

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

IOLA, WISCONSIN

FINANCIAL STATEMENTS

AND INDEPENDENT AUDITOR'S REPORT

AS OF JUNE 30, 2015

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**TABLE OF CONTENTS**  
**June 30, 2015**

---

	<b>Page Number</b>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-13
Basic Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Balance Sheet - Governmental Funds	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Fiduciary Net Position - Fiduciary Funds	19
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	20
Notes to Financial Statements	21-51
Required Supplementary Information	
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	52
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – Special Education Fund	53
Schedule of Funding Progress	54
Schedule of Employer Contributions	55
Schedule of District's Proportionate Share of the Net Pension Liability (Asset)	56
Schedule of District Contributions	57
Notes to Required Supplementary Information	58-59
Supplementary Information	
Combining Balance Sheet - General Fund	60

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**TABLE OF CONTENTS**  
**June 30, 2015**

---

	<b>Page Number</b>
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund	61
Combining Balance Sheet - Nonmajor Governmental Funds	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	63
Schedule of Changes in Assets and Liabilities - Student Organizations' Funds	64
Schedule of Expenditures of Federal Awards	65
Schedule of Expenditures of State Awards	66
Notes to the Schedule of Expenditures of Federal and State Awards	67
Independent Auditor's Report on Internal Control Over Financial Reporting on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance With Government Auditing Standards	68-69
Independent Auditor's Report on Compliance For Each Major Federal and State Program and On Internal Control Over Compliance Required By OMB Circular A-133 and State Single Audit Guidelines	70-71
Schedule of Findings and Questioned Costs	72-73
Summary Schedule of Prior Audit Findings	74

ACCOUNTING WORKSHOP, SC  
CERTIFIED PUBLIC ACCOUNTANTS  
5001 Heffron Street  
Stevens Point, WI 54481  
Tel (715) 341-2911  
Fax (715) 341-5737

Ann Kropp, CPA, CMA  
Jeffrey Kropp, CPA

Independent Auditor's Report

To the Board of Education  
School District of Iola-Scandinavia  
Iola, 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 Iola-Scandinavia ("District"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

***Opinions***

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedules of expenditures of federal and state awards 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 District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 District's internal control over financial reporting and compliance.

*Accounting Workshop SC*

Accounting Workshop, SC  
November 13, 2015

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2015**

The discussion and analysis of the District financial performance provides an overall review of financial activities for the fiscal year. The analysis focuses on school district financial performance as a whole.

**THE DISTRICT**

The administration of the School District of Iola-Scandinavia is exercised by a School Board (the "Board"). The Board consists of seven members who are elected for staggered three-year terms of office. The Board elects a President, Vice President, Clerk and Treasurer among its members for one-year terms.

Common School Districts hold an annual meeting, which may incorporate a public hearing, prior to adopting the budget for the ensuing year. The Board shall present at the annual meeting a full, itemized written report. The report shall state all receipts and expenditures of the District since the last annual meeting, the current fund equity of the District, the amount of the deficit and the bills payable of the District, the amount necessary to be raised by taxation for the support of the schools of the District for the ensuing year and the amount required to pay the principal and interest of any debt due during the ensuing year. The report shall also include the budget summary. The Board has the power and duty, among other things, to make rules for the organization, gradation, and government of the schools of the District, enter into agreements with other governmental units, tax for operation and maintenance, engage employees, including a District Administrator, and purchase school equipment.

**School Board**

The present members of the District Board and the expiration of their respective terms of office are as follows:

<u>Name</u>	<u>Occupation</u>	<u>Expiration of Term</u>
Gena Gullixon Board Member	Closing Agent	April, 2016
Robert Fredy, Treasurer	Accountant	April, 2017
Kristen Hoyord, President	Registered Nurse	April, 2018
Michael Koles, Vice President	Educator	April, 2016
Bruce Beyersdorf, Board Member	Laborer	April, 2017
Jeffrey Oppor, Clerk	Laborer	April, 2018
Kenneth Wavruk, Board Member	Laborer	April, 2016

**Administration**

The Board is empowered to employ a District Administrator to conduct the affairs and programs of the District. The District Administrator is Dr. David Dyb. In addition, the District employs a Business Manager, the position is held by Sarah Thiel. Other members of the Administration are listed below.

<u>Name</u>	<u>Title</u>
Sara Anderson	Middle/High School Principal
Tess Lecy-Wojcik	Elementary Principal
Gary Trzebiatowski	Transportation Supervisor
James Spencer	Maintenance Director

**District Facilities**

<u>Facility</u>	<u>Constructed</u>	<u>Additions</u>
Iola-Scandinavia Middle/High School	1979	1994, 2001
Iola-Scandinavia Elementary School	1961	1971, 1991, 2000
Iola-Scandinavia Community Fitness and Aquatic Center	2001	

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2015**

---

**Location**

The School District of Iola-Scandinavia is located in central Wisconsin, approximately 20 mile east of the City of Stevens Point, 130 miles north of the City of Madison and 50 miles west of the City of Green Bay. The District is accessible via Interstate 39, U.S. Highway 10 and 45, and State Highways 161 and 49.

The District encompasses an area of 134 square miles, and is comprised of eight municipalities in Waupaca County and two towns in Portage County.

**Education**

The School District of Iola-Scandinavia offers a comprehensive educational program for students in 4 year old kindergarten through the twelfth grades. Through the use of one high school/middle school and one elementary school, students participate in excellent educational programs. The District has a 2001 estimated population of 4,098 and employs 150 people. Enrollment for the 2014-2015 school year is 693 students. For further information, the District's Website is [www.iola.k12.wi.us](http://www.iola.k12.wi.us).

**Post-Secondary Education**

Several post-secondary education facilities are located within a 49 mile radius of the School District. Four-year degree programs are offered at the University of Wisconsin-Stevens Point and University of Wisconsin-Oshkosh. Two-year programs are available at the Fox Valley Technical College campus located in the City of Appleton."

**FINANCIAL HIGHLIGHTS**

- The District's overall financial status, as reflected in total net assets, increased by \$346,276. The assets of the school district exceeded liabilities at the close of the fiscal year by \$11.3M (net position). Of this amount, \$6.4M represents amounts invested in capital assets, net of related debt and \$97,822 is restricted for debt retirement and the food service program. This results in net unrestricted assets of \$4.8M.
- The General Fund (Fund 10) fund balance decreased by \$83,146. The original budget was adopted with a deficit of \$86,000.
- Financial activity resulted in a deficit of \$47,342 in the Food Service Fund (Fund 50) and a surplus of \$425 in the Community Service Fund (Fund 80).
- Capital assets have been reported at \$17.3M less depreciation of \$8M for a net capital asset value of \$9.3M. (See Note 3) The amount listed represents the estimated historical cost of all sites, site improvements, buildings and building improvements, furniture and equipment with a unit value of at least \$300. A physical inventory of the District's assets has been maintained annually. The addition of asset depreciation has been incorporated in the financial report.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2015**

---

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual financial report consists of two parts - management's discussion and analysis and the basic financial statements (district-wide and fund statements) including notes to the financial statements.

The basic financial statements consist of two kinds of statements that present different views of the District's financial activities.

- The Statement of Net Position and Statement of Activities provide information on a district-wide basis. These statements present an aggregate view of the District's finances. District-wide statements contain useful long-term information as well as information for the just-completed fiscal year.
- The Statement of Net Position compares assets to liabilities to give an overall view of the financial health of the District.
- The Statement of Activities defines the entity's expenses by function and illustrates the total that is offset by corresponding revenues - charges for services and/or operating grants and contributions. General Revenues and extraordinary credits are identified. The result is total net expense offset by general and miscellaneous revenue - recognizing the Change in Net Position for the District from the previous year.
- The remaining statements: Balance Sheet - Governmental Funds and Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds focus on individual parts of the district. Fund statements generally report operations in more detail than the district-wide statements and support the Statement of Net Position.
- The Notes to the Financial Statements provide further explanation of some of the information in the statements and provide additional disclosures so statement users have a complete picture of the District's financial activities and position.
- Required Supplementary Information further explains and supports the financial statements by including a comparison of the District's budget data for the year and includes all reports in the financial statements through and including the financial notes.
- Additional Supplemental Information provides information specific to nonmajor governmental funds such as the Food Service Fund and the Community Service Fund.
- The major features of the District's financial statements, including the portion of the activities reported and type of information contained is shown in the following table. (Table #1).

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2015**

***Major Features of the District-wide and Fund Financial Statements***

**Table #1**

	-----Fund Financial Statements-----			
	District Wide Statements	Governmental	Proprietary	Fiduciary
Scope	Entire district (except fiduciary funds).	The activity of the district that is not proprietary or fiduciary, such as instructional, support services, and community services.	Activities the district operates similar to private business. <b><u>The District does not report any program for this designation.</u></b>	Assets held by the district on behalf of someone else. Student organizations that have funds on deposit with the district and the District's Pension Trust Fund are reported here.
Required financial statements	Statement of net position, and Statement of activities.	Balance sheet, and Statement of revenues, expenditures and changes in fund balance.	Statement of net position, and Statement of revenues, expenses and changes in net position, and Statement of cash flows.	Statement of fiduciary net position, and Statement of changes in fiduciary net position.
Basis of accounting and measurement focus	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial resources focus.	Accrual accounting. Economic resources focus.	Accrual accounting. Economic resources focus.
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term.	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All asset and liabilities, both financial and capital; short-term and long-term.	All assets and liabilities, both financial and capital; short-term and long-term. These funds do not currently contain any capital assets, although they can.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability are due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions or deductions during the year, regardless of when cash is received and paid.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2015**

Table #2

<b><u>Condensed Statement of Net Position</u></b>				
	<b>2015</b>	<b>2014</b>	<b>Dollar Change</b>	<b>% Change</b>
<b><u>Assets</u></b>				
Current Assets	\$ 4,692,351	\$ 4,884,704	\$ (192,353)	(3.9)
Capital Assets	9,302,532	9,221,047	81,485	0.9
Other Assets	678,526	1,107,404	(428,878)	(38.7)
<b>Total Assets</b>	<b>\$ 14,673,409</b>	<b>\$ 15,213,155</b>	<b>\$ (539,746)</b>	<b>(3.5)</b>
<b>Deferred Outflows of Resources</b>	<b>\$ 438,216</b>	<b>\$ -</b>	<b>\$ 438,216</b>	<b>100.0</b>
<b><u>Liabilities</u></b>				
Current Liabilities	\$ 1,518,401	\$ 1,407,450	\$ 110,951	7.9
Non-Current Liabilities	2,269,532	2,826,453	(556,921)	(19.7)
<b>Total Liabilities</b>	<b>\$ 3,787,933</b>	<b>\$ 4,233,903</b>	<b>\$ (445,970)</b>	<b>(10.5)</b>
<b>Deferred Inflows of Resources</b>	<b>\$ 664</b>	<b>\$ 2,500</b>	<b>\$ (1,836)</b>	<b>(100.0)</b>
<b><u>Net Position</u></b>				
Net Investment in				
Capital Assets	\$ 6,436,583	\$ 5,819,652	\$ 616,931	10.6
Restricted	97,822	1,589,384	(1,491,562)	(93.8)
Unrestricted	4,788,623	3,567,716	1,220,907	34.2
<b>Total Net Position</b>	<b>\$ 11,323,028</b>	<b>\$ 10,976,752</b>	<b>\$ 346,276</b>	<b>3.2</b>

