

# **SCHOOL DISTRICT OF MENOMONEE FALLS**

Menomonee Falls, Wisconsin

## **FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended June 30, 2015

# SCHOOL DISTRICT OF MENOMONEE FALLS

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## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
School District of Menomonee Falls  
Menomonee Falls, 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 School District of Menomonee Falls, Wisconsin, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District of Menomonee Falls' 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.

### ***Auditors' 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 auditors' 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 over financial reporting relevant to the School District of Menomonee Falls' 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 School District of Menomonee Falls' 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.

To the Board of Education  
School District of Menomonee Falls

### ***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 School District of Menomonee Falls, Wisconsin, as of June 30, 2015 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note I, the School District of Menomonee Falls adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, effective July 1, 2014. Our opinions are not modified with respect to this matter.

As discussed in Note I, the School District of Menomonee Falls adopted the provisions of GASB Statement No. 71, *Pension - Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB No. 68*, effective July 1, 2014. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules, schedule of funding progress, schedule of employer contributions, schedule of District's proportionate share of the net pension asset - Wisconsin Retirement System and schedule of employer contributions - Wisconsin Retirement System as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

To the Board of Education  
School District of Menomonee Falls

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District of Menomonee Falls' basic financial statements. The combining fund financial statements, schedule of changes in assets and liabilities - pupil activity agency fund and the schedules of expenditures of federal and state awards, as required by the U.S Office of Management and Budget Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations" and the *State Single Audit Guidelines*, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 combining fund financial statements, schedule of changes in assets and liabilities - pupil activity agency fund and the schedules of expenditures of federal and state awards, as required by the U.S Office of Management and Budget Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations" and the *State Single Audit Guidelines*, are fairly stated in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2015 on our consideration of the School District of Menomonee Falls' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District of Menomonee Falls' internal control over financial reporting and compliance.



Milwaukee, Wisconsin  
November 13, 2015

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# SCHOOL DISTRICT OF MENOMONEE FALLS

## STATEMENT OF NET POSITION

As of June 30, 2015

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### ASSETS

Cash and investments	\$ 10,257,655
Receivables	
Taxes	9,369,017
Accounts	170,603
Due from other governments	1,416,572
Inventories and prepaid items	291,909
Other current assets	5,000
Restricted Asset	
Net pension asset	4,937,128
Capital Assets	
Land	769,837
Construction in progress	41,443
Other capital assets	66,323,469
Less: Accumulated depreciation	<u>(33,491,026)</u>
Total Assets	<u>60,091,607</u>

### DEFERRED OUTFLOWS OF RESOURCES

Deferred outflow related to pensions	3,965,066
Deferred charges on refunding	<u>1,915,649</u>
Total Deferred Outflows of Resources	<u>5,880,715</u>

### LIABILITIES

Accounts payable and accrued expenses	8,144,870
Accrued interest payable	179,187
Other current liabilities	13,561
Noncurrent Liabilities	
Due within one year	2,171,562
Due in more than one year	23,541,724
Net pension obligation	1,769,498
Net other post-employment benefit obligation	<u>2,895,734</u>
Total Liabilities	<u>38,716,136</u>

### DEFERRED INFLOWS OF RESOURCES

Unearned revenues	<u>161,964</u>
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### NET POSITION

Net investment in capital assets	14,736,086
Restricted for debt service	1,428,231
Restricted for pensions	8,902,194
Unrestricted	<u>2,027,711</u>

<b>TOTAL NET POSITION</b>	<b>\$ <u>27,094,222</u></b>
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# SCHOOL DISTRICT OF MENOMONEE FALLS

## STATEMENT OF ACTIVITIES For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
<b>Instruction</b>				
Regular	\$ 21,783,268	\$ 3,609,333	\$ 383,606	\$ (17,790,329)
Vocational	1,362,326	-	-	(1,362,326)
Special education	6,171,202	2,631	2,906,562	(3,262,009)
Other	2,125,869	-	44,700	(2,081,169)
Total Instruction	<u>31,442,665</u>	<u>3,611,964</u>	<u>3,334,868</u>	<u>(24,495,833)</u>
<b>Support Services</b>				
Pupil services	2,267,209	-	-	(2,267,209)
Instructional support services	2,584,787	-	156,276	(2,428,511)
Administration	4,014,456	-	-	(4,014,456)
Buildings and grounds	5,989,944	-	-	(5,989,944)
Pupil transportation	2,064,545	27,441	82,975	(1,954,129)
Other support services	2,761,339	56,209	-	(2,705,130)
Interest and fees	867,625	-	-	(867,625)
Community service	2,227,981	1,284,763	-	(943,218)
Food service	1,532,867	838,686	511,994	(182,187)
Total Support Services	<u>24,310,753</u>	<u>2,207,099</u>	<u>751,245</u>	<u>(21,352,409)</u>
<b>Total</b>	<u>\$ 55,753,418</u>	<u>\$ 5,819,063</u>	<u>\$ 4,086,113</u>	<u>(45,848,242)</u>
<b>General Revenues</b>				
Taxes				
Property taxes, levied for general purposes				34,035,915
Property taxes, levied for debt service				3,867,692
Property taxes, levied for community service				750,000
Intergovernmental revenues not restricted to specific programs				9,097,394
Investment income				8,018
Gain on disposal of assets				14,020
Miscellaneous				382,820
Total General Revenues				<u>48,155,859</u>
<b>Change in Net Position</b>				2,307,617
<b>NET POSITION - Beginning of Year (as restated)</b>				<u>24,786,605</u>
<b>NET POSITION - END OF YEAR</b>				<u>\$ 27,094,222</u>

# SCHOOL DISTRICT OF MENOMONEE FALLS

## BALANCE SHEET GOVERNMENTAL FUNDS As of June 30, 2015

	General Fund	Special Revenue Special Education Fund	Debt Service Fund	Nonmajor Governmental Funds	Totals
<b>ASSETS</b>					
Cash and investments	\$ 7,351,216	\$ 526,693	\$ 1,607,418	\$ 772,328	\$ 10,257,655
Receivables					
Taxes	9,119,017	-	-	250,000	9,369,017
Accounts	60,521	41,538	-	68,544	170,603
Due from other governments	1,087,363	329,209	-	-	1,416,572
Inventories	15,822	-	-	4,864	20,686
Prepaid expenses	271,223	-	-	-	271,223
Other assets	5,000	-	-	-	5,000
<b>TOTAL ASSETS</b>	<b>\$ 17,910,162</b>	<b>\$ 897,440</b>	<b>\$ 1,607,418</b>	<b>\$ 1,095,736</b>	<b>\$ 21,510,756</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 243,717	\$ 7,711	\$ -	\$ 53,571	\$ 304,999
Accrued salaries and wages	1,712,101	364,257	-	46,046	2,122,404
Payroll taxes and withholdings	5,052,040	367,829	-	33,676	5,453,545
Due to other governments	106,132	157,643	-	147	263,922
Other current liabilities	5,271	-	-	8,290	13,561
Total Liabilities	7,119,261	897,440	-	141,730	8,158,431
Deferred Inflows of Resources					
Unearned revenues	1,830	-	-	160,134	161,964
Fund Balances					
Nonspendable	287,045	-	-	4,864	291,909
Restricted	-	-	1,607,418	-	1,607,418
Committed	-	-	-	789,008	789,008
Assigned	7,446,196	-	-	-	7,446,196
Unassigned	3,055,830	-	-	-	3,055,830
Total Fund Balances	10,789,071	-	1,607,418	793,872	13,190,361
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 17,910,162</b>	<b>\$ 897,440</b>	<b>\$ 1,607,418</b>	<b>\$ 1,095,736</b>	<b>\$ 21,510,756</b>

## SCHOOL DISTRICT OF MENOMONEE FALLS

### RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION As of June 30, 2015

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Total Fund Balances - Governmental Funds		\$ 13,190,361
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.		
Total capital assets	\$ 67,134,749	
Accumulated depreciation	<u>(33,491,026)</u>	
		33,643,723
The Net Pension Asset does not relate to current financial resources and is not reported in the governmental funds.		
		4,937,128
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.		
		3,965,066
Some liabilities, including long-term debt, are not due in the current period and therefore are not reported in the funds.		
General obligation debt	(25,206,502)	
Capital leases	(506,784)	
Deferred charges on refunding	1,915,649	
Accrued interest on general obligation debt	(179,187)	
Net pension obligation	(1,769,498)	
Net other post-employment benefit obligation	<u>(2,895,734)</u>	
		<u>(28,642,056)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ 27,094,222</u></b>

# SCHOOL DISTRICT OF MENOMONEE FALLS

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS For the Year Ended June 30, 2015

