash and investments	\$ 173,605	\$ 8,894	\$ 17,712	\$ 36,874	\$ 237,085
Inventory		6,022			6,022
Total assets	\$ 173,605	\$ 14,916	\$ 17,712	\$ 36,874	\$ 243,107
LIABILITIES					
Accounts payable	\$	\$ 14,916	660	\$	\$ 15,576
Total liabilities		14,916	660		15,576
FUND BALANCES					
Restricted	173,605		17,052	36,874	227,531
Total fund balances	173,605		17,052	36,874	227,531
Total liabilities and fund balances	\$ 173,605	\$ 14,916	\$ 17,712	\$ 36,874	\$ 243,107

Exhibit C-2
 Mineral Point Unified School District
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-major Governmental Funds
 For the Year Ended June 30, 2017

	Special Revenue Fund			Debt Service Fund	Total Non-major Governmental Funds
	Trust Fund	Food Service Fund	Community Service Fund		
REVENUES					
Property taxes	\$		\$ 75,000	\$ 62,584	\$ 137,584
Local sources	452,743	230,683		30,222	713,648
State sources		5,571			5,571
Federal sources		120,782			120,782
Total revenues	452,743	357,036	75,000	92,806	977,585
EXPENDITURES					
Instruction:					
Regular instruction	40,979				40,979
Vocational instruction	10,473				10,473
Special instruction	45				45
Other instruction	196,140				196,140
Total instruction	247,637				247,637
Support services:					
Pupil services	804				804
Instructional staff services	4,045				4,045
General administration services			3,000		3,000
Business administration	248,348	380,679	53,842		682,869
Principal and interest				91,730	91,730
Community service			23,323		23,323
Total support services	253,197	380,679	80,165	91,730	805,771
Total expenditures	500,834	380,679	80,165	91,730	1,053,408
Excess (deficiency) of revenues over expenditures	(48,091)	(23,643)	(5,165)	1,076	(75,823)
OTHER FINANCING SOURCES (USES)					
Operating transfers in		16,542			16,542
Net change in fund balances	(48,091)	(7,101)	(5,165)	1,076	(59,281)
Fund balances - beginning	221,696	7,101	22,217	35,798	286,812
Fund balances - ending	\$ 173,605	\$	\$ 17,052	\$ 36,874	\$ 227,531

Exhibit C-3
 Mineral Point Unified School District
 Schedule of Changes in Assets and Liabilities
 Pupil Activity Funds
 For the Year Ended June 30, 2017

	Balance #REF!	Additions	Deductions	Balance 6/30/17
ASSETS				
Cash	\$ 31,506	\$ 41,807	\$ 43,174	\$ 30,139
Total assets	\$ 31,506	\$ 41,807	\$ 43,174	\$ 30,139
LIABILITIES				
Due to student organizations:	\$ 31,506	\$ 41,807	\$ 43,174	\$ 30,139
Total liabilities	\$ 31,506	\$ 41,807	\$ 43,174	\$ 30,139

EXHIBIT C-4
MINERAL POINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2017