**Statement of Net Position: (Table #2)**

As of year end, the District reported total assets of \$15.1M and total liabilities of \$3.8M. Net position amount to \$11.3M, \$6.4M of the net asset value is the District's investment in capital assets which includes the estimated historical cost of sites, site improvements, buildings, building improvements, furniture and equipment net of accumulated depreciation.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2015**

**Table #3**

<b><u>Changes in Net Position from Operating Results</u></b> <b><u>For Governmental Activities</u></b>					
<b>Revenues:</b>	<b>Actual</b>		<b>Actual</b>		<b>%</b>
<b>Program</b>	<b>2014-15</b>	<b>%</b>	<b>2013-14</b>	<b>%</b>	<b>Change</b>
Charges for Services	\$ 721,788	7.9	\$ 764,149	7.3	(5.5)
Operating Grants & Cont.	663,789	7.3	784,493	8.6	(15.4)
<b>General</b> Property & Other Taxes	4,121,383	45.1	4,065,683	43.2	1.4
General Fed & State Aid	3,566,739	39.0	3,635,526	39.3	(1.9)
Other	60,216	0.7	51,288	1.6	17.4
<b>Total Revenue</b>	<u>9,133,915</u>	100.0	<u>9,301,139</u>	100.0	(1.8)
<b>Expenses:</b>					
Instruction	4,825,659	54.9	4,915,144	54.5	(1.8)
Pupil & Instr. Ser.	630,812	7.2	646,239	6.2	(2.4)
Administration	782,484	8.9	761,835	9.2	2.7
Building and Grounds	873,568	9.9	1,048,411	11.1	(16.7)
Pupil Transportation	379,383	4.3	291,933	3.9	30.0
Other Support Services	592,807	6.7	589,397	7.6	0.6
Interest and Fees	57,117	0.6	55,901	0.7	2.2
Food Service	358,542	4.1	344,979	3.6	3.9
Community Service	287,267	3.3	289,943	3.2	(0.9)
<b>Total Expense</b>	<u>8,787,639</u>	100.0	<u>8,943,782</u>	100.0	(1.7)
<b>Change in Net Position</b>	<u>\$ 346,276</u>		<u>\$ 357,357</u>		

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2015

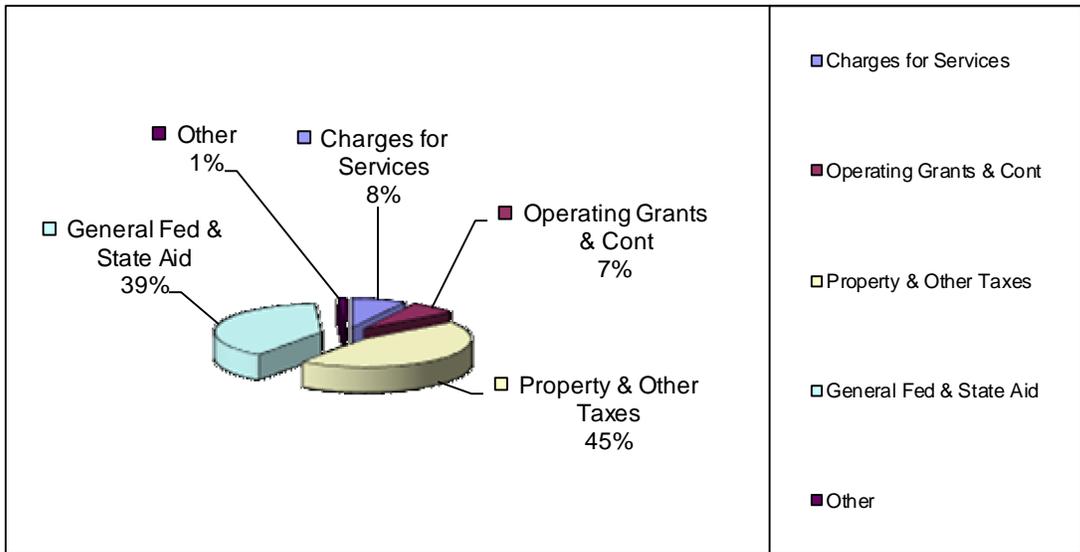
**Revenue** (Table #3)

- For the year, the District received \$9.1M in revenue. 45.1% of this total came from local school property tax and prior year tax backs. 39% of the total came in the form of federal and state aid. The District receives approximately 15.2% of all revenue in the form of specific use, state grants, federal aid and direct fees for services.
- Individuals who directly participated or benefited from a program offering contributed \$721,788 of the cost. Book and activity fees, admissions to athletic events, food service fees, open enrollment tuition and building rental fees are included here.
- In addition, Federal and State government subsidized certain programs with grants and contributions of \$663,789. Special education, transportation and food service aid are included here.

**Chart #1 - Table #3**

This chart illustrates the breakout of revenues by source.

**Revenue by Source - FY 14-15**



SCHOOL DISTRICT OF IOLA-SCANDINAVIA

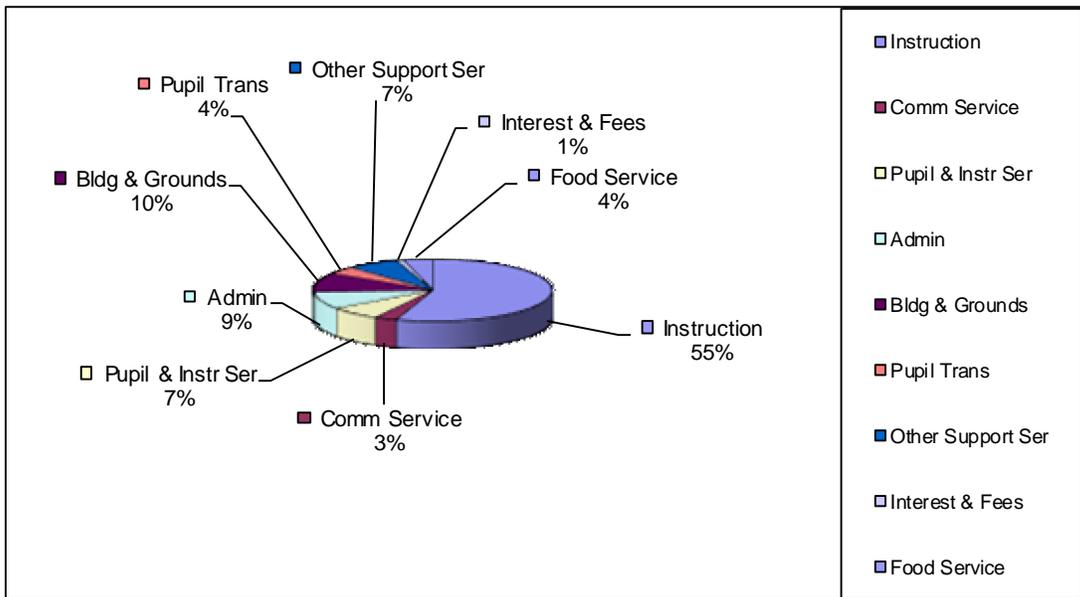
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2015

- For the year, the District's total expenditure amount was \$8.8M. 62.1% was directed to pupil instruction and instructional services. Costs for textbooks, teacher salaries/benefits and instructional supplies are included in this amount. General/Building Administration and Central Services account for 29.8%. These costs included student transportation, individual building budgets, district maintenance and school business insurance. Community service programs expenses were 3.3%. The Food Service Program represents 4.1% and costs for debt service represents approximately 0.6% of total expenditures.

**Chart #2 - Table #3**

**This Chart illustrates the Distribution of costs by Function.**

**Expenses by Function - FY 14-15**



**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2015**

**Table #4**

<b>Net Cost of Governmental Activities</b>				
	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Instruction</b>	\$ 4,825,659	\$ 4,915,144	\$ 4,048,435	\$ 3,981,794
<b>Pupil &amp; Instr. Services</b>	630,812	646,239	582,235	595,585
<b>General &amp; Building Adm. Serv.</b>	1,656,052	1,810,246	1,654,235	1,808,505
<b>Business and Central Services</b>	972,190	881,330	948,024	855,569
<b>Food Service Program</b>	358,542	344,379	18,960	(12,937)
<b>Interest/fees, other</b>	344,384	345,844	150,173	166,624
<b>Total</b>	<b>\$ 8,787,639</b>	<b>\$ 8,943,182</b>	<b>\$ 7,402,062</b>	<b>\$ 7,395,140</b>

\* Total cost of all governmental activities was \$8.8M. (Table #4)

\* The net cost of governmental activities (\$7.4M) was financed by general revenues, which are primarily made up of property taxes (\$4.1M) and general federal and state aid (\$3.6M). Miscellaneous and investment earnings accounted for \$60,216. In addition, District operations were subsidized by \$1,385,577 which was collected through direct fees and contributions/grants.

General Fund Budgetary Comparison: The District adopts an interim budget in June for the subsequent year. Consistent with current state statutes and regulations, an original budget is adopted in October to reflect the actual revenue cap and state aid certification.

Fund 10 original budget was approved with a deficit of \$86,000. The actual results for the year show a deficit of \$83,146.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2015**

---

**Fund Balances:**

- The District shows a total for all fund balances of \$3.8M as of year end. (See Note #8).
- \$2.4M is in the General Fund (Fund 10). The District utilizes this fund balance for funding short term operations. The Fund 10 fund balance is 30% of operating expenditures. A fund balance of this size is a positive sign of financial viability, enhances the District's bond rating and allows the District to respond to non-recurring economic needs.
- \$1.3M in the Special Revenue Trust Fund (Fund 21) is committed for maintenance and operation of the aquatic/fitness center.
- \$39,824 in the Debt Service Fund (Fund 39) is restricted to make future debt payments on long-term debt.
- \$57,998 in the food service fund and \$6,774 in the community service funds are restricted for future expenditures.

**Governmental Activities:**

The condition of the District's financial position can be credited to effective and conservative fiscal management.

- It has been the goal of the Board of Education to implement ongoing smaller capital improvement projects in all the buildings of the District. These funds have been expended from the General Fund and have been accommodated under the revenue cap. A list of capital improvement projects is reviewed by administration and the Board every fiscal period to insure the physical plants in the District are kept in good condition and that costly major repairs may be averted through timely facility maintenance.

**Capital Asset and Debt Administration:**

**Capital Assets**

- In order to comply with GASB Statement #34, the District annually maintains its inventory of all capital assets over \$300 and estimated related depreciation. A comparison between fiscal years with additions and disposals is disclosed, see Note 3.

**Long-Term Debt**

- At year-end, the District had \$2.9M in Long-Term Governmental Obligations. Most of the debt is related to building projects, representing a significant investment in the District's capital infrastructure.

