

AUDITED FINANCIAL STATEMENTS
MINERAL POINT UNIFIED SCHOOL DISTRICT
MINERAL POINT, WISCONSIN

JUNE 30, 2012

Mineral Point Unified School District
June 30, 2012

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INDEPENDENT AUDITOR'S REPORT

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

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, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Mineral Point Unified School District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2012 on our consideration of the Mineral Point Unified School 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 through 12), budgetary comparison information (pages 41 through 42), and schedule of funding progress for postemployment benefit plans (page 45) 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mineral Point Unified School District's financial statements as a whole. The supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Johnson Block & Company, Inc.
JOHNSON BLOCK AND COMPANY, INC.

Mineral Point, WI
September 17, 2012

MINERAL POINT UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2012

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 \$10,053,856; including \$3,711,745 of property taxes, \$4,657,975 of general state aids, and \$1,684,136 of charges for services and operating grants. Total governmental expenditures were \$9,910,648; including \$5,529,528 for direct instruction.
- The District decreased the amount of outstanding general obligation debt by \$54,587.
- The District passed a recurring referendum of \$1,100,000.
- The District did a debt defeasance in the amount of \$ 555,000 for the General Obligation Refunding Bonds.

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 Assets* 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 Assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the year. This statement reports the cost of government functions and how those functions were financed for the fiscal year.
- The district-wide financial statements are shown on pages 13 thru 18 of this report.

**MINERAL POINT UNIFIED
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MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

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 seven ongoing funds (general, special revenue trust, community service, special education, 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 fund/special education fund and the debt service fund as these are considered to be major funds. Data for the special revenue trust, community service, capital projects, and food service funds is combined into a single, aggregated column. Data for each of these individual non-major funds is provided separately as supplementary information.
- The District serves as a trustee, or *fiduciary*, for student organizations and for scholarship donations. The assets of these organizations and scholarships do not directly benefit the District. *Fiduciary* activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operation. Fiduciary fund statements are presented on pages 19 and 20.
- The District adopts an annual appropriated budget for its general fund and special education fund. Budgetary comparison statements have been provided to demonstrate budget compliance. The budgetary comparison statements are on pages 41 and 42 of this report.

**MINERAL POINT UNIFIED
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MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

Notes to the financial statements

The Notes to the Financial Statements provide additional information that is essential to the full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 21 to 40 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 Assets - Statement of Activities	- Balance Sheet - Statement of Revenues, Expenditures and Changes in Fund Balances	- State of Fiduciary Net Assets - Statement of Changes in Fiduciary Net Assets
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, 2012

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1, below, provides a summary of the District's net assets for the year ended June 30, 2012.

**Table 1
Condensed Statement of Net Assets**

	Total School District	
	2012	2011
Current and other assets	\$ 2,891,237	\$ 4,112,712
Capital assets, net of depreciation	7,829,443	7,958,506
Total assets	10,720,680	12,071,218
Current liabilities	1,035,809	1,060,764
Long-term liabilities	782,596	2,251,387
Total liabilities	1,818,405	3,312,151
Net assets		
Invested in capital assets, net of related debt	6,751,817	5,534,779
Restricted	1,003,562	1,354,377
Unrestricted	1,146,896	1,869,911
Total net assets	\$ 8,902,275	\$ 8,759,067

Table 2, below, provides a summary of the District's operating results and their impact on net assets for the year ended June 30, 2012. The District relied primarily on property taxes (36.92%) and state aids (46.33%) to fund its operations. Combined, these account for 83.25% of all revenues or \$8.37 million. Program revenues, in the form of charges for services (2.85%) and operating grants and contributions (13.80%) accounted for \$1.68 million with other accounting (.10%) of the total revenue of \$10.05 million.

**MINERAL POINT UNIFIED
SCHOOL DISTRICT**

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

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

	Total School District	
	2012	2011
Revenues		
Program revenues		
Charges for services	\$ 286,858	\$ 286,083
Operating grants and contributions	1,386,919	1,496,663
Capital grants and contributions		
General revenues		
Property taxes	3,711,745	3,863,228
General state aid	4,657,975	5,172,312
Other	10,359	9,445
Total revenues	\$ 10,053,856	\$ 10,827,731
Expenses		
Instruction	\$ 5,529,528	\$ 5,823,631
Pupil and instructional services	552,755	678,810
Administration	2,552,117	2,335,828
Central services/Insurance	244,880	202,088
Interest	119,532	114,288
Other support services	911,836	686,456
Total expenses	9,910,648	9,841,101
Loss on disposal of fixed assets		
Changes in Net Assets	\$ 143,208	\$ 986,630

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 \$9,910,648. Individuals who directly participated or benefited from a program offering paid for \$286,858 of costs. Federal and state governments subsidized certain programs with grants and contributions of \$1,386,919. General revenues of the District financed the net cost of governmental activities \$8,236,871.

**MINERAL POINT UNIFIED
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MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

**Table 3
Net Cost of Governmental Activities**

	Total Cost of Services 2012	Net Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2011
Instruction	\$ 5,529,528	\$ 4,342,567	\$ 5,823,631	\$ 4,550,866
Pupil and instructional services	552,755	513,742	678,810	625,301
Administration	2,552,117	2,203,635	2,335,828	1,997,695
Central services /Insurances	244,880	244,880	202,088	202,088
Other support services	679,766	580,445	454,386	336,047
Interest expense	119,532	119,532	114,288	114,288
Depreciation-Unallocated	232,070	232,070	232,070	232,070
Total	\$ 9,910,648	\$ 8,236,871	\$ 9,841,101	\$ 8,058,355

Table 4, below provides a summary of the District's fiduciary funds net assets for the year ended June 30, 2012.

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

	Private Purpose Trust	Agency Fund	Totals 2012	Totals 2011
Assets				
Cash and investments	\$ 88,196	\$ 36,892	\$ 125,088	\$ 135,632
Total assets	<u>\$ 88,196</u>	<u>\$ 36,892</u>	<u>\$ 125,088</u>	<u>\$ 135,632</u>
Liabilities				
Due to student groups		\$ 36,892	\$ 36,892	\$ 36,801
Total liabilities		<u>\$ 36,892</u>	<u>\$ 36,892</u>	<u>\$ 36,801</u>
Net Assests				
Reserved for scholarships	\$ 88,196		\$ 88,196	\$ 98,831
Total Liabilities and Net Assets	<u>\$ 88,196</u>		<u>\$ 125,088</u>	<u>\$ 135,632</u>

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

**MINERAL POINT UNIFIED
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MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