Awarding Agency/ Pass-Through Agency Award Description	Federal Catalog Number	Pass Through ID Number	Accrued Receivable (Deferred) Revenue 1-Jul-16	Expenditures	Receipts Grantor Reimbursement	Accrued Receivable (Deferred) Revenue 30-Jun-17
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<u>Passed Through</u>						
<u>Wisconsin Department of Public Instruction</u>						
School Breakfast Program July 1, 2016 to June 30, 2017	10.553	2017-253633-SB-546		12,409	12,409	
School Milk Program July 1, 2016 to June 30, 2017	10.556	2017-253633-SMP-548		1,236	1,236	
School Lunch Program July 1, 2016 to June 30, 2017	10.555	2017-253633-NSL-547		82,080	82,080	
Donated Food Commodities July 1, 2016 to June 30, 2017 Total Nutrition Cluster	10.555	Not Available		25,057	25,057	
				<u>120,782</u>	<u>120,782</u>	
TOTAL U.S. DEPARTMENT OF AGRICULTURE				<u>120,782</u>	<u>120,782</u>	
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<u>Passed Through</u>						
<u>Wisconsin Department of Public Instruction</u>						
TITLE I Basic Grant July 1, 2015 to June 30, 2016 July 1, 2016 to June 30, 2017 Total	84.010	17-253633-Title I-141	(10,048)	90,649	10,048 81,506	9,143
			<u>(10,048)</u>	<u>90,649</u>	<u>91,554</u>	<u>9,143</u>
Title II-A Teacher & Prin. Training July 1, 2016 to June 30, 2017	84.367	17-253633-Title II-365		32,176	32,176	
				<u>32,176</u>	<u>32,176</u>	
IDEA Flow Through July 1, 2015 to June 30, 2016 July 1, 2016 to June 30, 2017	84.027	2017-253633-IDEA-341	(46,656)	45,771	46,656 25,092	20,679
				<u>45,771</u>	<u>71,748</u>	
IDEA High Cost Aid July 1, 2016 to June 30, 2017	84.027	Not Available		17,827	17,827	
				<u>17,827</u>	<u>17,827</u>	
IDEA Preschool Entitlement July 1, 2015 to June 30, 2016 July 1, 2016 to June 30, 2017	84.173	Not Available	(3,448)	3,200	3,448 1,600	1,600
			<u>(3,448)</u>	<u>3,200</u>	<u>5,048</u>	
IDEA CEIS Entitlement July 1, 2016 to June 30, 2017 (connected with IDEA Flow-Through)	84.027	2017-253633-IDEA-341	(3,147)	1,500	3,147 1,500	
			<u>(3,147)</u>	<u>1,500</u>	<u>4,647</u>	
Total IDEA Cluster				<u>(53,251)</u>	<u>68,298</u>	<u>99,270</u>
<u>Passed Through CESA #3</u>						
Carl Perkins July 1, 2015 to June 30, 2016 July 1, 2016 to June 30, 2017 Total	84.340	2017-749903-CP-CTE-400	(4,366)	7,413	4,366 3,706	3,707
			<u>(4,366)</u>	<u>7,413</u>	<u>8,072</u>	<u>3,707</u>
Transition Improvement Grant July 1, 2016 to June 30, 2017	84.027	2017-749903-IDEA-342		100	100	
				<u>100</u>	<u>100</u>	
TOTAL U.S. DEPARTMENT OF EDUCATION				<u>(67,665)</u>	<u>198,636</u>	<u>231,172</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
<u>Passed Through</u>						
<u>Wisconsin Department of Health Services</u>						
School Based Services July 1, 2015 to June 30, 2016 July 1, 2016 to June 30, 2017	93.778	Not Available	(454)	114,112	454 104,556	9,556
			<u>(454)</u>	<u>114,112</u>	<u>105,010</u>	<u>9,556</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>(454)</u>	<u>114,112</u>	<u>9,556</u>
TOTAL FEDERAL ASSISTANCE			<u>\$(68,119)</u>	<u>\$ 433,530</u>	<u>\$ 456,964</u>	<u>\$ 44,685</u>

EXHIBIT C-5
MINERAL POINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF STATE AWARDS
YEAR ENDED JUNE 30, 2017

Awarding Agency Pass-Through Agency Award Description	State I.D. Number	Pass Through ID Number	Accrued (Deferred) Receivable July 1, 2016	State Reimbursement	Expenditures	Accrued (Deferred) Receivable June 30, 2017
<u>Wisconsin Department of Public Instruction</u>						
<u>Entitlement Programs</u>						
General Equalization	255.201	253633-116	\$ (78,529)	\$ 4,397,474		\$ 75,023
Handicapped Pupils and Schools Age Parents Internal District Programs	255.101	253633-100		336,465	1,378,143	
State Lunch	255.102	253633-107		3,385		
Common School Fund	255.103	253633-104		25,499		
Pupil Transportation	255.107	253633-102		19,807		
WI Morning Milk	255.109	253633-109		1,253		
High Cost Sp. Ed. Aid	255.210	253633-119		62,030		
Sparsity Aid	255.212	253633-162		205,268		
School Breakfast	255.344	253633-108		933		
Educator Effective Eval Sys.	255.940	253633-154		5,440		
Per Pupil Aid	255.945	253633-113	(106,800)	174,500		
Assessment of Reading Readiness	255.956	253633-166		4,224		
				502,339		
Total State Awards			\$ (185,329)	\$ 5,236,278	1,378,143	\$ 75,023

Mineral Point Unified School District
Notes to the Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2017

NOTE 1

BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards include the federal and state grant activity of the Mineral Point Unified School District and are presented on the modified accrual basis of accounting. The information in these schedules are presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Guidelines, issued by the Wisconsin Department of Administration. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2

INDIRECT COST RATE

The District does not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3

SUBRECIPIENTS

There were no awards passed through to subrecipients.