General Obligation Debt of the District is secured by an irrevocable tax levy adopted by the School Board at the time of issuance. Wisconsin state statutes require that the first property tax receipts be segregated for use for annual debt service payments. The District complies with all statutory requirements.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2015**

---

**Decisions and Developments that will Impact the Future of the District**

- The State of Wisconsin has a history of budget deficits. Since the state budget funds a significant portion of the cost of K-12 education, local school districts, including Iola-Scandinavia, are concerned that the future funding level may be negatively impacted.
- Fuel prices have fluctuated dramatically in the United States. If this situation continues, utility and transportation costs of the District may exceed budget amounts.
- The State of Wisconsin has an open enrollment law that allows students to attend the school district of their choice with few restrictions. The State adjusts each district's general state aid payment based on the number of students who transfer. The District has actively encouraged attendance by non-resident students through open enrollment and strives to keep resident students by offering a varied and complete curriculum. This year the number of non-resident open enrollment pupils attending Iola-Scandinavia Schools exceeded the number of resident pupils attending other districts. It is important for the District to maintain a quality instructional program and attractive physical plant to maintain a competitive advantage for open enrollment pupils.
- One of the most important variables in the District's financial future is the cost of health insurance for its employees. The cost of health benefits for all District employees is increasing annually. If rate increases continue, the cost of health benefits will have an impact on the instructional services provided in the District. Based on current trends, officials expect an increase next year. Administration has been implementing various employee cost sharing measures to offset the District's portion of this expense but this issue continues to be a budgetary challenge.
- Beginning in FY10, the District recognizes a liability in the statement of net assets for any post-employment benefits owed to District employees. During FY 2005, the District established a pension benefit trust for funding purposes and engaged an actuary to compute the liability based on the employee census. The District to date has funded \$448,814. Governmental accounting standards require periodic re-valuations of the liability based on a changing employee census. The health insurance benefit was terminated as of July 1, 2012 for any future retirees by the school board and reinstated as a HRA benefit during FY14. District management believes the liability is fully funded. See Note 15 for further information.

**Contacting the District's Financial Management**

This Financial Report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Dr. David Dyb, District Administrator, Iola-Scandinavia Schools, 450 Division Street, Iola, WI 54945, (715) 445-2411.

## **BASIC FINANCIAL STATEMENTS**

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**STATEMENT OF NET POSITON**  
**June 30, 2015**

---

<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and investments	\$ 3,019,047
Taxes receivable	1,255,914
Accounts receivable	3,439
Interest receivable	3,526
Due from other funds	205,104
Due from other governments	134,743
Prepaid expenses	70,578
Total Current Assets	<u>4,692,351</u>
<b>NONCURRENT ASSETS</b>	
Capital assets	17,342,561
Less: accumulated depreciation	<u>8,040,029</u>
Net Capital Assets	<u>9,302,532</u>
Net pension asset	<u>678,526</u>
Total Assets	<u>14,673,409</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows-pension	<u>438,216</u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable and accrued expenses	787,280
Due to other funds	134,704
Current portion of long-term obligations	<u>596,417</u>
Total Current Liabilities	<u>1,518,401</u>
<b>NONCURRENT LIABILITIES</b>	
Noncurrent portion of long-term obligations	<u>2,269,532</u>
Total Liabilities	<u>3,787,933</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Advance income	<u>664</u>
<b>NET POSITION</b>	
Net investment in capital assets	6,436,583
Restricted	97,822
Unrestricted	<u>4,788,623</u>
Total Net Position	<u><u>\$ 11,323,028</u></u>

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

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

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue & Changes In Net Position
		Charges for Services	Operating Grants & Contributions	
<b>Instruction</b>				
Regular	\$ 3,544,327	\$ 323,821	\$ 120,100	\$ (3,100,406)
Vocational	255,500	2,796	-	(252,704)
Special education	600,958	-	312,343	(288,615)
Other	424,874	18,164	-	(406,710)
Total Instruction	<u>4,825,659</u>	<u>344,781</u>	<u>432,443</u>	<u>(4,048,435)</u>
<b>Support Services</b>				
Pupil services	367,464	-	-	(367,464)
Instructional support services	263,348	-	48,577	(214,771)
Administration	782,484	-	-	(782,484)
Buildings and grounds	873,568	1,817	-	(871,751)
Pupil transportation	379,383	-	24,166	(355,217)
Other support services	306,634	-	-	(306,634)
Interest and fees	57,117	-	-	(57,117)
Food service	358,542	180,979	158,603	(18,960)
Community service	287,267	194,211	-	(93,056)
Depreciation-unallocated*	286,173	-	-	(286,173)
Total Support Services	<u>3,961,980</u>	<u>377,007</u>	<u>231,346</u>	<u>(3,353,627)</u>
Total Activities	<u>\$ 8,787,639</u>	<u>\$ 721,788</u>	<u>\$ 663,789</u>	<u>(7,402,062)</u>
<b>General Revenues</b>				
<b>Taxes</b>				
<b>Property taxes:</b>				
General purposes				3,440,626
Debt service				580,000
Community service				52,000
Other				48,757
<b>State and federal aids not restricted to specific functions:</b>				
General				3,566,739
Investment Income				25,372
Miscellaneous				37,344
Interfund transfer out				(2,500)
Total General Revenues				<u>7,748,338</u>
Change in Net Position				346,276
NET POSITION-BEGINNING OF YEAR				<u>10,976,752</u>
NET POSITION-END OF YEAR				<u>\$ 11,323,028</u>

\*This amount excludes the depreciation expense that is included in the direct expenses of the various functions.

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2015**

	General Fund	Special Revenue Trust Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 1,657,449	\$ 1,303,345	\$ 39,461	\$ 18,792	\$ 3,019,047
Taxes receivable	1,255,914	-	-	-	1,255,914
Accounts receivable	3,439	-	-	-	3,439
Interest receivable	-	3,526	-	-	3,526
Due from other funds	98,134	-	363	106,607	205,104
Due from other governments	134,743	-	-	-	134,743
Prepaid expenses	70,578	-	-	-	70,578
<b>TOTAL ASSETS</b>	<b>\$ 3,220,257</b>	<b>\$ 1,306,871</b>	<b>\$ 39,824</b>	<b>\$ 125,399</b>	<b>\$ 4,692,351</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 26,192	\$ -	\$ -	\$ 13,482	\$ 39,674
Accrued salaries and wages	393,253	-	-	9,499	402,752
Payroll taxes and withholdings	321,506	-	-	10,749	332,255
Due to other funds	87,807	20,000	-	26,897	134,704
<b>Total Liabilities</b>	<b>828,758</b>	<b>20,000</b>	<b>-</b>	<b>60,627</b>	<b>909,385</b>
<b>Deferred Inflows of Resources</b>					
Advance revenue	664	-	-	-	664
<b>Fund Balances</b>					
Nonspendable	70,578	-	-	-	70,578
Committed	-	1,286,871	-	-	1,286,871
Restricted	-	-	39,824	57,998	97,822
Assigned	2,320,257	-	-	6,774	2,327,031
<b>Total Fund Balances</b>	<b>2,390,835</b>	<b>1,286,871</b>	<b>39,824</b>	<b>64,772</b>	<b>3,782,302</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,220,257</b>	<b>\$ 1,306,871</b>	<b>\$ 39,824</b>	<b>\$ 125,399</b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 9,302,532

Net pension asset is not available to retire current period expenditures and, therefore, not reported in the fund financial statements. 678,526

Deferred outflows are not financial resources and, therefore, are not reported in the fund financial statements. 438,216

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

General obligation debt	(2,780,000)
Capital leases payable	(85,949)
Accrued interest on long-term debt	(12,599)

**NET POSITION** **\$ 11,323,028**

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS**

**June 30, 2015**

	General Fund	Special Revenue Trust Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Local	\$ 3,480,329	\$ 16,759	\$ 580,169	\$ 428,640	\$ 4,505,897
Interdistrict	372,796	-	-	-	372,796
Intermediate	12,368	-	-	-	12,368
State	3,805,779	-	-	5,378	3,811,157
Federal	242,724	-	-	153,224	395,948
Other	17,956	-	-	50,293	68,249
<b>Total Revenues</b>	<u>7,931,952</u>	<u>16,759</u>	<u>580,169</u>	<u>637,535</u>	<u>9,166,415</u>
<b>EXPENDITURES</b>					
<b>Instruction</b>					
Regular	3,546,147	-	-	-	3,546,147
Special education	599,875	-	-	-	599,875
Vocational	252,205	-	-	-	252,205
Other	455,842	-	-	-	455,842
<b>Total instruction</b>	<u>4,854,069</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,854,069</u>
<b>Support Services</b>					
Pupil services	367,464	-	-	-	367,464
Instructional support services	270,696	-	-	-	270,696
Administration	777,601	-	-	-	777,601
Buildings and grounds	1,012,795	136,046	-	-	1,148,841
Pupil transportation	316,928	-	-	701	317,629
Other support services	401,498	30,000	-	-	431,498
<b>Debt service</b>					
Principal	70,306	-	530,000	5,682	605,988
Interest and fees	5,288	-	51,882	1,017	58,187
Food service	-	-	-	386,924	386,924
<b>Total support services</b>	<u>3,222,576</u>	<u>166,046</u>	<u>581,882</u>	<u>394,324</u>	<u>4,364,828</u>
Community services	-	-	-	296,623	296,623
<b>Total Expenditures</b>	<u>8,076,645</u>	<u>166,046</u>	<u>581,882</u>	<u>690,947</u>	<u>9,515,520</u>
Excess deficiency of revenues over expenditures	(144,693)	(149,287)	(1,713)	(53,412)	(349,105)
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital lease proceeds	64,047	-	-	6,495	70,542
Interfund transfers to other funds	(2,500)	-	-	-	(2,500)
Net Change in Fund Balances	(83,146)	(149,287)	(1,713)	(46,917)	(281,063)
FUND BALANCES-BEGINNING OF YEAR	<u>2,473,981</u>	<u>1,436,158</u>	<u>41,537</u>	<u>111,689</u>	<u>4,063,365</u>
FUND BALANCES-END OF YEAR	<u>\$ 2,390,835</u>	<u>\$ 1,286,871</u>	<u>\$ 39,824</u>	<u>\$ 64,772</u>	<u>\$ 3,782,302</u>

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

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

---

Net Change in Fund Balances - Total Governmental Funds \$ (281,063)

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

Governmental funds report capital outlays as expenditures. However, if the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay reported in governmental fund statements	527,550	
Depreciation expense reported in the statement of activities	(446,065)	
Net book value of assets disposed	-	81,485

Change in net pension asset activity is only reported in the statement of activities 9,338

Debt proceeds provide 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. This is the amount by which repayments exceeded proceeds. 535,446

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 1,070

**CHANGE IN NET POSITION \$ 346,276**

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS**

**June 30, 2015**

---

	Capital Improv Trust	Private Purpose Trust	Employee Benefit Trust	Agency
<b>ASSETS</b>				
Cash and investments	\$ 2,500	\$ 55,216	\$ 514,045	\$ 156,271
Interest receivable	-	293	-	-
Due from other funds	-	-	-	2,500
Total Assets	\$ 2,500	\$ 55,509	\$ 514,045	\$ 158,771
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 192
Due to other funds	-	-	65,231	7,669
Due to student groups	-	-	-	150,910
Total Liabilities	-	-	65,231	\$ 158,771
<b>NET POSITION</b>	<b>\$ 2,500</b>	<b>\$ 55,509</b>	<b>\$ 448,814</b>	

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**For the Year Ended June 30, 2015**

	Long Term Capital Improv Trust	Private Purpose Trust	Employee Benefit Trust
<b>ADDITIONS</b>			
Contributions	\$ -	\$ 10,250	\$ 8,660
Investment earnings	-	418	6,206
Total additions	<u>-</u>	<u>10,668</u>	<u>14,866</u>
<b>DEDUCTIONS</b>			
Benefits	-	10,650	115,875
Excess of revenues over (under) expenditures	-	18	(101,009)
<b>OTHER FINANCING SOURCES</b>			
Transfer from general fund	<u>2,500</u>	<u>-</u>	<u>-</u>
Change in Net Position	2,500	18	(101,009)
NET POSITION-BEGINNING OF YEAR	<u>-</u>	<u>55,491</u>	<u>549,823</u>
NET POSITION-END OF YEAR	<u>\$ 2,500</u>	<u>\$ 55,509</u>	<u>\$ 448,814</u>

See accompanying notes to the financial statements.