	General Fund	Special Revenue Education Fund	Debt Service Fund	Nonmajor Governmental Funds	Totals
<b>REVENUES</b>					
Property taxes	\$ 34,035,915	\$ -	\$ 3,867,692	\$ 750,000	\$ 38,653,607
Local	1,255,233	2,305	1,762	2,378,450	3,637,750
Interdistrict	2,444,002	48,958	-	65,913	2,558,873
Intermediate	10,780	3	-	-	10,783
State	9,381,345	1,717,334	-	18,442	11,117,121
Federal	485,900	963,911	-	493,552	1,943,363
Other	101,438	-	23,638	442	125,518
Total Revenues	<u>47,714,613</u>	<u>2,732,511</u>	<u>3,893,092</u>	<u>3,706,799</u>	<u>58,047,015</u>
<b>EXPENDITURES</b>					
Instruction					
Regular	21,371,562	-	-	68,396	21,439,958
Special education	534,872	5,782,083	-	2,297	6,319,252
Vocational	1,357,850	-	-	27,084	1,384,934
Other	2,088,120	-	-	71,705	2,159,825
Total Instruction	<u>25,352,404</u>	<u>5,782,083</u>	<u>-</u>	<u>169,482</u>	<u>31,303,969</u>
Support Services					
Pupil services	1,329,411	973,161	-	2,981	2,305,553
Instructional support services	2,181,468	370,209	-	54,590	2,606,267
Administration	3,472,728	9,426	-	5,362	3,487,516
Buildings and grounds	6,140,430	590	-	12,138	6,153,158
Transportation	1,642,493	416,989	-	5,063	2,064,545
Other support services	2,786,337	3,888	-	-	2,790,225
Debt service					
Principal	320,269	-	3,935,000	-	4,255,269
Interest and fees	35,115	-	916,202	-	951,317
Food service	-	-	-	1,302,540	1,302,540
Community Service	-	-	-	2,223,382	2,223,382
Total Support Services	<u>17,908,251</u>	<u>1,774,263</u>	<u>4,851,202</u>	<u>3,606,056</u>	<u>28,139,772</u>
Total Expenditures	<u>43,260,655</u>	<u>7,556,346</u>	<u>4,851,202</u>	<u>3,775,538</u>	<u>59,443,741</u>
Excess (deficiency) of revenues over expenditures	<u>4,453,958</u>	<u>(4,823,835)</u>	<u>(958,110)</u>	<u>(68,739)</u>	<u>(1,396,726)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Long term debt issued	-	-	8,835,000	-	8,835,000
Premium on debt issued	-	-	215,964	-	215,964
Payments to escrow agent	-	-	(7,631,623)	-	(7,631,623)
Proceeds from the sale of capital assets	14,020	-	-	-	14,020
Capital lease issued	371,952	-	-	-	371,952
Transfers in	11,514	4,823,835	-	-	4,835,349
Transfers out	(4,823,835)	-	-	(11,514)	(4,835,349)
Total Other Financing Sources (Uses)	<u>(4,426,349)</u>	<u>4,823,835</u>	<u>1,419,341</u>	<u>(11,514)</u>	<u>1,805,313</u>
Net Change in Fund Balance	27,609	-	461,231	(80,253)	408,587
FUND BALANCES - Beginning of Year	<u>10,761,462</u>	<u>-</u>	<u>1,146,187</u>	<u>874,125</u>	<u>12,781,774</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 10,789,071</u>	<u>\$ -</u>	<u>\$ 1,607,418</u>	<u>\$ 793,872</u>	<u>\$ 13,190,361</u>

## SCHOOL DISTRICT OF MENOMONEE FALLS

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

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Net change in fund balances - total governmental funds	\$ 408,587
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Amounts reported for governmental activities in the statement of activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in the  
statement of net position the cost of these assets is capitalized and they are  
depreciated over their useful lives and reported as depreciation expense  
in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the district-wide financial statements	781,389
Depreciation is reported in the district-wide statements	(1,847,129)

Debt issued provides current financial resources to governmental funds,  
but issuing debt increases long-term liabilities in the statement of net  
position. Repayment of debt principal is an expenditure in the governmental  
funds, but the repayment reduces long-term liabilities in the statement of  
net position.

Debt issued	(8,835,000)
Capital lease issued	(371,952)
Principal repaid on long-term debt and capital lease	11,080,268

Some expenses in the statement of activities do not require the use of  
current financial resources and, therefore, are not reported as expenditures  
in the governmental funds.

Accrued interest on general obligation debt	71,859
Change in pension obligation	(354,874)
Change in other post-employment benefit obligation	1,034,274
Net pension asset	(3,027,588)
Deferred outflows of resources related to pensions	2,765,291

Governmental funds report debt premiums, discounts and issuance costs as other  
financing sources (uses) or expenditures. However, in the statement of net position,  
these are deferred and reported as other assets or deductions from long-term debt.  
These are allocated over the period the debt is outstanding in the statement of  
activities and are reported as interest expense.

Refunding loss	806,623
Debt premium	(215,964)
Amortization of premiums	218,399
Amortization of refunding loss	(206,566)

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 2,307,617</b>
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# SCHOOL DISTRICT OF MENOMONEE FALLS

## STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS As of June 30, 2015

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	Employee Benefit Trust Fund	Agency Funds
	Post-Retirement Health Benefits	
<b>ASSETS</b>		
Cash and investments	\$ 2,958,096	\$ 230,061
Total Assets	<u>\$ 2,958,096</u>	<u>\$ 230,061</u>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 51,270
Due to student groups	-	178,791
Total Liabilities	<u>-</u>	<u>\$ 230,061</u>
<b>NET POSITION</b>		
Held in trust for post-retirement health benefits	<u>\$ 2,958,096</u>	

# SCHOOL DISTRICT OF MENOMONEE FALLS

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND For the Year Ended June 30, 2015

	<u>Employee Benefit Trust Fund</u> <u>Post-Retirement Health Benefits</u>
<b>ADDITIONS</b>	
Employer contributions	\$ 1,205,861
Employee contributions	15,495
Investment income	<u>1,961</u>
Total additions	<u>1,223,317</u>
<b>DEDUCTIONS</b>	
Benefits	<u>1,244,886</u>
Total deductions	<u>1,244,886</u>
<b>Change in Net Position</b>	(21,569)
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>2,979,665</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 2,958,096</u>

# SCHOOL DISTRICT OF MENOMONEE FALLS

## INDEX TO NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2015

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# **SCHOOL DISTRICT OF MENOMONEE FALLS**

## **NOTES TO FINANCIAL STATEMENTS** As of and for the Year Ended June 30, 2015

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### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The accounting policies of the School District of Menomonee Falls, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

#### **A. REPORTING ENTITY**

This report includes all of the funds of the district. The reporting entity for the district consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The district has not identified any organizations that meet this criteria.

#### **B. DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS**

In June 2012, the Governmental Accounting Standards Board (GASB) issued statement No. 68 - *Accounting and Financial Reporting for Pensions - an Amendment of GASB statement No. 27*. In November 2013, the GASB issued statement No. 71 - *Pension Transition for Contributions made subsequent to the Measurement Date, an Amendment of GASB statement No. 68*. These statements established accounting and financial reporting standards related to reporting for pension plans. These standards were effective July 1, 2014.

#### ***District-Wide Financial Statements***

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The district does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

#### ***Fund Financial Statements***

Financial statements of the district are organized into funds, each of which is considered to be a separate accounting entity. 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, net position/fund balance, revenues, and expenditures/expenses.

# SCHOOL DISTRICT OF MENOMONEE FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### ***B. DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

##### ***Fund Financial Statements (cont.)***

Funds are organized as major funds or nonmajor funds within the governmental 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/expenses of that individual governmental fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. In addition, any other governmental fund that the district believes is particularly important to financial statement users may be reported as a major fund.

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.

The district reports the following major governmental funds:

- General Fund - accounts for the district's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Special Education Fund - Special Revenue Fund - used to account for and report grants and local revenues used to provide special education services to district students.
- Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs.

The district reports the following nonmajor governmental funds:

- Special Revenue Funds - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Gift Trust Fund  
Community Service Fund

Food Service Fund  
Package Cooperative Fund

- Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

# SCHOOL DISTRICT OF MENOMONEE FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### ***B. DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

##### ***Fund Financial Statements (cont.)***

In addition, the district reports the following fund types:

Employee Benefit Trust Funds - used to account for and report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.

Post Retirement Health Benefits Fund

Agency Fund - used to account for and report assets held by the district in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Pupil Activity Fund

#### ***C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION***

##### ***District-Wide Financial Statements***

The district-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Unbilled receivables are recorded as revenues when services are provided.

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

##### ***Fund Financial Statements***

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the district considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and revenues.

# SCHOOL DISTRICT OF MENOMONEE FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)***

##### ***Fund Financial Statements (cont.)***

Intergovernmental aids and grants are recognized as revenues in the period the district is entitled the resources and the amounts are available. Amounts owed to the district which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, and interest. Other general revenues such as student fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above. Charges for special education services are not reduced by anticipated state special education aid entitlement.

Fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

##### ***All Financial Statements***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY***

##### ***1. Deposits and Investments***

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

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.

