



**Johnson & Block**  
AND COMPANY, INC.

Certified Public Accountants

**WAUNAKEE COMMUNITY SCHOOL  
DISTRICT**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

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

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**WAUNAKEE COMMUNITY SCHOOL DISTRICT**

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

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Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

November 25, 2015

To the School Board  
Waunakee Community School District  
Waunakee, Wisconsin

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Waunakee Community School District ("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 misstatements, 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 basic financial statements are free of 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Waunakee Community School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information 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 as a whole. The financial information listed in the table of contents as other supplemental information is presented for purposes of additional analysis and is not a required part of the 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 supplemental information as listed in the table of contents 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 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 supplemental information 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 25, 2015 on our consideration of the Waunakee Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Waunakee Community School District's internal control over financial reporting and compliance.

*Johnson Block & Company, Inc.*

Johnson Block & Company, Inc.  
Certified Public Accountants  
Madison, Wisconsin

**WAUNAKEE COMMUNITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015**

This discussion and analysis of the Waunakee Community School District's financial information provides an overall review of financial activities for the fiscal year.

**FINANCIAL HIGHLIGHTS**

- The District's net position for the most recent fiscal year increased \$2,067,703 from the prior year. The change includes an increase of \$2,122,146 in governmental activities and a decrease of \$54,443 in business-type activities.
- In the governmental funds, total fund balance increased by \$44,029,673.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**1. District-Wide Financial Statements**

- District-wide financial statements are the statement of net position (page 1) and statement of activities (page 2). These statements present an aggregate view of the District's finances in a manner similar to private-sector business. Both statements distinguish functions that are supported principally by property taxes and intergovernmental revenues, called governmental activities, from functions that are intended to recover all or a significant portion of costs through user fees and charges called business-type activities.
- The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The statement of activities presents information showing how the District's net position changed during the year. This statement reports the cost of government and business-type functions, and how those functions were financed for the fiscal year.

**2. Fund Financial Statements**

- The District also produces fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The District, like other state and local governments, uses fund accounting to demonstrate compliance with finance related legal requirements. Fund statements generally report operations in more detail than the district-wide statements and provide information that may be useful in evaluating a District's near-term financing requirements.
- There are two governmental fund financial statements, the balance sheet (page 3) and the statement of revenues, expenditures and changes in fund balance (page 5). Generally, fund financial statements focus on near-term inflows and outflows of spendable resources and their impact on fund balance.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015**

**2. Fund Financial Statements (Continued)**

- Because the focus of fund financial statements is narrower than that of the district-wide statements, it is useful to make comparisons between the various sources of information presented. This helps the reader better understand the long-term implications of the government's near-term financial decisions. A reconciliation to facilitate the comparison of the Statement of Net Position to the Governmental Funds Balance Sheet is presented on page 4. A separate statement to reconcile the Statement of Activities (page 6) to the governmental funds operating statement is presented.
- The District has three kinds of funds: governmental, proprietary and fiduciary. Governmental funds include the district's three regular funds (general, debt service, and capital projects). The District has one proprietary fund, the food service fund; and three fiduciary funds, an agency fund for student and parent organizations, a benefit trust fund and a scholarship fund.
- Financial information is presented separately on both the balance sheet and the statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund, and the capital projects fund, as these are considered to be major funds. Data for the community service fund, special revenue trust, non-referendum debt fund and package cooperative fund are combined into a single, aggregated column.
- The proprietary fund statement for the District's food service program is prepared on the same basis of accounting and measurement focus as the district-wide financial statements. This includes the statement of net position (page 7) and a statement of revenue, expenses and changes in net position (page 8). In addition, the District provides a statement of cash flows (page 9) for any proprietary fund.
- The District serves as a trustee, or fiduciary, for students (page 10). The assets of these organizations do not directly benefit, nor are under the direct control of, the District. The District's responsibility is limited to ensuring the assets reported in these funds are used only for their intended purposes. Fiduciary activities are excluded from the district-wide financial statements, because the District cannot use these assets to finance its operations.
- The District adopts an annual appropriation budget for its general fund (page 36).

**3. Notes to the Financial Statements**

- The notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015**

**FINANCIAL ANALYSIS**

**The District as a Whole**

Table 1 provides a summary of the District's net position at June 30, 2015 compared to June 30, 2014.