5 SCHOOL DISTRICT OF IOLA-SCANDINAVIA

INDEX TO NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

<b>NOTE</b>		<b><u>Page</u></b>
1.	Summary of Significant Accounting Policies	23
	A. Reporting Entity	23
	B. Changes in Accounting Methods and Basis of Financial Statement Presentation	23
	C. Basis of Presentation	24
	D. Basis of Accounting	27
	E. Measurement Focus	28
	F. Inventories	28
	G. Long-Term Obligations	28
	H. Capital Assets	29
	I. Interfund Receivables and Payables	29
	J. Budgets	30
	K. Allowance for Uncollectible Accounts	30
	L. Compensated Absences and Other Employee Benefit Amounts	30
	M. Post Employment Benefits Other Than Pension Benefits	30
	N. Other Assets	31
	O. Claims and Judgments	31
	P. Interfund Transactions	31
	Q. Equity Classifications	31
	R. Use of Estimates	33
2.	Deposits and Investments	33
3.	Capital Assets	36
4.	Long-Term Obligations	38
5.	Lease Disclosures	39
6.	Employees' Retirement System	39
7.	Governmental Activities Net Position	45
8.	Governmental Fund Balances	45
9.	Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Statement of Net Position	46
10.	Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities	46

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**  
**INDEX TO NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

---

<b>NOTE</b>	<b><u>Page</u></b>
11. Excess of Actual Expenditures Over Budget in Individual Funds	47
12. Risk Management	47
13. Commitments and Contingencies	47
14. Limitation of School District Revenues	47
15. Post Employment Benefits	48
16. Due From/Due To Other Funds - Fund Financial Statements	51
17. Subsequent Events	51

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

---

The accounting policies of the School District of Iola-Scandinavia ("the District") conform to generally accepted accounting principles as applicable to governmental units.

**A. REPORTING ENTITY**

The District is organized as a common school district. The District, governed by a seven member elected school board, operates grades 4 year old kindergarten through grade12 and is comprised of all or parts of ten taxing districts. This report includes all of the funds of the District. The reporting entity for the District consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) 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 or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. This report does not contain any component units.

**B. CHANGES IN ACCOUNTING METHODS AND BASIS OF FINANCIAL STATEMENT PRESENTATION**

In June 1999 the Governmental Accounting Standards Board (GASB) issued Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*(GASB 34). Statement No. 34 makes the most significant change in financial reporting in over twenty years. Subsequent to the issuance of GASB 34, GASB issued the following standards to be implemented at the same time GASB 34 is adopted; Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis For State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures and Interpretation No. 6. Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

The District has implemented this standard effective July 1, 2003 and accordingly has also implemented the provisions of GASB 37, GASB 38 and Interpretation No. 6.

Statement No. 34, among many other changes, adds two new "Government-Wide" (District-Wide) financial statements as basic financial statements required for all governmental units. The Statement of Net Position and the Statement of Activities are the two new required statements. Both statements are prepared on the full accrual basis. Previously, in accordance with accounting standards for governmental units, the District used the modified accrual basis of accounting for certain funds. The modified accrual basis of accounting continues to be the appropriate basis of accounting for governmental activity fund financial statements.

In addition, all funds are reported as governmental activities or fiduciary funds. The definitions for these types of activities are discussed in other portions of Note 1.

Finally, all non-fiduciary funds are further classified as major or non-major funds. In reporting financial condition and results of operations for governmental units, the new standard concentrates on major funds versus non-major funds.

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

---

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

---

**C. BASIS OF PRESENTATION**

***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. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. The District does not report any business-type activities.

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 included 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 properly included among program revenues are reported instead as general revenues.

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

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

Internally dedicated resources are reported as general revenues rather than as program revenues.

***Fund Financial Statements***

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

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

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

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

---

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

---

**C. BASIS OF PRESENTATION (continued)**

**GOVERNMENTAL ACTIVITIES**

Governmental funds are identified as either general, special revenue, debt service, capital projects, or permanent funds based upon the following guidelines.

*General Fund*

The General Fund is the general operating fund of the District and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund. The special education fund has been combined with the general fund as the general fund is the primary source of financing for this fund.

*Special Revenue Funds*

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

*Debt Service Funds*

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

*Capital Projects Funds*

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

*Permanent Funds*

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

**FIDUCIARY FUNDS (Not included in district-wide statements)**

*Private-Purpose Trust Funds*

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

*Employee Benefit Trust Fund*

Employee benefit trust fund is used to account for resources and payments of the District's post employment employee benefits held in a legally separate trust.

*Agency Funds*

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

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

---

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

---

**C. BASIS OF PRESENTATION (continued)**

**GOVERNMENTAL ACTIVITIES (continued)**

**Major Funds**

The District reports the following major governmental funds:

- General Fund
- Special Revenue Trust Fund
- Debt Service Fund

**Non-major Funds**

The District reports the following non-major funds:

- Special Revenue Funds –
  - Food Service Fund
  - Community Service Fund

**Fiduciary Funds**

The District reports the following fiduciary funds:

- Private – Purpose Trust Funds –
  - Scholarship Fund
  - Employee Benefits Fund
- Agency Funds –
  - Student Activity Fund

**D. BASIS OF ACCOUNTING**

The district-wide Statement of Net Position and Statement of Activities are presented 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.

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

---

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

---

**D. BASIS OF ACCOUNTING (continued)**

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

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

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

Property tax calendar – 2014 tax roll:

Lien date and levy date	October, 2014
Tax bills mailed	December, 2014
Payment in full, or	January 31, 2015
First installment due	January 31, 2015
Second installment due	July 31, 2015
Personal property taxes in full	January 31, 2015
Tax sale 2014 delinquent real estate taxes	October, 2018

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

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

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

---

**D. BASIS OF ACCOUNTING (continued)**

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

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

In addition to assets, the statement of net position will sometimes report a separate action for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

**E. MEASUREMENT FOCUS**

On the district-wide Statement of Net Position and Statement of Activities governmental activities are presented using the economic resources measurement focus. Under this concept, revenues and expenses are matched using the accrual basis of accounting.

The measurement focus of all governmental funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or a reservation of fund equity. Liabilities for claims, judgments, compensated absences and pension contributions which will not be currently liquidated using expendable available financial resources are included as liabilities in the district-wide financial statements but are excluded from the governmental fund financial statements. The related expenditures are recognized in the governmental fund financial statements when the liabilities are liquidated.

**F. INVENTORIES**

Governmental fund inventories are recorded at cost based on the FIFO (first-in, first-out) method using the consumption method of accounting.

**G. LONG-TERM OBLIGATIONS**

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

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

---

**G. LONG-TERM OBLIGATIONS (continued)**

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

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

**H. CAPITAL ASSETS**

***District-Wide Statements***

In the district-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation.

Prior to July 2003, governmental funds' capital assets were accounted for in the general fixed asset account group and were not recorded directly as a part of any individual fund's financial statements. Upon implementing GASB 34 governmental units are required to account for all fixed assets including infrastructure in the district-wide statements. Infrastructure assets may be accounted for prospectively from the date of implementation.

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

- Site improvements	10-20 years
- Buildings	50 years
- Building improvements	20 years
- Furniture and equipment	5-15 years
- Computer and related technology	5 years

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized.

***Fund Financial Statements***

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

**I. INTERFUND RECEIVABLES AND PAYABLES**

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 Assets.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

---

***J. BUDGETS***

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. The legally adopted budget and budgetary expenditure control is exercised at the function level in the general fund and at the fund level for all other funds. Reported budget amounts are as originally adopted or as amended by Board of Education resolution.

The District follows these procedures in establishing the budgetary data:

- a) Based upon requests from District staff, district administration recommends budget proposals to the Board of Education.
- b) The Board prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- c) Pursuant to a public budget hearing, the Board may make alterations to the proposed budget.
- d) Once the Board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations, unless authorized by a 2/3 vote of the entire board
- e) Appropriations lapse at year-end unless authorized as a carryover by the Board. The portion of fund balance representing carryover appropriations is reported as committed or assigned fund balance.

***K. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS***

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

***L. COMPENSATED ABSENCES AND OTHER EMPLOYEE BENEFIT AMOUNTS***

The District's policy regarding sick leave allows a certified teacher ten (10) days per year accumulating to a total of ninety (90) days. The liability for unused sick leave for certified staff lapses upon retirement or termination.

The District's policy regarding sick leave allows a noncertified employee ten (10) days per year accumulating to a total of sixty-five (65). A sick day is equivalent to the actual hours worked for non-fulltime employees. A noncertified employee with ten years of service with the District, who resigns or retires, is entitled to \$20 per unused sick leave day for those days above forty-five (45) days to a maximum of twenty (20) such excess days.

Vacation days are not carried over from year to year.

Accumulated benefits are recorded as an expenditure in the year used. The estimated liability for employee's rights to receive compensation for possible future absences consists of \$731,889 for personal days and unused sick leave.

***M. POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS***

Teachers who retired prior to July 1, 2012, were at least 55 years of age and had completed 15 years of full time employment with the District are eligible for early retirement. The District will contribute a monthly amount toward the retiree's health/dental insurance starting in September, following the retirement date, through the month in which the retiree reaches age 65 based on two formulas as selected by the retiree. See Note 15.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

---

***M. POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (continued)***

Non-administrative certified professional staff retiring between June 30, 2014 through June 30, 2016, who are at least 55 years of age and have at least 15 years of consecutive service with the district are eligible for an HRA contribution. The amount is determined by multiplying \$200 per year of service up to a maximum of 30 years. The resulting amount is contributed annually for a set number of years based on retirement date.

***N. OTHER ASSETS***

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

***O. CLAIMS AND JUDGMENTS***

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the district-wide financial statements as expense when the related liabilities are incurred. There were no significant claims or judgments at year-end.

***P. INTERFUND TRANSACTIONS***

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

***Q. EQUITY CLASSIFICATIONS***

***District-Wide Statements***

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

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

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

---

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

---

**Q. EQUITY CLASSIFICATIONS (continued)**

***District-Wide Statements (continued)***

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 equity is classified as fund balance.

