

**MINERAL POINT UNIFIED SCHOOL DISTRICT**

**FINANCIAL STATEMENTS**

Including Independent Auditor's Report

As of and for the year ended June 30, 2015

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Mineral Point Unified School District  
June 30, 2015

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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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

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

## **Emphasis of Matter**

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 4 through page 13, budgetary comparison information on page 48 through page 51, schedule of funding progress for postemployment benefit plans on page 52, and the Wisconsin Retirement System schedules (page 53) 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 October 27, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.*

*Johnson Block & Company, Inc.*

Mineral Point, WI

October 27, 2015

# MINERAL POINT UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2015

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 \$10,431,996; including \$3,548,834 of property taxes, \$4,956,636 of state formula aid, and \$1,926,526 of charges for services, operating grants, capital grants, and interest and investment earnings. Total governmental expenditures were \$10,119,550; including \$5,793,249 for direct instruction.

The District amount of outstanding long-term obligations decreased by \$77,672.

### 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 14 thru 19 of this report.

# MINERAL POINT UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2015

### 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 project). 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 as this is considered to be a major fund. Data for the special revenue trust, community service, capital projects, 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 20 and 21.
- 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 48 and 49 of this report.

# MINERAL POINT UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2015

### 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 22 to 47 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	- State 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, 2015**

**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, 2015.

**Table 1  
Condensed Statement of Net Position**

	Total School District	
	2015	2014
Current assets	\$ 2,505,777	\$ 2,424,894
Net pension asset	659,472	1,030,294
Capital assets, net of depreciation	8,385,840	8,274,368
<b>Total assets</b>	<b>\$ 11,551,089</b>	<b>\$ 11,729,556</b>
Deferred pension outflows	\$ 557,230	\$ 137,143
<b>Total deferred outflows</b>	<b>\$ 557,230</b>	<b>\$ 137,143</b>
Current liabilities	\$ 353,200	\$ 323,033
Long-term liabilities	1,017,849	1,138,636
<b>Total liabilities</b>	<b>\$ 1,371,049</b>	<b>\$ 1,461,669</b>
Deferred pension inflows	\$ 19,794	
<b>Total deferred inflows</b>	<b>\$ 19,794</b>	
Net position		
Net investment in capital assets	\$ 7,853,763	\$ 7,732,399
Restricted	1,723,796	1,615,875
Unrestricted	1,139,917	1,056,756
<b>Total net position</b>	<b>\$ 10,717,476</b>	<b>\$ 10,405,030</b>

Table 2, below, provides a summary of the District's operating results and their impact on net position for the year ended June 30, 2015. The District relied primarily on property taxes (34.02%) and state aids (47.51%) to fund its operations. Combined, these account for 81.53% of all revenues or \$8.50 million. Program revenues, in the form of charges for services (2.50%), operating grants and contributions (15.43%) and capital grants and contributions (.52%) accounted for \$1.92 million with other accounting (.01%) of the total revenue of \$10.43 million.

**MINERAL POINT UNIFIED  
SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015**

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

	Total School District	
	2015	2014
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 260,247	\$ 221,337
Operating grants and contributions	1,610,368	1,519,488
Capital grants and contributions	54,717	118,098
General revenues		
Property taxes	3,548,834	3,454,933
State formula aid	4,956,636	4,952,036
Other	1,194	10,629
<b>Total revenues</b>	<u>\$ 10,431,996</u>	<u>10,276,521</u>
<b>Expenses</b>		
Instruction	\$ 5,793,249	\$ 5,843,847
Pupil and instructional services	601,808	629,179
Administration	2,637,650	2,491,514
Central services/Insurance	378,253	408,176
Interest	25,229	21,599
Other support services	683,361	797,939
<b>Total expenses</b>	<u>\$ 10,119,550</u>	<u>\$ 10,192,254</u>
<b>Loss on disposal of fixed assets</b>		
<b>Changes in Net Position</b>	<u>\$ 312,446</u>	<u>\$ 84,267</u>

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 \$10,119,550. Individuals who directly participated or benefited from a program offering paid for \$260,247 of costs. Federal, state governments, and local aid subsidized certain programs with grants and contributions of \$1,665,085. General revenues of the District financed the net cost of governmental activities \$8,506,664.

**MINERAL POINT UNIFIED  
SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015**

**Table 3  
Net Cost of Governmental Activities**

	Total Cost of Services 2015	Net Cost of Services 2015	Total Cost of Services 2014	Net Cost of Services 2014
Instruction	\$ 5,793,249	\$ 4,425,203	\$ 5,843,847	\$ 4,559,431
Pupil and instructional services	601,808	513,489	629,179	561,280
Administration	2,637,650	2,243,683	2,491,514	2,039,280
Central services /Insurances	378,253	378,253	408,176	408,176
Other support services	462,568	417,568	566,809	512,435
Interest expense	25,229	(4,771)	21,599	21,599
Depreciation-Unallocated	220,793	220,793	231,130	231,130
<b>Total</b>	<b>\$ 10,119,550</b>	<b>\$ 8,194,218</b>	<b>\$ 10,192,254</b>	<b>\$ 8,333,331</b>

Table 4, below provides a summary of the District's fiduciary funds net position for the year ended June 30, 2015.

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

	Private Purpose Trust	Agency Fund	Totals 2015	Totals 2014
<b>Assets</b>				
Cash and investments	\$ 49,515	\$ 35,355	\$ 84,870	\$ 96,270
Total assets	<u>\$ 49,515</u>	<u>\$ 35,355</u>	<u>\$ 84,870</u>	<u>\$ 96,270</u>
<b>Liabilities</b>				
Due to student groups		\$ 35,355	\$ 35,355	\$ 34,684
Total liabilities		<u>\$ 35,355</u>	<u>\$ 35,355</u>	<u>\$ 34,684</u>
<b>Net Position</b>				
Reserved for scholarships	\$ 49,515		\$ 49,515	\$ 61,586
Total Liabilities and Net Position	<u>\$ 49,515</u>	<u>\$ 35,355</u>	<u>\$ 84,870</u>	<u>\$ 96,270</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, 2015