Certified Public Accountants

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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
Mineral Point Unified School District
Mineral Point, 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 the Mineral Point Unified School District ("District"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Mineral Point Unified School District's basic financial statements, and have issued our report thereon dated November 1, 2017.

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 first paragraph of this section 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 responses we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item #2017-001 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 responses as item #2017-002 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*.

Mineral Point Unified School District's Response to Findings

Mineral Point Unified School District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Mineral Point Unified School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Johnson Block & Company, Inc.

Johnson Block And Company, Inc.
Mineral Point, Wisconsin
November 1, 2017



Johnson & Block
AND COMPANY, INC.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR STATE PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION

To the Board of Education
Mineral Point Unified School District
Mineral Point, Wisconsin

Report on Compliance for Each Major State Program

We have audited the Mineral Point Unified School District (District)'s compliance with the types of compliance requirements described in the Wisconsin Public School District Audit Manual, issued by the Wisconsin Department of Public Instruction, that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2017. The District's major state programs are identified in the accompanying schedule of findings and responses.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major 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; and the compliance requirements of the Wisconsin Department of Public Instruction in the Wisconsin Public School District Audit Manual. Those standards and compliance requirements 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 the major state programs 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 state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major state programs for the year ended June 30, 2017.

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 requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on the major state programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Wisconsin Public School District Audit Manual, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

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 major state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and responses as item #2017-001 to be a material weakness.

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 the Wisconsin Department of Public Instruction. Accordingly, this report is not suitable for any other purpose.

Johnson Block & Company, Inc.

Johnson Block And Company, Inc.
Mineral Point, Wisconsin
November 1, 2017

Mineral Point Unified School District
Schedule of Findings and Responses
For the Year Ended June 30, 2017

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material Weakness(es) identified? X Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes None Reported
- Noncompliance material to financial statements noted? Yes X No

State Awards

Internal Control over major programs:

- 1) Material Weakness(es) identified? X Yes No
- 2) Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None Reported

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

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

Management Letter Issued? X Yes No

Identification of major programs:
255.201 General Equalization Aid

Identification of non-major programs which limited procedures were performed in accordance with the Wisconsin Public School District Audit Manual:
255.101 Special Education and School Age Parents

Mineral Point Unified School District
Schedule of Findings and Responses
For the Year Ended June 30, 2017

Section II - Financial Statement Findings

Finding #2017-001 - Segregation of Duties (Prior year finding # 2016-001)

Condition: The available office staff precludes a proper segregation of duties in the following control areas: payroll, cash receipts, and cash disbursements.

Effect: Because of the lack of segregation of duties, errors or irregularities could occur and not be detected on a timely basis.

Cause: Due to the small size of the District there is only one person in the bookkeeping department, who records all transactions and performs reconciliations.

Criteria: Checks and balances should be in place to allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct any misstatements on a timely basis.

Recommendation: Procedures should be implemented segregating duties among different employees. Management should continue to maintain a working knowledge of matters relating to the District's operations.

Response: We agree with this finding but due to the size of our District and financial constraints do not believe it is cost effective to increase the office staff in an attempt to bring about a more effective segregation of duties. The Board of Education and Administration personnel review monthly treasurer reports, and approve disbursements monthly. Any concerns or questions are addressed throughout the year. Management will review various accounting functions periodically.

Finding #2017-002- Preparation of Financial Statements (Prior year finding #2016-002)

Condition: District staff does not prepare the financial statements and accompanying notes. The district has designated individuals responsible for reviewing and accepting the financial statements and related notes.

Effect: Because District staff relies on the auditor to assist with the preparation of the financial statements, the District's system of internal control may not prevent, detect, or correct misstatements in the financial statements.

Cause: The District does not prepare the financial statements and related notes.

Criteria: Internal controls over preparation of the financial statements, including footnote disclosures, should be in place to provide reasonable assurance that a misstatement in the financial statements would be prevented or detected.

Recommendation: The auditor will work with the District to make personnel more knowledgeable about its responsibility for the financial statements.

Response: The auditors prepare the financial statements but we review them and accept the statements prior to them being issued. The Auditor works with us to explain the financial statements and the audit note disclosures. We are also provided and approve various entries and grouping schedules that convert our fund statements to the government-wide statements.