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified prepaid items as being nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year and the principal balance in the special revenue trust fund as it is required to be maintained intact.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are only available to service debt, a portion of the special revenue trust fund balance is earnings on the principal which is restricted for use by this fund and food service and community service resources are required by board policy and law to be used within those programs.
- **Committed:** This classification includes amounts that can be used only for specified purposes pursuant to constraints imposed by formal action of the School Board. These amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the School Board or through the School Board delegating this responsibility to its representative. This classification includes the fund balance for the General Fund. The District has assigned funds for maintaining an adequate fund balance to minimize borrowing for short-term purposes.
- **Unassigned:** This classification includes any residual fund balance of the General Fund.

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

---

**R. USE OF ESTIMATES**

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 during the reporting period. Actual results could differ from those estimates.

---

**NOTE 2 – DEPOSITS AND INVESTMENTS**

---

Total deposits and investments of the District consist of the following:

Deposits	\$ 2,613,574
Investments	<u>1,133,505</u>
Total Deposits and Investments	<u>\$ 3,747,079</u>
Per statement of net position - deposits and investments	\$ 3,019,047
Per statement of net position - fiduciary funds	<u>728,032</u>
Total	<u>\$ 3,747,079</u>

**Deposits**

At year end, the carrying amount of the District's deposits was \$2,613,574 and the bank balance was \$2,650,987. The difference between the carrying amount and the bank balance represents outstanding checks and deposits in transit.

Of the bank balance, \$1,336,518 was covered by federal depository insurance and collateral and \$1,314,469 was uninsured and uncollateralized.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and \$250,000 for noninterest bearing accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing the amounts covered by insurance above.

Fluctuating cash flows during the year due to tax collections, receipts of state aids and/or proceeds from borrowing may have resulted in temporary balances exceeding insured amounts by substantially higher amounts.

The business manager and school board monthly review bank deposits versus FDIC coverage and annually review depository ratings.

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

---

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

---

***Deposits (continued)***

Custodial credit risk for deposits is the risk that in the event of a bank failure, the deposits may not be returned. The policy requires deposits to be made only in banks with FDIC coverage. The board approves depositories annually and as changes occur based on a recommendation from management.

**INVESTMENTS**

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

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

**INTEREST RATE RISKS**

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

The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 2 – DEPOSITS AND INVESTMENTS (continued)**

***Deposits (continued)***

INTEREST RATE RISKS (continued)

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

	Fair Value	< 1	1-5	6-10	> 10
Local Government Investment Pool	\$ 983,505	\$ 983,505	\$ -	\$ -	\$ -
U.S. Government Securities	150,000	50,000	50,000	-	50,000
Totals	\$ 1,133,505	\$ 1,033,505	\$ 50,000	\$ -	\$ 50,000

CREDIT RISK

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District's investment policy does not further limit its investment choices. At year end, the District's investments consisted of the following:

	Carrying Amount	Rating
WI Local Government Investment Pool	\$ 983,505	Not Rated
U.S. Government Securities	150,000	Not Rated
Totals	\$ 1,133,505	

***Fair (Market) Value of Deposits and Investments***

Deposits and investments are reported at fair value. At year end, the fair value of the District's deposits and investments approximated original cost; therefore no fair value adjustments were necessary.

***Determining Fair Value***

Fair value of the District's deposits and investments are determined as follows:

- 1) Deposits and investments with stated interest rates (savings account and certificates of deposits) are stated at cost, and
- 2) State of Wisconsin Local Government Investment Pool fair value is determined by the Pool's investment board based on published market quotations.
- 3) Government securities fair value is based upon quoted market prices.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 2 – DEPOSITS AND INVESTMENTS (continued)**

***Investment Pool Information***

Participation in the State of Wisconsin Local Government Investment Pool is voluntary. The Pool's regulatory oversight is provided by state statutes and its investment board. The fair value of the District's position in the Pool is the same as the value of the Pool shares. At year end, the Pool's fair value was 100 percent of book value.

***Income Allocation***

Interest income is generally allocated to the fund that owns the certificate of deposit, money market account, savings account, and investment. Interest income from special education, food services and community service funds is reported in the general fund.

**NOTE 3 – CAPITAL ASSETS**

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Sites	\$ 199,081	\$ -	\$ -	\$ 199,081
Capital assets being depreciated				
Site improvements	215,933	56,771	-	272,704
Buildings and improvements	13,624,172	272,540	-	13,896,712
Furniture and equipment	2,839,449	198,239	(63,623)	2,974,065
Total Capital Assets Being Depreciated	<u>16,679,554</u>	<u>527,550</u>	<u>(63,623)</u>	<u>17,143,481</u>
Less: Accumulated depreciation for				
Site improvements	(145,704)	(12,472)	-	(158,176)
Buildings and improvements	(5,410,336)	(273,703)	-	(5,684,039)
Furniture and equipment	(2,101,548)	(159,890)	63,623	(2,197,815)
Total Accumulated Depreciation	<u>(7,657,588)</u>	<u>(446,065)</u>	<u>63,623</u>	<u>(8,040,030)</u>
Net Capital Assets	<u>\$ 9,221,047</u>	<u>\$ 81,485</u>	<u>\$ -</u>	<u>\$ 9,302,532</u>

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE 3 – CAPITAL ASSETS (continued)**

Depreciation expense was charged to functions as follows:

Instruction		
Regular	\$	8,378
Special education		2,190
Vocational		5,025
Other		803
Support services		
Instructional support services		1,304
Administration		9,310
Buildings and grounds		13,867
Pupil transportation		74,427
Other support services		41,013
Food service		1,947
Community services		1,628
Unallocated		<u>286,173</u>
 Total Depreciation Expense		 <u><u>\$ 446,065</u></u>

The fund and function detail of capital asset additions is as follows:

	General Fund	Special Revenue Trust Fund	Special Education Fund	Food & Community Services Funds
Instruction				
Regular	\$ 10,198	\$ -	\$ 1,107	\$ -
Vocational	1,730	-	-	-
Other	31,771	-	-	-
Instructional support services	8,652	-	-	-
Administration	4,427	-	-	-
Buildings and grounds	153,094	136,046	-	-
Pupil transportation	12,673	-	-	-
Other support services	126,539	-	-	30,329
Community services	-	-	-	<u>10,984</u>
 Totals	 <u><u>\$ 349,084</u></u>	 <u><u>\$ 136,046</u></u>	 <u><u>\$ 1,107</u></u>	 <u><u>\$ 41,313</u></u>

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE 4 – LONG-TERM OBLIGATIONS**

Long-term liability activity for the year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds, Notes and Loans Payable					
General obligation debt	\$ 3,310,000	\$ -	\$ 530,000	\$ 2,780,000	\$ 540,000
Capital leases	91,395	70,542	75,988	85,949	56,417
 Total Long-Term Liabilities	 \$ 3,401,395	 \$ 70,542	 \$ 605,988	 \$ 2,865,949	 \$ 596,417

***General Obligation Debt***

All general obligation bonds, notes and loans payable are backed by the full faith and credit of the District. Bonds, notes and loans in the governmental funds will be retired by future property tax levies.

Type	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	End of Year Balance
General Obligation Debt:					
Refunding Bonds	1/5/2012	4/1/2020	.6% - 2.0%	\$ 4,380,000	\$ 2,780,000
 Other Long-Term Liabilities					
Capital leases payable					85,949
 Total Governmental Activities Long-Term Obligations					 \$ 2,865,949

Interest expense of \$57,117 was incurred and \$58,187 was paid for the year. Interest expense was not allocated to any other functions.

Debt service requirements to maturity on general obligation debt are as follows:

Year	Principal	Interest	Total
2016	\$ 540,000	\$ 46,583	\$ 586,583
2017	545,000	39,563	584,563
2018	555,000	31,388	586,388
2019	565,000	21,953	586,953
2020	575,000	11,500	586,500
 Totals	 \$ 2,780,000	 \$ 150,987	 \$ 2,930,987

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

---

**NOTE 4 – LONG-TERM OBLIGATIONS (continued)**

---

Estimated payments of accumulated employee benefits and other commitments are not included in the schedule on the previous page.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the District may not exceed ten percent of the equalized value of taxable property within the District's jurisdiction. The debt limit at year-end was \$40,043,849. Total general obligation debt outstanding at year-end was \$2,780,000.

---

**NOTE 5 - LEASE DISCLOSURES**

---

**LESSEE - CAPITAL LEASES**

The District leases equipment through 2017. The following is a schedule, by year, of the future minimum lease payments:

<u>Year Ending June 30</u>	
2016	\$ 61,416
2017	17,886
2018	13,751
2019	1,146
Total	<u>94,199</u>
Less amount representing interest	<u>(8,250)</u>
Principal portion	<u><u>\$ 85,949</u></u>

The cost of the equipment was \$163,052.

**LESSEE - OPERATING LEASES**

The District has no material operating leases with a remaining non-cancellable term exceeding one year.

**LESSOR - CAPITAL LEASES**

The District has no material outstanding sales-type or direct financing leases.

**LESSOR - OPERATING LEASES**

The District does not receive material lease payments from property rented to others.

---

**NOTE 6 – EMPLOYEES' RETIREMENT SYSTEM**

---

All eligible (District) employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year (440 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours of 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.

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

**NOTE 6 – EMPLOYEES’ RETIREMENT SYSTEM (continued)**

Note: employees hired to work nine or ten months per year, (e.g. teachers contracts), but expected to return year after year are considered to have met the one-year requirement.

Prior to June 29, 2011, covered employees in the General/Teacher/Educational Support Personnel category were required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan. Employers could make these contributions to the plan on behalf of employees. Employers were required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, including Teachers, and Executives and Elected Officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for 2015 are:

	Employee	Employer
General (including Teachers)	6.80%	6.80%
Executives & Elected Officials	7.70%	7.70%
Protective with Social Security	6.80%	9.50%
Protective without Social Security	6.80%	13.10%

The payroll for District employees covered by the WRS for the year ended June 30, 2015 was \$3,824,329; the employer’s total payroll was \$4,316,548. The total required contribution for the year ended June 30, 2015 was \$527,523, which consisted of \$263,761 from the employer and \$263,762 from employees. Total contributions for the years ending June 30, 2014 and 2013 were \$463,321 and \$473,871, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earning is the average of the employee’s three highest years’ earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on after January 1 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 and prior to July 1, 2011 are immediately vested. Participants who initially become WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

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

**Summary of Significant Accounting Policies**

**Pensions.** 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.

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

---

NOTE 6 – EMPLOYEES’ RETIREMENT SYSTEM (continued)

---

**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.

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

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

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

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

The WRS also provides death and disability benefits for employees.

**Post-Retirement Adjustments.** The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) on 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:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
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 IOLA-SCANDINAVIA**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 6 – EMPLOYEES’ RETIREMENT SYSTEM (continued)**

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. 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.