**Table 5  
Budgeted Comparison Schedule for the General Fund**

	Budgeted Amounts		Actual	Variance with Original Budget	Variance with Final Budget
	Original	Final		Favorable (Unfavorable)	Favorable (Unfavorable)
<b>Revenues:</b>					
Property taxes	\$ 3,364,615	\$3,341,976	\$ 3,340,976	\$ (23,639)	\$ (1,000)
Other local sources	37,200	37,200	69,253	32,053	32,053
Interdistrict sources	185,780	398,100	390,183	204,403	(7,917)
Intermediate sources	4,000	4,000	4,400	400	400
State sources	4,939,278	5,007,050	5,026,563	87,285	19,513
Federal sources	107,913	107,913	104,076	(3,837)	(3,837)
Miscellaneous	0	0	0	0	0
<b>Total Revenues</b>	<b>\$ 8,638,786</b>	<b>8,896,239</b>	<b>8,935,451</b>	<b>296,665</b>	<b>39,212</b>
<b>Expenditures:</b>					
Undifferentiated instruction	1,814,333	1,814,292	1,820,682	(6,349)	(6390)
Regular instruction	1,568,238	1,619,122	1,641,119	(72,881)	(21,998)
Vocational instruction	252,608	257,705	257,900	(5,292)	(195)
Physical instruction	244,812	244,812	228,746	16,066	16,066
Co-curricular activities	281,110	293,140	290,361	(9,251)	2,779
Special Needs	9,407	9,407	3,755	5,652	5,652
<b>Total Instruction</b>	<b>4,170,508</b>	<b>4,238,478</b>	<b>4,242,563</b>	<b>(72,055)</b>	<b>(4,085)</b>
<b>Support Services:</b>					
Pupil services	193,444	193,444	193,661	(217)	(217)
Instructional Staff services	298,237	284,803	264,652	33,585	20,151
General administration services	263,668	270,495	260,079	3,589	10,416
Building administration services	500,234	493,407	485,208	15,026	8,199
Business administration	1,423,527	1,436,432	1,415,833	7,694	20,599
Central services	242,272	292,272	308,521	(66,249)	(16,249)
Insurance	83,907	83,907	79,157	4,751	4,751
Principal and interest	46,290	53,945	53,907	(7,617)	38
Other support services	166,000	152,363	0	166,000	152,363
<b>Total support services</b>	<b>3,217,579</b>	<b>3,261,068</b>	<b>3,061,018</b>	<b>156,562</b>	<b>200,051</b>
<b>Totals</b>	<b>7,388,087</b>	<b>7,499,546</b>	<b>7,303,581</b>	<b>84,507</b>	<b>195,966</b>
<b>Tuition-Open Enrollment</b>	<b>182,595</b>	<b>325,115</b>	<b>291,582</b>	<b>(108,987)</b>	<b>33,533</b>
<b>Transfers out</b>	<b>1,068,104</b>	<b>1,071,578</b>	<b>1,193,574</b>	<b>(125,470)</b>	<b>(121,996)</b>
<b>Total Expenditures</b>	<b>8,638,786</b>	<b>8,896,239</b>	<b>8,788,737</b>	<b>(149,951)</b>	<b>107,502</b>
<b>Capital lease proceeds</b>			<b>8,825</b>	<b>8,825</b>	<b>8,825</b>

**MINERAL POINT UNIFIED  
SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015**

**Table 5 continued**

**Budgeted Comparison Schedule for the Special Education Fund**

	Budgeted Amounts			Variance with Original Budget Positive/ (Negative)	Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual		
Revenues:					
Interdistrict	\$ 24,640	\$ 24,640	\$52,321	\$ 27,681	\$ 27,681
State sources	412,865	412,865	407,081	(5,784)	(5,784)
Federal sources	208,605	208,605	128,301	(80,304)	(80,304)
<b>Total Revenues</b>	<b>646,110</b>	<b>646,110</b>	<b>587,703</b>	<b>(58,407)</b>	<b>(58,407)</b>
Expenditures:					
Instruction:					
Special instruction	1,363,106	1,364,580	1,359,592	3,514	4,988
<b>Total Instruction</b>	<b>1,363,106</b>	<b>1,364,580</b>	<b>1,359,592</b>	<b>3,514</b>	<b>4,988</b>
Support Services:					
Pupil services	52,487	52,487	53,809	(1,322)	(1,322)
Instructional staff services	82,621	82,621	81,696	925	925
Building administration	31,000	33,000	35,597	(4,597)	2,597
Other support services	185,000	185,000	146,578	38,422	38,422
<b>Total support services</b>	<b>351,108</b>	<b>353,108</b>	<b>317,680</b>	<b>33,428</b>	<b>35,428</b>
<b>Total Expenditures</b>	<b>1,714,214</b>	<b>1,717,688</b>	<b>1,677,273</b>	<b>36,941</b>	<b>40,415</b>
<b>Operating Transfers In</b>	<b>1,068,104</b>	<b>1,071,578</b>	<b>1,089,570</b>	<b>21,466</b>	<b>17,992</b>
<b>Fund Balance-end of year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**MINERAL POINT UNIFIED  
SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015**

**FINANCIAL ASPECTS OF THE DISTRICT'S FUNDS**

The District completed the year with a total governmental fund balance of \$2,271,349 up from last year's ending fund balance of \$2,182,604.

- The general fund had an increase in fund balance of \$ 155,539.
- The debt service fund had an increase in fund balance of \$30,072. 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 2015, the District had invested over \$15.6 million in capital assets, including buildings, site improvements, and furniture and equipment (see Table 6 below). The District recognized depreciation expense of \$ 489,956 for this fiscal year. Detailed information about capital assets can be found in Note 4 to the financial statements.

**Table 6**

	Capital Assets	
	Balance 6/30/15	Balance 6/30/14
Governmental Activities		
Total Capital Assets, not being depreciated	\$ 385,508	\$ 237,250
Total Capital Assets, being depreciated	\$ 15,328,311	\$ 14,875,140
Total Capital Assets	15,713,819	15,112,390
Total Accumulated Depreciation	7,327,979	6,838,022
Governmental Activities Capital Assets, Net	\$ 8,385,840	\$ 8,274,368

**MINERAL POINT UNIFIED  
SCHOOL DISTRICT**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
June 30, 2015**

**Long-Term Obligations**

At the end of fiscal year 2015, the District had \$ 1,133,377 in general obligation bonds and other long-term debt and liabilities (see Table 7 below). The District’s outstanding long-term obligations decreased by \$ 77,672. 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	
	2015	2014
State Trust Loan Payable	\$ 0	\$ 41,224
Notes Payable	678,078	750,000
Other	455,299	419,825
<b>Total</b>	<b>\$ 1,133,377</b>	<b>\$ 1,211,049</b>

**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 2015-2016 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, 2015

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,035,011
Cash and cash equivalents - restricted	195,311
Accounts receivable	5,061
Taxes receivable	1,095,620
Inventory	22,395
Due from other governmental units	152,379
Total current assets	<u>2,505,777</u>
Noncurrent assets:	
Net pension asset - restricted	<u>659,472</u>
Capital assets	
Property, plant and equipment	15,713,819
Less: accumulated depreciation	<u>(7,327,979)</u>
Total capital assets	<u>8,385,840</u>
Total assets	<u>11,551,089</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred pension outflows	<u>557,230</u>
Total assets and deferred outflows of resources	<u><u>\$ 12,108,319</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accrued salaries and wages	\$ 185,820
Accounts payable	48,608
Accrued interest payable	3,244
Current portion of long-term obligations	115,528
Total current liabilities	<u>353,200</u>
Noncurrent liabilities:	
Notes and bonds payable	678,078
Capital lease	49,310
Vested employee sick leave	405,989
Less: current portion	<u>(115,528)</u>
Total noncurrent liabilities	<u>1,017,849</u>
Total liabilities	<u>1,371,049</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred pension inflows	<u>19,794</u>
<b>NET POSITION</b>	
Net investment in capital assets	7,853,763
Restricted	1,723,796
Unrestricted	1,139,917
Total net position	<u>10,717,476</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 12,108,319</u></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, 2015