Mineral Point Unified School District
Schedule of Prior Year Findings and Responses
For the Year Ended June 30, 2017

Prior Year Findings and Responses

#2016-001 – Segregation of duties

This is still a finding. See #2017-001

#2016-002 – Preparation of financial statements

This is still a finding. See #2017-002



Johnson & Block
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COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES

To the Board of Education
Mineral Point Unified School District
Mineral Point, Wisconsin

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mineral Point Unified School District (“District”) as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the District’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies in the District’s internal control to be material weaknesses:

1. The available office staff precludes a proper segregation of duties in the areas of payroll, cash receipts, and cash disbursements. The person who prepares the payroll also signs and distributes the payroll checks, reconciles the payroll bank account, and has other personnel duties. Internal control over purchases, accounts payable, and cash disbursements is most effective when there is a clear separation of duties between the purchasing department, the person approving invoices for payment, and the person signing the checks. The District’s existing procedures place the purchasing department in the position of initiating purchases and also approving them for payment. Because of the lack of segregation of duties, errors or irregularities could occur and not be detected on a timely basis.

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

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

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

Johnson Block & Company, Inc.

Johnson Block And Company, Inc.
Mineral Point, Wisconsin
November 1, 2017



Johnson & Block AND COMPANY, INC.

Certified Public Accountants

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November 1, 2017

To the Board of Education
Mineral Point Unified School District

We have audited the financial statements of the governmental activities, each major fund and the remaining fund information of the Mineral Point Unified School District (“District”) for the year ended June 30, 2017, and have issued our report thereon dated November 1, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 29, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

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

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

- 1) Management's estimate of the vested sick leave is based on the probability of employees meeting the requirement to be paid for sick leave at the time of retirement. We evaluated the key factors and assumptions used to develop the liability of future payment of sick leave in determining that it is reasonable in relation to the financial statements taken as a whole. See Note 5C.
- 2) Management's estimate of the pension liability, deferred outflow and inflow of resources, is based on various factors. These estimates were computed by the pension plan administrator. We evaluated the key factors and assumptions used to develop these amounts in determining that they are reasonable in relation to the financial statements. See Note 7.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were noted above.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

- Record additional accounts receivable
- Record various entries relating to capital leases
- Record transfers between funds

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 1, 2017.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

We were engaged to report on combining non-major governmental funds schedules, schedules of Federal and State awards, and pupil activity summary, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Restriction on Use

This information is intended solely for the information and use of the Board of Education, management, the Wisconsin Department of Public Instruction and other funding agencies, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Johnson Block & Company, Inc.

Johnson Block And Company, Inc.

Mineral Point Unified School District
June 30, 2017

Account	Description	Debit	Credit
Proposed JE # 6001			
Record hourly employees accrued payroll at 6/30/17.			
10 E 100 154 110000 000	UNDIFF	7,013.83	
10 L 000 000 811800 000	ACCRUED PAYROLL PAYABLE		7,013.83
Total		<u>7,013.83</u>	<u>7,013.83</u>
Proposed JE # 6002			
Record deferred revenue and accounts receivable for food service.			
50 A 000 000 713000 000	RECEIVABLES	528.65	
50 Q 000 000 936500 000	RESTRICTED-FOOD SERVICE	7,153.01	
50 E 800 310 257220 540	LUNCH		733.48
50 L 000 000 811200 000	ACCOUNTS PAYABLE		6,948.18
Total		<u>7,681.66</u>	<u>7,681.66</u>
Proposed JE # 6003			
Adjust for difference in health insurance liability.			
98 L 000 000 813200 000	HEALTH INSURANCE	5,532.33	
10 E 100 243 110000 000	UNDIFF		5,532.33
Total		<u>5,532.33</u>	<u>5,532.33</u>
Proposed JE # 6004			
Record accounts payable as of 6/30/17			
10 E 800 411 120000 000	REGULAR	9,750.00	
10 L 000 000 811200 000	ACCOUNTS PAYABLE		9,750.00
Total		<u>9,750.00</u>	<u>9,750.00</u>

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

Student Activity Accounts

Student activity account deposits are not made on a daily basis. We recommend that deposits be made as soon as possible.

Credit Card Disbursements

We recommend that the District always receive supporting documentation for purchases made with credit cards. Each credit card purchase should be accompanied by a detailed receipt. Without detailed documentation, it is difficult to ascertain whether or not what the charges relate to or determine whether or not the charge is a valid expense or a personal purchase. We recommend that unsubstantiated charges be reimbursed at the employee's expense.