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

At June 30, 2015, the District reported a liability (asset) of (\$678,526) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability (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 liability (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 0.02762419%, which was a decrease of 0.00046469% from its proportion measured as of December 31, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$263,761.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$98,365	\$ -
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	328,575	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,276	-
Employer contributions subsequent to the measurement date	-	-
Total	\$438,216	\$ -

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 6 – EMPLOYEES’ RETIREMENT SYSTEM (continued)**

\$134,011 reported as deferred outflows related to pension resulting from the WRS Employer’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2015	\$ 86,071	\$ -
2016	86,071	-
2017	86,071	-
2018	86,071	-
2019	86,071	-
Thereafter	7,861	-

**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 IOLA-SCANDINAVIA**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 6 – EMPLOYEES’ RETIREMENT SYSTEM (continued)**

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

<u>Asset Class</u>	<u>Long-Term Real Rate of Return</u>	<u>Target Allocation</u>
US Equities	5.3%	21%
International Equities	5.7%	23%
Fixed Income	1.7%	36%
Inflation Sensitive Asset:	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 Liability (Asset) to Changes in the Discount Rate.** The following presents the District’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the District’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate <u>(6.20%)</u>	Current Discount Rate <u>(7.20%)</u>	1% Increase To Discount Rate <u>(8.20%)</u>
District's proportionate share of the net pension liability (asset)	\$1,914,238	(\$678,526)	(\$2,726,185)

**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.

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

---

**NOTE 7 – GOVERNMENTAL ACTIVITIES NET POSITION**

---

Governmental activities net position reported on the Government Wide Statement of Net position at year-end include the following:

**Governmental Activities**

Net investment in capital assets	\$ 9,302,532
Less: related long-term debt outstanding	<u>2,865,949</u>
Total Net Investment in Capital Assets	<u>6,436,583</u>
Restricted	
Debt service	39,824
Food service program	<u>57,998</u>
Total Restricted	<u>97,822</u>
Unrestricted	<u>4,788,623</u>
Total Governmental Activities Net Position	<u>\$ 11,323,028</u>

Beginning net position was increased by \$1,107,404, the balance of the net pension asset as of that date.

---

**NOTE 8 – GOVERNMENTAL FUND BALANCES**

---

Governmental fund balances reported on the fund financial statements at year-end include the following:

Nonspendable	
Major Fund	
General fund-prepaid expenses	<u>\$ 70,578</u>
Committed	
Special Revenue Trust fund	<u>1,286,871</u>
Restricted	
Major Fund	
Debt Service fund	39,824
Nonmajor Fund	
Food Service fund	<u>57,998</u>
Total Restricted Fund Balances	<u>97,822</u>
Assigned	
Major Fund	
General fund-for working capital purposes	2,320,257
Nonmajor Fund	
Community Service fund	<u>6,774</u>
Total Assigned Fund Balances	<u>2,327,031</u>
Total Governmental Fund Balances	<u>\$ 3,782,302</u>

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

---

**NOTE 9 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS**

---

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Capital assets, net of accumulated depreciation	<u>\$ 9,302,532</u>
---	---------------------

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term are reported in the statement of net position.

Bonds, notes and leases payable	\$ 2,865,949
Accrued interest	<u>12,599</u>
Combined Adjustment	<u>\$ 2,878,548</u>

---

**NOTE 10 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE STATEMENT OF ACTIVITIES**

---

Under the modified accrual basis of accounting used in the governmental funds, expenditures are recognized for transactions that are normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment is a combination of the following items:

Accrued interest	
Beginning	\$ 13,669
Ending	<u>(12,599)</u>
Decrease	<u>\$ 1,070</u>

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

---

**NOTE 11 - EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS**

---

The following funds had an excess of actual expenditures over budget for the year:

<u>Fund</u>	<u>Excess Expenditures</u>
General Fund:	
Instruction-other	\$ 7,897
Pupil Services	9,797
Buildings and grounds	88,573
Interfund transfers	36,860
General tuition payments	41,855
Special Education Fund:	
Instructional Support Services	37,416
Pupil transportation	17,397
Other support services	316

---

**NOTE 12 – 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 insurance coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

---

**NOTE 13 – COMMITMENTS AND CONTINGENCIES**

---

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's legal counsel 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.

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

---

**NOTE 14 – LIMITATION OF SCHOOL DISTRICT REVENUES**

---

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

This 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 IOLA-SCANDINAVIA

NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

---

**NOTE 15 - POST-EMPLOYMENT BENEFITS**

---

From an accrual accounting perspective, the cost of post-employment health benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 prospectively during the year ended June 30, 2010, the District recognizes the cost of postemployment benefits in the year when the employee services are received, reports the accumulated liability from prior years, and provide information useful in assessing potential demands on the District's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2010 liability.

In addition to pension benefits described in Note 6, the District provides post-employment benefit options for health care to eligible retirees. The benefits are provided in accordance with District administrative contracts and District policy. The criteria to determine eligibility include: years of service, employee age and category of employment. Eligible retiring employees must be full time, age 55 and have fifteen years of consecutive employment with the District, based on the employee's position. The benefit is 100% paid by the District. If a participant dies while receiving benefits, the remaining benefits are payable to the participant's spouse.

For teachers retiring after June 30, 2006, the monthly benefit payable towards medical and dental insurance coverage was equal to years of service at age 55 times \$150 divided by 12. For teacher retirements prior to June 30, 2006, the monthly benefit payable towards medical and dental insurance coverage was equal to years of service at age 57 times \$250 divided by 12, plus \$10,000. The benefit is payable until the participant qualifies for Medicare benefits. This benefit was terminated as of July 1, 2012.

Non-administrative certified professional staff retiring between June 30, 2014 through June 30, 2016, who are at least 55 years of age and have at least 15 years of consecutive service with the District are eligible for an HRA contribution. The amount is determined by multiplying \$200 per year of service up to a maximum of 30 years. The resulting amount is contributed annually for a set number of years based on retirement date.

Actuarial valuations for an ongoing Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates are made about the future. Although the valuation results are based on values the District's actuarial consultant believes are reasonable assumptions, the valuation result is only an estimate of what future costs may actually be and reflect a long-term perspective. Deviations in any of several factors, such as future interest rate discounts, medical cost inflation, medicare coverage risk, and changes in marital status, could result in actual costs being greater or less than estimated.

Projection of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the 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 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.

The actuarial method and assumptions used in the August 2014, valuation were as follows:

**Funding Policy:** The plan will be funded by making contributions into an irrevocable employee benefit trust in an amount at least equal to the Annual Required Contribution (ARC).

**Accounting Policies:** The Unfunded Actuarial Accrued Liability is amortized over a period of 6 years using the level dollar method.

The attribution period is the period of an employee's service to which the expected post-retirement benefit obligation for that employee is assigned. The beginning of the attribution period is date of hire; the end of the attribution period is the date at which the employee reaches full eligibility for benefits.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE 15 - POST-EMPLOYMENT BENEFITS (continued)**

**Actuarial Cost Method:** Alternative Measurement Method-Unit Credit.

**Measurement Date:** July 1, 2013

**Economic Assumptions**

**Investment Return (Discount Rate):** 5.5% per annum.

**Expenses:** None (Investment Return assumption is net of expenses)

**Healthcare Cost Trend Rate:**

<u>Year</u>	<u>Annual Increase</u>
1	10%
2	9%
3	8%
4	7%
5	6%
After yr. 5	5%

**Salary Increases:**

-3% per annum

**Annual Per-capita Claims Costs:** Health care cost trend rates based on premium rate history of District's medical plan and projection of future rates based on the data as of July 1, 2013.

		<u>Age 45</u>	<u>Age 50</u>	<u>Age 55</u>	<u>Age 60</u>	<u>Age 65</u>
Mortality Rates:	Male	.0717%	.0966%	.2228%	.3147%	.4814%
	Female	.0519%	.0765%	.1345%	.1935%	.2974%

**Retirement Rates:** select and ultimate rates used by WRS based on WRS experience to value pensions for public school employees.

**Withdrawal Rates:** normal retirement rates were used for retirees having 30 or more years of service otherwise, early retirement rates were used. Selected rates follow:

	Male	Female
0 to 1 years of service	11.4%	10.5%
1 to 2 years of service	7.3	7.1
2 to 3 years of service	5.2	5.5
3 to 4 years of service	3.9	4.6
4 to 5 years of service	3.0	4.0
5 to 6 years of service	2.8	3.5
6 to 7 years of service	2.5	3.0
7 to 8 years of service	2.0	2.5

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE 15 - POST EMPLOYMENT BENEFITS (continued)**

		Age 35	Age 40	Age 45	Age 50	Age 55
Disability Rates:	Male	0.01%	0.02%	.04%	0.11%	0.21%
	Female	0.01%	0.02%	.06%	0.12%	0.17%

The number of plan participants as of the measurement date was 61. The actuarial accrued liability was \$505,401, and the annual required contribution was (\$31,685). The assets available are \$448,814, the balance in the District's Employee Benefit Trust Fund.

**Annual OPEB Cost and Net OPEB Obligation**

The District's annual OPEB Cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year, are as follows:

Normal cost	\$	-
30 year amortization of unfunded accrued liability		-
Annual required contribution		-
Contributions made		-
Adjustment		-
Change in OPEB liability		-
Net OPEB liability - beginning of year		-
Net OPEB liability - end of year	\$	-

**Trend Information**

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Year Ended	OPEB Cost	Contribution (ARC)	OPEB Cost Contributed	% of ARC Contributed	OPEB Obligation
6/30/2015	\$ -	\$ -	\$ -	0.0%	\$ -
6/30/2014	-	-	-	0.0%	-
6/30/2013	-	-	-	0.0%	-

**Funded Status and Funding Progress**

The funded status and progress of the plan as of the most recent actuarial valuation date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll ([b-a]/c)
7/1/2013	\$ 679,848	\$ 505,401	\$ (174,447)	134.5%	\$ -	0.0%
7/1/2011	999,659	3,157,346	2,157,687	31.7%	-	0.0%

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

---

**NOTE 16 - DUE FROM/DUE TO OTHER FUNDS - FUND FINANCIAL STATEMENTS**

---

Individual fund interfund receivable and payable balances at year end are as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 93,062	\$ 87,807
Special Revenue Trust Fund	-	20,000
Special Education Fund	5,072	-
Debt Service Fund	363	-
Food Service Fund	86,607	-
Pupil Activity Fund	2,500	7,669
Community Service Fund	20,000	26,897
Employee Benefit Trust Fund	-	65,231
Totals	<u>\$ 207,604</u>	<u>\$ 207,604</u>

---

**NOTE 17 - SUBSEQUENT EVENTS**

---

Management has evaluated subsequent events through November 13, 2015, the date the financial statements were available to be issued.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**AS OF JUNE 30, 2015**