# SCHOOL DISTRICT OF MENOMONEE FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***1. Deposits and Investments (cont.)***

- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The district has adopted an investment policy. That policy follows the state statute for allowable investments and indicates that not only yield, but also the risk of any investment, shall be considered when making investments. The investment policy does not address custodial credit risk, credit risk and interest rate risk.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of district accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

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. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2015, the fair value of the district's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III. A. for further information.

##### ***2. Receivables***

General accounts receivable have been adjusted for all known uncollectable accounts. No allowance is necessary at year end.

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for Districts, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district.

# SCHOOL DISTRICT OF MENOMONEE FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***2. Receivables (cont.)***

The aggregate amount of property taxes to be levied for school purposes is determined according to the 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.

Property tax calendar - 2014 tax roll:

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

Property taxes are recognized in the fiscal year levied. The District considers all taxes as due prior to the end of the fiscal year. Full receipt of the entire levy is assured within 60 days of the District's fiscal year end.

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

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

##### ***3. Inventories and Prepaid Items***

Governmental fund inventories, if material, are recorded at cost based on the FIFO method using the purchases method of accounting.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements.

##### ***4. Restricted Assets***

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties.

# SCHOOL DISTRICT OF MENOMONEE FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***5. Capital Assets***

###### ***District-Wide Statements***

Capital assets, which include property, plant and equipment, are reported in the district-wide financial statements. Capital assets are defined by the district as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital 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. The range of estimated useful lives by type of asset is as follows:

Buildings	20-50 Years
Land improvements	10-20 Years
Furniture and equipment	5-15 Years

###### ***Fund Financial Statements***

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

##### ***6. Deferred Outflows of Resources***

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the district-wide financial statements.

##### ***7. Compensated Absences***

The District's policy allows twelve month employees to earn varying amounts of vacation pay for each year employed up to an average of 20 days per year. The accumulated benefits remain vested only through one fiscal year following the year the benefits were earned and do not get paid out.

# SCHOOL DISTRICT OF MENOMONEE FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

---

### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***7. Compensated Absences (cont.)***

Upon contractual retirement options, the District is liable for health insurance payments at the same rate as during employment for teachers. In addition, the District may be liable for salary, social security, and life insurance payments, as well as other insurance payments, dependent upon terms of employment and separation.

##### ***8. Long-Term Obligations***

All long-term obligations to be repaid from governmental resources are reported as liabilities in the district-wide statements. The long-term obligations consist primarily of notes and bonds payable, capital leases, and OPEB and pension obligations.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures.

For the district-wide statements, bond premiums and discounts are amortized over the life of the issue using the straight-line method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

##### ***9. Deferred Inflows of Resources***

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

# SCHOOL DISTRICT OF MENOMONEE FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

---

### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***10. 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 (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their 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 positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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

###### ***Fund Statements***

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their 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. 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. Fund balance amounts are committed through a formal action (resolution) of the District Board of Education. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the District Board of Education that originally created the commitment.

# SCHOOL DISTRICT OF MENOMONEE FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***10. Equity Classifications (cont.)***

###### ***Fund Statements (cont.)***

- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The district has adopted a financial policy authorizing the Business Manager to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

The district considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the district would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

See Note III. I. for further information.

Fiduciary fund equity is classified as held in trust for specific purposes on the statement of fiduciary net position. Various donor restrictions apply, including authorizing and spending trust income, and the district believes it is in compliance with all significant restrictions.

## SCHOOL DISTRICT OF MENOMONEE FALLS

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

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#### NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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##### **A. EXCESS EXPENDITURES OVER APPROPRIATIONS**

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Special Revenue Fund - Gift Trust Fund	\$ 123,150	\$ 195,218	\$ 72,068
Special Revenue Fund - Community Service Fund	2,000,358	2,223,382	223,024

The district controls expenditures at the function level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the district's year-end budget to actual report.

##### **B. LIMITATIONS ON THE DISTRICT REVENUES**

Wisconsin statutes limit the amount of revenues that School District's may derive from general school aids and property taxes. The annual revenue increase from these sources is limited to an allowable per member increase that is determined by the legislature.

The limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

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

# SCHOOL DISTRICT OF MENOMONEE FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

### NOTE III - DETAILED NOTES ON ALL FUNDS

#### A. DEPOSITS AND INVESTMENTS

The district maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments.

The district's deposits and investments at year-end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 5,933,442	\$ 6,481,609	Custodial Credit Risk
Mutual funds - bonds	952,925	952,925	Credit and Interest Rate Risk, Investment Highly Sensitive to Interest Rate Changes
Mutual funds - stock and other	978,855	980,245	N/A
LGIP	5,580,513	5,580,513	Credit Risk
Petty cash	77	-	N/A
Total Deposits and Investments	<u>\$ 13,445,812</u>	<u>\$ 13,995,292</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 10,257,655		
Per statement of net position - fiduciary funds			
Employee Benefit Trust Fund	2,958,096		
Agency Fund	<u>230,061</u>		
Total Deposits and Investments	<u>\$ 13,445,812</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

# SCHOOL DISTRICT OF MENOMONEE FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### A. DEPOSITS AND INVESTMENTS (cont.)

The district maintains a collateral agreement with Wisconsin Investment Series Cooperative (WISC). At June 30, 2015, WISC had pledged various government securities in the amount of \$6,128,381 to secure the district's deposits.

#### ***Custodial Credit Risk***

##### **Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the district's deposits may not be returned to the district.

The district does not have any deposits exposed to custodial credit risk.

#### ***Credit Risk***

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of June 30, 2015, the district's investments were rated as follows:

<u>Investment Type</u>	<u>Standard &amp; Poors</u>
Mutual funds - bonds	Aa3

The district also held investments in the following external pools which are not rated:

Local Government Investment Pool

#### ***Interest Rate Risk***

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of June 30, 2015, the district's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (In Years)</u>		
		<u>Less than 1 year</u>	<u>1-5 Years</u>	<u>6-15 years</u>
Mutual funds - bonds	<u>\$ 952,925</u>	<u>\$ -</u>	<u>\$ 562,373</u>	<u>\$ 390,552</u>

## SCHOOL DISTRICT OF MENOMONEE FALLS

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

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#### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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##### A. DEPOSITS AND INVESTMENTS (cont.)

###### *Investments Highly Sensitive to Interest Rate Changes*

At June 30, 2015, the District held \$952,925 in bond mutual funds. The market value of this investment at June 30, 2015 was \$952,925.

See Note I.D.1. for further information on deposit and investment policies.

##### B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year.

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>
Deferred amounts - food service	\$ 49,440
Deferred amounts - community service	108,694
Deferred amounts - gift trust	2,000
Deferred amounts - general fund	<u>1,830</u>
Total Unearned Revenue for Governmental Funds	<u><u>\$ 161,964</u></u>

##### C. RESTRICTED ASSETS

Restrict assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

# SCHOOL DISTRICT OF MENOMONEE FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### **D. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 769,837	\$ -	\$ -	\$ 769,837
Construction in progress	-	41,443	-	41,443
Total Capital Assets Not Being Depreciated	<u>769,837</u>	<u>41,443</u>	<u>-</u>	<u>811,280</u>
Capital assets being depreciated				
Buildings	61,301,872	287,809	-	61,589,681
Land improvements	1,847,056	-	-	1,847,056
Furniture and equipment	2,434,594	452,138	-	2,886,732
Total Capital Assets Being Depreciated	<u>65,583,522</u>	<u>739,947</u>	<u>-</u>	<u>66,323,469</u>
Total Capital Assets	<u>66,353,359</u>	<u>781,390</u>	<u>-</u>	<u>67,134,749</u>
Less: Accumulated depreciation for				
Buildings	(29,406,413)	(1,441,000)	-	(30,847,413)
Land improvements	(879,466)	(67,465)	-	(946,931)
Furniture and equipment	(1,358,018)	(338,664)	-	(1,696,682)
Total Accumulated Depreciation	<u>(31,643,897)</u>	<u>(1,847,129)</u>	<u>-</u>	<u>(33,491,026)</u>
Net Capital Assets Being Depreciated	<u>33,939,625</u>	<u>(1,107,182)</u>	<u>-</u>	<u>32,832,443</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 34,709,462</u>	<u>\$ (1,065,739)</u>	<u>\$ -</u>	<u>\$ 33,643,723</u>

Depreciation expense was charged to functions as follows:

Instruction	
Regular instruction	\$ 314,510
Other	16,761
Support Services	
Administration	593,933
Building and grounds	658,509
Other support services	5,661
Food service	<u>257,755</u>
Total Governmental Activities Depreciation Expense	<u>\$ 1,847,129</u>

## SCHOOL DISTRICT OF MENOMONEE FALLS

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

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#### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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##### *E. INTERFUND TRANSFERS*

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Special Education Fund	General Fund	\$ 4,823,835	Finance operating deficit
General Fund	Package Cooperative Fund	11,514	Reallocate excess operating monies
Total - Fund Financial Statements		<u>\$ 4,835,349</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The above transfer to the special education fund uses unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and Wisconsin Department of Public Instruction directives.