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

	Budgeted Amounts		Actual	Variance with Original Budget Favorable (Unfavorable)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final			
Revenues:					
Property taxes	\$2,365,154	\$ 2,563,324	\$ 2,562,324	\$ 197,170	\$ (1,000)
Other local sources	89,900	69,900	81,979	(7,921)	12,079
Interdistrict sources	133,300	133,300	171,752	38,452	38,452
Intermediate sources	2,100	2,100	2,697	597	597
State sources	4,700,781	4,703,278	4,721,011	20,230	17,733
Federal sources	105,293	105,293	110,051	4,758	4,758
Other sources			3,000	3,000	3,000
Total Revenues	\$ 7,396,528	\$ 7,577,195	\$ 7,652,814	\$ 253,286	\$ 72,619
Expenditures:					
Undifferentiated instruction	1,750,429	1,664,998	1,556,419	194,010	108,579
Regular instruction	1,628,050	1,663,584	1,714,292	(86,242)	(50,708)
Vocational instruction	248,906	248,906	273,554	(24,648)	(24,648)
Physical instruction	251,600	251,600	267,388	(15,788)	(15,788)
Co-curricular activities	282,426	275,241	246,191	36,235	29,050
Total Instruction	\$ 4,161,411	\$ 4,104,329	\$ 4,057,844	\$ 103,567	\$ 46,485
Support Services:					
Pupil services	213,513	213,513	169,655	43,858	43,858
Instructional Staff services	248,905	248,905	244,478	4,427	4,427
General administration services	237,502	256,978	252,472	(14,970)	4,506
Building administration services	433,197	434,098	414,686	18,511	19,412
Business administration	1,392,554	1,386,766	1,483,712	(91,158)	(96,946)
Central services	185,137	265,163	277,657	(92,520)	(12,494)
Insurance	72,285	72,285	59,491	12,794	12,794
Principal and interest	35,527	35,527	34,354	1,173	1,173
Other support services	407,850	418,214	441,704	(33,854)	(23,490)
Total support services	3,226,470	3,331,449	3,378,209	(151,739)	(46,760)
Transfers out	996,788	948,891	1,029,773	(32,985)	(80,882)
Total Expenditures	\$ 8,384,669	\$ 8,384,669	\$ 8,465,826	\$ (81,157)	\$ (81,157)

**MINERAL POINT UNIFIED
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MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

Table 5 continued

Budgeted Comparison Schedule for the Special Education Fund

	Budgeted Amounts		Actual	Variance with	Variance with
	Original	Final		Original Budget Positive/ (Negative)	Final Budget Positive/ (Negative)
Revenues:					
Interdistrict	\$ 55,194	\$ 55,194	\$ 26,941	\$ (28,253)	\$ (28,253)
State sources	409,424	409,424	373,371	(36,053)	(36,053)
Federal sources	202,906	202,906	253,501	50,595	50,595
Total Revenues	\$ 667,524	\$ 667,524	\$ 653,813	\$ (13,711)	\$ (13,711)
Expenditures:					
Instruction:					
Special instruction	1,348,481	1,332,560	1,231,416	117,065	101,144
Total Instruction	1,348,481	1,332,560	1,231,416	117,065	101,144
Support Services:					
Pupil services	96,746	96,746	78,082	18,664	18,664
Instructional Staff services	60,058	60,058	54,705	5,353	5,353
Building administration	21,228	21,228	24,801	(13,573)	(13,573)
Central services	9,699	9,699	9,318	381	381
Other support services	128,100	96,124	238,062	109,962	(141,938)
Total support services	315,831	283,855	414,968	(99,137)	(131,113)
Total Expenditures	\$ 1,664,312	\$ 1,616,415	\$ 1,646,384	\$ 17,928	\$ (29,969)

**MINERAL POINT UNIFIED
SCHOOL DISTRICT**

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

FINANCIAL ASPECTS OF THE DISTRICT'S FUNDS

The District completed the year with a total governmental fund balance of \$2,734,745 down from last year's ending fund balance of \$3,905,478.

- The general fund had a decrease in fund balance of \$ 813,012.
- The debt service fund had a decrease in fund balance of 373,500. 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 2012, the District had invested over \$14.0 million in capital assets, including buildings, site improvements, and furniture and equipment (see Table 6 below). The District recognized depreciation expense of \$ 359,722 for this fiscal year. Detailed information about capital assets can be found in Note 4 to the financial statements.

Table 6

	Capital Assets	
	Balance 6/30/12	Balance 6/30/11
Governmental Activities		
Total Capital Assets, not being depreciated	\$ 237,250	\$ 237,250
Total Capital Assets, being depreciated	\$ 13,766,336	\$ 13,656,009
Total Capital Assets	14,003,586	13,893,259
Total Accumulated Depreciation	6,174,143	5,934,753
Governmental Activities Capital Assets, Net	\$ 7,829,443	\$ 7,958,506

**MINERAL POINT UNIFIED
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MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

Long-Term Obligations

At the end of fiscal year 2012, the District had \$ 2,051,477 in general obligation bonds and other long-term debt and liabilities (see Table 7 below). The District's outstanding long-term obligations decreased by \$ 1,025,873. 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	
	2012	2011
Refunding Bonds	\$ 985,000	\$ 2,275,000
State Trust Loan Payable	117,339	152,426
Notes Payable	29,500	59,000
Other	511,200	590,924
Total	\$1,643,039	\$3,077,350

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 facilities are in good condition.
- Both the support and certified groups were settled for the 2011-2012 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, or Marsha Kjelland, District Bookkeeper, (608) 987-0741, 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 Assets
 June 30, 2012

	Governmental Activities
	2012
Assets	
Current assets:	
Cash and cash equivalents	\$ 1,361,867
Accounts receivable	
Taxes receivable	1,236,564
Inventory	9,161
Prepays	107,702
Due from other governmental units	175,943
Total current assets	2,891,237
Noncurrent assets:	
Capital assets	14,003,586
Less: Accumulated depreciation	(6,174,143)
Total noncurrent assets	7,829,443
Total Assets	\$ 10,720,680
Liabilities	
Current liabilities:	
Accrued salaries and wages	\$ 122,345
Accounts payable	34,147
Accrued interest payable	18,874
Current portion of long-term obligations	860,443
Total current liabilities	1,035,809
Noncurrent liabilities:	
Notes and bonds payable	1,131,839
Capital lease	63,127
Net OPEB obligation	110,112
Vested employee sick leave	337,961
Less: current portion	(860,443)
Total noncurrent liabilities	782,596
Total Liabilities	1,818,405
Net Assets	
Investment in capital assets, net of related debt	6,751,817
Restricted for:	
Debt service	793,546
Capital projects	124,757
Other activities	85,259
Unrestricted	1,146,896
Total Net Assets	8,902,275
Total Liabilities and Net Assets	\$ 10,720,680

Exhibit A-2
Mineral Point Unified School District
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
				Total Governmental Activities
Governmental activities:				
Instruction:				
Regular instruction	\$ 3,367,906	\$ 47,515	\$ 545,349	\$ (2,775,042)
Vocational education	309,720			(309,720)
Special education	1,222,635		563,869	(658,766)
Other instruction	629,267	30,228		(599,039)
Total instruction	5,529,528	77,743	1,109,218	(4,342,567)
Support services:				
Pupil services	247,596			(247,596)
Instructional staff services	305,159		39,013	(266,146)
General administration services	249,840			(249,840)
Building administration services	413,098			(413,098)
Business administration	1,889,179	209,115	139,367	(1,540,697)
Central services	185,389			(185,389)
Insurance	59,491			(59,491)
Other support services	679,766		99,321	(580,445)
Interest expense & Fiscal Charges	119,532			(119,532)
Depreciation-Unallocated	232,070			(232,070)
Total support services	4,381,120	209,115	277,701	(3,894,304)
Total governmental activities	9,910,648	286,858	1,386,919	(8,236,871)
General Revenues:				
Property Taxes				
General purposes				2,562,324
Debt services				1,099,421
Other taxes				51,933
Federal and State aid not restricted for specific purposes				
General				4,657,975
Miscellaneous				50
Gain on sale of fixed assets				2,950
Interest and investment earnings				5,426
Total General Revenues				8,380,079
Changes in net assets				143,208
Net assets-beginning of year				8,759,067
Net assets-end of year				\$ 8,902,275

See accompanying notes to the basic financial statements.