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Local	\$ 3,480,826	\$ 3,480,826	\$ 3,480,329	\$ (497)
Interdistrict	331,500	331,500	315,605	(15,895)
Intermediate	-	-	4,950	4,950
State	3,661,750	3,661,750	3,681,092	19,342
Federal	164,862	164,862	122,298	(42,564)
Other	2,500	2,500	15,335	12,835
Total Revenues	<u>7,641,438</u>	<u>7,641,438</u>	<u>7,619,609</u>	<u>(21,829)</u>
<b>EXPENDITURES</b>				
Instruction				
Regular	3,300,703	3,300,703	3,261,292	39,411
Vocational	257,950	257,950	252,205	5,745
Other	447,945	447,945	455,842	(7,897)
Total instruction	<u>4,006,598</u>	<u>4,006,598</u>	<u>3,969,339</u>	<u>37,259</u>
Support Services				
Pupil services	277,275	277,275	287,072	(9,797)
Instructional support services	211,596	211,596	205,819	5,777
Administration	830,497	830,497	777,601	52,896
Buildings and grounds	924,222	924,222	1,012,795	(88,573)
Pupil transportation	289,721	289,721	279,006	10,715
Other support services	428,100	428,100	397,282	30,818
Debt service				
Interest and fees	75,850	75,850	75,594	256
Total support services	<u>3,037,261</u>	<u>3,037,261</u>	<u>3,035,169</u>	<u>2,092</u>
Non-program				
General tuition payments	243,000	243,000	284,855	(41,855)
Total non-program	<u>243,000</u>	<u>243,000</u>	<u>284,855</u>	<u>(41,855)</u>
Total Expenditures	<u>7,286,859</u>	<u>7,286,859</u>	<u>7,289,363</u>	<u>(2,504)</u>
Excess of revenues over expenditures	354,579	354,579	330,246	(24,333)
<b>OTHER FINANCING USES</b>				
Capital lease proceeds	-	-	64,047	64,047
Transfer to other funds	(440,579)	(440,579)	(477,439)	(36,860)
Net Change in Fund Balance	(86,000)	(86,000)	(83,146)	2,854
FUND BALANCES-BEGINNING OF YEAR	<u>2,473,981</u>	<u>2,473,981</u>	<u>2,473,981</u>	<u>-</u>
FUND BALANCES-END OF YEAR	<u>\$ 2,387,981</u>	<u>\$ 2,387,981</u>	<u>\$ 2,390,835</u>	<u>\$ 2,854</u>

See notes to the required supplementary information.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
SPECIAL EDUCATION FUND  
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Interdistrict	\$ 45,000	\$ 45,000	\$ 57,191	\$ 12,191
Intermediate	7,000	7,000	7,418	418
State	120,000	120,000	124,687	4,687
Federal	201,000	201,000	120,426	(80,574)
Other	-	-	2,621	2,621
Total Revenues	<u>373,000</u>	<u>373,000</u>	<u>312,343</u>	<u>(60,657)</u>
<b>EXPENDITURES</b>				
Instruction				
Special education	665,393	665,393	599,875	65,518
Total instruction	<u>665,393</u>	<u>665,393</u>	<u>599,875</u>	<u>65,518</u>
Support Services				
Pupil services	96,300	96,300	80,392	15,908
Instructional support services	27,461	27,461	64,877	(37,416)
Pupil transportation	20,525	20,525	37,922	(17,397)
Other support services	3,900	3,900	4,216	(316)
Total support services	<u>148,186</u>	<u>148,186</u>	<u>187,407</u>	<u>(39,221)</u>
Non-program				
Other non-program	-	-	-	-
Total Expenditures	<u>813,579</u>	<u>813,579</u>	<u>787,282</u>	<u>26,297</u>
Excess (deficiency) of revenues over expenditures	(440,579)	(440,579)	(474,939)	(34,360)
<b>OTHER FINANCING SOURCES</b>				
Transfer from general fund	440,579	440,579	474,939	34,360
Transfer to general fund	-	-	-	-
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES-BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES-END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to the required supplementary information.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**SCHEDULE OF FUNDING PROGRESS  
OTHER POST-EMPLOYMENT BENEFIT PLAN  
For the Year Ended June 30, 2015**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll ([b-a]/c)
7/1/2013	\$ 679,848	\$ 505,401	\$ (174,447)	134.5%	\$ -	0.0%
7/1/2011	999,659	3,157,346	2,157,687	31.7%	-	0.0%

See notes to the required supplementary information.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**OTHER POST-EMPLOYMENT BENEFIT PLAN**  
**For the Year Ended June 30, 2015**

---

<u>Year Ended June 30</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2015	\$ -	\$ -	N/A
2014	-	-	N/A
2013	-	-	N/A

See notes to the required supplementary information.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**  
**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY (ASSET)**  
**For the Year Ended June 30, 2015**

---

WISCONSIN RETIREMENT SYSTEM  
LAST 10 FISCAL YEARS \*

	<u>2015</u>
District's proportion of the net pension liability (asset)	0.02762419%
District's proportionate share of the net pension liability (asset)	(\$678,526)
District's covered-employee payroll	\$3,788,507
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%

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

Only calendar year 2014 was available. The District will continue to present information for years available until a full ten-year trend is compiled.

See notes to the required supplementary information.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**SCHEDULE OF DISTRICT CONTRIBUTIONS  
For the Year Ended June 30, 2015**

---

WISCONSIN RETIREMENT SYSTEM  
LAST 10 FISCAL YEARS \*

Contractually required contributions	\$265,435
Contributions in relation to the contractually required contributions	\$265,435
Contribution deficiency (excess)	-
District's covered-employee payroll	\$3,788,507
Contributions as a percentage of covered-employee payroll	7%

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

Only calendar year 2014 was available. The District will continue to present information for years available until a full ten-year trend is compiled.

See notes to the required supplementary information.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

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

---

**NOTE A – GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 45**

---

The District implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension" for the fiscal year ended June 30, 2010. Information for prior years is not available.

---

**NOTE B – SCHEDULE OF FUNDING PROGRESS**

---

The July 1, 2011 actuary study differs from the July 1, 2013 due to a change in benefits. The benefit was terminated for retirements occurring after June 30, 2016.

---

**NOTE C – BUDGETS AND BUDGETARY ACCOUNTING**

---

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes using the budgetary accounting procedures prescribed by the Wisconsin Department of Public Instruction (DPI). The DPI requires the District to separate special education revenues and expenditures from other general fund amounts. Budgetary expenditure control is exercised at the fund or function level depending upon the fund. Reported budget amounts are as originally adopted or as amended by Board of Education resolution.

The District follows the budget procedures at note 1J.

---

**NOTE D – BUDGETARY INFORMATION**

---

The District adopts a separate budget for the special education special revenue fund. A reconciliation of the Revenues, Expenditures, and Other Financing Sources (Uses) per the budget to actual individual fund statements to the combined general fund/special education fund statement follows:

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

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

---

**NOTE D – BUDGETARY INFORMATION (continued)**

---

	<u>General Fund</u>	<u>Special Education Fund</u>
<b>Revenues</b>		
Actual amounts (budgetary statements)	\$ 7,619,609	\$ 312,343
Reclassification of special education	312,343	(312,343)
Total Revenues	<u>7,931,952</u>	<u>-</u>
<b>Expenditures</b>		
Actual amounts (budgetary statements)	7,289,363	787,282
Reclassification of special education	787,282	(787,282)
Total Expenditures	<u>8,076,645</u>	<u>-</u>
<b>Excess of Revenues Over (Under) Expenditures</b>		
Actual amounts (budgetary statements)	330,246	(474,939)
Reclassification of special education	(474,939)	474,939
Excess of Revenues Over (Under) Expenditures	<u>(144,693)</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>		
Actual amounts (budgetary statements)	(413,392)	474,939
Reclassification of special education	474,939	(474,939)
Total Other Financing Sources (Uses)	<u>61,547</u>	<u>-</u>
<b>Net Change in Fund Balance</b>		
Actual amounts (combined statement)	(83,146)	-
<b>Fund Balance - beginning</b>		
Actual amounts (combined statement)	<u>2,473,981</u>	<u>-</u>
<b>Fund Balance - ending</b>		
Actual amounts (combined statement)	<u>\$ 2,390,835</u>	<u>\$ -</u>

---

**NOTE E – WISCONSIN RETIREMENT SYSTEM**

---

**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.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**SUPPLEMENTARY INFORMATION**

**June 30, 2015**

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**COMBINING BALANCE SHEET  
GENERAL FUND  
June 30, 2015**

	General Fund	Special Education Fund	Total General Fund
<b>ASSETS</b>			
Cash and investments	\$ 1,612,524	\$ 44,925	\$ 1,657,449
Taxes receivable	1,255,914	-	1,255,914
Accounts receivable	3,439	-	3,439
Due from other funds	93,062	5,072	98,134
Due from other governments	86,339	48,404	134,743
Prepaid expenses	70,578	-	70,578
<b>TOTAL ASSETS</b>	<b><u>\$ 3,121,856</u></b>	<b><u>\$ 98,401</u></b>	<b><u>\$ 3,220,257</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 25,095	\$ 1,097	\$ 26,192
Accrued payroll, payroll taxes, withholdings	617,455	97,304	714,759
Due other funds	87,807	-	87,807
Deferred revenue	664	-	664
<b>Total Liabilities</b>	<b><u>731,021</u></b>	<b><u>98,401</u></b>	<b><u>829,422</u></b>
<b>Fund Balances</b>			
Nonspendable	70,578	-	70,578
Assigned	2,320,257	-	2,320,257
<b>Total Fund Balances</b>	<b><u>2,390,835</u></b>	<b><u>-</u></b>	<b><u>2,390,835</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 3,121,856</u></b>	<b><u>\$ 98,401</u></b>	<b><u>\$ 3,220,257</u></b>

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-  
GENERAL FUND**

**For the Year Ended June 30, 2015**

	General Fund	Special Education Fund	Total General Fund
<b>REVENUES</b>			
Local sources	\$ 3,480,329	\$ -	\$ 3,480,329
Interdistrict sources	315,605	57,191	372,796
Intermediate sources	4,950	7,418	12,368
State sources	3,681,092	124,687	3,805,779
Federal sources	122,298	120,426	242,724
Other sources	15,335	2,621	17,956
Total Revenues	<u>7,619,609</u>	<u>312,343</u>	<u>7,931,952</u>
<b>EXPENDITURES</b>			
Instruction			
Regular	3,546,147	-	3,546,147
Special education	-	599,875	599,875
Vocational	252,205	-	252,205
Other instruction	455,842	-	455,842
Total instruction	<u>4,254,194</u>	<u>599,875</u>	<u>4,854,069</u>
Support Services			
Pupil services	287,072	80,392	367,464
Instruction support services	205,819	64,877	270,696
Administration	777,601	-	777,601
Buildings and grounds	1,012,795	-	1,012,795
Pupil transportation	279,006	37,922	316,928
Other support services	397,282	4,216	401,498
Debt service			
Interest and fees	75,594	-	75,594
Total support services	<u>3,035,169</u>	<u>187,407</u>	<u>3,222,576</u>
Total Expenditures	<u>7,289,363</u>	<u>787,282</u>	<u>8,076,645</u>
Excess (deficiency) of revenues over expenditures	330,246	(474,939)	(144,693)
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital lease proceeds	64,047	-	64,047
Operating transfers in	-	474,939	474,939
Operating transfers out	(477,439)	-	(477,439)
NET CHANGE IN FUND BALANCE	(83,146)	-	(83,146)
FUND BALANCES-BEGINNING OF YEAR	<u>2,473,981</u>	<u>-</u>	<u>2,473,981</u>
FUND BALANCES-END OF YEAR	<u>\$ 2,390,835</u>	<u>\$ -</u>	<u>\$ 2,390,835</u>