For the statement of activities, interfund transfers within the governmental activities are netted and eliminated.

##### *F. TAX AND REVENUE ANTICIPATION NOTES PAYABLE*

The district issues tax and revenue anticipation notes in advance of property tax collections. The fiscal year begins July 1, but tax collections from municipalities are received beginning the following January.

Short-term debt activity for the year ended June 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Tax and revenue anticipation note	<u>\$ -</u>	<u>\$ 4,250,000</u>	<u>\$ 4,250,000</u>	<u>\$ -</u>

The current year tax and revenue anticipation note was paid on February 23, 2015 and had an interest rate of 1.0%. Total short-term interest expended during the year was \$13,931.

# SCHOOL DISTRICT OF MENOMONEE FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### **G. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 26,920,000	\$ 8,835,000	\$ 10,760,000	\$ 24,995,000	\$ 1,880,000
(Discounts)/Premiums	213,937	215,964	218,398	211,503	-
Sub-totals	<u>27,133,937</u>	<u>9,050,964</u>	<u>10,978,398</u>	<u>25,206,503</u>	<u>1,880,000</u>
Other Liabilities					
Capital leases	455,100	371,952	320,268	506,784	291,562
Other postemployment benefits	3,930,007	161,372	1,195,646	2,895,733	-
Net pension obligation	<u>1,414,624</u>	<u>555,314</u>	<u>200,440</u>	<u>1,769,498</u>	<u>-</u>
Total Other Liabilities	<u>5,799,731</u>	<u>1,088,638</u>	<u>1,716,354</u>	<u>5,172,015</u>	<u>291,562</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 32,933,668</u>	<u>\$ 10,139,602</u>	<u>\$ 12,694,752</u>	<u>\$ 30,378,518</u>	<u>\$ 2,171,562</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the district may not exceed 10% of the equalized value of taxable property within the district's jurisdiction. The debt limit as of June 30, 2015, was \$335,219,991. Total general obligation debt outstanding at year end was \$24,995,000.

#### **General Obligation Debt**

All general obligation notes and bonds payable are backed by the full faith and credit of the district. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund.

#### **Governmental Activities**

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance June 30, 2015
GO Refunding Bonds	9/1/2007	4/1/2017	4.65%	\$ 19,450,000	\$ 2,265,000
GO Refunding Bonds	8/13/2009	4/1/2019	4.58%	6,290,000	4,890,000
State Trust Fund Loan	10/21/2010	3/15/2020	4.25%	1,000,000	500,000
GO Refunding Bonds	2/5/2013	4/1/2027	2.00-2.15%	9,970,000	9,435,000
GO Refunding Bonds	7/8/2014	4/1/2023	2.00-2.50%	8,835,000	<u>7,905,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 24,995,000</u>

# SCHOOL DISTRICT OF MENOMONEE FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### **G. LONG-TERM OBLIGATIONS** (cont.)

##### **General Obligation Debt** (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,880,000	\$ 713,198
2017	1,980,000	640,320
2018	2,070,000	553,853
2019	5,405,000	498,593
2020	1,700,000	283,814
2021-2025	8,410,000	892,100
2026-2027	<u>3,550,000</u>	<u>113,050</u>
Totals	<u>\$ 24,995,000</u>	<u>\$ 3,694,928</u>

#### **Capital Leases**

Refer to Note III. H.

#### **Other Debt Information**

Estimated payments of are not included in the debt service requirement schedules. The compensated absences liability, other post employment benefits obligation, and net pension obligation attributable to governmental activities will be liquidated primarily by the general fund.

#### **Advance Refunding**

On July 8, 2014, the district issued \$8,835,000 in general obligation bonds with an average coupon rate of 2.08% to advance refund \$8,225,000 of outstanding bonds with an average coupon rate of 4.84%. The net proceeds along with existing funds of the district were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The cash flow requirements on the refunded debt prior to the advance refunding was \$27,765,829 from 2015 through 2027. The cash flow requirements on the refunding bonds are \$27,417,548 from 2015 through 2027. The advance refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$348,281.

# SCHOOL DISTRICT OF MENOMONEE FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

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### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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#### **G. LONG-TERM OBLIGATIONS (cont.)**

##### ***Prior-Year Defeasance of Debt***

In prior years, the district defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the district's financial statements. At June 30, 2015, \$6,825,000 of bonds outstanding are considered defeased. The bonds are callable April 1, 2017.

#### **H. LEASE DISCLOSURES**

##### ***Lessee - Capital Leases***

In 2012, 2013 and 2014 the district acquired capital assets through a lease/purchase agreement. The gross amount of these assets under capital leases is \$1,095,987, which are included in capital assets in the governmental activities. The future minimum lease obligations and the net present value on these minimum lease payments as of June 30, 2015, are as follows:

<u>Years</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2016	\$ 291,562	\$ 17,651	\$ 309,213
2017	<u>215,222</u>	<u>7,674</u>	<u>222,896</u>
Totals	<u>\$ 506,784</u>	<u>\$ 25,325</u>	<u>\$ 532,109</u>

# SCHOOL DISTRICT OF MENOMONEE FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

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### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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#### *I. NET POSITION/FUND BALANCES*

Net position reported on the district-wide statement of net position at June 30, 2015, includes the following:

#### ***Governmental Activities***

Net Investment in Capital Assets	
Land	\$ 769,837
Construction in progress	41,443
Other capital assets, net of accumulated depreciation	32,832,443
Less: Long-term debt outstanding	(23,797,637)
Plus: Noncapital debt proceeds	<u>4,890,000</u>
Total Net Investment in Capital Assets	<u>14,736,086</u>
Restricted	
Pensions	8,902,194
Debt Service Fund	<u>1,428,231</u>
Total Restricted	<u>10,330,425</u>
Unrestricted	<u>2,027,711</u>
Total Governmental Activities Net Position	<u>\$ 27,094,222</u>

# SCHOOL DISTRICT OF MENOMONEE FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### I. NET POSITION/FUND BALANCES (cont.)

##### **Governmental Funds**

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

	General Fund	Debt Service Fund	Nonmajor Funds	Totals
<b>Nonspendable:</b>				
Prepaid items	\$ 271,223	\$ -	\$ -	\$ 271,223
Inventories	15,822	-	4,864	20,686
<b>Restricted for:</b>				
Debt service	-	1,607,418	-	1,607,418
<b>Committed to:</b>				
Gift trust	-	-	114,346	114,346
Food service	-	-	211,783	211,783
Community service	-	-	339,353	339,353
Capital projects	-	-	123,526	123,526
<b>Assigned to:</b>				
Future pension and OPEB contributions	1,164,259	-	-	1,164,259
Capital improvement projects	1,150,000	-	-	1,150,000
Technology upgrades	1,180,447	-	-	1,180,447
Budget appropriations	980,194	-	-	980,194
Fund balance applied to subsequent year's budget	2,971,296	-	-	2,971,296
<b>Unassigned:</b>	<u>3,055,830</u>	<u>-</u>	<u>-</u>	<u>3,055,830</u>
<b>Total Fund Balances</b>	<u>\$ 10,789,071</u>	<u>\$ 1,607,418</u>	<u>\$ 793,872</u>	<u>\$ 13,190,361</u>

#### J. RESTATEMENT OF NET POSITION

Net Position has been restated as a result of the implementation of GASB statement No. 68 - *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and implementation of GASB statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, which required the District to record the District's proportionate share of the net pension asset (liability) of the Employee's Retirement System and record pension expense as of the Employee's Retirement System actuarial valuation. The details of the restatements are as follows:

Net Position - June 30, 2014	\$ 15,622,114
Add: Net Pension Asset	7,964,716
Add: Deferred outflows related to pensions	1,199,775
Net Position - June 30, 2014 (as restated)	<u>\$ 24,786,605</u>

As a result of the restatement, the change in net position for 2014 increased by \$9,164,491.

# SCHOOL DISTRICT OF MENOMONEE FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

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### NOTE IV - OTHER INFORMATION

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#### **A. EMPLOYEES' RETIREMENT SYSTEM**

##### ***Summary of Significant Accounting Policies***

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

##### ***General Information about the Pension Plan***

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

**Vesting.** For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

**Benefits provided.** Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

## SCHOOL DISTRICT OF MENOMONEE FALLS

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

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#### NOTE IV - OTHER INFORMATION (cont.)

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##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

## SCHOOL DISTRICT OF MENOMONEE FALLS

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

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#### NOTE IV - OTHER INFORMATION (cont.)

---

##### *A. EMPLOYEES' RETIREMENT SYSTEM (cont.)*

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

During the reporting period, the WRS recognized \$1,932,068 in contributions from the district.

