

MINERAL POINT UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS

Including Independent Auditor's Report

As of and for the year ended June 30, 2014

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Mineral Point Unified School District
June 30, 2014

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June 30, 2014

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mineral Point Unified School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Mineral Point Unified School District, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 3 through page 12 and budgetary comparison information on page 43 through page 46 and schedule of funding progress for postemployment benefit plans (page 47) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mineral Point Unified School District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The supplementary information listed in the table of contents is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.


JOHNSON BLOCK AND COMPANY, INC.

Mineral Point, WI
October 29, 2014

MINERAL POINT UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2014

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 \$10,276,521; including \$3,454,933 of property taxes, \$4,952,036 of state formula aid, and \$1,869,552 of charges for services, operating grants and capital grants and other miscellaneous revenues. Total governmental expenditures were \$10,192,254; including \$5,843,847 for direct instruction.

The District increased the amount of outstanding long-term obligations by \$438,600.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

District-wide financial statements

- The district-wide financial statements are the *Statement of Net Position* and *Statement of Activities*. These statements present an aggregate view of the District's finances in a manner similar to private-sector business.
- The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The *Statement of Activities* presents information showing how the District's net position changed during the year. This statement reports the cost of government functions and how those functions were financed for the fiscal year.
- The district-wide financial statements are shown on pages 13 thru 14 of this report.

MINERAL POINT UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2014

Fund financial statements

- The District also produces fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The District, like other state and local governments, uses fund accounting to demonstrate compliance with finance related legal requirements. Fund statements generally report operations in more detail than the district-wide statements and provide information that may be useful in evaluating a district's short-term financing requirements.
- There are two fund financial statements, the *Balance Sheet* and the *Statement of Revenues, Expenditures and Changes in Fund Balance*. Generally, fund statements focus on short-term inflows and outflows of spendable resources and their impact on fund balance.
- Because the focus of fund financial statements is narrower than that of the district-wide statements, it is useful to make comparison between the information presented. By doing so, readers may better understand the long-term implication of the government's short-term financial decisions. A reconciliation to facilitate this comparison is provided either at the bottom of the governmental funds statement or as a separate statement.
- The District has two kinds of funds: *governmental* and *fiduciary*. *Governmental funds* include the District's six ongoing funds (general and special education, special revenue trust, community service, debt service, food service and capital project). The District also has two *fiduciary funds*. One of the *fiduciary funds* serves as an agency fund for student organizations. The other fund is a private purpose trust fund which accounts for donations for scholarships and other bequests.
- Financial information is presented separately on both the *Balance Sheet* and *Statement of Revenues, Expenditures and Changes in Fund Balance* for the general/special education fund as this is considered to be a major fund. Data for the special revenue trust, community service, capital projects, food service, and debt service funds is combined into a single, aggregated column. Data for each of these individual non-major funds is provided separately as supplementary information.
- The District serves as a trustee, or *fiduciary*, for student organizations and for scholarship donations. The assets of these organizations and scholarships do not directly benefit the District. *Fiduciary* activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operation. Fiduciary fund statements are presented on pages 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 43 and 44 of this report.

MINERAL POINT UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2014

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 42 of this report.

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

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

**MINERAL POINT UNIFIED
SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1, below, provides a summary of the District's net position for the year ended June 30, 2014.

**Table 1
Condensed Statement of Net Position**

	Total School District	
	2014	2013
Current and other assets	\$ 2,424,894	\$ 2,374,717
Capital assets, net of depreciation	8,274,368	7,809,431
Total assets	<u>10,699,262</u>	<u>10,184,148</u>
Current liabilities	323,033	549,524
Long-term liabilities	1,138,636	481,298
Total liabilities	<u>1,461,669</u>	<u>1,030,822</u>
Net position		
Net investment in capital assets	7,732,399	7,555,578
Restricted	585,581	341,470
Unrestricted	919,613	1,256,278
Total net position	<u>\$ 9,237,593</u>	<u>\$ 9,153,326</u>

Table 2, next page, provides a summary of the District's operating results and their impact on net position for the year ended June 30, 2014. The District relied primarily on property taxes (33.62%) and state aids (48.19%) to fund its operations. Combined, these account for 81.81% of all revenues or \$8.40 million. Program revenues, in the form of charges for services (2.15%), operating grants and contributions (14.79%) and capital grants and contributions (1.15%) accounted for \$1.74 million with other accounting (0.10%) of the total revenue of \$10.27 million.

**MINERAL POINT UNIFIED
SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

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

	Total School District	
	2014	2013
Revenues		
Program revenues		
Charges for services	\$ 221,337	\$ 248,279
Operating grants and contributions	1,519,488	1,310,648
Capital grants and contributions	118,098	89,080
General revenues		
Property taxes	3,454,933	3,521,869
State formula aid	4,952,036	5,057,083
Other	10,629	2,283
Total revenues	\$ 10,276,521	\$ 10,229,242
Expenses		
Instruction	\$ 5,843,847	\$ 5,743,711
Pupil and instructional services	629,179	628,972
Administration	2,491,514	2,444,181
Central services/Insurance	408,176	337,386
Interest and fiscal charges	21,599	29,369
Other support services	797,939	794,576
Total expenses	\$ 10,192,254	\$ 9,978,191
Loss on disposal of fixed assets		
Changes in Net Position	\$ 84,267	\$ 251,051

Table 3, next page, shows the District's total cost for providing the seven major district activities and their respective net cost. The net cost of services is the result after subtracting charges for services and operating grants and contributions that the District used to offset the program's total cost. The cost of all governmental activities this year was \$10,192,254. Individuals who directly participated or benefited from a program offering paid for \$221,337 of costs. Federal and state governments subsidized certain programs with grants and contributions of \$1,637,586. General revenues of the District financed the net cost of governmental activities \$8,417,598.

**MINERAL POINT UNIFIED
SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

**Table 3
Net Cost of Governmental Activities**

	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
Instruction	\$ 5,843,847	\$ 4,559,431	\$ 5,743,711	\$ 4,522,400
Pupil and instructional services	629,179	561,280	628,972	572,181
Administration	2,491,514	2,039,280	2,444,181	2,119,379
Central services /Insurances	408,176	408,176	337,386	337,386
Other support services	566,809	512,435	562,506	517,403
Interest expense	21,599	21,599	29,365	29,365
Depreciation-Unallocated	231,130	231,130	232,070	232,070
Total	<u>\$ 10,192,254</u>	<u>\$ 8,333,331</u>	<u>\$ 9,978,191</u>	<u>\$ 8,330,184</u>

Table 4, below provides a summary of the District's fiduciary funds net position for the year ended June 30, 2014.