<u>Functions/Programs</u>	Program Revenues				Net (Expenses)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position  Total Governmental Activities
Governmental activities:					
Instruction:					
Regular instruction	\$ 3,457,606	\$ 17,583	\$ 544,008	\$	\$ (2,896,015)
Vocational education	273,746		8,398		(265,348)
Special education	1,338,954		536,309		(802,645)
Other instruction	722,943	27,811	233,937		(461,195)
Total instruction	5,793,249	45,394	1,322,652		(4,425,203)
Support services:					
Pupil services	252,956		134		(252,822)
Instructional staff services	348,852		88,185		(260,667)
General administration services	258,739				(258,739)
Building administration services	489,204				(489,204)
Business administration	1,889,707	214,853	154,397	24,717	(1,495,740)
Central services	299,096				(299,096)
Insurance	79,157				(79,157)
Other support services	454,190		45,000		(409,190)
Interest expense and fiscal charges	25,229			30,000	4,771
Depreciation - unallocated	220,793				(220,793)
Community services	8,378				(8,378)
Total support services	4,326,301	214,853	287,716	54,717	(3,769,015)
Total governmental activities	\$ 10,119,550	\$ 260,247	\$ 1,610,368	\$ 54,717	(8,194,218)
General revenues:					
Property taxes					
General purposes					3,340,976
Debt services					132,119
Other taxes					75,739
Federal and State aid not restricted for specific purposes					
General					4,956,636
Interest and investment earnings					1,194
Total general revenues					8,506,664
Changes in net position					312,446
Net position-beginning of year as previously reported					9,237,593
Prior period adjustment - implementation of new GASB Statements					1,167,437
Net position-beginning of year, as restated					10,405,030
Net position-end of year					\$ 10,717,476

Exhibit A-3  
Mineral Point Unified School District  
Balance Sheet  
Governmental Funds  
June 30, 2015

	General Fund	Capital Projects Fund	Other Governmental Funds	Totals
<b>ASSETS</b>				
Cash and investments	\$ 778,434	\$	\$ 256,577	\$ 1,035,011
Cash and investments - restricted		195,311		195,311
Accounts receivable			5,061	5,061
Taxes receivable	1,095,620			1,095,620
Inventory			22,395	22,395
Due from other funds	27,456	75,000		102,456
Due from other governments	152,379			152,379
Total assets	\$ 2,053,889	\$ 270,311	\$ 284,033	\$ 2,608,233
<b>LIABILITIES</b>				
Accrued wages and payroll taxes	\$ 185,820	\$	\$	\$ 185,820
Accounts payable	48,608			48,608
Due to other funds	75,000		27,456	102,456
Total liabilities	309,428		27,456	336,884
<b>FUND BALANCES</b>				
Restricted		270,311	256,577	526,888
Unassigned	1,744,461			1,744,461
Total fund balances	1,744,461	270,311	256,577	2,271,349
Total liabilities and fund balances	\$ 2,053,889	\$ 270,311	\$ 284,033	\$ 2,608,233

Exhibit A-4  
 Mineral Point Unified School District  
 Reconciliation of the Governmental Funds Balance Sheet  
 with the Statement of Net Position  
 June 30, 2015

Total fund balances - governmental funds: \$ 2,271,349

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	15,713,819	
Governmental accumulated depreciation	<u>(7,327,979)</u>	8,385,840

The net pension asset is not a current financial resources and is, therefore, not reported in the fund statements. 659,472

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		557,230
Deferred inflows of resources		(19,794)

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	678,078	
Capital leases	49,310	
Accrued interest on long-term debt	3,244	
Vested employee sick leave	<u>405,989</u>	<u>(1,136,621)</u>

Total net position - governmental activities \$ 10,717,476

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, 2015

	General Fund	Capital Projects Fund	Other Governmental Funds	Totals
<b>REVENUES</b>				
Property taxes	\$ 3,340,976	\$	\$ 207,119	\$ 3,548,095
Other local sources	69,253		576,611	645,864
Interdistrict sources	442,504			442,504
Intermediate sources	4,400			4,400
State sources	5,433,644		5,479	5,439,123
Federal sources	232,377		119,630	352,007
<b>Total revenues</b>	<b>9,523,154</b>		<b>908,839</b>	<b>10,431,993</b>
<b>EXPENDITURES</b>				
Instruction:				
Regular instruction	3,461,801		51,563	3,513,364
Vocational instruction	257,900		7,810	265,710
Special instruction	1,359,592			1,359,592
Other instruction	522,862		206,719	729,581
<b>Total instruction</b>	<b>5,602,155</b>		<b>266,092</b>	<b>5,868,247</b>
Support Services:				
Pupil services	247,470			247,470
Instructional staff services	346,348		4,127	350,475
General administration services	260,079		6,627	266,706
Building administration services	485,208			485,208
Business administration	1,451,431	95,768	566,527	2,113,726
Central services	308,521			308,521
Insurance	79,157			79,157
Principal and interest	53,907		132,118	186,025
Community services			8,378	8,378
Other support services	438,160			438,160
<b>Total support services</b>	<b>3,670,281</b>	<b>95,768</b>	<b>717,777</b>	<b>4,483,826</b>
<b>Total expenditures</b>	<b>9,272,436</b>	<b>95,768</b>	<b>983,869</b>	<b>10,352,073</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>250,718</b>	<b>(95,768)</b>	<b>(75,030)</b>	<b>79,920</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease proceeds	8,825			8,825
Transfer to other funds	(104,004)			(104,004)
Transfer from general fund		75,000	29,004	104,004
<b>Total other financing sources (uses)</b>	<b>(95,179)</b>	<b>75,000</b>	<b>29,004</b>	<b>8,825</b>
<b>Net change in fund balances</b>	<b>155,539</b>	<b>(20,768)</b>	<b>(46,026)</b>	<b>88,745</b>
Fund balance - beginning	1,588,922	291,079	302,603	2,182,604
<b>Fund balance - ending</b>	<b>\$ 1,744,461</b>	<b>\$ 270,311</b>	<b>\$ 256,577</b>	<b>\$ 2,271,349</b>

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, 2015

Net change in fund balances-total governmental funds \$ 88,745

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

The acquisition of capital assets are reported in the governmental funds as  
 expenditures. However, for governmental activities, those costs are shown in  
 the statement of net position and allocated over their estimated useful lives as  
 annual depreciation expense in the statement of activities.

Capital outlay reported in governmental fund statements	601,429	
Depreciation expense reported in the statement of activities	<u>(489,957)</u>	
Amount by which capital outlays are greater (less) than depreciation in the current period.		111,472

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.

Change in other post-employment benefits	(30,554)	
Change in supplemental pension	(16,030)	
Change in compensated absences	<u>(22,629)</u>	(69,213)

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.

Principal payments on loans and capital leases		155,710
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The issuance of long term debt provides current financial resources to  
 governmental funds and does not have any effect on net position.

The amount of long-term debt issued in the current year is:		(8,825)
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In governmental funds, interest payments on outstanding debt are reported  
 as an expenditure when paid. In the statement of activities, interest is  
 reported as incurred.

The amount of interest paid during the current period	30,315	
The amount of interest accrued during the current period	<u>(25,229)</u>	
Interest paid is greater (less) than interest accrued by		5,086

Pension expense reported in the governmental funds represents current year required  
 contributions into the defined benefit pension plan.

Pension expense in the Statement of Activities is actuarially determined by the  
 defined benefit pension plan as the differences between the net pension asset from  
 the prior year to the current year, with some adjustments.