Exhibit A-3
 Mineral Point Unified School District
 Balance Sheet
 Governmental Funds
 June 30, 2012

	General Fund	Debt Service Fund	Other Governmental Funds	Totals <u>2012</u>
ASSETS				
Cash and investments	\$ 337,644	\$ 812,420	\$ 211,803	\$ 1,361,867
Taxes receivable	1,236,564			1,236,564
Prepays	107,702			107,702
Inventory			9,161	9,161
Due from other funds	11,051			11,051
Due from other governments	174,053		1,890	175,943
Total Assets	\$ 1,867,014	\$ 812,420	\$ 222,854	\$ 2,902,288
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accrued wages and payroll taxes	\$ 122,345	\$	\$	\$ 122,345
Accounts payable	34,147			34,147
Due to other funds			11,051	11,051
Total Liabilities	156,492		11,051	167,543
Fund Balances:				
Nonspendable	107,702			107,702
Restricted		812,420	211,803	1,024,223
Unassigned	1,602,820			1,602,820
Total Fund Balances	1,710,522	812,420	211,803	2,734,745
Total Liabilities and Fund Balances	\$ 1,867,014	\$ 812,420	\$ 222,854	\$ 2,902,288

Exhibit A-4
 Mineral Point Unified School District
 Reconciliation of the Governmental Funds Balance Sheet
 with the Statement of Net Assets
 June 30, 2012

		2012
Total fund balances - governmental funds:	\$	2,734,745
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:</p>		
Governmental capital assets	14,003,586	
Governmental accumulated depreciation	(6,174,143)	7,829,443
<p>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 assets that are not reported in the funds balance sheet are:</p>		
General obligation debt	1,131,839	
Capital leases	63,127	
Accrued interest on long-term debt	18,874	
Net OPEB obligation	110,112	
Vested employee sick leave	337,961	(1,661,913)
Total net assets - governmental activities	\$	8,902,275

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, 2012

	General Fund	Debt Service Fund	Other Governmental Funds	Totals 2012
<u>Revenues</u>				
Property taxes	\$ 2,562,324	\$ 1,099,421	\$ 50,000	\$ 3,711,745
Other local sources	81,979	2,137	488,825	572,941
Interdistrict sources	198,693			198,693
Intermediate sources	2,697			2,697
State sources	5,094,382		4,471	5,098,853
Federal sources	363,552		102,375	465,927
Other sources	50			50
Total Revenues	8,303,677	1,101,558	645,671	10,050,906
<u>Expenditures</u>				
Instruction:				
Regular instruction	3,270,711		121,006	3,391,717
Vocational instruction	273,554		20,956	294,510
Special instruction	1,231,416			1,231,416
Other instruction	513,579		116,435	630,014
Total Instruction	5,289,260		258,397	5,547,657
Support Services:				
Pupil services	247,737			247,737
Instructional staff services	299,183		4,013	303,196
General administration services	252,472			252,472
Building administration services	414,686			414,686
Business administration	1,518,513		401,376	1,919,889
Central services	286,975		3,308	290,283
Insurance	59,491			59,491
Principal and interest	34,354	1,475,058		1,509,412
Other support services	679,766			679,766
Total support services	3,793,177	1,475,058	408,697	5,676,932
Total Expenditures	9,082,437	1,475,058	667,094	11,224,589
Excess (deficiency) of revenues over expenditures	(778,760)	(373,500)	(21,423)	(1,173,683)
<u>Other Financing Sources (Uses):</u>				
Transfer to food service fund	(37,202)			(37,202)
Sale of capital assets	2,950			2,950
Transfer from general fund			37,202	37,202
Total Other Financing Sources (Uses)	(34,252)		37,202	2,950
Net Change in Fund Balances	(813,012)	(373,500)	15,779	(1,170,733)
Fund Balance-Beginning of year	2,523,534	1,185,920	196,024	3,905,478
Fund Balance-End of year	\$ 1,710,522	\$ 812,420	\$ 211,803	\$ 2,734,745

See accompanying notes to the basic financial statements.

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, 2012

		2012
Net change in fund balances-total governmental funds		\$ (1,170,733)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.</p>		
Capital outlay reported in governmental fund statements	230,659	
Depreciation expense reported in the statement of activities	(359,722)	
Amount by which capital outlays are greater (less) than depreciation in the current period.		(129,063)
<p>Vested employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.</p>		
Change in other post-employment benefits		41,339
Change in compensated absences		11,785
<p>Long-term proceeds provide current financial resources to governmental funds, but issuing long-term debt increases long-term liabilities in the statement of net assets. 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 assets and does not affect the statement of activities.</p>		
Principal payments on loans and capital leases		1,381,187
<p>In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.</p>		
The amount of interest paid during the current period	89,553	
The amount of interest accrued during the current period	(80,860)	
Interest paid is greater (less) than interest accrued by		8,693
Change in net assets-governmental activities		\$ 143,208

Exhibit A-7
 Mineral Point Unified School District
 Statement of Net Assets
 Fiduciary Funds
 June 30, 2012

	<u>Private Purpose Trust</u>	<u>Agency Fund</u>	<u>Totals 2012</u>
Assets			
Cash and investments	\$ 88,196	\$ 36,892	\$ 125,088
Total Assets	<u>\$ 88,196</u>	<u>\$ 36,892</u>	<u>\$ 125,088</u>
Liabilities			
Due to student groups		\$ 36,892	\$ 36,892
Total Liabilities		<u>\$ 36,892</u>	<u>\$ 36,892</u>
Net Assets			
Restricted for scholarships	<u>88,196</u>		<u>88,196</u>
Total Liabilities and Net Assets	<u>\$ 88,196</u>		<u>\$ 125,088</u>

Exhibit A-8
 Mineral Point Unified School District
 Statement of Changes in Net Assets
 Fiduciary Funds
 For the Year Ended June 30, 2012

	Private Purpose Trust
	2012
Additions	
Interest	\$ 365
Gifts	3,100
Total Additions	3,465
Deductions	
Scholarships Awarded	14,100
Change in net assets	(10,635)
Net assets-Beginning	98,831
Net assets-Ending	\$ 88,196

NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2012

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 grades 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 (GASB) Statement No. 14, The Financial Reporting Entity. The financial reporting entity consists of (a) organizations for which the stand-alone government is financially accountable and (b) the stand-alone government that is controlled by a separately elected governing body that is legally separate and is fiscally independent. All of the accounts of the District comprise the stand-alone government

B. Basis of Presentation

District-wide Statements:

The statement of net assets 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, 2012

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements:

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

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.

NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2012

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Funds

The District reports the following major governmental funds:

General Fund
Debt Service Fund

Non-Major Funds

The District reports the following non-major funds:

Special Revenue Funds:
Trust Fund
Food Service Fund
Capital Projects Fund

Fiduciary Funds

The District reports the following fiduciary funds:

Private- Purpose Trust Funds –
Scholarship Fund

Agency Funds –
Student Activity Fund

C. Measurement Focus and Basis of Accounting

The district-wide Statement of Net Assets 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.

NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2012

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 – 2011 tax roll:

Lien date and levy date	October, 2011
Tax bills mailed	December, 2011
Payment in full, or	January 31, 2012
First installment due	January 31, 2012
Second installment due	July 31, 2012
Personal property taxes in full	January 31, 2012

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 revenue. Amounts received prior to the entitlement period are also recorded as deferred revenue.

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 revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues 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, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

NOTES TO BASIC FINANCIAL STATEMENTS
Mineral Point Unified School District - June 30, 2012

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 assets 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.

NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2012

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Assets. 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

Sick Leave

The District's policy states that teachers shall earn 10 sick days per school year accumulative up to 110 days. Upon retirement after age 55, teachers will be paid for ½ of their accumulated sick days not to exceed 110 days. The retirement must be recognized as such by the Wisconsin State Teachers Retirement System.