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

	Private Purpose Trust	Agency Fund	Totals 2014	Totals 2013
Assets				
Cash and investments	\$ 61,586	\$ 34,684	\$ 96,270	\$ 108,555
Total assets	<u>\$ 61,586</u>	<u>\$ 34,684</u>	<u>\$ 96,270</u>	<u>\$ 108,555</u>
Liabilities				
Due to student groups		\$ 34,684	\$ 34,684	\$ 31,883
Total liabilities		<u>\$ 34,684</u>	<u>\$ 34,684</u>	<u>\$ 31,883</u>
Net Position				
Reserved for scholarships	\$ 61,586		\$ 61,586	\$ 76,372
Total Liabilities and Net Position	<u>\$ 61,586</u>		<u>\$ 96,270</u>	<u>\$ 108,555</u>

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

MINERAL POINT UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2014

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

	Budgeted Amounts		Actual	Variance with Original Budget	Variance with Final Budget
	Original	Final		Favorable (Unfavorable)	Favorable (Unfavorable)
Revenues:					
Property taxes	\$ 3,445,158	\$ 3,274,207	\$ 3,273,207	\$ (171,951)	\$ (1,000)
Other local sources	42,600	42,600	53,373	10,773	10,733
Interdistrict sources	220,490	220,490	242,504	22,014	22,014
Intermediate sources	2,400	2,400	4,023	1,623	1,623
State sources	4,802,757	4,934,889	4,996,763	194,006	61,874
Federal sources	113,703	113,703	120,318	6,615	6,615
Miscellaneous			9,416		9,416
Total Revenues	\$ 8,627,108	\$ 8,558,289	\$ 8,699,604	\$ 63,080	\$ 111,315
Expenditures:					
Undifferentiated instruction	1,774,913	1,757,113	1,681,725	93,188	75,388
Regular instruction	1,580,072	1,559,772	1,678,273	(98,201)	(118,501)
Vocational instruction	275,481	264,881	264,395	11,086	486
Physical instruction	234,194	245,787	245,787	(11,593)	0
Co-curricular activities	270,355	273,893	273,532	(3,177)	361
Total Instruction	\$ 4,135,015	\$ 4,101,446	\$ 4,143,712	\$ (8,697)	\$ (42,266)
Support Services:					
Pupil services	231,295	205,499	204,486	26,809	1,013
Instructional Staff services	264,505	244,505	259,511	4,994	(15,006)
General administration services	259,767	260,261	260,260	(493)	0
Building administration services	420,455	420,455	445,723	(25,268)	(25,268)
Business administration	1,475,536	1,471,302	1,480,017	4,235	1
Central services	298,522	456,906	489,377	(190,855)	(32,471)
Insurance	77,785	84,314	84,174	(6,389)	140
Principal and interest	93,777	80,804	81,724	12,043	(930)
Other support services	360,365	360,365	389,685	(29,320)	(29,320)
Total support services	3,482,007	3,584,411	3,694,967	(212,960)	(110,556)
Totals	7,617,022	7,685,857	7,838,679	(221,657)	(152,822)
Transfers out	1,161,558	1,149,455	1,159,537	2,021	(10,082)
Total Expenditures	\$ 8,778,580	\$ 8,835,312	\$ 8,998,216	\$ (219,636)	\$ (162,904)
Capital Lease Proceeds		\$ 124,560	\$ 124,560	\$ 124,560	0

**MINERAL POINT UNIFIED
SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

Table 5 continued

Budgeted Comparison Schedule for the Special Education Fund

	Budgeted Amounts		Actual	Variance with Original Budget Positive/ (Negative)	Variance with Final Budget Positive/ (Negative)
	Original	Final		(Negative)	(Negative)
Revenues:					
Interdistrict	\$ 27,400	\$ 27,400	\$ 39,909	\$ 12,509	\$ 12,509
State sources	408,170	408,170	427,616	19,446	19,446
Federal sources	202,760	202,760	196,108	(6,652)	(6,652)
Total Revenues	\$ 638,330	\$ 638,330	\$ 663,633	\$ 25,303	\$ 25,303
Expenditures:					
Instruction:					
Special instruction	1,422,740	1,410,637	1,426,208	(3,468)	(15,571)
Total Instruction	1,422,740	1,410,637	1,426,208	(3,468)	(15,571)
Support Services:					
Pupil services	94,648	94,648	93,851	797	797
Instructional staff services	78,900	78,900	80,612	(1,712)	(1,712)
Building administration	28,600	28,600	29,346	(746)	(746)
Other support services	175,000	175,000	193,153	(18,153)	(18,153)
Total support services	377,148	377,148	396,962	(19,814)	(19,814)
Total Expenditures	\$ 1,799,888	1,787,785	1,823,170	(23,292)	(35,385)
Operating Transfers In	1,161,558	1,149,455	1,159,537	(2,021)	10,082

**MINERAL POINT UNIFIED
SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

FINANCIAL ASPECTS OF THE DISTRICT'S FUNDS

The District completed the year with a total governmental fund balance of \$2,182,604 up from last year's ending fund balance of \$2,126,187.

- The general fund had a decrease in fund balance of \$174,052.
- The debt service fund had a decrease in fund balance of \$219,564. 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.
- The capital projects fund had an increase in fund balance of \$291,079. The remaining fund balance relates to unspent debt proceeds as of June 30, 2014 for energy efficiencies and a football stadium project.
- The special revenue trust fund had an increase in fund balance of \$103,906. The increase is largely attributed to fundraising efforts for the football stadium project.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2014, the District had invested over \$15.1 million in capital assets, including buildings, site improvements, and furniture and equipment (see Table 6 below). The District recognized depreciation expense of \$ 459,541 for this fiscal year. Detailed information about capital assets can be found in Note 4 to the financial statements.

Table 6

Governmental Activities	Capital Assets	
	Balance 6/30/14	Balance 6/30/13
Total Capital Assets, not being depreciated	\$ 237,250	\$ 237,250
Total Capital Assets, being depreciated	\$ 14,875,140	\$ 14,103,543
Total Capital Assets	15,112,390	14,340,793
Total Accumulated Depreciation	6,838,022	6,531,362
Governmental Activities Capital Assets, Net	\$ 8,274,368	\$ 7,809,431

**MINERAL POINT UNIFIED
SCHOOL DISTRICT**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2014**

Long-Term Obligations

At the end of fiscal year 2014, the District had \$ 1,211,050 in general obligation bonds and other long-term debt and liabilities (see Table 7 below). The District’s outstanding long-term obligations increased by \$438,600. 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	
	2014	2013
Refunding Bonds	\$ 0	\$ 220,000
State Trust Loan Payable	41,224	80,300
Notes Payable	750,000	0
Other	419,825	472,149
Total	\$ 1,211,049	\$ 772,449

FACTORS BEARING ON THE DISTRICT’S FUTURE

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

- The District has had a decreasing enrollment over the past few years and will continue to decrease.
- The District’s health insurance moved to a Health Reimbursement Account-HRA.
- Both the support and certified groups are settled for the 2014-2015 year. Both groups share an Employee Handbook Agreement.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

Exhibit A-1
Mineral Point Unified School District
Statement of Net Position
June 30, 2014

	Governmental Activities
Assets	
Current assets:	
Cash and cash equivalents	\$ 783,998
Cash and cash equivalents - restricted	291,079
Taxes receivable	1,090,988
Inventory	3,311
Prepays	73,553
Due from other governmental units	135,381
Total current assets	2,378,310
Noncurrent assets:	
Net other postemployment benefit	30,554
Net supplemental pension	16,030
Total noncurrent assets	46,584
Capital assets	
Property, plant and equipment	15,112,390
Less: Accumulated depreciation	(6,838,022)
Total capital assets	8,274,368
Total Assets	\$ 10,699,262
Liabilities	
Current liabilities:	
Accrued salaries and wages	\$ 139,172
Accounts payable	56,534
Accrued interest payable	8,330
Current portion of long-term obligations	118,997
Total current liabilities	323,033
Noncurrent liabilities:	
Notes and bonds payable	791,224
Capital lease	83,049
Vested employee sick leave	383,360
Less: current portion	(118,997)
Total noncurrent liabilities	1,138,636
Total Liabilities	1,461,669
Net Position	
Net investment in capital assets	7,732,399
Restricted	585,581
Unrestricted	919,613
Total Net Position	9,237,593
Total Liabilities and Net Position	\$ 10,699,262

See accompanying notes to the basic financial statements.