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2014**

	Food Service	Community Service	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ -	\$ 18,792	\$ 18,792
Due from other funds	86,607	20,000	106,607
<b>TOTAL ASSETS</b>	<b>\$ 86,607</b>	<b>\$ 38,792</b>	<b>\$ 125,399</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 10,772	\$ 2,710	\$ 13,482
Accrued wages and payroll taxes	17,837	2,411	20,248
Due to other funds	-	26,897	26,897
Total Liabilities	28,609	32,018	60,627
Fund Balances			
Restricted	57,998	6,774	64,772
Total Fund Balances	57,998	6,774	64,772
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 86,607</b>	<b>\$ 38,792</b>	<b>\$ 125,399</b>

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

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

	Food Service	Community Service	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Local	\$ 180,980	\$ 247,660	\$ 428,640
State	5,378	-	5,378
Federal	153,224	-	153,224
Other	-	50,293	50,293
Total Revenues	<u>339,582</u>	<u>297,953</u>	<u>637,535</u>
<b>EXPENDITURES</b>			
Support Services			
Pupil transportation	-	701	701
Food service	386,924	-	386,924
Debt service	-	6,699	6,699
Total support services	<u>386,924</u>	<u>7,400</u>	<u>394,324</u>
Community services	-	296,623	296,623
Total Expenditures	<u>386,924</u>	<u>304,023</u>	<u>690,947</u>
Excess (deficiency) of revenues over expenditures	(47,342)	(6,070)	(53,412)
<b>OTHER FINANCING SOURCES</b>			
Capital lease proceeds	-	6,495	6,495
Net Change in Fund Balance	(47,342)	425	(46,917)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	<u>105,340</u>	<u>6,349</u>	<u>111,689</u>
FUND BALANCES-END OF YEAR	<u>\$ 57,998</u>	<u>\$ 6,774</u>	<u>\$ 64,772</u>

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES -**  
**STUDENT ORGANIZATIONS' FUNDS**  
**For the Year Ended June 30, 2015**

	<u>Beginning Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance</u>
<b>ASSETS</b>				
Cash and investments	\$ 169,689	\$ 353,922	\$ 364,840	\$ 158,771
Due from other funds	-	2,500	-	2,500
	<u>169,689</u>	<u>356,422</u>	<u>364,840</u>	<u>161,271</u>
Total Assets	<u>\$ 169,689</u>	<u>\$ 356,422</u>	<u>\$ 364,840</u>	<u>\$ 161,271</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 192	\$ -	\$ 192
Due to other funds	-	7,669	-	7,669
Due to student organizations	169,689	348,561	367,340	150,910
	<u>169,689</u>	<u>356,422</u>	<u>367,340</u>	<u>158,771</u>
Total Liabilities	<u>\$ 169,689</u>	<u>\$ 356,422</u>	<u>\$ 367,340</u>	<u>\$ 158,771</u>

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

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

Federal Agency/ Pass-Through Agency/ Program Title	CFDA Number	Revenues			Total Revenues	Total Expenditures Grantor Share
		(Accrued) Deferred Beginning Balance	Received	Accrued (Deferred) Ending Balance		
<b>U.S. DEPARTMENT OF EDUCATION</b>						
State of Wisconsin-Department of Public Instruction						
Title I	84.010	\$ (27,593)	\$ 94,533	\$ 27,198	\$ 94,138	\$ 94,138
Title II-A	84.367	-	22,225	-	22,225	22,225
IDEA Flow Thru	84.027	(23,080)	54,752	48,148	79,820	79,820
IDEA Preschool	84.173	738	1,048	255	2,041	2,041
IDEA Discretionary	84.027	(9,987)	9,987	-	-	-
<b>U.S. DEPT OF HEALTH &amp; HUMAN SERVICES</b>						
State of Wisconsin-Department of Health Services						
Medical Assistance	93.778	(23,363)	67,863	-	44,500	44,500
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
State of Wisconsin-Department of Public Instruction						
Food Distribution - Commodities	10.555	-	28,912	-	28,912	28,912
National Breakfast Program	10.553	(830)	16,550	-	15,720	15,720
National School Lunch Program	10.555	(5,149)	113,742	-	108,593	108,593
<b>TOTAL FEDERAL AWARDS</b>		<b>\$ (89,264)</b>	<b>\$ 409,612</b>	<b>\$ 75,601</b>	<b>\$ 395,949</b>	<b>\$ 395,949</b>

See notes to the schedules of expenditures of federal and state awards.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**For the Year Ended June 30, 2015**

State Agency/ Pass-Through Agency/ Program Title	State ID Number	Revenues			Total Revenues	Total Expenditures Grantor Share
		(Accrued) Deferred Beginning Balance	Received (Returned)	Accrued (Deferred) Ending Balance		
<b>DEPARTMENT OF PUBLIC INSTRUCTION</b>						
Entitlement Programs						
Special Education and School Age Parents Participant in Package Programs:	255.101	\$ -	\$ 124,687	\$ -	\$ 124,687	\$ 124,687
Waupaca Schools		-	57,191	-	57,191	57,191
CESA # 5		-	7,419	-	7,419	7,419
Total Handicapped Program		-	189,297	-	189,297	189,297
School Lunch Aid Program	255.102	-	4,351	-	4,351	4,351
Common School Fund Library Aid	255.103	-	36,149	-	36,149	36,149
General Equalization	255.201	(61,141)	3,294,766	57,778	3,291,403	3,291,403
Sparsity Aid	255.212	-	168,373	-	168,373	168,373
Pupil Transportation	255.107	-	24,166	-	24,166	24,166
Peer Review & Mentoring	255.301	(9,283)	9,283	-	-	-
School Breakfast Aid Program	255.344	-	1,027	-	1,027	1,027
Per Pupil Adjustment Aid	255.945	-	105,600	-	105,600	105,600
Educator Effectiveness	255.940	-	5,280	-	5,280	5,280
Payment In Lieu of Taxes		-	48,757	-	48,757	48,757
Computer Aid		(1,912)	1,912	1,363	1,363	1,363
Total Wisconsin Department of Public Instruction		(72,336)	3,888,961	59,141	3,875,766	3,875,766
CESA 5						
Other Programs		-	4,950	-	4,950	4,950
<b>TOTAL STATE AWARDS</b>		<b>\$ (72,336)</b>	<b>\$ 3,893,911</b>	<b>\$ 59,141</b>	<b>\$ 3,880,716</b>	<b>\$ 3,880,716</b>

See notes to the schedules of expenditures of federal and state awards.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF**  
**FEDERAL AND STATE AWARDS**  
**June 30, 2015**

---

**NOTE 1 - BASIS OF PRESENTATION**

---

The accompanying schedules of expenditures of federal and state awards include the federal and state grant activity of the District and are presented on the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

---

**NOTE 2 - SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM**

---

2014-2015 eligible costs under the State Special Education Program are \$446,341.

---

**NOTE 3 - FOOD DISTRIBUTION**

---

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

ACCOUNTING WORKSHOP, SC  
CERTIFIED PUBLIC ACCOUNTANTS  
5001 Heffron Street  
Stevens Point, WI 54481  
Tel (715) 341-2911  
Fax (715) 341-5737

---

Ann Kropp, CPA, CMA  
Jeffrey Kropp, CPA

Independent Auditor's Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed  
in Accordance With Government Auditing Standards

Board of Education  
School District of Iola-Scandinavia  
Iola, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 15-1 and 15-2 that we consider to be significant deficiencies.

### **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*.

### **District's Response to Findings**

The District's response to the findings 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 the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Accounting Workshop SC*

Accounting Workshop, SC  
November 13, 2015

Independent Auditor's Report on Compliance For  
Each Major State Program and on Internal Control  
Over Compliance Required by State Single Audit Guidelines

Board of Education  
School District of Iola-Scandinavia  
Iola, Wisconsin

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

We have audited the compliance of the School District of Iola-Scandinavia ("District") with the types of compliance requirements described in the State Single Audit Guidelines, issued by the Wisconsin Department of Administration that are applicable to each of its major state programs for the year ended June 30, 2015. The District's 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 state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Guidelines, issued by the Wisconsin Department of Administration. Those standards 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 state programs occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major State Program***

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

## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the 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 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 state program and to test and report on internal control over compliance in accordance with 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.

*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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

*A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 15-1 and 15-2 to be significant deficiencies.

The District's response to the internal control over compliance findings 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.

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

*Accounting Workshop SC*

Accounting Workshop, SC  
November 13, 2015

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2015**

---

**Section I - Summary of Audit Results**

*Financial Statements*

Type of auditor's report issued	Unqualified	
Internal control over financing reporting:		
Material weakness identified?	_____ yes	_____ <u>X</u> no
Significant deficiency(ies) identified considered to be material weaknesses?	_____ yes	_____ <u>X</u> no
Noncompliance material to the financial statements?	_____ yes	_____ <u>X</u> no

*State Awards*

Internal control over financial reporting:		
Material weakness identified?	_____ yes	_____ <u>X</u> no
Significant deficiency(ies) identified considered to be material weaknesses?	_____ yes	_____ <u>X</u> no
Type of auditor's report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with State Single Audit Guidelines?	_____ yes	_____ <u>X</u> no

Identification of major state programs

<u>State Number</u>	<u>Name of State Program</u>
255.101	Special Education and School Age Parents
255.201	General Equalization Aid
255.212	Sparsity Aid
255.945	Per Pupil Aid

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2015**

---

**Section II - Financial Statement Findings**

15-1 Segregation of Accounting Duties

Condition: The District's business manager performs many accounting functions in the receipt and billing, accounts payable disbursement and payroll processing transaction cycles and maintains the general ledger.

Criteria: Incompatible accounting duties should be assigned to separate individuals.

Cause: Due to a lack of office staff, internal control in regards to segregation of accounting duties are not adequately designed.

Effect: Intentional or unintentional errors could occur and not be detected.

Recommendation: Monthly financial activity such as journal entries, detail of significant asset and liability balances, bank statements and canceled check images should be reviewed by another member of management for reasonableness.

Response: The District agrees with the finding and is developing additional procedures to minimize its exposure.

15-2 Preparation of Financial Statements

Condition: The audit organization prepared the financial statements and notes to financial statements.

Criteria: Professional standards prohibit the audit organization from preparation of financial statements and notes without implementing safeguards.

Cause: Management and the accounting staff have adequate knowledge of governmental accounting and interim reporting, however, they lack the knowledge to prepare GAAP financial statements and note disclosures.

Effect: Without our involvement, the District would not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.

Recommendation: We recommend management continue using external sources for preparation of the financial statements and note disclosures as qualified personnel are unavailable.

Response: The District intends to continue using external sources for financial statement and note disclosure preparation. Management reviews, approves and accepts responsibility for the financial statements before their release to the public.

**Section III - Federal and State Award Findings and Questioned Costs**

See item 15-1 under financial statement findings.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**June 30, 2015**

---

---

**DEPARTMENT OF EDUCATION**

---

Finding 14-1: Segregation of Accounting Duties

Condition: The District's business manager performs many accounting functions in the receipt and billing, accounts payable disbursement and payroll processing transaction cycles and maintains the general ledger.

Recommendation: Monthly financial activity such as journal entries, detail of significant asset and liability balances, bank statements and monthly activity should be reviewed by another member of management for reasonableness.

Current Status: The Superintendent continues to review selected financial information on a monthly basis.