The District's policy states that sick leave for support staff is earned at either 12 days or 10 days per year 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.

The District reports vested sick leave in accordance with provisions of GASB No. 16, "Accounting for Compensated Absences". 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.

NOTES TO BASIC FINANCIAL STATEMENTS
Mineral Point Unified School District - June 30, 2012

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Post-Employment Benefits

As provided in applicable negotiated contracts, qualified employees meeting minimum age and length of service requirements may be eligible for certain other postemployment benefits directly from the district.

Teachers who retire after age 55 and have a minimum of 15 consecutive working years under a full-time contract with the District will be eligible to receive paid health insurance benefits for a maximum of 36 months immediately following their retirement. To be eligible for this benefit, the teacher had to retire as of June 30, 2011. No other teachers are eligible for this benefit.

The vested sick leave and other post-employment benefit liabilities are 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. See Note 11 for additional information.

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. All contributions made by the District on behalf of its employees are reported as expenditures when paid.

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.

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.

NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2012

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Other Assets

In governmental funds, debt issuance costs are recognized in the current period. For the district-wide financial statements, governmental activity debt issuance costs are amortized over the life of the debt issue.

J. 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.

K. Equity Classifications

District-wide Statements

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

- a. Invested in capital assets, net of related debt – 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 invested in capital assets, net of related debt.
- b. Restricted net assets - Consists of net assets 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 assets - All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Statements

The District has implemented GASB Statement 54 “Fund Balance Reporting and Government Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- 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.
- 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.
- 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.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed.

NOTES TO BASIC FINANCIAL STATEMENTS
Mineral Point Unified School District - June 30, 2012

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

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

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

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:

- An amount sufficient to liquidate open encumbrances that are reasonably expected to result in an expenditure in the subsequent year end
- An amount estimated to be sufficient to cover the cost of unsettled labor agreements, if any.
- An amount estimated for labor costs incurred prior to recognition of revenue in the subsequent year
- 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, 2011 the general fund balance was 20.2% of current year general fund expenditures.

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:

NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2012

NOTE 2 EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (CONTINUED)

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

NOTE 3 CASH AND INVESTMENTS

As previously discussed, cash for all District funds is pooled for investment purposes with the exception of a separate checking account for debt service and capital projects uses. At June 30, 2012, the cash and investments included the following:

Account Balances	
Petty cash/cash on hand	\$ 300
Deposits with financial institutions	1,393,358
Certificates of deposit	81,521
WI Local Government Investment Pool	11,776
	\$ 1,486,955

Cash and investments as of June 30, 2012 are classified in the accompanying financial statements as follows:

Per Statement of Net Assets – Exhibit A-1	\$ 1,361,867
Per Statement of Net Assets – Fiduciary Funds- Exhibit A-7:	
Private Purpose Trust	88,196
Agency	36,892
Total	\$ 1,486,955

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.

NOTES TO BASIC FINANCIAL STATEMENTS
Mineral Point Unified School District - June 30, 2012

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

- 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, 2012, the District's pooled investment balances were as follows:

Investment Type	Fair Value
WI Local Government Investment Pool (LGIP)	\$ 11,776
Total Pooled Investments	\$ 11,776

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
Certificates of Deposit	\$ 81,521	\$ 81,521
WI Local Government Investment Pool (LGIP)	11,776	11,761
Totals	\$ 93,297	\$ 93,297

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, 2012, the District's investment in the Wisconsin Local Government Investment Pool was not rated.

NOTES TO BASIC FINANCIAL STATEMENTS
Mineral Point Unified School District - June 30, 2012

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

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

At June 30, 2012 the District had \$1,523,739 deposited in one bank.

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.

Deposits in each local and area bank are normally insured by the FDIC in the amount of \$250,000 for interest bearing accounts and \$250,000 for non interest bearing accounts. In addition, the banks used by the District participate in the Dodd-Frank Act. Under this program, the FDIC provides unlimited protection to all noninterest-bearing accounts through December 31, 2012. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board (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, 2012, 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, 2012 was 82% in the U.S. Government Securities and 17% in FDIC insured deposit accounts and 1% in Certificates of Deposit and Banker Acceptance Notes.

As of June 30, 2012, all interest bearing accounts were fully insured through the FDIC or pledged collateral.

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.

NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2012

NOTE 4

CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2012 were as follows:

	Balance 6/30/11	Additions	Deletions	Balance 6/30/12
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 237,250	\$	\$	\$ 237,250
Total capital assets not being depreciated	237,250			237,250
 <i>Capital Assets, being depreciated:</i>				
Buildings	11,525,583	15,159		11,540,742
Land Improvements	129,534	48,675	(87,792)	90,417
Furniture and Equipment	1,896,095	137,129		2,033,224
Vehicles	104,797	29,696	(32,540)	101,953
Total Capital Assets, being depreciated	13,656,009	230,659	(120,332)	13,766,336
Total Capital Assets	13,893,259	230,659	(120,332)	14,003,586
 Less Accumulated Depreciation:				
Buildings	4,204,723	231,278		4,436,001
Land Improvements	122,398	2,115	(87,792)	36,721
Furniture and Equipment	1,534,909	110,887		1,645,796
Vehicles	72,723	15,442	(32,540)	55,625
Total Accumulated Depreciation	5,934,753	359,722	(120,332)	6,174,143
Total Net Capital Assets	\$ 7,958,506	\$ (129,063)	\$	\$ 7,829,443

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 22,867
Vocational instruction	15,855
Special education	14,210
Other instruction	580
Instructional staff services	2,071
General administration	1,332
Business administration	41,606
Central services	29,131
Depreciation not charged to a specific function	232,070
Total depreciation for governmental activities	\$ 359,722

NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2012

NOTE 5

SHORT-TERM AND LONG-TERM OBLIGATIONS

A. Short-term Liabilities

The District had a \$1,000,000 tax and revenue anticipation note from a local bank for 2011/12. Interest was 1.37% and the note expired on August 10, 2012. On September 10, 2012, the district renewed the line of credit for \$1,000,000 with an interest rate of 1.050%. The district did not borrow on either line of credit through the date of this audit report.

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

	Balance 06/30/11	Additions	Removals	Balance 06/30/12
Line of Credit	\$	\$ 672,260	\$ 672,260	\$

The note was issued for cash flow purposes. Total interest paid on this note for the year was \$547.

B. Long-term Liabilities

Long-term liability balances and activity for the year ended June 30, 2012 were as follows:

	Beginning 6/30/11	Increases	Decreases	Balance 6/30/2012	Current Portion
Bonds	\$ 2,275,000	\$	\$ (1,290,000)	\$ 985,000	\$ 765,000
Notes	211,426		(64,587)	146,839	66,539
Capital Lease	89,727		(26,600)	63,127	28,904
Sub-Total	2,576,153		(1,381,187)	1,194,966	860,443
Vested Employee Sick Leave	349,746		(11,785)	337,961	
Not OPEB Obligation	151,451	97,814	(139,153)	110,112	
Total	<u>\$ 3,077,350</u>	<u>\$ 97,814</u>	<u>\$ (1,532,125)</u>	<u>\$ 1,643,039</u>	<u>\$ 860,443</u>

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

	<u>Expense</u>	<u>Paid</u>
Long-term debt	\$ 73,653	\$ 82,346
Capital lease	7,207	7,207
Total	<u>\$ 80,860</u>	<u>\$ 89,553</u>

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt at June 30, 2012 is comprised of the following individual issues:

Description	Issue Date	Interest Rates	Date of Maturity	Balance 6/30/12
Refunding Bonds	07/14/08	3.75%	10/01/13	\$ 985,000
Notes Payable	06/17/02	4.50%	07/01/12	29,500
State Trust Loan Payable - WRS	12/22/05	5.50%	03/15/15	117,339
Total				<u>\$ 1,131,839</u>

NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2012

NOTE 5

SHORT-TERM AND LONG-TERM OBLIGATIONS (CONTINUED)

The 2011 equalized valuation of the District, as certified by the Wisconsin Department of Revenue is \$311,587,603. The legal debt limit and margin of indebtedness as of June 30, 2012 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt Limit (10% of \$311,587,603)	\$ 31,158,760
Deduct Long-term Debt Applicable to Debt Margin	<u>(1,131,839)</u>
Margin of Indebtedness	<u><u>\$ 30,026,921</u></u>

Aggregate cash flow requirements for the retirement of long-term principal and interest at June 30, 2012 follows:

Years Ended	Principal	Interest	Total
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 831,539	\$ 50,531	\$ 882,070
2014	814,076	18,948	833,024
2015	<u>41,225</u>	<u>2,267</u>	<u>43,492</u>
Totals	<u><u>\$ 1,686,840</u></u>	<u><u>\$ 71,746</u></u>	<u><u>\$ 1,758,586</u></u>

C. Cash Defeasance

The District issued general obligation refunding bonds in 2008. On June 11, 2012, the District deposited cash into an irrevocable trust to purchase securities for the purpose of generating resources for future debt service payments of the general obligation refunding bonds. As a result, a portion of general obligation refunding bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. No economic gain resulted from the cash defeasance. Total of defeased debt outstanding at June 30, 2012 is \$555,000 which is scheduled to be called on October 1, 2013.

D. Vested Employee Benefits

Vested employee sick leave at June 30, 2012 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, 2012 is \$337,961 and is shown on the Statement of Net Assets. There are currently 104 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.

NOTES TO BASIC FINANCIAL STATEMENTS
Mineral Point Unified School District - June 30, 2012

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, 2012.

Equipment	<u>\$ 135,033</u>
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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, 2012.

<u>Year Ended June 30,</u>	
2013	\$ 33,526
2014	33,526
2015	<u>2,796</u>
Total Payments	\$ 69,848
Less: Interest	<u>(6,721)</u>
Minimum Lease Payments	<u>\$ 63,127</u>

NOTE 7 INTERFUND BALANCES AND ACTIVITY

Interfund receivable and payable balances in the fund financial statements on June 30, 2012 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Food Service	11,051
		<u>\$ 11,051</u>

In the Statement of Net Assets, 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, 2012, \$37,202 was transferred to the food service fund. This transfer was used to cover any costs not covered by direct revenues. In the Statement of Activities, this amount was eliminated.

NOTE 8 DEFINED BENEFIT PENSION PLAN

All eligible Mineral Point Unified School District employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). Covered employees in the General/Teacher/Educational Support Personnel category are required by statute to contribute 5.8% of their salary (3.2% for Executives and Elected Officials, 5.5% for Protective Occupations with Social Security, and 3.9% for Protective Occupations without Social Security) to the plan. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2012

NOTE 8

DEFINED BENEFIT PENSION PLAN (CONTINUED)

Employees hired after July 1, 2011 are required to work at least 1,200 hours for non-teachers and non-school district educational support personnel or 880 hours for teachers and school district educational support personnel and the employee is expected to be employed for at least one year (365 consecutive days, 366 in leap year) from the employees date of hire. Once the employer sets the expectation that the employee will work the applicable required amount of hours or more, the employee is enrolled in the WRS and is not required to work the minimum amount of hours every year to remain eligible.

The payroll for Mineral Point Unified School District employees covered by the WRS for the year ended June 30, 2012 was \$3,367,922; the employer's total payroll was \$4,626,055. The total required contribution for the year ended June 30, 2012 was \$393,985 which consisted of \$214,185 or 6.4% of the covered payroll from the employer and \$179,800 or 5.3% of payroll from employees. Total contributions for the years ending June 30, 2011 and 2010 were \$391,591 and \$373,873, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest year's earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested.

The WRS also provides death and disability benefits for employees. Eligibility for and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes. The System issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, Post Office Box 7931, Madison, Wisconsin 53707-7931.

NOTES TO BASIC FINANCIAL STATEMENTS
 Mineral Point Unified School District - June 30, 2012

NOTE 9

GOVERNMENTAL ACTIVITIES NET ASSETS/ FUND BALANCES

Governmental activities net assets reported on the District-Wide Statement of Net Assets at June 30, 2012 includes the following:

Governmental Activities:	
Capital assets, net of accumulated depreciation	\$ 7,829,443
Less: Long-term debt outstanding	<u>(1,077,626)</u>
Total Invested in Capital Assets	<u>6,751,817</u>
Restricted:	
Debt service	793,546
Capital projects	124,757
Student organizations	85,259
Total Restricted	<u>1,003,562</u>
Unrestricted	<u>1,146,896</u>
Total Governmental Activities Net Assets	<u><u>\$ 8,902,275</u></u>

Governmental fund balances reported on the fund financial statements at June 30, 2012 include the following:

Nonspendable:	
General Fund:	
Prepays	\$ 107,702
Restricted:	
Major Funds:	
Debt Service	812,420
Non-major Funds:	
Special Revenue Trust	85,259
Capital Projects	126,544
Total Restricted	<u>1,024,223</u>
Unassigned:	
Major Funds:	
General	1,602,820
Total Governmental Fund Balances	<u><u>\$ 2,734,745</u></u>

NOTE 10

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, 2012

NOTE 11

OTHER POST-EMPLOYMENT BENEFITS

The District has implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions". This implementation allows the District to report its liability for other postemployment benefits consistent with generally accepted accounting principles and 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 operates a single-employer retiree benefit plan that provides postemployment health insurance benefits to eligible employees and their spouses. There are 8 retired members in the plan. Benefits and eligibility for teachers are established and amended through collective bargaining with the recognized bargaining agent for each group and include postemployment health coverage. Benefits and eligibility for administrators are established and amended by the governing body. Teachers are no longer eligible for this benefit after June 30, 2011.

Funding Policy – The District will fund the policy on a pay-as-you-go-basis.

Annual OPEB Cost and Net OPEB Obligation – The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually paid from the plan, and changes in the District's net OPEB obligation.

	Government Activities
Annual required contribution	\$ 99,360
Interest on net OPEB obligation	7,572
Adjustment to annual required contribution	(9,118)
Annual OPEB cost (expense)	97,814
Contributions made	(139,153)
Change in net OPEB obligation	(41,339)
OPEB obligation at beginning of year	151,451
OPEB obligation at end of year	\$ 110,112

NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2012

NOTE 11

OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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, 2012 were:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	\$ 99,360	140.0%	\$ 110,112
6/30/2011	\$ 99,360	58.9%	\$ 151,451
6/30/2010	\$ 179,571	37.8%	\$ 111,722

Funded Status and Funding Process – As of July 1, 2010, the most recent actuarial valuation date, for the period July 1, 2010 through June 30, 2011, the District's unfunded actuarial accrued liability (UAAL) was \$758,710. There were no active employees covered by the plan in the actuarial valuation for the 2011-2012 fiscal year.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as assumptions about future terminations, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actuarial results are compared with past experience and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the July 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a rate of 5% 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 is being amortized as a level dollar of projected payrolls. The remaining amortization period at June 30, 2012 is 19 years.