Exhibit A-2
Mineral Point Unified School District
Statement of Activities
For the Year Ended June 30, 2014

<u>Functions/Programs</u>	Program Revenues			Net (Expenses)	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental activities:					
Instruction:					
Regular instruction	\$ 3,473,134	\$ 21,107	\$ 484,212		\$ (2,967,815)
Vocational education	277,378				(277,378)
Special education	1,408,838		611,424		(797,414)
Other instruction	684,497	20,604	147,069		(516,824)
Total instruction	5,843,847	41,711	1,242,705		(4,559,431)
Support services:					
Pupil services	286,332		100		(286,232)
Instructional staff services	342,847		67,799		(275,048)
General administration services	263,392				(263,392)
Building administration services	441,781				(441,781)
Business administration	1,786,341	179,626	154,510	118,098	(1,334,107)
Central services	324,002				(324,002)
Insurance	84,174				(84,174)
Other support services	566,809		54,374		(512,435)
Interest expense & Fiscal Charges	21,599				(21,599)
Depreciation-Unallocated	231,130				(231,130)
Total support services	4,348,407	179,626	276,783	118,098	(3,773,900)
Total governmental activities	10,192,254	221,337	1,519,488	118,098	(8,333,331)
General Revenues:					
Property Taxes					
					3,273,207
					106,108
					75,618
Federal and State aid not restricted for specific purposes					
					4,952,036
					9,416
					1,213
Total General Revenues					8,417,598
Changes in net position					84,267
Net position-beginning of year					9,153,326
Net position-end of year					\$ 9,237,593

Exhibit A-3
 Mineral Point Unified School District
 Balance Sheet
 Governmental Funds
 June 30, 2014

	General Fund	Capital Projects Fund	Other Governmental Funds	Totals
ASSETS				
Cash and investments	\$ 486,706		\$ 297,292	\$ 783,998
Cash and investments - restricted		291,079		291,079
Taxes receivable	1,090,988			1,090,988
Prepays	73,553			73,553
Inventory			3,311	3,311
Due from other governments	133,381		2,000	135,381
Total Assets	\$ 1,784,628	\$ 291,079	\$ 302,603	\$ 2,378,310
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accrued wages and payroll taxes	\$ 139,172			\$ 139,172
Accounts payable	56,534			56,534
Total Liabilities	195,706			195,706
Fund Balances:				
Nonspendable	73,553		3,311	76,864
Restricted		291,079	299,292	590,371
Unassigned	1,515,369			1,515,369
Total Fund Balances	1,588,922	291,079	302,603	2,182,604
Total Liabilities and Fund Balances	\$ 1,784,628	\$ 291,079	\$ 302,603	\$ 2,378,310

Exhibit A-4
 Mineral Point Unified School District
 Reconciliation of the Governmental Funds Balance Sheet
 with the Statement of Net Position
 June 30, 2014

Total fund balances - governmental funds: \$ 2,182,604

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

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

Governmental capital assets	15,112,390	
Governmental accumulated depreciation	<u>(6,838,022)</u>	8,274,368

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

General obligation debt	791,224	
Capital leases	83,049	
Accrued interest on long-term debt	8,330	
Net OPEB obligation - Asset.	(30,554)	
Net supplemental pension - Asset.	(16,030)	
Vested employee sick leave	<u>383,360</u>	<u>(1,219,379)</u>

Total net position - governmental activities \$ 9,237,593

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, 2014

	General Fund	Capital Projects Fund	Other Governmental Funds	Totals
<u>Revenues</u>				
Property taxes	\$ 3,273,207	\$	\$ 181,108	\$ 3,454,315
Other local sources	53,373		604,073	657,446
Interdistrict sources	282,413			282,413
Intermediate sources	4,023			4,023
State sources	5,424,379		5,007	5,429,386
Federal sources	316,426		123,099	439,525
Miscellaneous	9,416			9,416
Total Revenues	9,363,237		913,287	10,276,524
<u>Expenditures</u>				
Instruction:				
Regular instruction	3,359,998		131,384	3,491,382
Vocational instruction	264,395		7,442	271,837
Special instruction	1,426,208			1,426,208
Other instruction	519,319		162,206	681,525
Total Instruction	5,569,920		301,032	5,870,952
Support Services:				
Pupil services	298,337		950	299,287
Instructional staff services	340,123		11,008	351,131
General administration services	260,260			260,260
Building administration services	445,723			445,723
Business administration	1,509,363	508,921	335,087	2,353,371
Central services	489,377			489,377
Insurance	84,174			84,174
Principal and interest	81,734		325,820	407,554
Other support services	582,838			582,838
Total support services	4,091,929	508,921	672,865	5,273,715
Total Expenditures	9,661,849	508,921	973,897	11,144,667
Excess (deficiency) of revenues over expenditures	(298,612)	(508,921)	(60,610)	(868,143)
<u>Other Financing Sources (Uses):</u>				
Capital lease proceeds	124,560			124,560
Long-term debt proceeds		800,000		800,000
Total Other Financing Sources (Uses)	124,560	800,000		924,560
Net Change in Fund Balances	(174,052)	291,079	(60,610)	56,417
Fund Balance-Beginning of year	1,762,974		363,213	2,126,187
Fund Balance-End of year	\$ 1,588,922	\$ 291,079	\$ 302,603	\$ 2,182,604

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, 2014

Net change in fund balances-total governmental funds \$ 56,417

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

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

Capital outlay reported in governmental fund statements	924,475	
Depreciation expense reported in the statement of activities	(459,541)	
Amount by which capital outlays are greater (less) than depreciation in the current period.		464,934

Vested employee benefits are reported in the governmental funds when amounts
 are paid. The statement of activities reports the value of benefits earned
 during the year.

Change in other post-employment benefits	102,982	
Change in supplemental pension	16,030	
Change in compensated absences	(17,492)	101,520

Long-term proceeds provide current financial resources to governmental funds,
 but issuing long-term debt increases long-term liabilities in the statement of
 net position. Repayment of principal on long-term debt is reported in the
 governmental funds as an expenditure, but is reported as a reduction in
 long-term debt in the statement of net position and does not affect the statement
 of activities.

Principal payments on loans and capital leases		384,440
--	--	---------

The issuance of long term debt provides current financial resources to
 governmental funds and does not have any effect on net position.

The amount of long-term debt issued in the current year is:		(924,560)
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In governmental funds, interest payments on outstanding debt are reported
 as an expenditure when paid. In the statement of activities, interest is
 reported as incurred.

The amount of interest paid during the current period	18,243	
The amount of interest accrued during the current period	(16,727)	
Interest paid is greater (less) than interest accrued by		1,516

Change in net position-governmental activities	\$ 84,267
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Exhibit A-7
 Mineral Point Unified School District
 Statement of Net Position
 Fiduciary Funds
 June 30, 2014

	Private Purpose Trust	Agency Fund	<u>Totals</u> 2014
Assets			
Cash and investments	\$ 61,586	\$ 34,684	\$ 96,270
Total Assets	<u>\$ 61,586</u>	<u>\$ 34,684</u>	<u>\$ 96,270</u>
Liabilities			
Due to student groups		\$ 34,684	\$ 34,684
Total Liabilities		<u>\$ 34,684</u>	<u>\$ 34,684</u>
Net Position			
Restricted for scholarships	<u>61,586</u>		<u>61,586</u>
Total Liabilities and Net Position	<u>\$ 61,586</u>	<u>\$</u>	<u>\$ 96,270</u>

Exhibit A-8
 Mineral Point Unified School District
 Statement of Changes in Net Position
 Fiduciary Funds
 For the Year Ended June 30, 2014

	<u>Private Purpose Trust</u>
Additions	
Interest	\$ 2,114
Gifts	3,100
Total Additions	5,214
Deductions	
Scholarships Awarded	20,300
Change in net position	(15,086)
Net position-Beginning	76,672
Net position-Ending	\$ 61,586

NOTES TO FINANCIAL STATEMENTS

Mineral Point Unified School District
June 30, 2014

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NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2014

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

B. Basis of Presentation

District-wide Statements:

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

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2014

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, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures.