Contribution rates as of June 30, 2015 are:

Employee Category	Employee	Employer
General (including teachers)	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

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

At June 30, 2015, the district reported an asset of \$4,937,128 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The district's proportion of the net pension asset was based on the district's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the district's proportion was 0.201%, which was an decrease of 0.0010213% from its proportion measured as of December 31, 2013.

## SCHOOL DISTRICT OF MENOMONEE FALLS

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

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#### NOTE IV - OTHER INFORMATION (cont.)

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##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

For the year ended June 30, 2015, the district recognized pension expense of \$1,155,914.

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

	Deferred Outflow of Resources
Differences between expected and actual experience	\$ 715,730
Changes in assumptions	-
Net differences between projected and actual earnings on pension plan investments	2,390,796
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,849
Employer contributions subsequent to the measurement date	<u>1,157,850</u>
Total	<u>\$ 4,271,225</u>

\$1,157,850 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflow of Resources
2016	\$ 762,438
2017	762,438
2018	762,438
2019	762,438
2020	63,623
Thereafter	-

## SCHOOL DISTRICT OF MENOMONEE FALLS

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

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#### NOTE IV - OTHER INFORMATION (cont.)

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##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

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

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

## SCHOOL DISTRICT OF MENOMONEE FALLS

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

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#### NOTE IV - OTHER INFORMATION (cont.)

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##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

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

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

## SCHOOL DISTRICT OF MENOMONEE FALLS

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

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#### NOTE IV - OTHER INFORMATION (cont.)

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##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
District's proportionate share of the net pension liability (asset)	<u>\$13,928,488</u>	<u>\$(4,937,128)</u>	<u>\$(19,836,428)</u>

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

At June 30, 2015, the district reported a payable to the pension plan of \$755,431, which represents contractually required contributions outstanding as of the end of the year.

##### B. SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLANS

###### Plan Description

The District administers a single-employer defined benefit pension plan ("the plan"). The plan provided retirement, disability and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Benefit provisions are established through collective bargaining agreements. The plan does not issue a publicly available financial report.

###### Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District. The District is required to provide these contributions on a pay-as-you-go basis.

###### Annual Pension Cost and Net Pension Obligation

The district's annual pension cost and net pension obligation for the current year is:

Annual required contribution	\$ 568,171
Interest on net pension obligation	53,776
Adjustment to annual required contribution	<u>(66,633)</u>
Annual pension cost	555,314
Contribution made	<u>(200,440)</u>
Change in net pension obligation	354,874
Net pension obligation - beginning of year	<u>1,414,624</u>
Net pension obligation - end of year	<u>\$ 1,769,498</u>

Due to changes in the benefit plans offered to District employees, the District has two single-employer defined benefit plan. 1) The District provides employees retiring on or after July 1, 2013, a monthly stipend contribution to a 403(b) plan. 2) The District provides employees who retired before July 1, 2013, a annual stipend equivalent to 10% of their last salary. This amount will be paid in equal payments over a period of 2 years. These two plans are combined for reporting purposes but their actuarial study dates are at two different points in time; July 1, 2013 and July 1, 2014.

## SCHOOL DISTRICT OF MENOMONEE FALLS

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

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#### NOTE IV - OTHER INFORMATION (cont.)

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##### ***B. SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLANS (cont.)***

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of the short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized as a level dollar amount of projected payroll.

The district's annual pension cost, the percentage of the annual pension costs contributed to the plan, and the net pension obligation for the year ending June 30, 2015 and the preceding two years were:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2013	\$ 96,982	184 %	\$ 1,006,189
June 30, 2014	561,367	27 %	1,414,624
June 30, 2015	555,314	31 %	1,769,498

##### ***Funded Status and Funding Progress***

The funded status as of July 1, 2013 and July 1, 2014, the most recent actuarial valuation date, was 0 percent funded. The actuarial accrued liability for benefits was \$5,150,400 and the actuarial value of assets was \$0, resulting in an unfunded actuarial liability (UAAL) of \$5,150,400. The covered payroll (annual payroll of active employees covered by the plan) and the ratio of the UAAL to the covered payroll was unknown.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and compensation trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, 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 the plan member) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013 and July 1, 2014 actuarial valuations, the unit credit actuarial cost method was used for both. The actuarial assumptions included a 4% rate of return (net of administrative expenses) and a projected salary increase of 3.0% for both. The actuarial value of the plan assets was not determined because there were no plan assets as of the date of the actuarial valuation. The plan's unfunded actuarial liability is being amortized using the level percentage of payroll amortization method for both plans. The amortization period at June 30, 2015 was 30 years for both plans.

# SCHOOL DISTRICT OF MENOMONEE FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

### NOTE IV - OTHER INFORMATION (cont.)

#### **C. RISK MANAGEMENT**

The district is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

#### **Self Insurance**

On January 1, 2013, the District established a self-funded health and dental benefit plan for its employees. The plan administrator, Humana, is responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The Plan reports on a fiscal year ending June 30, 2015.

Accounting and budgeting requirements for the Plan are established by the Wisconsin Department of Public Instruction. Currently, the Plan is accounted for in the General Fund of the District.

As part of the health care coverage of the Plan, the District purchases stop-loss coverage, which pays claims in excess of \$100,000 per individual and/or 125% of the annual estimated claims as provided by Humana. For the year ended June 30, 2015, the aggregate claim limit was \$6,851,945. The District has no stop-loss coverage for dental care coverage of the Plan.

At June 30, 2015, the District has reported a liability of \$3,407,448, which represents reported and unreported claims which were incurred on or before June 30, 2015, but were not paid by the District as of that date. Changes in the claims liability for the years ended June 30, 2014 and June 30, 2015 are as follows

	Prior Year	Current Year
Unpaid claims - Beginning of Year	\$ 2,268,010	\$ 3,376,996
Current year claims and changes in estimates	3,682,928	5,348,175
Claim payments	(2,573,942)	(5,317,723)
Unpaid Claims - End of Year	\$ 3,376,996	\$ 3,407,448

#### **D. COMMITMENTS AND CONTINGENCIES**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the district-wide statements as expenses when the related liabilities are incurred.

# SCHOOL DISTRICT OF MENOMONEE FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

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### NOTE IV - OTHER INFORMATION (cont.)

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#### ***D. COMMITMENTS AND CONTINGENCIES (cont.)***

From time to time, the district is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the district attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the district's financial position or results of operations.

Funding for the operating budget of the District comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the District. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through the budget processes.

#### ***E. OTHER POSTEMPLOYMENT BENEFITS***

The District administers a single-employer defined benefit healthcare plan. The District's group health insurance plan provides coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. This results in an other postemployment benefit (OPEB) for the retirees, commonly referred to as an implicit rate subsidy.

#### ***Summary of Significant Accounting Policies***

***Basis of Accounting.*** The plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

***Method Used to Value Investments.*** Investments are reported at fair value, which is determined by the mean of the most recent bid and asked provides as obtained from dealers that make markets in such securities. Securities for which market quotations are not readily available are valued at their fair value as determined by the custodian under the direction of the plan board of trustees, with the assistance of a valuation service.

## SCHOOL DISTRICT OF MENOMONEE FALLS

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

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#### NOTE IV - OTHER INFORMATION (cont.)

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##### *E. OTHER POSTEMPLOYMENT BENEFITS (cont.)*

##### *Plan Contribution Information*

Members of the plan consisted of the following at July 1, 2014, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	\$	114
Terminated plan members entitled to but not yet receiving benefits		-
Active plan members		-
Total	\$	<u>114</u>
Number of participating employers		1

Contribution requirements are established through personnel policy guidelines and may be amended by the action of the governing body. The District has \$2,037,854 of invested plan assets accumulated for payment of future benefits. The employer makes all contributions, and for the year ended June 30, 2015 the District contributed \$1,195,646.

The district's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with 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 (or funding excess) 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 contributed to plan, and changes in the district's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$	208,351
Interest on net OPEB obligation		196,500
Adjustment to annual required contribution		<u>(243,479)</u>
Annual OPEB cost		161,372
Contributions made		<u>(1,195,646)</u>
Decrease in net OPEB obligation		(1,034,274)
Net OPEB Obligation - Beginning of Year		<u>3,930,007</u>
Net OPEB Obligation - End of Year	\$	<u>2,895,733</u>

# SCHOOL DISTRICT OF MENOMONEE FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

### NOTE IV - OTHER INFORMATION (cont.)

#### ***E. OTHER POSTEMPLOYMENT BENEFITS (cont.)***

The district's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 1,851,638	74 %	\$ 5,015,355
June 30, 2014	224,822	572 %	3,930,007
June 30, 2015	161,372	741 %	2,895,733

The funded status of the plan as of July 1, 2014, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 5,414,529
Actuarial value of plan assets	<u>2,037,854</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$ 3,376,675</u></u>
Funded ratio (actuarial value of plan assets/AAL)	37.64%
Covered payroll (active plan members)	\$ 25,932,096
UAAL as a percentage of covered payroll	13.02%

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

The accompanying schedules of employer contributions present trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

# SCHOOL DISTRICT OF MENOMONEE FALLS

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2015

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### NOTE IV - OTHER INFORMATION (cont.)