NOTE 12

EFFECT OF NEW ACCOUNTING STANDARD ON CURRENT FINANCIAL STATEMENTS

The Government Accounting Standards Board (GASB) approved GASB Statement No. 61, The Financial Reporting Entity: Omnibus. The District has not determined the impact of this standard on the financial statements. Applications of this standard may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit B-1
Required Supplementary Information
Budgetary Comparison Schedule for the General Fund
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Original Budget Favorable (Unfavorable)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		(Unfavorable)	(Unfavorable)
Revenues:					
Property taxes	\$ 2,365,154	\$ 2,563,324	\$ 2,562,324	\$ 197,170	\$ (1,000)
Other local sources	89,900	69,900	81,979	(7,921)	12,079
Interdistrict sources	133,300	133,300	171,752	38,452	38,452
Intermediate sources	2,100	2,100	2,697	597	597
State sources	4,700,781	4,703,278	4,721,011	20,230	17,733
Federal sources	105,293	105,293	110,051	4,758	4,758
Other sources			50	50	50
Total Revenues	<u>7,396,528</u>	<u>7,577,195</u>	<u>7,649,864</u>	<u>253,336</u>	<u>72,669</u>
Expenditures:					
Undifferentiated instruction	1,750,429	1,664,998	1,556,419	194,010	108,579
Regular instruction	1,628,050	1,663,584	1,714,292	(86,242)	(50,708)
Vocational instruction	248,906	248,906	273,554	(24,648)	(24,648)
Physical instruction	251,600	251,600	267,388	(15,788)	(15,788)
Co-curricular activities	282,426	275,241	246,191	36,235	29,050
Total Instruction	<u>4,161,411</u>	<u>4,104,329</u>	<u>4,057,844</u>	<u>103,567</u>	<u>46,485</u>
Support Services:					
Pupil services	213,513	213,513	169,655	43,858	43,858
Instructional staff services	248,905	248,905	244,478	4,427	4,427
General administration services	237,502	256,978	252,472	(14,970)	4,506
Building administration services	433,197	434,098	414,686	18,511	19,412
Business administration	1,392,554	1,386,766	1,483,712	(91,158)	(96,946)
Central services	185,137	265,163	277,657	(92,520)	(12,494)
Insurance	72,285	72,285	59,491	12,794	12,794
Principal and interest	35,527	35,527	34,354	1,173	1,173
Other support services	407,850	418,214	441,704	(33,854)	(23,490)
Total support services	<u>3,226,470</u>	<u>3,331,449</u>	<u>3,378,209</u>	<u>(151,739)</u>	<u>(46,760)</u>
Total Expenditures	<u>7,387,881</u>	<u>7,435,778</u>	<u>7,436,053</u>	<u>(48,172)</u>	<u>(275)</u>
Excess (deficiency) of revenues over expenditures	<u>8,647</u>	<u>141,417</u>	<u>213,811</u>	<u>205,164</u>	<u>72,394</u>
Other Financing Sources (Uses):					
Sales of capital assets			2,950	2,950	2,950
Transfers (out)	(996,788)	(948,891)	(1,029,773)	(32,985)	(80,882)
Total Other Financing Sources (Uses):	<u>(996,788)</u>	<u>(948,891)</u>	<u>(1,026,823)</u>	<u>(30,035)</u>	<u>(77,932)</u>
Net Change in Fund Balance	(988,141)	(807,474)	(813,012)	175,129	(5,538)
Fund balance-Beginning of year	2,523,534	2,523,534	2,523,534		
Fund balance-End of year	<u>\$ 1,535,393</u>	<u>\$ 1,716,060</u>	<u>\$ 1,710,522</u>	<u>\$ 175,129</u>	<u>\$ (5,538)</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u> <u>Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>		<u>Original</u>	<u>Final</u>
<u>Revenues</u>					
Interdistrict	\$ 55,194	\$ 55,194	\$ 26,941	\$ (28,253)	\$ (28,253)
State sources	409,424	409,424	373,371	(36,053)	(36,053)
Federal sources	<u>202,906</u>	<u>202,906</u>	<u>253,501</u>	<u>50,595</u>	<u>50,595</u>
Total Revenues	<u>667,524</u>	<u>667,524</u>	<u>653,813</u>	<u>(13,711)</u>	<u>(13,711)</u>
<u>Expenditures</u>					
Instruction:					
Special instruction	<u>1,348,481</u>	<u>1,332,560</u>	<u>1,231,416</u>	<u>117,065</u>	<u>101,144</u>
Total Instruction	<u>1,348,481</u>	<u>1,332,560</u>	<u>1,231,416</u>	<u>117,065</u>	<u>101,144</u>
Support Services:					
Pupil services	96,746	96,746	78,082	18,664	18,664
Instructional staff services	60,058	60,058	54,705	5,353	5,353
Business administration	21,228	21,228	34,801	(13,573)	(13,573)
Central Services	9,699	9,699	9,318	381	381
Other support services	<u>128,100</u>	<u>96,124</u>	<u>238,062</u>	<u>(109,962)</u>	<u>(141,938)</u>
Total Support Services	<u>315,831</u>	<u>283,855</u>	<u>414,968</u>	<u>(99,137)</u>	<u>(131,113)</u>
Total Expenditures	1,664,312	1,616,415	1,646,384	17,928	(29,969)
Excess of Revenues Over (Under) Expenditures	<u>(996,788)</u>	<u>(948,891)</u>	<u>(992,571)</u>	<u>4,217</u>	<u>(43,680)</u>
<u>Other Financing Sources (Uses)</u>					
Operating transfers In	<u>996,788</u>	<u>948,891</u>	<u>992,571</u>	<u>(4,217)</u>	<u>43,680</u>
Total Other Financing Sources (Uses)	<u>996,788</u>	<u>948,891</u>	<u>992,571</u>	<u>(4,217)</u>	<u>43,680</u>
Net Change in Fund Balances					
Fund Balance-beginning of year	_____	_____	_____	_____	_____
Fund Balance-End of year	\$ <u>_____</u>	\$ <u>_____</u>	\$ <u>_____</u>	\$ <u>_____</u>	\$ <u>_____</u>

MINERAL POINT UNIFIED SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 June 30, 2012

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, 2012:

Fund	Excess Expenditures
General Fund:	
Regular Instruction	\$ 50,708
Vocational Instruction	24,648
Physical Instruction	15,788
Business Administration	96,946
Central Services	12,494
Other Support Services	23,490
Transfers (out)	80,882
Special Education Fund:	
Business Administration	13,573
Other Support Services	141,938

MINERAL POINT UNIFIED SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 June 30, 2012

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	\$ 7,649,864	\$ 653,813
Reclassification:		
Special education fund revenues are reclassified to the general fund, required for GAAP reporting	<u>653,813</u>	<u>(653,813)</u>
The general fund revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 8,303,677</u>	<u>\$</u>
B) Uses/Outflows of Resources:		
Actual amounts "total expenditures" from the budgetary comparison schedules	\$ 7,436,053	\$ 1,646,384
Reclassification:		
Special education fund expenditures are reclassified to the general fund, required for GAAP reporting	<u>1,646,384</u>	<u>(1,646,384)</u>
The general fund expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 9,082,437</u>	<u>\$</u>

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

Actuarial Valuation Date	Year Ended	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)
7/1/2010	6/30/2012	\$	\$ 758,710	\$ 758,710	0.0%	1.)	
7/1/2010	6/30/2011	\$	\$ 758,710	\$ 758,710	0.0%	\$ 3,235,595	23.45%
7/1/2007	6/30/2010	\$	\$ 1,580,715	\$ 1,580,715	0.0%	\$ 3,365,114	46.97%

1.) No active employees qualify for Postemployment Benefits. Only employees who retired prior to July 1, 2011 qualified for this benefit.