Amount of current year required contributions into the defined benefit pension plan	271,374	
Actuarially determined change in net pension asset between years, with adjustments	<u>(241,903)</u>	
		<u>29,471</u>

Change in net position-governmental activities		<u>\$ 312,446</u>
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Exhibit A-7  
 Mineral Point Unified School District  
 Statement of Net Position  
 Fiduciary Funds  
 June 30, 2015

	<u>Private Purpose Trust</u>	<u>Agency Fund</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and investments	\$ 49,515	\$ 35,355	\$ 84,870
Total assets	<u>\$ 49,515</u>	<u>\$ 35,355</u>	<u>\$ 84,870</u>
<b>LIABILITIES</b>			
Due to student groups	\$	\$ 35,355	\$ 35,355
Total liabilities	<u>\$</u>	<u>\$ 35,355</u>	<u>\$ 35,355</u>
<b>NET POSITION</b>			
Restricted for scholarships	<u>49,515</u>		<u>49,515</u>
Total liabilities and net position	<u>\$ 49,515</u>	<u>\$ 35,355</u>	<u>\$ 84,870</u>

Exhibit A-8  
 Mineral Point Unified School District  
 Statement of Changes in Net Position  
 Fiduciary Funds  
 For the Year Ended June 30, 2015

	<u>Private Purpose Trust</u>
<b>ADDITIONS</b>	
Interest	\$ 88
Gifts	850
	938
Total additions	938
 <b>DEDUCTIONS</b>	
Scholarships awarded	13,009
Change in net position	(12,071)
Net position - beginning	61,586
Net position - ending	\$ 49,515

NOTES TO THE BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District  
June 30, 2015  
Index to Notes to the Basic Financial Statements

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# NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2015

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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 BASIC FINANCIAL STATEMENTS  
Mineral Point Unified School District - June 30, 2015

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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 BASIC FINANCIAL STATEMENTS  
Mineral Point Unified School District - June 30, 2015

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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 BASIC FINANCIAL STATEMENTS**  
Mineral Point Unified School District - June 30, 2015

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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 – 2014 tax roll:

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS**  
Mineral Point Unified School District - June 30, 2015

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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 BASIC FINANCIAL STATEMENTS  
Mineral Point Unified School District - June 30, 2015

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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 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 BASIC FINANCIAL STATEMENTS  
Mineral Point Unified School District - June 30, 2015

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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 BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2015

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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 BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2015

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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, 2015 the general fund balance was 19.9% 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 BASIC FINANCIAL STATEMENTS  
Mineral Point Unified School District - June 30, 2015

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NOTE 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Change in Accounting Principle

Effective July 1 2014, the District adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Implementation of GASB Statement No. 68 and No. 71 required net position in the governmental activities to be increased by \$1,167,437. A prior period adjustment was made to reflect the January 1, 2014 beginning net pension asset of \$1,030,294 and beginning deferred outflows of resources of \$137,143 for District contributions to the WRS after December 31, 2013 measurement date through June 30, 2014.

M. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future 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 will sometimes report 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.



# NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2015

NOTE 3

## CASH AND INVESTMENTS (CONTINUED)

### 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.

### Investments

At June 30, 2015, the District's pooled investment balances were as follows:

Investment Type	Fair Value
WI local government investment pool (LGIP)	\$ 11,788

### 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:

Investment Type	Remaining Maturity (in months)	
	Amount	12 months or less
Certificate of deposit	\$ 3,036	\$ 3,036
WI local government investment pool (LGIP)	11,788	11,788
	\$ 14,824	\$ 14,824

NOTES TO BASIC FINANCIAL STATEMENTS  
Mineral Point Unified School District - June 30, 2015

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NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Credit Risk

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

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investment policy that would further limit its investment choices. As of June 30, 2015, 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, 2015 the District had \$1,444,063 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.

*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.

# NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2015

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NOTE 3

## CASH AND INVESTMENTS (CONTINUED)

### *Collateralization of Public Unit Deposits (Continued)*

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, 2015, \$500,000 of the District's deposits with financial institutions was insured by FDIC coverage. The remaining \$944,063 of the District's deposits above FDIC thresholds at June 30, 2015 would be insured for an additional \$400,000 of coverage from the State of Wisconsin Guarantee Fund, provided that funds are available at the time of any potential loss, or 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. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2015, the fair value of the District's share of the LGIP's assets was substantially equal to the amount reported above. Information on derivatives was not available to the District.

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

Investment allocation in the local government investment pool as of June 30, 2015 was 99.13% in the U.S. Government Securities and .87% in FDIC insured deposit accounts and Banker Acceptances.

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Mineral Point Unified School District - June 30, 2015**

NOTE 4

CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2015 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 237,250	\$	\$	\$ 237,250
Construction work in process		148,258		148,258
Total capital assets not being depreciated	<u>237,250</u>	<u>148,258</u>		<u>385,508</u>
<i>Capital assets, being depreciated:</i>				
Buildings	12,231,866	30,035		12,261,901
Land improvements	90,417	34,500		124,917
Furniture and equipment	2,450,904	388,636		2,839,540
Vehicles	101,953			101,953
Total capital assets, being depreciated	<u>14,875,140</u>	<u>453,171</u>		<u>15,328,311</u>
Total capital assets	<u>15,112,390</u>	<u>601,429</u>		<u>15,713,819</u>
<b>Less accumulated depreciation:</b>				
Buildings	4,931,442	267,280		5,198,722
Land improvements	43,385	3,858		47,243
Furniture and equipment	1,780,293	210,655		1,990,948
Vehicles	82,902	8,164		91,066
Total accumulated depreciation	<u>6,838,022</u>	<u>489,957</u>		<u>7,327,979</u>
Total net capital assets	<u>\$ 8,274,368</u>	<u>\$ 111,472</u>	<u>\$</u>	<u>\$ 8,385,840</u>

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 13,242
Vocational instruction	6,822
Special education	3,877
Other instruction	3,271
Instructional staff services	56
General administration	2,892
Business administration	108,821
Central services	130,183
Depreciation not charged to a specific function	220,793
Total depreciation for governmental activities	<u>\$ 489,957</u>

# NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2015

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 2014/15. Interest was 0.950% and the note expired on August 11, 2015.

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

	Balance 7/1/14	Additions	Removals	Balance 6/30/15
Line of credit	\$	\$ 1,161,748	\$ 1,161,748	\$

The note was issued for cash flow purposes. Total interest paid on this note for the year was \$3,306.

B. Long-term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Notes	\$ 791,224	\$	\$ (113,146)	\$ 678,078	\$ 72,617
Capital lease	83,049	8,825	(42,564)	49,310	42,911
Sub-total	874,273	8,825	(155,710)	727,388	115,528
Vested employee sick leave	383,360	22,629		405,989	
Net OPEB obligation	(30,554)	30,554			
Net supplemental pension	(16,030)	16,030			
Total	\$ 1,211,049	\$ 78,038	\$ (155,710)	\$ 1,133,377	\$ 115,528

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

	Expense	Paid
Long-term debt	\$ 21,050	\$ 26,136
Capital lease	4,179	4,179
Total	\$ 25,229	\$ 30,315

General obligation debt at June 30, 2015 is comprised of the following individual issues:

Description	Issue Date	Interest Rates	Date of Maturity	Balance 6/30/15
Stadium - F.S Bank	05/01/14	2.85%	04/01/24	\$ 228,078
Energy Efficiency Loan	07/01/13	1.87%	04/01/23	450,000
Total				\$ 678,078

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Mineral Point Unified School District - June 30, 2015**