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#### ***E. OTHER POSTEMPLOYMENT BENEFITS (cont.)***

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 benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce 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, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 5% investment rate of return and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 1% after each year. Both rates include a 3% inflation assumption. The actuarial value of Retiree Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at June 30, 2015, was 30 years.

#### ***F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS***

The Governmental Accounting Standards Board (GASB) has approved the following:

- > *Statement No. 72, Fair Value Measurement and Application*
- > *Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement 68, Amendments to Certain Provisions of GASB Statements 67 and 68*
- > *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > *Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > *Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*
- > *Statement No. 77, Tax Abatement Disclosures*

When they become effective, application of these standards may restate portions of these financial statements.

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***REQUIRED SUPPLEMENTARY INFORMATION***

# SCHOOL DISTRICT OF MENOMONEE FALLS

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Property taxes	\$ 34,035,915	\$ 34,035,915	\$ 34,035,915	\$ -
Local	1,049,080	1,049,080	1,255,233	206,153
Interdistrict	2,228,000	2,228,000	2,444,002	216,002
Intermediate	13,862	13,862	10,780	(3,082)
State	9,337,242	9,337,242	9,381,345	44,103
Federal	490,247	490,247	485,900	(4,347)
Other	85,000	85,000	101,438	16,438
Total Revenues	<u>47,239,346</u>	<u>47,239,346</u>	<u>47,714,613</u>	<u>475,267</u>
<b>EXPENDITURES</b>				
Instruction				
Regular	21,275,691	21,275,691	20,766,336	509,355
Special education	508,442	508,442	534,872	(26,430)
Vocational	1,497,002	1,497,002	1,357,850	139,152
Other	2,082,654	2,082,654	2,088,120	(5,466)
Total Instruction	<u>25,363,789</u>	<u>25,363,789</u>	<u>24,747,178</u>	<u>616,611</u>
Support Services				
Pupil services	1,390,653	1,390,653	1,329,411	61,242
Instructional support services	2,211,949	2,211,949	2,181,468	30,481
Administration	3,532,891	3,532,891	3,472,728	60,163
Buildings and grounds	5,922,303	5,922,303	6,140,430	(218,127)
Transportation	1,725,175	1,725,175	1,642,493	82,682
Debt service	379,810	379,810	355,384	24,426
Other support services	2,813,398	2,813,398	2,705,607	107,791
Total Support Services	<u>17,976,179</u>	<u>17,976,179</u>	<u>17,827,521</u>	<u>148,658</u>
Non-Program				
General tuition payments	718,325	718,325	605,226	113,099
Other non-program	124,000	124,000	80,730	43,270
Total Non-Program	<u>842,325</u>	<u>842,325</u>	<u>685,956</u>	<u>156,369</u>
Total Expenditures	<u>44,182,293</u>	<u>44,182,293</u>	<u>43,260,655</u>	<u>921,638</u>
Excess of revenues over expenditures	<u>3,057,053</u>	<u>3,057,053</u>	<u>4,453,958</u>	<u>1,396,905</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from the sale of capital assets	8,500	8,500	14,020	5,520
Capital lease issued	372,000	372,000	371,952	(48)
Transfers in	-	-	11,514	11,514
Transfers out	(4,804,927)	(4,804,927)	(4,823,835)	(18,908)
Total Other Financing Sources (Uses)	<u>(4,424,427)</u>	<u>(4,424,427)</u>	<u>(4,426,349)</u>	<u>(1,922)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (1,367,374)</u>	<u>(1,367,374)</u>	27,609	<u>\$ 1,394,983</u>
<b>FUND BALANCES - Beginning of Year</b>			<u>10,761,462</u>	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 10,789,071</u>	

# SCHOOL DISTRICT OF MENOMONEE FALLS

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Local	\$ -	\$ -	\$ 2,305	\$ 2,305
Interdistrict	75,000	75,000	48,958	(26,042)
Intermediate	-	-	3	3
State	1,753,487	1,753,487	1,717,334	(36,153)
Federal	1,156,804	1,156,804	963,911	(192,893)
Total Revenues	<u>2,985,291</u>	<u>2,985,291</u>	<u>2,732,511</u>	<u>(252,780)</u>
<b>EXPENDITURES</b>				
Instruction				
Special education	<u>5,578,056</u>	<u>5,578,056</u>	<u>5,557,559</u>	<u>20,497</u>
Total Instruction	<u>5,578,056</u>	<u>5,578,056</u>	<u>5,557,559</u>	<u>20,497</u>
Support Services				
Pupil services	1,045,873	1,045,873	973,161	72,712
Instructional support services	405,923	405,923	370,209	35,714
Administration	9,426	9,426	9,426	-
Buildings and grounds	1,000	1,000	590	410
Transportation	462,500	462,500	416,989	45,511
Other support services	<u>12,750</u>	<u>12,750</u>	<u>3,888</u>	<u>8,862</u>
Total Support Services	<u>1,937,472</u>	<u>1,937,472</u>	<u>1,774,263</u>	<u>163,209</u>
Non-Program				
Other non-program	<u>274,700</u>	<u>274,700</u>	<u>224,524</u>	<u>50,176</u>
Total Expenditures	<u>7,790,228</u>	<u>7,790,228</u>	<u>7,556,346</u>	<u>233,882</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,804,937)	(4,804,937)	(4,823,835)	(18,898)
<b>OTHER FINANCING SOURCES</b>				
Transfer in	<u>4,804,937</u>	<u>4,804,937</u>	<u>4,823,835</u>	<u>18,898</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCES - Beginning of Year			<u>-</u>	
FUND BALANCES - END OF YEAR			<u>\$ -</u>	

# SCHOOL DISTRICT OF MENOMONEE FALLS

## SCHEDULE OF FUNDING PROGRESS As of June 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<b>Single Employer Defined Benefit Pension Plan</b>						
7/1/12	-	1,434,582	1,434,582	0%	n/a	n/a
7/1/13	-	4,850,251	4,850,251	0%	n/a	n/a
7/1/14 *	-	5,150,400	5,150,400	0%	n/a	n/a

\* For the 7/1/14 valuation date; this information includes two different actuarial studies. One dated 7/1/13 and one dated 7/1/14.

### **Postemployment Health Care Plan**

7/1/12	2,476,873	18,358,218	15,881,345	13.49%	n/a	n/a
7/1/13	2,037,854	5,414,529	3,376,675	37.64%	n/a	n/a
7/1/14	2,037,854	5,414,529	3,376,675	37.64%	n/a	n/a

## SCHEDULE OF EMPLOYER CONTRIBUTIONS As of June 30, 2015

### **Single Employer Defined Benefit Pension Plan**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
6/30/2013	109,880	162%
6/30/2014	572,931	27%
6/30/2015	568,171	35%

### **Postemployment Health Care Plan**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
6/30/2013	1,905,754	72%
6/30/2014	284,703	480%
6/30/2015	208,351	574%

## SCHOOL DISTRICT OF MENOMONEE FALLS

### SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET - WISCONSIN RETIREMENT SYSTEM (WRS) For the Year Ended June 30, 2015

WRS Fiscal Year End Date	Proportion of the Net Pension Asset	Proportionate Share of the Net Pension Asset	Covered Payroll	Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Covered Payroll
12/31/14	0.20100073%	\$ 4,937,128	\$ 27,545,397	17.92%	102.74%

## SCHOOL DISTRICT OF MENOMONEE FALLS

### SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM (WRS) For the Year Ended June 30, 2015

WRS Fiscal Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/14	\$ 1,932,068	\$ 1,932,068	\$ -	\$ 27,545,397	7.01%

## **SCHOOL DISTRICT OF MENOMONEE FALLS**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2015**

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#### ***BUDGETARY INFORMATION***

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C. A budget has been adopted for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes.

Reported budget amounts are as amended by School Board resolution. Budgets are adopted at the two digit sub-function level in the general fund and at the function level for all other funds. Appropriations lapse at year end unless specifically carried over.

#### ***FUNDING PROGRESS AND EMPLOYER CONTRIBUTION DATA***

The data presented in the Schedule of Funding Progress and Schedule of Employer Contributions was taken from the report issued by the actuary.

#### ***WISCONSIN RETIREMENT SYSTEM (WRS) PENSION***

The amounts presented in relation to the schedule of employer's proportionate share of the net pension asset and the schedule of employer contributions represents the specific data of the District. The information was derived using a combination of the employer's contribution data along with data provided by the Wisconsin Retirement System in relation to the District as a whole.

The District is required to present the last ten fiscal years data; however the standards allow the District to present as many years as are available until ten fiscal years are presented.