SUPPLEMENTARY INFORMATION

Exhibit C-1
 Mineral Point Unified School District
 Combining Balance Sheet
 Non-major Governmental Funds
 June 30, 2012

	Special Revenue Fund			Capital Projects Fund	Total Non-Major Governmental Funds
	Trust Fund	Food Service Fund	Community Service Fund		
Assets:					
Cash and investments	\$ 85,259		\$ 1,787	\$ 124,757	\$ 211,803
Inventory		9,161			9,161
Due from other governments		1,890			1,890
Total Assets	\$ 85,259	\$ 11,051	\$ 1,787	\$ 124,757	\$ 222,854
Liabilities and Fund Balances					
Liabilities:					
Due to other funds		\$ 11,051			\$ 11,051
Total Liabilities		\$ 11,051			\$ 11,051
Fund Balances:					
Restricted	85,259		1,787	124,757	211,803
Total Fund Balances	85,259		1,787	124,757	211,803
Total Liabilities and Fund Balances	\$ 85,259	\$ 11,051	\$ 1,787	\$ 124,757	\$ 222,854

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, 2012

	Special Revenue			Capital Projects Fund	Total Non-major Governmental Funds
	Trust Fund	Food Service Fund	Community Service Fund		
Revenues:					
Property taxes	\$	\$	\$ 50,000	\$	\$ 50,000
Local sources	278,722	209,115		988	488,825
State sources		4,471			4,471
Federal sources		102,375			102,375
Total Revenues	278,722	315,961	50,000	988	645,671
Expenditures:					
Instruction:					
Regular Instruction	121,006				121,006
Vocational Instruction	20,956				20,956
Other Instruction	116,435				116,435
Total Instruction	258,397				258,397
Support Services:					
Instructional staff services	4,013				4,013
Business administration		353,163	48,213		401,376
Central Services	3,308				3,308
Total Support Services	7,321	353,163	48,213		408,697
Total Expenditures	265,718	353,163	48,213		667,094
Excess (deficiency) of revenues over expenditures	13,004	(37,202)	1,787	988	(21,423)
Other Financing Sources (Uses)					
Transfer from general fund		37,202			37,202
Net Change in Fund Balances	13,004		1,787	988	15,779
Fund Balances-Beginning of year	72,255			123,769	196,024
Fund Balances-End of year	\$ 85,259	\$	\$ 1,787	\$ 124,757	\$ 211,803

Exhibit C-3
 Mineral Point Unified School District
 Schedule of Changes in Assets and Liabilities
 Pupil Activity Funds
 For the Year Ended June 30, 2012

	Balance 7/1/2011	Additions	Deductions	Balance 6/30/2012
<u>Assets</u>				
Cash	\$ 36,801	\$ 59,393	\$ 59,302	\$ 36,892
Total Assets	<u>\$ 36,801</u>	<u>\$ 59,393</u>	<u>\$ 59,302</u>	<u>\$ 36,892</u>
<u>Liabilities</u>				
Due to Student Organizations:	\$ 36,801	\$ 59,393	\$ 59,302	\$ 36,892
Total Liabilities	<u>\$ 36,801</u>	<u>\$ 59,393</u>	<u>\$ 59,302</u>	<u>\$ 36,892</u>

EXHIBIT C-4
 Mineral Point Unified School District
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
 YEAR ENDED JUNE 30, 2012

Awarding Agency/ Pass-Through Agency Award Description	Federal Catalog Number	Accrued Receivable (Deferred) Revenue July 1, 2011	Expenditures	Receipts Grantor Reimbursement	Accrued Receivable (Deferred) Revenue June 30, 2012
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
<u>Passed Through Wisconsin Department of Public Instruction</u>					
School Breakfast Program	10.553				
July 1, 2010 to June 30, 2011		\$ 124	\$	\$ 124	\$
July 1, 2011 to June 30, 2012			4,915	4,707	208
School Milk Program	10.556				
July 1, 2010 to June 30, 2011		21		21	
July 1, 2011 to June 30, 2012			1,314	1,314	
School Lunch Program	10.555				
July 1, 2010 to June 30, 2011		1,524		1,524	
July 1, 2011 to June 30, 2012			96,146	94,463	1,683
TOTAL U.S. DEPARTMENT OF AGRICULTURE		1,669	102,375	102,153	1,891
<u>U.S. DEPARTMENT OF EDUCATION</u>					
<u>Passed Through Wisconsin Department of Public Instruction</u>					
Title I	84.010				
July 1, 2010 to June 30, 2011		9,070		9,070	
July 1, 2011 to June 30, 2012			77,271	68,264	9,007
IDEA Flow Through	84.027				
July 1, 2010 to June 30, 2011		79,943		79,943	
July 1, 2011 to June 30, 2012			138,616	89,893	48,723
IDEA Preschool Entitlement	84.173				
July 1, 2010 to June 30, 2011		8,038		8,038	
July 1, 2011 to June 30, 2012			9,895	9,895	
Total IDEA Cluster		87,981	148,511	187,769	48,723
Title II-A Teacher & Prin. Training	84.367				
July 1, 2011 to June 30, 2012			30,177	30,177	
<u>Passed Through Wisconsin Department of Administration</u>					
Education Jobs	84.410				
July 1, 2011 to June 30, 2012			2,603	2,603	
TOTAL U.S. DEPARTMENT OF EDUCATION		87,981	181,291	220,549	48,723
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
<u>Passed Through Wisconsin Department of Health Services</u>					
School Based Services Benefit	93.778				
July 1, 2011 to June 30, 2012			104,990	104,990	
TOTAL FEDERAL ASSISTANCE		\$ 98,720	\$ 465,927	\$ 505,026	\$ 59,621

EXHIBIT C-5
 Mineral Point Unified School District
 SCHEDULE OF STATE FINANCIAL ASSISTANCE
 YEAR ENDED JUNE 30, 2012

Awarding Agency Pass-Through Agency Award Description	State I.D. Number	Accrued (Deferred) Receivable July 1, 2011	State Reimbursement	Expenditures	Accrued (Deferred) Receivable June 30, 2012
<u>Wisconsin Department of Public Instruction</u>					
<u>Entitlement Programs</u>					
<u>Major State Programs</u>					
Handicapped Pupils and Schools Age Parents					
Internal District Programs	255.101	\$	\$ 373,371	\$ 1,262,527	\$
Total Handicapped Aid			373,371		
State Lunch	255.102		3,094		
Common School Fund	255.103		29,695		
Pupil Transportation	255.107		19,057		
WI Morning Milk	255.109		1,016		
General Equalization	255.201	87,168	4,651,245		91,075
Special Adjustment Aid	255.203		76		
School Breakfast	255.344		362		
Mentoring Grant	255.355		1,980		
Project Lead the Way	255.923		15,000		
Total State Assistance		\$ 87,168	\$ 5,094,896	\$ 1,262,527	\$ 91,075

Mineral Point Unified School District
Notes to the Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2012

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

2011-2012 eligible costs under the State Special Education Program are \$1,262,527.

NOTE 3

FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

NOTE 4

MEDICAL ASSISTANCE

Title XIX Medical Assistance payments to the Mineral Point Unified School District for the year ended June 30, 2012 were \$104,990.

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 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, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 17, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 #12-1, #12-2 and #12-3 to be material weaknesses in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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.

We noted certain matters that we reported to management of the District, in a separate letter dated September 17, 2012.