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NOTE 5

SHORT-TERM AND LONG-TERM OBLIGATIONS (CONTINUED)

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 2014 equalized valuation of the District, as certified by the Wisconsin Department of Revenue is \$315,145,898. The legal debt limit and margin of indebtedness as of June 30, 2015 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (10% of \$315,145,898)	\$ 31,514,590
Deduct long-term debt applicable to debt margin	<u>(678,078)</u>
Margin of indebtedness	<u>\$ 30,836,512</u>

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

Years Ended	Principal	Interest	Total
<u>June 30,</u>	<u></u>	<u></u>	<u></u>
2016	\$ 72,617	\$ 15,084	\$ 87,701
2017	78,263	13,467	91,730
2018	78,928	11,759	90,687
2019	79,612	10,032	89,644
2020	80,315	8,298	88,613
2021-2023	288,343	15,067	303,410
Totals	<u>\$ 678,078</u>	<u>\$ 73,707</u>	<u>\$ 751,785</u>

C. Vested Employee Benefits

Vested employee sick leave at June 30, 2015 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, 2015 is \$405,989 and is shown on the statement of net position. There are currently 86 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, 2015.

Copier lease	\$ 135,033
Scrubber lease	<u>8,825</u>
Total	<u>\$ 143,858</u>

**NOTES TO BASIC FINANCIAL STATEMENTS**  
 Mineral Point Unified School District - June 30, 2015

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NOTE 6

CAPITAL LEASES, AS LESSEE (CONTINUED)

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, 2015.

<u>Year Ended June 30,</u>	
2016	\$ 45,495
2017	2,206
2018	2,206
2019	552
Total payments	<u>\$ 50,459</u>
Less: interest	<u>(1,149)</u>
Minimum lease payments	<u><u>\$ 49,310</u></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.

**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.

## NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2015

NOTE 7

### DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

During the reporting period, the WRS recognized \$266,230 in contributions from the employer.

Contribution rates are:

	2014		2015	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers)	7.00%	7.00%	6.80%	6.80%
Executive & elected officials	7.75%	7.75%	7.70%	7.70%
Protective with social security	7.00%	10.10%	6.80 %	9.50%
Protective without social security	7.00%	13.70%	6.80%	13.10%

## NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2015

NOTE 7

### DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

At June 30, 2015, the District reported an asset of \$659,472 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the District's proportion was .02684848%, which was an increase of .00071546% from its proportion measured as of December 31, 2013.

For the year ended June 30, 2015, the District's recognized pension expense of \$241,903.

At June 30, 2015, the 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	\$ 95,603	\$
Net difference between projected and actual earnings on pension plan investments	319,348	
Changes in proportion and differences between employer contributions		19,794
Employer contributions subsequent to the measurement date	142,279	
Total	\$ 557,230	\$ 19,794

\$142,279 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Year ended June 30:		
2016	\$ 81,619	\$ 3,675
2017	81,619	3,675
2018	81,619	3,675
2019	81,619	3,675
2020	81,620	3,675
Thereafter	6,855	1,419
Total	\$ 414,951	\$ 19,794

**NOTES TO BASIC FINANCIAL STATEMENTS**  
 Mineral Point Unified School District - June 30, 2015

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

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

## NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2015

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NOTE 7

### DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

	<b>1% Decrease to Discount Rate (6.20%)</b>	<b>Current Discount Rate (7.20%)</b>	<b>1% Increase To Discount Rate (8.20%)</b>
District's proportionate share of the net pension liability (asset)	\$1,860,484	\$(659,472)	\$(2,649,632)

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

# NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2015

**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, 2015 includes the following:

Governmental Activities:	
Capital assets, net of accumulated depreciation	\$ 8,385,840
Less: Long-term debt outstanding	(678,078)
Less: Capital leases outstanding	(49,310)
Add: Energy efficiency debt not used yet	41,079
Add: football stadium loan not used yet	154,232
Net investment in capital assets	<u>7,853,763</u>
Restricted:	
Employee pension plan	1,196,908
Capital projects	270,311
Debt service	34,862
Community service	43,952
Student groups and other activities	177,763
Total restricted	<u>1,723,796</u>
Unrestricted	<u>1,139,917</u>
Total governmental activities net position	<u><u>\$ 10,717,476</u></u>

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

Restricted:	
Major Funds:	
Capital projects-energy efficiency, stadium project, and other capital facilities	270,311
Non-major Funds:	
Special revenue trust-student groups and other activities	177,763
Debt service	34,862
Community service	43,952
Total restricted	<u>526,888</u>
Unassigned:	
Major Funds:	
General	1,744,461
Total governmental fund balances	<u><u>\$ 2,271,349</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.

## NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2015

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NOTE 10

### SUPPLEMENTAL PENSION PLAN

*Plan Description.* The District formerly provided eligible Administrators with an additional benefit wherein it would make a one-time contribution either to a TSA on behalf of eligible retirees or which may be used for payment of the retiree's life insurance premiums. Additionally, one current retired Administrator received a cash benefit in lieu of their continued participation in the District's group medical plan. No other classification is eligible for a District-provided cash-related benefit (other than sick leave) of any kind upon their retirement. As of June 30, 2015, no supplemental pension benefits are provided by the District and there are no active employees and no retired employees in a plan.

*Funding Policy.* Payments under the plan were previously made on a pay-as-you go basis.

*Annual Pension Cost and Net Position Obligation.* The District's annual pension costs and net pension obligation for the current year is:

	Governmental Activities
Annual required contribution	\$ 1,657
Interest on net supplemental pension obligation	(636)
Adjustment to annual required contribution	15,009
Annual supplemental pension cost	16,030
Contributions made	-
Change in net supplemental pension obligation	16,030
Supplemental pension asset at beginning of year	(16,030)
Supplemental pension asset at end of year	\$ -

The annual required contribution for the current year was determined as part of the July 1, 2013 actuarial valuation using the unit credit actuarial cost method. The actuarial assumptions included a rate of 4.64% to discount expected liabilities to the valuation date in addition to an inflation rate of 3%. The UAAL was fully amortized during 2014/2015 upon the removal of these benefits.

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Mineral Point Unified School District - June 30, 2015**

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NOTE 11

OTHER POST-EMPLOYMENT BENEFITS

The District reports its liability for other postemployment benefits to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements.

Plan Description – The District formerly operated a single-employer retiree benefit plan that provided postemployment health insurance benefits to eligible employees and their spouses. As of June 30, 2015, post-employment benefits are no longer provided by the District and there are no active employees and no retired employees in a plan.

Funding Policy – Payments under the plan were previously made on a pay-as-you go basis.

Annual OPEB Cost and Net OPEB Obligation – The District’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually paid from the plan, and changes in the District’s net OPEB obligation.

	Governmental Activities
Annual required contribution	\$ 32,929
Interest on net OPEB obligation	(1,418)
Adjustment to annual required contribution	(957)
Annual OPEB cost	30,554
Contributions made	-
Change in net OPEB obligation	30,554
OPEB asset at beginning of year	(30,554)
OPEB obligation at end of year	\$ -

The District’s annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30, 2015 were:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation/(Asset)
6/30/2015	\$ 30,554	0.0%	\$ -
6/30/2014	31,490	427.0%	(30,554)
6/30/2013	104,866	134.5%	72,428

In the July 1, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a rate of 4.64% to discount expected liabilities to the valuation date in addition to an inflation rate of 4.0%. The initial healthcare trend rate was 10% for medical care. The UAAL was fully amortized during 2014/2015 upon the removal of these benefits.