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

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

Governmental Activities

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

General 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.

NOTES TO BASIC FINANCIAL STATEMENTS
Mineral Point Unified School District - June 30, 2014

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary Funds (Not included in district-wide statements)

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

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

Major Funds

The District reports the following major governmental funds:

General Fund

Capital Projects Fund

Non-Major Funds

The District reports the following non-major funds:

Special Revenue Funds:

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

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

Debt Service Fund

Fiduciary Funds

The District reports the following fiduciary funds:

Private- Purpose Trust Funds

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

Agency Funds

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

C. Measurement Focus and Basis of Accounting

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

NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2014

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Property tax calendar – 2013 tax roll:

Lien date and levy date	October, 2013
Tax bills mailed	December, 2013
Payment in full, or	January 31, 2014
First installment due	January 31, 2014
Second installment due	July 31, 2014
Personal property taxes in full	January 31, 2014

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

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

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.

NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2014

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

D. Assets and Liabilities

Cash and Cash Equivalents/Investments

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

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

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

Accounts Receivable

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

Inventories and Prepaid Items

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

Internal receivables and payables

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

NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2014

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 Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

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

Fund Financial Statements

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

Vested Employee Benefits

Sick Leave

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

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

Sick leave benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2014

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 accrued.

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, 2014

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Interfund Transactions

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

J. Equity Classifications

District-wide Statements

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

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

Fund Statements

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

1. Non-Spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
2. Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provision or enabling legislation.
3. Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
4. Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed.
5. 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.

NOTES TO BASIC FINANCIAL STATEMENTS
Mineral Point Unified School District - June 30, 2014

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Long-Term Goals

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

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

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

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

The District has a fund balance policy that establishes a minimum fund balance requirement of not less than 15% of the subsequent year's operational expenditures. If the fund balance happens to fall below 15% the District will take proactive actions to raise the fund balance. As of June 30, 2014 the general fund balance was 16.8% 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.

NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2014

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

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

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

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

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, 2014, the cash and investments included the following:

Account Balances	
Petty cash/cash on hand	\$ 300
Deposits with financial institutions	1,155,506
Certificates of deposit	3,764
WI Local Government Investment Pool	11,777
	\$ 1,171,347

Cash and investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

Per Statement of Net Assets - Exhibit A-1	
Cash and cash equivalents	\$ 783,998
Cash and cash equivalents - restricted	291,079
Per Statement of Net Assets - Fiduciary Funds - Exhibit A-7:	
Private Purpose Trust	61,586
Agency	34,684
Total	\$ 1,171,347

NOTES TO BASIC FINANCIAL STATEMENTS
 Mineral Point Unified School District - June 30, 2014

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Wisconsin State Statutes

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

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

Investments

At June 30, 2014, the District's pooled investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>
WI Local Government Investment Pool (LGIP)	<u>\$ 11,777</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market rates.

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

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

<u>Investment Type</u>	<u>Remaining Maturity (in Months)</u>	
	<u>Amount</u>	<u>12 months or less</u>
Certificate of Deposit	\$ 3,764	\$ 3,764
WI Local Government Investment Pool (LGIP)	11,777	11,777
	<u>\$ 15,541</u>	<u>\$ 15,541</u>

NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2014

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Credit Risk

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

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investment policy that would further limit its investment choices. As of June 30, 2014, the District's investment in the Wisconsin Local Government Investment Pool was not rated.

Concentration of Credit Risk

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

At June 30, 2014 the District had \$1,199,897 deposited in one financial institution.

Custodial Credit Risk

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

FDIC Insurance

The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term 'time and savings deposits' includes NOW accounts and money market deposit accounts but does not include interest bearing demand deposit accounts (which were permitted after July 21, 2011). The term 'demand deposits' means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal. The insurance coverage of accounts held by government depositors is different if the depository institution is located outside the State in which the public unit is located. In that case, all deposits, both time and savings deposits and demand deposits, owned by the public unit and held by the public unit's official custodian are added together and insured up to \$250,000. Time and savings deposits are not insured separately from demand deposits.

NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2014

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Collateralization of Public Unit Deposits

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

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

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, 2014, 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, 2014 was 98.9% in the U.S. Government Securities and 1.1% in Certificates of Deposit and Banker Acceptance Notes.

At June 30, 2014, \$699,897 of the District's deposits with financial institutions was insured by collateral at the financial institution and \$500,000 was insured by the FDIC. The State of Wisconsin Guarantee Fund would provide an additional \$400,000 of coverage for this amount, providing funds are available at the time of any potential loss.

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, 2014

NOTE 4

CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2014 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<i>Governmental Activities:</i>				
<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	11,650,742	581,124		12,231,866
Land Improvements	90,417			90,417
Furniture and Equipment	2,260,431	343,354	(152,881)	2,450,904
Vehicles	101,953			101,953
Total Capital Assets, being depreciated	14,103,543	924,478	(152,881)	14,875,140
Total Capital Assets	14,340,793	924,478	(152,881)	15,112,390
 <i>Less Accumulated Depreciation:</i>				
Buildings	4,671,641	259,801		4,931,442
Land Improvements	40,053	3,332		43,385
Furniture and Equipment	1,748,651	184,523	(152,881)	1,780,293
Vehicles	71,017	11,885		82,902
Total Accumulated Depreciation	6,531,362	459,541	(152,881)	6,838,022
Total Net Capital Assets	\$ 7,809,431	\$ 464,937	\$ 0	\$ 8,274,368

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 8,997
Vocational instruction	7,547
Special education	7,719
Other instruction	2,988
General administration	1,639
Business administration	78,920
Central services	120,601
Depreciation not charged to a specific function	231,130
Total depreciation for governmental activities	\$ 459,541

NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2014

NOTE 5

SHORT-TERM AND LONG-TERM OBLIGATIONS

A. Short-term Liabilities

The District had a \$1,500,000 tax and revenue anticipation note from a local bank for 2013/14. Interest was 0.970% and the note expired on August 12, 2014.

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

	Balance 6/30/13	Additions	Removals	Balance 6/30/14
Line of Credit	\$	\$ 1,406,023	\$ 1,406,023	\$

The note was issued for cash flow purposes. Total interest paid on this note for the year was \$4,439.

B. Long-term Liabilities

Long-term liability balances and activity for the year ended June 30, 2014 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Bonds	\$ 220,000	\$	\$ (220,000)	\$	\$
Notes	80,300	800,000	(89,076)	791,224	116,224
Capital Lease (Note 6)	33,853	124,560	(75,364)	83,049	2,773
Sub-Total	334,153	924,560	(384,440)	874,273	118,997
Vested Employee Sick Leave	365,868	17,492		383,360	
Net OPEB Obligation (Note 11)	72,428		(102,982)	(30,554)	
Net Supplemental Pension (Note 10)		1,657	(17,687)	(16,030)	
Total	\$ 772,449	\$ 943,709	\$ (505,109)	\$ 1,211,049	\$ 118,997

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

	Expense	Paid
Long-term debt	\$ 11,340	\$ 16,370
Capital lease	5,387	1,873
Total	\$ 16,727	\$ 18,243

General obligation debt at June 30, 2014 is comprised of the following individual issues:

Description	Issue Date	Interest Rates	Date of Maturity	Balance 6/30/14
State Trust Loan Payable - WRS	12/22/05	5.50%	03/15/15	\$ 41,224
Stadium - F.S Bank	05/01/14	2.85%	04/01/24	250,000
Energy Efficiency Loan	07/01/13	1.87%	04/01/23	500,000
Total				\$ 791,224

NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2014

NOTE 5

SHORT-TERM AND LONG-TERM OBLIGATIONS (CONTINUED)

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

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

The 2013 equalized valuation of the District, as certified by the Wisconsin Department of Revenue is \$309,333,744. The legal debt limit and margin of indebtedness as of June 30, 2014 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt Limit (10% of \$309,333,744)	\$ 30,933,374
Deduct Long-term Debt Applicable to Debt Margin	<u>(791,224)</u>
Margin of Indebtedness	<u><u>\$ 30,142,150</u></u>

Aggregate cash flow requirements for the retirement of long-term principal and interest at June 30, 2014 follows:

Years Ended			
June 30,	Principal	Interest	Total
2014	\$ 116,224	\$ 15,893	\$ 132,117
2015	75,000	12,701	87,701
2016	80,000	11,730	91,730
2017	80,000	10,687	90,687
2018	80,000	9,644	89,644
2019-23	<u>360,000</u>	<u>32,023</u>	<u>392,023</u>
Totals	<u><u>\$ 791,224</u></u>	<u><u>\$ 92,678</u></u>	<u><u>\$ 883,902</u></u>

C. Vested Employee Benefits

Vested employee sick leave at June 30, 2014 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, 2014 is \$383,360 and is shown on the Statement of Net position. There are currently 92 people eligible to receive these benefits. The liability for the vested employee sick leave was determined using an estimated probability that certain employees would receive benefits in the future and depending on the assumptions used, the estimated liability could vary significantly.

NOTE 6

CAPITAL LEASES, AS LESSEE

The following is an analysis of the original cost of leased property under capital leases by major classes as of June 30, 2014.

Copier Lease	\$ 135,033
Computer Lease	<u>124,560</u>
Total	<u><u>\$ 259,593</u></u>

NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2014

NOTE 6

CAPITAL LEASES, AS LESSEE (CONTINUED)

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2014.

<u>Year Ended June 30,</u>	
2015	\$ 45,068
2016	43,289
Total Payments	<u>\$ 88,357</u>
Less: Interest	(5,308)
Minimum Lease Payments	<u><u>\$ 83,049</u></u>

NOTE 7

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. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year (440 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. Note: Employees hired to work nine or ten months per year, (e.g. teachers contracts), but expected to return year after year are considered to have met the one-year requirement.

Covered employees in the General/Teacher/Educational support personnel category are required by statute to contribute one-half of the actuarially determined contribution rate for General category employees, including Teachers, and Executive and Elected Officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates are:

	<u>2013</u>		<u>2014</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	6.65%	6.65%	7.0%	7.0%
Executive & Elected Officials	7.0%	7.0%	7.75%	7.75%
Protective with Social Security	6.65%	9.75%	7.0%	10.10%
Protective without Social Security	6.65%	12.35%	7.0%	13.70%

The payroll for the Mineral Point Unified School District employees covered by the WRS for the year ended June 30, 2014 was \$3,741,196; the employer's total payroll was \$4,970,970. The total required contribution for the year ended June 30, 2014 was \$510,437, which consisted of \$257,151 or 7.0% of the covered payroll from the employer and \$253,286 or 6.65% of the covered payroll from the employee. Total contributions for the years ending June 30, 2013 and 2012 were \$456,812 and \$393,985 respectively, equal to the required contributions for each year.

NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2014

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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. A final average earnings is the average of the employee's three highest years 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 and prior to July 1, 2011 are immediately vested. Participants who initially become WRS eligible on or after July 1, 2011 must have five years of creditable service to be 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 WRS issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

NOTE 8

GOVERNMENTAL ACTIVITIES NET POSITION/ FUND BALANCES

Governmental activities net position reported on the District-Wide Statement of Net Position at June 30, 2014 includes the following:

Governmental Activities:	
Capital assets, net of accumulated depreciation	\$ 8,274,368
Less: Long-term debt outstanding	(791,224)
Less: Capital leases outstanding	(83,049)
Add: WRS outstanding loan	41,225
Add: Energy efficiency debt not used yet	41,079
Add: Football stadium loan not used yet	250,000
Net investment in capital assets	<u>7,732,399</u>
Restricted:	
Capital projects	291,079
Food service	16,943
Community service	46,694
Student groups and other activities	230,865
Total Restricted	<u>585,581</u>
Unrestricted	<u>919,613</u>
Total Governmental Activities Net Position	<u>\$ 9,237,593</u>

NOTES TO BASIC FINANCIAL STATEMENTS
 Mineral Point Unified School District - June 30, 2014

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

Governmental fund balances reported on the fund financial statements at June 30, 2014 include the following:

Nonspendable:	
General Fund:	
Prepays	\$ 73,553
Non-major Funds	
Inventory	3,311
Total Nonspendable	<u>76,864</u>
Restricted:	
Major Funds:	
Capital Projects - energy efficiency and stadium projects	291,079
Non-major Funds:	
Special Revenue Trust - student groups and other activities	230,865
Debt Service	4,790
Community Service	46,694
Food Service	16,943
Total Restricted	<u>590,371</u>
Unassigned:	
Major Funds:	
General	1,515,369
Total Governmental Fund Balances	<u><u>\$ 2,182,604</u></u>

NOTE 9 LIMITATION OF SCHOOL DISTRICT REVENUES

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

NOTE 10 SUPPLEMENTAL PENSION PLAN

Plan Description. The District will provide eligible Administrators with an additional benefit wherein it will make a one-time contribution either to a TSA on behalf of eligible retirees or which may be used for payment of the retirees life insurance premiums. The amount of this payment is based upon years of service. Additionally, one current retired Administrator received a cash benefit in lieu of their continued participation in the District's group medical plan. No other classification is eligible for a District-provided cash-related benefit (other than sick leave) of any kind upon their retirement.

There are 3 active employees and 1 retired Administrator in the plan as of June 30, 2014.

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

NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2014

NOTE 10

SUPPLEMENTAL PENSION PLAN (CONTINUED)

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

	Government Activities
Annual required contribution	\$ (1,657)
Interest on net Supplemental Pension obligation	
Adjustment to annual required contribution	
Annual Supplemental Pension cost (expense)	(1,657)
Contributions made	17,687
Change in net Supplemental Pension obligation	16,030
Supplemental Pension obligation at beginning of year	
Supplemental Pension Asset at end of year	\$ 16,030

Actuarial Methods and Assumptions – The calculation of retirement plan benefits is based upon the accumulation of “benefits used” earned from such this as salary or service years. A plan’s normal cost is determined by the present value of benefits allocated to the valuation year. A plan’s accrued liability is the present value of benefits allocated to all periods prior to the valuation year.

The annual required contribution for the current year was determined as part of the July 1, 2013 actuarial valuation using the unit credit actuarial cost method. The actuarial assumptions included a rate of 4.64% to discount expected liabilities to the valuation date in addition to an inflation rate of 3%. The UAAL is being amortized as a level dollar of projected payrolls. The amortization period is 18 years.

Trend Information

This is the first year the District’s annual pension cost took place, the percentage of the annual pension costs contributed to the plan, and the net pension obligation through the year ending June 30, 2014 were:

Fiscal Year Ended	Normal Cost	Contribution	Percentage of Cost Contributed
6/30/2014	\$ 1,657	\$ 17,687	1067.4%

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.

NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2014

NOTE 11

OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan Description – The District operates a single-employer retiree benefit plan that provides postemployment health insurance benefits to eligible employees and their spouses. There were 7 retired members in the plan for the year ended June 30, 2014. 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	\$ (32,929)
Interest on net OPEB obligation	(3,361)
Adjustment to annual required contribution	4,800
Annual OPEB cost (expense)	(31,490)
Contributions made	134,472
Change in net OPEB obligation	102,982
OPEB obligation at beginning of year	(72,428)
OPEB Asset at end of year	\$ 30,554

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, 2014 were:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB (Obligation)/Asset
6/30/2014	\$ 31,490	427.0%	\$ 30,554
6/30/2013	104,866	134.5%	(72,428)
6/30/2012	97,814	140.0%	(110,112)

Funded Status and Funding Process – As of July 1, 2013, the most recent actuarial valuation date, for the period July 1, 2013 through June 30, 2014, the District’s unfunded actuarial accrued liability (UAAL) was \$246,036. There were no active employees covered by the plan in the actuarial valuation for the 2013-2014 fiscal year.

NOTES TO BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District - June 30, 2014

NOTE 11

OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a rate of 4.64% to discount expected liabilities to the valuation date in addition to an inflation rate of 4.0%. The initial healthcare trend rate was 10% for medical care. The UAAL is being amortized as a level dollar of projected payrolls. The amortization period is 18 years.

NOTE 12

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Government Accounting Standards Board (GASB) has approved GASB Statement No.68, Accounting and Financial reporting for Pensions- an amendment of GASB statement No. 27; and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB statement No. 68. Application of these standards may restate portions of these financial statements.

NOTE 13

INTERFUND BALANCES AND ACTIVITY

There were no interfund receivable or payable balances as of June 30, 2014.

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

During the fiscal year ended June 30, 2014 \$1,159,537 was transferred to the special education fund from the general fund. This transfer was used to cover any costs not covered by direct revenues. In the Statement of Activities, this amount was eliminated and in the Fund Statements the general fund and special education funds are combined and the transfer was netted.

NOTE 14

COMMITMENTS

The District has committed to several contracts for a football stadium project that commenced subsequent to June 30, 2014. Total commitments on the contracts are approximately \$392,294.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit B-1
Required Supplementary Information
Budgetary Comparison Schedule for the General Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Original Budget	Variance with Final Budget
	Original	Final		Favorable (Unfavorable)	Favorable (Unfavorable)
Revenues:					
Property taxes	\$ 3,445,158	\$ 3,274,207	\$ 3,273,207	\$ (171,951)	\$ (1,000)
Other local sources	42,600	42,600	53,373	10,773	10,773
Interdistrict sources	220,490	220,490	242,504	22,014	22,014
Intermediate sources	2,400	2,400	4,023	1,623	1,623
State sources	4,802,757	4,934,889	4,996,763	194,006	61,874
Federal sources	113,703	113,703	120,318	6,615	6,615
Miscellaneous			9,416		9,416
Total Revenues	<u>8,627,108</u>	<u>8,588,289</u>	<u>8,699,604</u>	<u>63,080</u>	<u>111,315</u>
Expenditures:					
Undifferentiated instruction	1,774,913	1,757,113	1,681,725	93,188	75,388
Regular instruction	1,580,072	1,559,772	1,678,273	(98,201)	(118,501)
Vocational instruction	275,481	264,881	264,395	11,086	486
Physical instruction	234,194	245,787	245,787	(11,593)	
Co-curricular activities	270,355	273,893	273,532	(3,177)	361
Total Instruction	<u>4,135,015</u>	<u>4,101,446</u>	<u>4,143,712</u>	<u>(8,697)</u>	<u>(42,266)</u>
Support Services:					
Pupil services	231,295	205,499	204,486	26,809	1,013
Instructional staff services	264,505	244,505	259,511	4,994	(15,006)
General administration services	259,767	260,261	260,260	(493)	1
Building administration services	420,455	420,455	445,723	(25,268)	(25,268)
Business administration	1,475,536	1,471,302	1,480,017	(4,481)	(8,715)
Central services	298,522	456,906	489,377	(190,855)	(32,471)
Insurance	77,785	84,314	84,174	(6,389)	140
Principal and interest	93,777	80,804	81,734	12,043	(930)
Other support services	360,365	360,365	389,685	(29,320)	(29,320)
Total support services	<u>3,482,007</u>	<u>3,584,411</u>	<u>3,694,967</u>	<u>(212,960)</u>	<u>(110,556)</u>
Total Expenditures	<u>7,617,022</u>	<u>7,685,857</u>	<u>7,838,679</u>	<u>(221,657)</u>	<u>(152,822)</u>
Excess (deficiency) of revenues over expenditures	<u>1,010,086</u>	<u>902,432</u>	<u>860,925</u>	<u>(158,577)</u>	<u>(41,507)</u>
Other Financing Sources (Uses):					
Capital lease proceeds		124,560	124,560	124,560	
Transfers (out)	(1,161,558)	(1,149,455)	(1,159,537)	2,021	(10,082)
Total Other Financing Sources (Uses):	<u>(1,161,558)</u>	<u>(1,024,895)</u>	<u>(1,034,977)</u>	<u>126,581</u>	<u>(10,082)</u>
Net Change in Fund Balance	(151,472)	(122,463)	(174,052)	(31,996)	(51,589)
Fund balance-Beginning of year	1,762,974	1,762,974	1,762,974		
Fund balance-End of year	<u>\$ 1,611,502</u>	<u>\$ 1,640,511</u>	<u>\$ 1,588,922</u>	<u>\$ (31,996)</u>	<u>\$ (51,589)</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, 2014

	<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	\$ 27,400	\$ 27,400	\$ 39,909	\$ 12,509	\$ 12,509
State sources	408,170	408,170	427,616	19,446	19,446
Federal sources	202,760	202,760	196,108	(6,652)	(6,652)
Total Revenues	<u>638,330</u>	<u>638,330</u>	<u>663,633</u>	<u>25,303</u>	<u>25,303</u>
<u>Expenditures</u>					
Instruction:					
Special instruction	1,422,740	1,410,637	1,426,208	(3,468)	(15,571)
Total Instruction	<u>1,422,740</u>	<u>1,410,637</u>	<u>1,426,208</u>	<u>(3,468)</u>	<u>(15,571)</u>
Support Services:					
Pupil services	94,648	94,648	93,851	797	797
Instructional staff services	78,900	78,900	80,612	(1,712)	(1,712)
Business administration	28,600	28,600	29,346	(746)	(746)
Other support services	175,000	175,000	193,153	(18,153)	(18,153)
Total Support Services	<u>377,148</u>	<u>377,148</u>	<u>396,962</u>	<u>(19,814)</u>	<u>(19,814)</u>
Total Expenditures	1,799,888	1,787,785	1,823,170	(23,282)	(35,385)
Excess of Revenues Over (Under) Expenditures	<u>(1,161,558)</u>	<u>(1,149,455)</u>	<u>(1,159,537)</u>	<u>2,021</u>	<u>(10,082)</u>
<u>Other Financing Sources (Uses)</u>					
Operating transfers In	1,161,558	1,149,455	1,159,537	(2,021)	10,082
Total Other Financing Sources (Uses)	<u>1,161,558</u>	<u>1,149,455</u>	<u>1,159,537</u>	<u>(2,021)</u>	<u>10,082</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, 2014

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, 2014:

Fund	Excess Expenditures
General Fund:	
Regular Instruction	\$ 118,501
Instructional Staff Services	15,006
Building Administration Services	25,268
Business Administration	8,715
Central Services	32,471
Principal and Interest	930
Other Support Services	29,320
Transfer Out	10,082
Special Education Fund:	
Special Instruction	15,571
Instructional Staff Services	1,712
Business Administration	746
Other Support Services	18,153

MINERAL POINT UNIFIED SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 June 30, 2014

NOTE 3

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

	<u>General Fund</u>	<u>Special Education Fund</u>
A) Sources/Inflows of Resources:		
Actual amounts "total revenues"		
from the budgetary comparison schedules	\$ 8,699,604	\$ 663,633
Reclassification:		
Special education fund revenues are reclassified to the general fund, required for GAAP reporting	<u>663,633</u>	<u>(663,633)</u>
The general fund revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 9,363,237</u>	<u>\$</u>
	<u>General Fund</u>	<u>Special Education Fund</u>
B) Uses/Outflows of Resources:		
Actual amounts "total expenditures"		
from the budgetary comparison schedules	\$ 7,838,679	\$ 1,823,170
Reclassification:		
Special education fund expenditures are reclassified to the general fund, required for GAAP reporting	<u>1,823,170</u>	<u>(1,823,170)</u>
The general fund expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 9,661,849</u>	<u>\$</u>

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

Other Postemployment Benefits

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

Supplemental Pension Benefits

7/1/2013	\$	\$ 20,364	\$ 20,364	0.0%	\$ 391,474	5.20%
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Note: 7/1/13 was the first actuarial study to encompass a supplemental pension benefits liability.