The District's response to findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the District's response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the finance committee, management, School Board, and federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

JOHNSON BLOCK AND COMPANY, INC.

Johnson Block & Company Inc.

Mineral Point, Wisconsin
September 17, 2012



REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON DESIGNATED MAJOR STATE PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE

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

We have audited the compliance of 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, 2012. The District's designated state major aid programs are identified in the accompanying schedule of findings and responses. Compliance with the requirements of laws, regulations and contracts applicable to its state programs is the responsibility of management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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. Our audit does not provide a legal determination on the District's compliance with those requirements.

Compliance requirements applicable to the state designated major aid programs were identified as follows:

- Cost
- Teacher and Teacher Aid Certification

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 program for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, regulations and contracts applicable to the state designated major aid programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on the designated state programs to determine the auditing procedures for the purpose of expressing an opinion on compliance and 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 districts internal control over compliance.

Our consideration of internal control over financial reporting 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 certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item #12-1, #12-2 and #12-3 to be material weaknesses.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the governing board and management of the District and the Wisconsin Department of Public Instruction and is not intended to be and should not be used by anyone other than these specified parties.

JOHNSON BLOCK AND COMPANY, INC.

Johnson Block & Company, Inc.

Mineral Point, Wisconsin
September 17, 2012

Mineral Point Unified School District
 Schedule of Findings and Responses
 For the Year Ended June 30, 2012

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

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

State Awards

Internal Control over major programs:

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

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

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

Management Letter Issued? Yes No

Identification of major programs:

255.101	Special Education and School Age Parents
255.201	General Equalization Aid

Section II - Financial Statement Findings

Finding #12-1 - Segregation of Duties

Condition: The available office staff precludes a proper segregation of duties in the control areas reviewed.

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

Cause: Limited number of personnel.

Criteria: Internal controls should be in place that provides adequate segregation of duties.

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 do not believe it is cost effective to increase the office staff in an attempt to bring about a more effective segregation of duties.

Mineral Point Unified School District
Schedule of Findings and Responses (Continued)
For the Year Ended June 30, 2012

Finding #12-2- 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. We prepare financial reports that are reviewed by management and the Board of Education on a monthly basis. Any concerns or questions are addressed throughout the year.

Finding #12-3- Elementary School Checking Account

- Condition: Cash activity from a fundraising checking account being maintained by the elementary school was not being recorded in the District's books.
- Effect: The checking account was being maintained outside of the centralized accounting at the District office. As a result, there was limited oversight of the account and cash disbursements and cash receipts were not processed in accordance with District guidelines. In addition, the activity was not included in financial reports prepared by the District office.
- Cause: The elementary office did not communicate to the district office that the account existed.
- Criteria: All cash activity for District accounts should be recorded in the general ledger and go through the District office's accounting procedures. Administration should approve any new accounts prior to being established.
- Recommendation: Ensure all receipts and disbursements are processed in accordance with District guidelines, recorded in the District's books, and approved by administration prior to being established.
- Response: When the District office became aware of the account, it was immediately closed and the proceeds were deposited to the appropriate fund.

Mineral Point Unified School District
Schedule of Prior Findings and Responses
For the Year Ended June 30, 2012

Prior Year Findings and Questioned Costs

#11-1 – Segregation of Duties

This is still a finding. See #12-1

#11-2 – Preparation of financial statements

This is still a finding. See #12-2

#11-3 – Time and Effort Reporting

This is no longer a finding.



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, 2012, 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. 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 size of the office staff precludes a proper separation of functions to assure adequate internal control. This is not unusual in organizations of your size, but management should continue to be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in management's knowledge and monitoring of matters relating to the District's operations. Management of the District takes an active part in monitoring matters relating to District operations.
2. The District's staff does not prepare the financial statements and accompanying notes. It has designated individuals responsible for reviewing and accepting the financial statements and related notes.
3. Cash activity from a checking account being maintained by the elementary school was not recorded in the District's books. When the District office became aware of the account, the account was closed and the proceeds were deposited to the appropriate fund.

Other observations are summarized on the attached page.

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
September 17, 2012

GASB Statement No. 45 – OPEB Actuarial Study

GASB Statement No. 45 required the Mineral Point Unified School District to obtain an actuarial study of their other post-employment benefits for all current and former employees. The length of time actuarial studies can be used depends on the date of first use and the number of plan participants.

The Mineral Point Unified School District had a study performed as of July 1, 2010. This study was used in the 2010-2011 audit. The District will need to determine if a new study is required as of July 1, 2013. An actuarial study of a school district having less than 200 participants is valid for 3 years.

Credit Card Policy

We noted the District has a credit card, but currently they do not have a policy in place for the credit card. We recommend the District develop and approve a credit card policy in order to prevent any mishandling of the District credit card.

Food Service Loss

The district incurred a loss of \$37,202 in its food service program for the year ended June 30, 2012. We recommend that the district review rates charged to determine if they are sufficient to avoid future losses.



September 17, 2012

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, 2012, and have issued our report thereon dated September 17, 2012. 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. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2011/12. 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 5D.
- 2) Management's estimate of the other post-employment benefits liability is based on various factors. The estimated liability was computed by an actuarial study performed for the fiscal year beginning July 1, 2010. We evaluated the key factors and assumptions used to develop the liability in determining that it is reasonable in relation to the financial statements taken as a whole. See Note 11.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was the disclosure of the other post-employment benefits liability in Note 11 to the financial statements.

The disclosures in the financial statements are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

- Record SBS payments as revenue
- Record accounts payable

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, 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 September 17, 2012.

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 Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, 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.

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.

Reference	Type	Date Account Number	Description	Debit	Credit	Misstatement
PJE01	Potential	06/30/12				
		07-1-75100	Sites	8,150.00		
		08-2-84220	Notes Payable	29,803.33		
		10-5-28000	Debt Services		37,953.33	
			Government Wide Entry Only: Record debt funding costs and deferred charges as asset and contra liability.			
PJE02	Potential	06/30/12				
		10-5-25400	Maintenance	3,880.00		
		10-2-81120	Accounts Payable		3,880.00	
			Record additional accounts payable at June 30, 2012.			
PJE03	Potential	06/30/12				
		50-1-71320	Accounts Receivable	450.12		
		50-2-81690	Deferred Revenue	4,187.95		
		50-4-25100	Pupils		4,638.07	
			Record deferred revenue and accounts receivable for food service.			
PJE04	Potential	06/30/12				
		21-4-29100	Gifts	9,728.84		
		21-3-93190	Other Reserved Fund Balance		9,728.84	
			Record 7/1/11 cash balance of MP elementary school account on books.			
PJE05	Potential	06/30/12				
		21-4-29100	Gifts	2,383.87		
		21-4-29100	Gifts		11,066.84	
		21-5-11000	Undifferentiated Curr	8,682.97		
			Record activity of MP elementary school cash account from 7/1/11 - 1/31/12.			
PJE06	Potential	06/30/12				
		10-5-11000	Undifferentiated Curr.	1,240.45		
		98-2-81320	Health Insurance		1,240.45	
			Adjust health insurance to JBC estimate.			

Prepared by _____

**Mineral Point Unified School District
Potential Journal Entries**

MPSCHOOLS

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Reviewed by _____

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Reference	Type	Date Account Number	Description	Debit	Credit	Misstatement
PJE07	Potential	06/30/12				
		10-5-11000	Undifferentiated Curr.	11,211.17		
		10-2-81180	Accrued Payroll		11,211.17	
			Record hourly employee accrued payroll @ 6/30/12. BB-1			
		TOTAL		<u>79,718.70</u>	<u>79,718.70</u>	