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Mineral Point Unified School District - June 30, 2015**

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NOTE 12

INTERFUND BALANCES AND ACTIVITY

The interfund receivable and payable balances in the fund financial statements are as follows:

Receivable Fund	Payable Fund	Amount
General	Food Service-cash flow	\$ 27,456
General	Capital Projects-Long-term Capital Improvement Trust	75,000
		\$ 102,456

In the Statement of Net Position, amounts reported in the governmental fund balance sheet as interfund balances have been eliminated within the district-wide statements.

During the fiscal year ended June 30, 2015, a \$75,000 transfer was made to the capital projects fund from the general fund. The transfer to the capital projects fund was to initiate the funding of a long-term capital improvement trust fund. The transferred funds may only be accessed five years after the establishment of the “trust” fund. In addition, \$29,004 was transferred to the food service fund from the general fund to cover any costs not covered by direct revenues.

\$1,089,570 was transferred to the special education fund from the general fund during the fiscal year ended June 30, 2015. 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 13

COMMITMENTS

The District has committed to several contracts for a football stadium project. As of June 30, 2015, total commitments on the contracts are approximately \$481,390.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit B-1  
Required Supplementary Information  
Budgetary Comparison Schedule for the General Fund  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Original Budget Favorable	Variance with Final Budget Favorable
	Original	Final		(Unfavorable)	(Unfavorable)
<b>REVENUES</b>					
Property taxes	\$ 3,364,615	\$ 3,341,976	\$ 3,340,976	\$ (23,639)	\$ (1,000)
Other local sources	37,200	37,200	69,253	32,053	32,053
Interdistrict sources	185,780	398,100	390,183	204,403	(7,917)
Intermediate sources	4,000	4,000	4,400	400	400
State sources	4,939,278	5,007,050	5,026,563	87,285	19,513
Federal sources	107,913	107,913	104,076	(3,837)	(3,837)
Total revenues	<u>8,638,786</u>	<u>8,896,239</u>	<u>8,935,451</u>	<u>296,665</u>	<u>39,212</u>
<b>EXPENDITURES</b>					
Instruction:					
Undifferentiated instruction	1,814,333	1,814,292	1,820,682	(6,349)	(6,390)
Regular instruction	1,568,238	1,619,122	1,641,119	(72,881)	(21,997)
Vocational instruction	252,608	257,705	257,900	(5,292)	(195)
Physical instruction	244,812	244,812	228,746	16,066	16,066
Co-curricular activities	290,517	302,547	294,116	(3,599)	8,431
Total instruction	<u>4,170,508</u>	<u>4,238,478</u>	<u>4,242,563</u>	<u>(72,055)</u>	<u>(4,085)</u>
Support Services:					
Pupil services	193,444	193,444	193,661	(217)	(217)
Instructional staff services	298,237	284,803	264,652	33,585	20,151
General administration services	263,668	270,495	260,079	3,589	10,416
Building administration services	500,234	493,407	485,208	15,026	8,199
Business administration	1,423,527	1,436,432	1,415,833	7,694	20,599
Central services	242,272	292,272	308,521	(66,249)	(16,249)
Insurance	83,907	83,907	79,157	4,750	4,750
Principal and interest	46,290	53,945	53,907	(7,617)	38
Other support services	348,595	477,478	291,582	57,013	185,896
Total support services	<u>3,400,174</u>	<u>3,586,183</u>	<u>3,352,600</u>	<u>47,574</u>	<u>233,583</u>
Total expenditures	<u>7,570,682</u>	<u>7,824,661</u>	<u>7,595,163</u>	<u>(24,481)</u>	<u>229,498</u>
Excess (deficiency) of revenues over expenditures	<u>1,068,104</u>	<u>1,071,578</u>	<u>1,340,288</u>	<u>272,184</u>	<u>268,710</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital lease proceeds			8,825	8,825	8,825
Transfers out	(1,068,104)	(1,071,578)	(1,193,574)	(125,470)	(121,996)
Total other financing sources (uses):	<u>(1,068,104)</u>	<u>(1,071,578)</u>	<u>(1,184,749)</u>	<u>(116,645)</u>	<u>(113,171)</u>
Net change in fund balance			155,539	155,539	155,539
Fund balance - beginning	1,588,922	1,588,922	1,588,922		
Fund balance - ending	<u>\$ 1,588,922</u>	<u>\$ 1,588,922</u>	<u>\$ 1,744,461</u>	<u>\$ 155,539</u>	<u>\$ 155,539</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>	
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>		<u>Original</u>	<u>Final</u>
<b>REVENUES</b>					
Interdistrict	\$ 24,640	\$ 24,640	\$ 52,321	\$ 27,681	\$ 27,681
State sources	412,865	412,865	407,081	(5,784)	(5,784)
Federal sources	<u>208,605</u>	<u>208,605</u>	<u>128,301</u>	<u>(80,304)</u>	<u>(80,304)</u>
Total revenues	<u>646,110</u>	<u>646,110</u>	<u>587,703</u>	<u>(58,407)</u>	<u>(58,407)</u>
<b>EXPENDITURES</b>					
Instruction:					
Special instruction	<u>1,363,106</u>	<u>1,364,580</u>	<u>1,359,592</u>	<u>3,514</u>	<u>4,988</u>
Total instruction	<u>1,363,106</u>	<u>1,364,580</u>	<u>1,359,592</u>	<u>3,514</u>	<u>4,988</u>
Support Services:					
Pupil services	52,487	52,487	53,809	(1,322)	(1,322)
Instructional staff services	82,621	82,621	81,696	925	925
Business administration	31,000	33,000	35,598	(4,598)	(2,598)
Other support services	<u>185,000</u>	<u>185,000</u>	<u>146,578</u>	<u>38,422</u>	<u>38,422</u>
Total support services	<u>351,108</u>	<u>353,108</u>	<u>317,681</u>	<u>33,427</u>	<u>35,427</u>
Total expenditures	1,714,214	1,717,688	1,677,273	36,941	40,415
Excess of revenues over (under) expenditures	<u>(1,068,104)</u>	<u>(1,071,578)</u>	<u>(1,089,570)</u>	<u>(21,466)</u>	<u>(17,992)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	<u>1,068,104</u>	<u>1,071,578</u>	<u>1,089,570</u>	<u>21,466</u>	<u>17,992</u>
Total other financing sources (uses)	<u>1,068,104</u>	<u>1,071,578</u>	<u>1,089,570</u>	<u>21,466</u>	<u>17,992</u>
Net change in fund balances					
Fund balance - beginning	_____	_____	_____	_____	_____
Fund balance - ending	\$ <u>_____</u>	\$ <u>_____</u>	\$ <u>_____</u>	\$ <u>_____</u>	\$ <u>_____</u>

MINERAL POINT UNIFIED SCHOOL DISTRICT  
 NOTES TO BUDGETARY SCHEDULES  
 June 30, 2015

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NOTE 1

BUDGET SCHEDULE

Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction, 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, 2015:

Fund	Excess Expenditures
General Fund:	
Instruction	\$ 4,085
Transfers out	121,996