SUPPLEMENTARY INFORMATION

Exhibit C-1
 Mineral Point Unified School District
 Combining Balance Sheet
 Non-major Governmental Funds
 June 30, 2014

	Special Revenue Fund				Total Non-Major Governmental Funds
	Trust Fund	Food Service Fund	Community Service Fund	Debt Service Fund	
Assets:					
Cash and investments	\$ 230,865	\$ 14,943	\$ 46,694	\$ 4,790	\$ 297,292
Inventory		3,311			3,311
Due from other governments		2,000			2,000
Total Assets	\$ 230,865	\$ 20,254	\$ 46,694	\$ 4,790	\$ 302,603
Fund Balances:					
Nonspendable		3,311			3,311
Restricted	230,865	16,943	46,694	4,790	299,292
Total Fund Balances	\$ 230,865	\$ 20,254	\$ 46,694	\$ 4,790	\$ 302,603

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, 2014

	Special Revenue			Debt Service Fund	Total Non-major Governmental Funds
	Trust Fund	Food Service Fund	Community Service Fund		
Revenues:					
Property taxes	\$	\$	\$ 75,000	\$ 106,108	\$ 181,108
Local sources	424,298	179,627		148	604,073
State sources		5,007			5,007
Federal sources		123,099			123,099
Total Revenues	424,298	307,733	75,000	106,256	913,287
Expenditures:					
Instruction:					
Regular Instruction	129,384	2,000			131,384
Vocational Instruction	7,442				7,442
Other Instruction	162,206				162,206
Total Instruction	299,032	2,000			301,032
Support Services:					
Pupil services	950				950
Instructional staff services	11,008				11,008
Business administration	9,402	285,479	40,206		335,087
Principal and interest				325,820	325,820
Total Support Services	21,360	285,479	40,206	325,820	672,865
Total Expenditures	320,392	287,479	40,206	325,820	973,897
Excess (deficiency) of revenues over expenditures	103,906	20,254	34,794	(219,564)	(60,610)
Net Change in Fund Balances	103,906	20,254	34,794	(219,564)	(60,610)
Fund Balances-Beginning of year	126,959		11,900	224,354	363,213
Fund Balances-End of year	\$ 230,865	\$ 20,254	\$ 46,694	\$ 4,790	\$ 302,603

Exhibit C-3
 Mineral Point Unified School District
 Schedule of Changes in Assets and Liabilities
 Pupil Activity Funds
 For the Year Ended June 30, 2014

	Balance 7/1/2013	Additions	Deductions	Balance 6/30/2014
<u>Assets</u>				
Cash	\$ 31,883	\$ 41,120	\$ 38,319	\$ 34,684
Total Assets	\$ 31,883	\$ 41,120	\$ 38,319	\$ 34,684
<u>Liabilities</u>				
Due to Student Organizations:	\$ 31,883	\$ 41,120	\$ 38,319	\$ 34,684
Total Liabilities	\$ 31,883	\$ 41,120	\$ 38,319	\$ 34,684

EXHIBIT C-4
 Mineral Point Unified School District
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
 YEAR ENDED JUNE 30, 2014

Awarding Agency/ Pass-Through Agency Award Description	Federal Catalog Number	Accrued Receivable (Deferred) Revenue July 1, 2013	Expenditures	Receipts Grantor Reimbursement	Accrued Receivable (Deferred) Revenue June 30, 2014
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
<u>Passed Through</u>					
<u>Wisconsin Department of Public Instruction</u>					
Team Nutrition School Garden July 1, 2013 to June 30, 2014	10.574		2,000		2,000
School Breakfast Program July 1, 2012 to June 30, 2013 July 1, 2013 to June 30, 2014	10.553	\$ 201	\$ 12,309	\$ 201 \$ 12,309	
School Milk Program July 1, 2013 to June 30, 2014	10.556		1,223	1,223	
School Lunch Program July 1, 2012 to June 30, 2013 July 1, 2013 to June 30, 2014 Total Nutrition Cluster	10.555	1,396	107,567	1,396 107,567	
		<u>1,597</u>	<u>121,099</u>	<u>122,696</u>	
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>1,597</u>	<u>123,099</u>	<u>122,696</u>	<u>2,000</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>					
<u>Passed Through</u>					
<u>Wisconsin Department of Public Instruction</u>					
Title I July 1, 2012 to June 30, 2013 July 1, 2013 to June 30, 2014	84.010	2,370	81,163	2,370 81,163	
IDEA Flow Through July 1, 2012 to June 30, 2013 July 1, 2013 to June 30, 2014	84.027	57,943	139,889	57,943 108,422	31,467
Seclusion and Restraint Training Grants July 1, 2012 to June 30, 2013	84.027	672		672	
IDEA Preschool Entitlement July 1, 2012 to June 30, 2013 July 1, 2013 to June 30, 2014	84.173	765	8,898	765 8,534	364
Total IDEA Cluster		<u>59,380</u>	<u>148,787</u>	<u>176,336</u>	<u>31,831</u>
Title II-A Teacher & Prin. Training July 1, 2013 to June 30, 2014	84.367		29,089	29,089	
<u>Passed Through CESA #3</u>					
Career Technical Education- Basic Grants to State July 1, 2013 to June 30, 2014	84.048		4,023	4,023	
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>61,750</u>	<u>263,062</u>	<u>292,981</u>	<u>31,831</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
<u>Passed Through Wisconsin Department of Health Services</u>					
School Based Services Benefit July 1, 2013 to June 30, 2014	93.778		57,387	57,387	
TOTAL FEDERAL ASSISTANCE		<u>\$ 63,347</u>	<u>\$ 443,548</u>	<u>\$ 473,064</u>	<u>\$ 33,831</u>

EXHIBIT C-5
 Mineral Point Unified School District
 SCHEDULE OF STATE FINANCIAL ASSISTANCE
 YEAR ENDED JUNE 30, 2014

Awarding Agency Pass-Through Agency Award Description	State I.D. Number	Accrued (Deferred) Receivable July 1, 2013	State Reimbursement	State Expenditures	Accrued (Deferred) Receivable June 30, 2014
<u>Wisconsin Department of Public Instruction</u>					
<u>Entitlement Programs</u>					
<u>Major State Programs</u>					
General Equalization	255.201	\$ 90,153	\$ 4,882,977		\$ 87,615
Handicapped Pupils and Schools Age Parents					
Internal District Programs	255.101		427,616	1,519,632	
<u>Non-major State Programs</u>					
State Lunch	255.102		3,169		
Common School Fund	255.103		24,825		
Pupil Transportation	255.107		18,404		
WI Morning Milk	255.109		1,094		
School Breakfast	255.344		744		
Educator Effectiveness	255.940		5,520		
Per Pupil Aid	255.945		55,125		
 Total State Assistance		 \$ 90,153	 \$ 5,419,474	 \$ 1,519,632	 \$ 87,615

Mineral Point Unified School District
Notes to the Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2014

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

2013-2014 eligible costs under the State Special Education Program are \$1,519,632.