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

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

## ***SUPPLEMENTARY INFORMATION***

# SCHOOL DISTRICT OF MENOMONEE FALLS

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of June 30, 2015

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Funds
	Gift Trust	Food Service	Community Service	Package Cooperative		
<b>ASSETS</b>						
Cash and investments	\$ 145,842	\$ 266,318	\$ 232,761	\$ 3,881	\$ 123,526	\$ 772,328
Receivables						
Taxes	-	-	250,000	-	-	250,000
Accounts	9,499	5,044	54,001	-	-	68,544
Inventories	-	4,864	-	-	-	4,864
<b>TOTAL ASSETS</b>	<b>\$ 155,341</b>	<b>\$ 276,226</b>	<b>\$ 536,762</b>	<b>\$ 3,881</b>	<b>\$ 123,526</b>	<b>\$ 1,095,736</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
Liabilities						
Accounts payable	\$ 30,705	\$ 2,550	\$ 19,075	\$ 1,241	\$ -	\$ 53,571
Accrued salaries and wages	-	1,162	44,884	-	-	46,046
Payroll taxes and withholdings	-	6,427	24,609	2,640	-	33,676
Due to other governments	-	-	147	-	-	147
Other current liabilities	8,290	-	-	-	-	8,290
Total Liabilities	38,995	10,139	88,715	3,881	-	141,730
Deferred Inflows of Resources						
Unearned revenues	2,000	49,440	108,694	-	-	160,134
Fund Balances						
Nonspendable	-	4,864	-	-	-	4,864
Committed	114,346	211,783	339,353	-	123,526	789,008
Total Fund Balances	114,346	216,647	339,353	-	123,526	793,872
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 155,341</b>	<b>\$ 276,226</b>	<b>\$ 536,762</b>	<b>\$ 3,881</b>	<b>\$ 123,526</b>	<b>\$ 1,095,736</b>

# SCHOOL DISTRICT OF MENOMONEE FALLS

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

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Funds
	Gift Trust	Food Service	Community Service	Package Cooperative		
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ 750,000	\$ -	\$ -	\$ 750,000
Local	254,997	838,686	1,284,763	-	4	2,378,450
Interdistrict	-	-	-	65,913	-	65,913
State	-	18,442	-	-	-	18,442
Federal	-	493,552	-	-	-	493,552
Other	-	-	442	-	-	442
Total Revenues	<u>254,997</u>	<u>1,350,680</u>	<u>2,035,205</u>	<u>65,913</u>	<u>4</u>	<u>3,706,799</u>
<b>EXPENDITURES</b>						
Instruction						
Regular	68,396	-	-	-	-	68,396
Special education	2,297	-	-	-	-	2,297
Vocational	27,084	-	-	-	-	27,084
Other	71,705	-	-	-	-	71,705
Total Instruction	<u>169,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>169,482</u>
Support Services						
Instructional support services	191	-	-	54,399	-	54,590
Pupil Services	2,981	-	-	-	-	2,981
Administration	5,362	-	-	-	-	5,362
Buildings and grounds	12,138	-	-	-	-	12,138
Transportation	5,063	-	-	-	-	5,063
Food service	-	1,302,540	-	-	-	1,302,540
Community Service	-	-	2,223,382	-	-	2,223,382
Total Support Services	<u>25,735</u>	<u>1,302,540</u>	<u>2,223,382</u>	<u>54,399</u>	<u>-</u>	<u>3,606,056</u>
Total Expenditures	<u>195,217</u>	<u>1,302,540</u>	<u>2,223,382</u>	<u>54,399</u>	<u>-</u>	<u>3,775,538</u>
<b>OTHER FINANCING USES</b>						
Transfer out	-	-	-	(11,514)	-	(11,514)
<b>Net Change in Fund Balance</b>	59,780	48,140	(188,177)	-	4	(80,253)
FUND BALANCES - Beginning of Year	<u>54,566</u>	<u>168,507</u>	<u>527,530</u>	<u>-</u>	<u>123,522</u>	<u>874,125</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 114,346</u>	<u>\$ 216,647</u>	<u>\$ 339,353</u>	<u>\$ -</u>	<u>\$ 123,526</u>	<u>\$ 793,872</u>

## SCHOOL DISTRICT OF MENOMONEE FALLS

### SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES PUPIL ACTIVITY AGENCY FUND For the Year Ended June 30, 2015

	Balance 7/1/2014	Additions	Deductions	Balance 6/30/2015
<b>ASSETS</b>				
Cash and investments	<u>\$ 280,033</u>	<u>\$ 1,719,917</u>	<u>\$ 1,769,889</u>	<u>\$ 230,061</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 115,446	\$ 688,413	\$ 752,589	\$ 51,270
Due to student organizations				
High School	140,247	779,907	761,228	158,926
Middle School	<u>24,340</u>	<u>39,151</u>	<u>43,626</u>	<u>19,865</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 280,033</u>	<u>\$ 1,507,471</u>	<u>\$ 1,557,443</u>	<u>\$ 230,061</u>

***SINGLE AUDIT***

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**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**

**Independent Auditors' Report**

To the Board of Education  
School District of Menomonee Falls  
Menomonee Falls, Wisconsin

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Menomonee Falls ("District") as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the School District of Menomonee Falls' basic financial statements, and have issued our report thereon dated November 13, 2015.

***Internal Control Over Financial Reporting***

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

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

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 *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. 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 questioned costs to be material weaknesses. These material weaknesses are items 2015-001 and 2015-002.

To the Board of Education  
School District of Menomonee Falls

### ***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*.

### ***School District of Menomonee Falls Responses to Findings***

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

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Milwaukee, Wisconsin  
November 13, 2015

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND MAJOR STATE PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Independent Auditors' Report

To the Board of Education  
School District of Menomonee Falls  
Menomonee Falls, Wisconsin

***Report on Compliance for Each Major Federal and Major State Program***

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

To the Board of Education  
School District of Menomonee Falls

### ***Opinion on Each Major Federal and Major State Program***

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

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be recorded in accordance with OMB Circular A-133 or the State Single Audit Guidelines and which is described in the accompanying schedule of findings and questioned costs as item 2015-004. Our opinion on each major federal and major state program is not modified with respect to this matter.

### ***School District of Menomonee Falls Response to Finding***

The District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-003 to be a material weakness.

To the Board of Education  
School District of Menomonee Falls

***School District of Menomonee Falls Response to Finding***

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

***Purpose of this Report***

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

*Baker Tilly Viechow Krause, LLP*

Milwaukee, Wisconsin  
November 13, 2015

**SCHOOL DISTRICT OF MENOMONEE FALLS**

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

Federal Agency/ Pass-Through Agency/ Program Title	Federal Catalog Number	Program or Award Amount	Revenues					Total Revenues	Total Expenditures	
			Accrued Receivable 7/1/2014	Cash Received	Accrued Receivable 6/30/2015					
<b>U.S. DEPARTMENT OF EDUCATION</b>										
Passed Through Wisconsin Department of Public Instruction										
Special Education - Grants to States (IDEA, Part B)	84.027	\$ 955,032	\$ 358,199	\$ 759,838	\$ 304,638	\$ 706,277	\$ 706,277			
Special Education - Preschool Grants	84.173	51,772	29,366	48,402	21,089	40,125	40,125			
Total Special Education Cluster			387,565	808,240	325,727	746,402	746,402			
 Title I-A Grants to Local Educational Agencies	 84.010	 227,558	 239,495	 239,495	 215,411	 215,411	 215,411			
Total Title I-Part A			239,495	239,495	215,411	215,411	215,411			
 Title III-A English Language Acquisition	 84.365	 12,448	 -	 -	 3,150	 3,150	 3,150			
Title II-A Teach/Principal Training	84.367	100,251	4,796	4,796	88,352	88,352	88,352			
 Passed Through Waukesha County Technical College										
Carl D. Perkins Vocational Education and Applied Technology Act										
Waukesha County Career Prep	84.048	808	-	808	-	808	808			
Total U.S. Department of Education			631,856	1,053,339	632,640	1,054,123	1,054,123			
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>										
Passed through Wisconsin Department of Health Services										
Medical Assistance	93.778	395,688	29,319	385,468	39,540	395,689	395,689			
Total U.S. Department of Health and Human Services			29,319	385,468	39,540	395,689	395,689			
<b>U.S. DEPARTMENT OF AGRICULTURE</b>										
Passed Through Wisconsin Department of Public Instruction										
National School Lunch Program	10.555	346,749	15,759	362,508	-	346,749	346,749			
Food Distribution - Commodities	10.550	110,794	-	110,794	-	110,794	110,794			
School Breakfast Program	10.553	36,009	1,841	37,850	-	36,009	36,009			
Total Child Nutrition Cluster			17,600	511,152	-	493,552	493,552			
 <b>TOTAL FEDERAL AWARDS</b>			 <b>\$ 678,775</b>	 <b>\$ 1,949,959</b>	 <b>\$ 672,180</b>	 <b>\$ 1,943,364</b>	 <b>\$ 1,943,364</b>			