MINERAL POINT UNIFIED SCHOOL DISTRICT  
 NOTES TO BUDGETARY SCHEDULES  
 June 30, 2015

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NOTE 3

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

	<u>General Fund</u>	<u>Special Education Fund</u>
A) Sources/Inflows of Resources:		
Actual amounts "total revenues"		
from the budgetary comparison schedules	\$ 8,935,451	\$ 587,703
Reclassification:		
Special education fund revenues are reclassified to the general fund, required for GAAP reporting	<u>587,703</u>	<u>(587,703)</u>
The general fund revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 9,523,154</u>	<u>\$</u>
	<u>General Fund</u>	<u>Special Education Fund</u>
B) Uses/Outflows of Resources:		
Actual amounts "total expenditures"		
from the budgetary comparison schedules	\$ 7,595,163	\$ 1,677,273
Reclassification:		
Special education fund expenditures are reclassified to the general fund, required for GAAP reporting	<u>1,677,273</u>	<u>(1,677,273)</u>
The general fund expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 9,272,436</u>	<u>\$</u>

Exhibit B-3  
 Required Supplementary Information  
 Mineral Point Unified School District  
 Schedule of Funding Progress for  
 Postemployment Benefit Plans

Other Postemployment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) (2)	Unfunded AAL (2-1)	Funded Ratio (1/2)	Covered Payroll (3)	UAAL as a Percentage of Covered Payroll ((2-1)/3)
7/1/2013	\$	\$ 246,036	\$ 246,036	0.0%	\$ 391,474	62.85%
7/1/2010	\$	\$ 758,710	\$ 758,710	0.0%	\$ 3,235,595	23.45%
7/1/2007	\$	\$ 1,580,715	\$ 1,580,715	0.0%	\$ 3,365,114	46.97%

Supplemental Pension Benefits

7/1/2013	\$	\$ 20,364	\$ 20,364	0.0%	\$ 391,474	5.20%
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Note: The remaining postemployment benefit provisions for retiree health insurance and supplemental pension benefits have been eliminated by the District. Accordingly, the District no longer reflects an asset or liability for these items as of June 30, 2015.

Exhibit B-4  
 Required Supplementary Information  
 Mineral Point Unified School District  
 Wisconsin Retirement Systems Schedules  
 June 30, 2015

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

	<b>2015</b>
Districts proportion of the net pension liability (asset)	0.02684848%
District's proportionate share of the net pension liability (asset)	\$ (659,472)
District's covered-employee payroll	\$ 3,803,283
Proportionate share of net pension liability (asset) as a percentage of its covered employee payroll	(17.34%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%

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

**SCHEDULE OF CONTRIBUTIONS**  
Last 10 Fiscal Years\*

	<b>2015</b>
Contractually required contributions	\$ 266,230
Contributions in relation to the contractually required contributions	\$ (266,230)
Contribution deficiency (excess)	\$ -
District's covered-employee payroll	\$ 3,803,283
Contributions as a percentage of covered-employee payroll	7.00%

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

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

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

*Changes of benefit term.* There were no changes of benefit terms for any participating employers in WRS.

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

SUPPLEMENTARY INFORMATION

Exhibit C-1  
Mineral Point Unified School District  
Combining Balance Sheet  
Non-major Governmental Funds  
June 30, 2015

	Special Revenue Fund			Debt Service Fund	Total Non-Major Governmental Funds
	Trust Fund	Food Service Fund	Community Service Fund		
<b>ASSETS</b>					
Cash and investments	\$ 177,763		\$ 43,952	\$ 34,862	\$ 256,577
Accounts receivable		5,061			5,061
Inventory		22,395			22,395
Total assets	\$ 177,763	\$ 27,456	\$ 43,952	\$ 34,862	\$ 284,033
<b>LIABILITIES</b>					
Due to other funds	\$	\$ 27,456	\$	\$	\$ 27,456
Total liabilities		27,456			27,456
<b>FUND BALANCES</b>					
Restricted	177,763		43,952	34,862	256,577
Total fund balances	177,763		43,952	34,862	256,577
Total liabilities and fund balances	\$ 177,763	\$ 27,456	\$ 43,952	\$ 34,862	\$ 284,033

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, 2015

	Special Revenue Fund				Total Non-major Governmental Funds
	Trust Fund	Food Service Fund	Community Service Fund	Debt Service Fund	
<b>REVENUES</b>					
Property taxes	\$	\$	\$ 75,000	\$ 132,119	\$ 207,119
Local sources	331,686	214,854		30,071	576,611
State sources		5,479			5,479
Federal sources		119,630			119,630
<b>Total revenues</b>	<b>331,686</b>	<b>339,963</b>	<b>75,000</b>	<b>162,190</b>	<b>908,839</b>
<b>EXPENDITURES</b>					
Instruction:					
Regular instruction	51,563				51,563
Vocational instruction	7,810				7,810
Other instruction	206,719				206,719
<b>Total instruction</b>	<b>266,092</b>				<b>266,092</b>
Support services:					
Instructional staff services	4,127				4,127
General administration services			6,627		6,627
Business administration	114,569	389,221	62,737		566,527
Principal and interest				132,118	132,118
Community service			8,378		8,378
<b>Total support services</b>	<b>118,696</b>	<b>389,221</b>	<b>77,742</b>	<b>132,118</b>	<b>717,777</b>
<b>Total expenditures</b>	<b>384,788</b>	<b>389,221</b>	<b>77,742</b>	<b>132,118</b>	<b>983,869</b>
Excess (deficiency) of revenues over expenditures	(53,102)	(49,258)	(2,742)	30,072	(75,030)
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in		29,004			29,004
Total other financing sources (uses)		29,004			29,004
<b>Net change in fund balances</b>	<b>(53,102)</b>	<b>(20,254)</b>	<b>(2,742)</b>	<b>30,072</b>	<b>(46,026)</b>
Fund balances - beginning	230,865	20,254	46,694	4,790	302,603
Fund balances - ending	\$ 177,763	\$	\$ 43,952	\$ 34,862	\$ 256,577

Exhibit C-3  
 Mineral Point Unified School District  
 Schedule of Changes in Assets and Liabilities  
 Pupil Activity Funds  
 For the Year Ended June 30, 2015

	Balance 7/1/2014	Additions	Deductions	Balance 6/30/15
<b>ASSETS</b>				
Cash	\$ 34,684	\$ 37,763	\$ 37,092	\$ 35,355
Total assets	\$ 34,684	\$ 37,763	\$ 37,092	\$ 35,355
<b>LIABILITIES</b>				
Due to student organizations:	\$ 34,684	\$ 37,763	\$ 37,092	\$ 35,355
Total liabilities	\$ 34,684	\$ 37,763	\$ 37,092	\$ 35,355

EXHIBIT C-4  
 Mineral Point Unified School District  
 SCHEDULE OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2015