NOTE 3

FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Total commodities received were \$19,775 and are included with the School Lunch Program #10.555.

NOTE 4

MEDICAL ASSISTANCE

Title XIX Medical Assistance payments to the Mineral Point Unified School District for the year ended June 30, 2014 were \$57,387.



Certified Public Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mineral Point Unified School District ("District"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Mineral Point Unified School District's basic financial statements, and have issued our report thereon dated October 29, 2014.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items #2014-001, #2014-002, and #2014-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

Mineral Point Unified School District's Response to Findings

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

Purpose of this Report

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

JOHNSON BLOCK AND COMPANY, INC.

Johnson Block & Company, Inc.

Mineral Point, Wisconsin
October 29, 2014



Certified Public Accountants

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

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

Report on Compliance for Each Major State Program

We have audited the Mineral Point Unified School District (District)'s compliance with the types of compliance requirements described in the Wisconsin Public School District Audit Manual, issued by the Wisconsin Department of Public Instruction, that could have a direct and material effect on each of the District's designated state major aid programs for the year ended June 30, 2014. The District's designated state major aid programs are identified in the accompanying schedule of findings and responses.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's designated state major programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the compliance requirements of the Wisconsin Department of Public Instruction in the Wisconsin Public School District Audit Manual. Those standards and compliance requirements require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the designated state major aid programs occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its designated state major aid programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to the state designated major aid programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on the designated state major aid programs to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Wisconsin Public School District Audit Manual, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified 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 over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and responses as items #2014-001, #2014-002 and #2014-003 to be material weaknesses.

The District's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and responses. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Wisconsin Department of Public Instruction. Accordingly, this report is not suitable for any other purpose.

Johnson Block & Company, Inc.

JOHNSON BLOCK AND COMPANY, INC.

Mineral Point, Wisconsin
October 29, 2014

Mineral Point Unified School District
Schedule of Findings and Responses
For the Year Ended June 30, 2014

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

- Material Weakness(es) identified? 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:

- 1) Material Weakness(es) identified? Yes No
- 2) 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:

Unmodified

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

Mineral Point Unified School District
Schedule of Prior Findings and Responses
For the Year Ended June 30, 2014

Section II - Financial Statement Findings

Finding #2014-001 - Segregation of Duties

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

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

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

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

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

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

Finding #2014-002- Preparation of Financial Statements

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

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

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

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

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

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

Mineral Point Unified School District
Schedule of Findings and Responses (Continued)
For the Year Ended June 30, 2014

Finding #2014-003- Health Insurance Reconciliations

Condition: Health insurance premium invoices and health insurance payroll accruals were not being reconciled throughout the year.

Effect: When the health insurance liability account is not regularly reconciled, payroll benefits and withholdings could be erroneous which may not be identified in a timely manner. The District could incorrectly pay for the type of insurance plan for current employees or possibly pay for coverage for ex-employees. During 2013/2014, health insurance premiums were paid for an employee that had dropped coverage. Additionally, the District's expenditures and liabilities were understated in the ledger.

Cause: Health insurance expense for employees covered by the District through the Family Medical Leave Act were not being accrued as an expense. Additionally, coverage was not canceled with the health insurance carrier when an employee changed elections to no longer be insured by District coverage.

Criteria: Internal controls and procedures over reviewing the health insurance invoices, payroll benefits and deductions, and the reconciliation of health liability account balance should be in place to provide reasonable assurance that the system is functioning correctly.

Recommendation: Review and compare payroll benefit and deduction reports and monthly health insurance invoices from the health insurance carrier. Verify health insurance premium invoices include only valid employees, the correct types of coverage, and periodically reconcile the health liability account.

Response: District personnel have reviewed the process with auditor and have implemented their recommendation starting July 2014.

Mineral Point Unified School District
Schedule of Findings and Responses (Continued)
For the Year Ended June 30, 2014

Prior Year Findings and Responses

#13-1 – Segregation of Duties

This is still a finding. See 2014-001

#13-2 – Preparation of financial statements

This is still a finding. See #2014-002



Johnson & Block
AND COMPANY, INC.

Certified Public Accountants

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COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES

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

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mineral Point Unified School District (“District”) as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the District’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

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

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

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

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

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

3. Health insurance premium invoices and health insurance payroll accruals were not being reconciled throughout the year. When not regularly reconciled, payroll benefits and withholdings could be erroneous which may not be identified in a timely manner. The District could incorrectly pay for the type of insurance plan for current employees or possibly pay for coverage for ex-employees.

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 AND COMPANY, INC.

Johnson Block & Company, Inc.

Mineral Point, Wisconsin
October 29, 2014



Johnson & Block AND COMPANY, INC.

Certified Public Accountants

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

October 29, 2014

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, 2014, and have issued our report thereon dated October 29, 2014. 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 2013/14. 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:

- Management's estimate of the vested sick leave is based on the probability of employees meeting the requirement to be paid for sick leave at the time of retirement. We evaluated the key factors and assumptions used to develop the liability of future payment of sick leave in determining that it is reasonable in relation to the financial statements taken as a whole. See Note 5C.
- 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, 2013. 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 statements disclosures are particularly sensitive because of their significance to financial statements users. The most sensitive disclosure affecting the financial statements was the disclosures of the Other Post-employment benefits 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:

- Adjust health insurance
- Record additional 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 October 29, 2014.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, Budgetary Comparison Schedules and the Schedule of Funding Progress and Employer Contributions for Postemployment Benefit Plans, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on Combining Schedules and Other Supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Restriction on Use

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

Very truly yours,


JOHNSON BLOCK AND COMPANY, INC.

Mineral Point Unified School District

Reference	Type	Date Account Number	Description	Debit	Credit	Misstatement
PJE01	Potential	06/30/14				
		50-1-71320	Accounts Receivable	507.49		
		50-3-93000	Fund Balance	7,014.73		
		50-2-81690	Deferred Revenue		7,260.23	
		50-4-25100	Pupils		261.99	
			Record deferred revenue and accounts receivable for food service.			
PJE02	Potential	06/30/14				
		10-5-11000	Undifferentiated Curr.	14,535.76		
		10-2-81180	Accrued Payroll		14,535.76	
			Record hourly employees accrued payroll at 6/30/14			

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

Community Service Fund Requirements

The Wisconsin Department of Public Instruction has established Fund 80 for reporting of community programs and services activities. This fund is used to account for activities such as adult education, community recreation programs, elderly food service programs, non-special education preschool, daycare services, and other programs which are not elementary and secondary educational programs but have the primary function of serving the community. K-12 instructional or instructional support related activities are not allowed to be recorded in Fund 80 and community programs and services activities are not allowed to be recorded in K-12 instructional related funds.

DPI will be finalizing rules for 2014/2015 that will address specific activities that are eligible or ineligible to be charged to Fund 80. Although these rules have not been finalized, DPI has indicated that school safety is typically a Fund 10 activity. The District coded 2013/14 police liaison costs to fund 80. In the future these costs may or may not be allowable in Fund 80. If unallowable costs are charged to Fund 80, a revenue limit penalty could be imposed.

Computer Back-up Procedures and Testing

The District outsources the computer system backup process. We recommend the District regularly restore a Skyward backup to periodically test that the system backup process is functioning properly. We work with another school district that could not restore a system backup when needed. The District was required to reenter transactions for an entire year. The system backups had become corrupted even though the District was receiving successful backup notifications.