# SCHOOL DISTRICT OF MENOMONEE FALLS

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

State Agency/ Program Title	State ID Number	Program or Award Amount	Revenues				Total Revenues	Total Expenditures
			Accrued Receivable 7/1/2014	Cash Received	Accrued Receivable 6/30/2015			
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION								
Handicapped Pupils and School Age Parents:								
Internal District Program	255.101	\$ 1,717,334	\$ -	\$ 1,717,334	\$ -	\$ 1,717,334	\$ 1,717,334	
State School Lunch Aid	255.102	14,986	-	14,986	-	14,986	14,986	
Common School Fund - Library Aid	255.103	156,276	-	156,276	-	156,276	156,276	
Pupil Transportation	255.107	82,975	-	82,975	-	82,975	82,975	
General Equalization	255.201	6,679,411	95,561	6,657,526	117,446	6,679,411	6,679,411	
Career and Technical Education Incentive Grant	255.950	9,000	-	9,000	-	9,000	9,000	
Integration Aid-Nonresident	255.204	1,525,026	-	1,525,026	-	1,525,026	1,525,026	
DPI Financial Literacy School Projects	255.350	9,220	-	9,220	-	9,220	9,220	
School Breakfast Program	255.344	3,456	-	3,456	-	3,456	3,456	
Educator Effective Eval Sys Grants Public	255.940	26,480	-	26,480	-	26,480	26,480	
Per Pupil Aid	255.945	574,050	-	574,050	-	574,050	574,050	
TOTAL STATE AWARDS			\$ 95,561	\$ 10,776,329	\$ 117,446	\$ 10,798,214	\$ 10,798,214	

## **SCHOOL DISTRICT OF MENOMONEE FALLS**

### **NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended June 30, 2015**

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#### **NOTE 1 – BASIS OF PRESENTATION**

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The accompanying schedules of expenditures of federal and state awards (the "schedules") includes the federal and state grant activity of the School District of Menomonee Falls ("District") under programs of the federal and state government for the year ended June 30, 2015. The information in these schedules is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Guidelines*. Because the schedules presents only a selected portion of the operations of the District it is not intended to and does not present the financial position or changes in net position of the District.

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#### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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Expenditures reported on the schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The underlying accounting records for some grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred. The accounting records for other grant programs are maintained on the accrual basis, i.e., when the revenue has been earned and the liability is incurred.

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#### **NOTE 3 – SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM**

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Eligible costs of Special Education under project 011 were \$6,589,872 for the year ended June 30, 2015.

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#### **NOTE 4 – OVERSIGHT AGENCY**

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The District's federal oversight agency for audit is the U.S. Department of Education. The District's state cognizant agency is the Wisconsin Department of Public Instruction.

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#### **NOTE 5 – PRIOR YEAR FINDINGS**

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The findings identified as Federal and State Awards Findings and Questioned Costs No. 2014-001, 2014-002, and 2014-003 in the Report on Federal and State Awards for the year ended June 30, 2014 have not been satisfactorily resolved and are identified as Findings and Questioned Costs No. 2015-001, 2015-002, and 2015-003 in the Report on Federal and State Awards for the year ended June 30, 2015.

# SCHOOL DISTRICT OF MENOMONEE FALLS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2015

### SECTION I – SUMMARY OF AUDITORS' RESULTS

#### FINANCIAL STATEMENTS

Type of auditors' report issued: *unmodified*

Internal control over financial reporting:

- > Material weakness(es) identified?   X   yes        no
- > Significant deficiency(ies) identified?        yes   X   none reported

Noncompliance material to basic financial statements noted?        yes   X   no

#### FEDERAL AND STATE AWARDS

Internal control over major programs:

- > Material weakness(es) identified?   X   yes        no
- > Significant deficiency(ies) identified?        yes   X   none reported

Type of auditors' report issued on compliance for major programs: *unmodified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?   X   yes        no

	<u>Federal Programs</u>	<u>State Programs</u>
Auditee qualified as low-risk auditee?	<u>      </u> yes <u>  X  </u> no	<u>      </u> yes <u>  X  </u> no

	<u>Federal</u>	<u>State</u>
Dollar threshold used to distinguish between type A and type B programs:	<u>\$ 300,000</u>	<u>\$100,000</u>

Identification of major federal programs:

#### CFDA Numbers

10.555/10.553/10.550  
84.027/84.173

#### Name of Federal Program or Cluster

Child Nutrition Cluster  
Special Education Cluster

# SCHOOL DISTRICT OF MENOMONEE FALLS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2015

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### SECTION I – SUMMARY OF AUDITORS' RESULTS (cont.)

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Identification of major state programs:

<u>State I.D. Numbers</u>	<u>Name of State Program</u>
255.101	Handicapped Pupils and School Age Parents
255.201	General Equalization
255.204	Integration Aid - Nonresident
255.945	Per Pupil Aid

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### SECTION II – FINANCIAL STATEMENT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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2015-001      Lack of Segregation of Duties.

*Criteria:* Internal controls should be in place that provides reasonable assurance that individuals have access to only one phase of the accounting process.

*Condition:* There is a lack of segregation of duties related to the payroll function.

*Cause:* The same person performs tasks which under ideal situations, should be segregated from each other.

*Effect:* Because of the lack of segregation of duties, the accounting records may be misstated.

*Recommendation:* The District board and management should rely more heavily on their direct knowledge of the District's operations and day-to-day contact with employees to control and safeguard assets.

*Management's Response:* Although some segregation of duties issues exist due to the limited number of personnel, management believes that certain controls are in place to mitigate these issues, such as the review of bank reconciliations, payroll reports and journal entries by the administrator, other members of management or Board of Education members who possess the skills, knowledge and experience related to these processes to identify and correct errors.

# SCHOOL DISTRICT OF MENOMONEE FALLS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2015

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### SECTION II – FINANCIAL STATEMENT FINDINGS (cont.)

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#### 2015-002 Internal Control Over Financial Reporting

*Criteria:* Statement on Auditing Standards No. 115 requires the communication of significant deficiencies and material weaknesses in the year-end financial reporting process.

*Condition:* The District's personnel do not have the necessary technical expertise in governmental accounting and reporting to process all necessary year-end journal entries and prepare the financial statements and schedules of federal and state awards in accordance with generally accepted accounting principles.

*Effect:* Information provided to management throughout the year may not be presented in accordance with generally accepted accounting principles.

*Recommendation:* Management should determine if the benefits achieved by resolving this internal control deficiency warrants the additional costs that would be required to remedy the current conditions.

*Management's Response:* Although management does not prepare the financial statements or schedule of expenditures of federal and state awards, draft copies of these reports are reviewed and approved prior to their issuance by management. This review includes verifying amounts to the general ledger and other documentation such as grant agreements, debt documents, etc. Management does attend annual training sessions which include content relating to current financial reporting requirements and new accounting standards. Currently, management has not implemented controls to evaluate and determine whether the financial statements or the schedule of expenditures of federal and state awards conform to the requirements of accounting principles generally accepted in the United States of America, OMB Circular A-133 or the State Single Audit Guidelines. As such, management will continue to rely on the auditors to assist in preparing the District's financial statements and schedule of expenditures of federal and state awards.

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### SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS

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2015-003 Programs:	84.027/84.173	Special Education Cluster
	10.553/10.555/10.550	Child Nutrition Cluster
	255.101	Handicapped Pupils and School Age Parents
	255.201	General Equalization
	255.204	Integration Aid - Nonresident
	255.945	Per Pupil Aid

Lack of Segregation of Duties (see finding 2015-001).

## SCHOOL DISTRICT OF MENOMONEE FALLS

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2015

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#### SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (cont.)

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2015-004 255.101 Handicapped Pupils and School Age Parents Transportation Population

*Criteria:* The District was unable to provide a complete population of special education students that received transportation during the 14/15 school year.

*Condition:* The District's records of special education students that required transportation included a student that was not enrolled during the 14/15 school year.

*Effect:* Information provided to Wisconsin Department of Public Instruction for transportation figures could be misstated.

*Recommendation:* Management should implement a process to build a population of students based off of the services provided rather than basing records off of expected students to receive the service.

*Management's Response:* Management concurs with this finding and will take corrective action through a more appropriate and timely process with another vendor who will provide increased service to meet the needs of the district.

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#### SECTION IV – OTHER ISSUES

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Does the auditors' report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern?

\_\_\_\_\_ yes   X   no

Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:

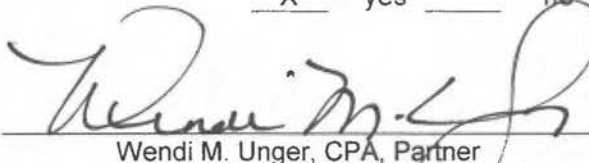
Department of Public Instruction

  X   yes \_\_\_\_\_ no

Was a Management Letter or other document conveying audit comments issued as a result of this audit?

  X   yes \_\_\_\_\_ no

Name and signature of partner

  
Wendi M. Unger, CPA, Partner

Date of report

November 13, 2015