Awarding Agency/ Pass-Through Agency Award Description	Federal Catalog Number	Accrued Receivable (Deferred) Revenue July 01, 2014	Expenditures	Receipts Grantor Reimbursement	Accrued Receivable (Deferred) Revenue June 30, 2015
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
<u>Passed Through</u>					
<u>Wisconsin Department of Public Institution</u>					
Team Nutrition School Garden July 1, 2014 to June 30, 2015	10.574	\$ 2,000	\$	\$ 2,000	\$
School Breakfast Program July 1, 2014 to June 30, 2015	10.553		11,117	11,117	
School Milk Program July 1, 2014 to June 30, 2015	10.556		1,348	1,348	
School Lunch Program July 1, 2014 to June 30, 2015	10.555		107,165	107,165	
Total Nutrition Cluster			119,630	119,630	
TOTAL U.S. DEPARTMENT OF AGRICULTURE		2,000	119,630	121,630	
<u>U.S. DEPARTMENT OF EDUCATION</u>					
<u>Passed Through</u>					
<u>Wisconsin Department of Public Instruction</u>					
Title I July 1, 2014 to June 30, 2015	84.010		73,690	64,607	9,083
IDEA Flow Through July 1, 2013 to June 30, 2014	84.027	31,467		31,467	
July 1, 2014 to June 30, 2015			114,051	72,661	41,390
IDEA Preschool Entitlement July 1, 2013 to June 30, 2014	84.173	364		364	
July 1, 2014 to June 30, 2015			3,034	827	2,207
Total IDEA Cluster		31,831	117,085	105,319	43,597
Title II-A Teacher & Prin. Training July 1, 2014 to June 30, 2015	84.367		25,580	25,580	
<u>Passed Through CESA #3</u>					
Career Technical Education- Basic Grants to State July 1, 2014 to June 30, 2015	84.048		4,400	4,400	
TOTAL U.S. DEPARTMENT OF EDUCATION		31,831	220,755	199,906	52,680
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
<u>Passed Through Wisconsin Department of Health Services</u>					
School Based Services July 1, 2014 to June 30, 2015	93.778		16,022	8,501	7,521
TOTAL FEDERAL AWARDS		\$ 33,831	\$ 356,407	\$ 330,037	\$ 60,201

EXHIBIT C-5  
 Mineral Point Unified School District  
 SCHEDULE OF STATE AWARDS  
 YEAR ENDED JUNE 30, 2015

Awarding Agency Pass-Through Agency Award Description	State I.D. Number	Accrued (Deferred) Receivable July 01, 2014	State Reimbursement	Expenditures	Accrued (Deferred) Receivable June 30, 2015
<u>Wisconsin Department of Public Instruction</u>					
<u>Entitlement Programs</u>					
<u>Major State Programs</u>					
General Equalization	255.201	\$ 87,615	\$ 4,836,403		\$ 85,095
Handicapped Pupils and Schools Age Parents					
Internal District Programs	255.101		407,081	1,445,287	
<u>Non-major State Programs</u>					
State Lunch	255.102		3,327		
Common School Fund	255.103		28,681		
Pupil Transportation	255.107		19,286		
WI Morning Milk	255.109		1,244		
School Breakfast	255.344		909		
Peer Review and Mentoring	255.301		21,000		
Educator Effectiveness	255.940		5,360		
Per Pupil Aid	255.945		108,750		
Total State Awards		\$ 87,615	\$ 5,432,041	\$ 1,445,287	\$ 85,095

Mineral Point Unified School District  
Notes to the Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2015

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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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations 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

SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

2014-2015 eligible costs under the State Special Education Program are \$1,445,287.

NOTE 3

FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Total commodities received were \$22,171 and are included with the School Lunch Program #10.555.

NOTE 4

MEDICAL ASSISTANCE

Title XIX Medical Assistance payments to the Mineral Point Unified School District for the year ended June 30, 2015 were \$16,022.



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, 2015, 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 October 27, 2015.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the 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 questioned costs 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 deficiencies described in the accompanying schedule of findings and responses as items #2015-001 and #2015-002 to be material weaknesses.

## **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  
October 27, 2015

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 designated state major aid programs for the year ended June 30, 2015. The District's designated state major aid programs are identified in the accompanying schedule of findings and responses.

***Management's Responsibility***

Compliance with requirements of laws, regulations, contracts, and grants applicable to its designated major state programs is the responsibility of the District's management.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's designated state major 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 designated state major aid 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 designated state major 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 designated state major aid programs for the year ended June 30, 2015.

### ***Report on Internal Control Over Compliance***

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to the state designated major aid programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on the designated state major aid programs to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 designated state major aid 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and responses as item #2015-001 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  
October 27, 2015

Mineral Point Unified School District  
Schedule of Findings and Responses  
For the Year Ended June 30, 2015

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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?        Yes   X   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:

255.101 Special Education and School Age Parents  
255.201 General Equalization Aid

Mineral Point Unified School District  
Schedule of Prior Findings and Responses  
For the Year Ended June 30, 2015

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Section II - Financial Statement Findings

Finding #2015-001 - Segregation of Duties

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 #2015-002- Preparation of Financial Statements

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 Findings and Responses (Continued)  
For the Year Ended June 30, 2015

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Prior Year Findings and Responses

#2014-001 – Segregation of duties

This is still a finding. See 2015-001

#2014-002 – Preparation of financial statements

This is still a finding. See #2015-002

#2014-003 – Health insurance reconciliation

This is no longer a finding.



**Certified Public Accountants**

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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, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the District’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and 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  
October 27, 2015



Certified Public Accountants

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October 27, 2015

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, 2015, and have issued our report thereon dated October 27, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 3, 2013. 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. As described in Note 1 to the financial statements, the District change accounting policies related to pensions by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, and GASB Statement No.71 – Pension Transition for Contributions Made Subsequent to the Measurement Date, in 2014/2015. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Activities. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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 payable
- Allocate expenditures for HRA medical claims paid on behalf of employees to the appropriate funds and functions

### *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 October 27, 2015.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial 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.

### 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.

Engagement: *Mineral Point School District 6/30/15 Audit*  
 Period Ending: *6/30/2015*

Account	Description	Debit	Credit
<b>Proposed JE # 6001</b>			
Record deferred revenue and accounts receivable for food service.			
50-1-71320	Accounts Receivable	528.68	
50-3-93000	Fund Balance	7,260.23	
50-2-81690	Deferred Revenue		6,017.73
50-4-25100	Pupils		1,769.18
<b>Total</b>		<u><u>7,786.91</u></u>	<u><u>7,786.91</u></u>
<b>Proposed JE # 6002</b>			
Record estimate of additional HRA expense for 14/15.			
10-5-29300	HRA	17,297.87	
10-2-81120	Accounts Payable		17,297.87
<b>Total</b>		<u><u>17,297.87</u></u>	<u><u>17,297.87</u></u>
<b>Proposed JE # 6003</b>			
Record hourly employees accrued payroll at 6/30/15.			
10-5-11000	Undifferentiated Curr.	16,091.89	
10-2-81180	Accrued Payroll		16,091.89
<b>Total</b>		<u><u>16,091.89</u></u>	<u><u>16,091.89</u></u>
<b>Proposed JE # 6004</b>			
Record retainage on stadium to H & H Civil as 6/30/15 accounts payable.			
21-5-25400	Maintenance	5,237.00	
49-5-25400	Maintenance	5,237.00	
21-2-81120	Accounts Payable		5,237.00
49-2-81100	accounts payable		5,237.00
<b>Total</b>		<u><u>10,474.00</u></u>	<u><u>10,474.00</u></u>
<b>Proposed JE # 6005</b>			
District wide entry only: Accrue interest on computer lease			
10-5-28000	Debt Services	1,794.00	
08-2-22000	Accrued Interest on LT Debt		1,794.00
<b>Total</b>		<u><u>1,794.00</u></u>	<u><u>1,794.00</u></u>