Table 1  
Condensed Statement of Net Position

	Governmental <u>Activities</u>		Business-type <u>Activities</u>		Total <u>School District</u>	
	2015	2014	2015	2014	2015	2014
Current & Other Assets	\$ 58,649,121	\$ 13,075,362	\$ 308,224	\$ 353,072	\$ 58,957,345	\$ 13,428,434
Capital Assets	70,653,652	68,619,412	30,652	42,401	70,684,304	68,661,813
Restricted Assets	4,088,836	-	10,499	-	4,099,335	-
Total Assets	<u>133,391,609</u>	<u>81,694,774</u>	<u>349,375</u>	<u>395,473</u>	<u>133,740,984</u>	<u>82,090,247</u>
Deferred Outflows of Resources	3,412,907	-	8,763	-	3,421,670	-
Total Assets and Deferred Outflows of Resources	<u>\$ 136,804,516</u>	<u>\$ 81,694,774</u>	<u>\$ 358,138</u>	<u>\$ 395,473</u>	<u>\$ 137,162,654</u>	<u>\$ 82,090,247</u>
Current Liabilities	\$ 9,894,884	\$ 8,101,211	\$ 726	\$ 271	\$ 9,895,610	\$ 8,101,482
Non-Current Liabilities	94,307,817	50,591,692	-	-	94,307,817	50,591,692
Total Liabilities	<u>104,202,701</u>	<u>58,692,903</u>	<u>726</u>	<u>271</u>	<u>104,203,427</u>	<u>58,693,174</u>
Deferred Inflows of Resources	53,235	-	62,140	64,550	115,375	64,550
Net Investment in Capital Assets	21,039,868	19,634,412	30,652	42,401	21,070,520	19,676,813
Restricted	10,799,887	1,086,618	264,620	288,251	11,064,507	1,374,869
Unrestricted	708,825	2,280,841	-	-	708,825	2,280,841
Total Net Position	<u>\$ 32,548,580</u>	<u>\$ 23,001,871</u>	<u>\$ 295,272</u>	<u>\$ 330,652</u>	<u>\$ 32,843,852</u>	<u>\$ 23,332,523</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 136,804,516</u>	<u>\$ 81,694,774</u>	<u>\$ 358,138</u>	<u>\$ 395,473</u>	<u>\$ 137,162,654</u>	<u>\$ 82,090,247</u>

In governmental activities, the largest portion of the District's net position is its investment in capital assets (e.g. land, buildings, and equipment), less related outstanding debt used to acquire those assets. These assets are used to provide services to students and, consequently, are not available for future spending. Waunakee Community School District's buildings are annually maintained from annual operating funds appropriated for maintenance and repair.

Restricted net position accounts for 33.7% of total net position. The District is required by state statute to have available in the debt service fund an amount sufficient to make debt payments required between the beginning of the fiscal year (July 1) and receipt of the first tax payments (normally January 20).

**WAUNAKEE COMMUNITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Change in Net Position**

Table 2 shows the changes in net position for the fiscal years 2015 and 2014.

**Table 2  
Change in Net Position**

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>		<u>School District</u>	
	2015	2014	2015	2014	2015	2014
<b>General Revenues:</b>						
Property taxes	\$24,475,020	\$23,996,124	\$ -	\$ -	\$24,475,020	\$23,996,124
Federal and state aid	20,223,340	19,115,695	-	-	20,223,340	19,115,695
Interest earnings	11,233	5,663	-	-	11,233	5,663
Premium on issuance of debt	282,216	148,140	-	-	282,216	148,140
Miscellaneous	301,904	92,614	-	-	301,904	92,614
Total general revenues	<u>45,293,713</u>	<u>43,358,236</u>	<u>-</u>	<u>-</u>	<u>45,293,713</u>	<u>43,358,236</u>
<b>Program revenues:</b>						
Charges for service	1,916,944	1,651,745	1,470,627	1,324,973	3,387,571	2,976,718
Operating grants and contributions	3,439,825	3,193,817	266,529	313,090	3,706,354	3,506,907
Total program revenues	<u>5,356,769</u>	<u>4,845,562</u>	<u>1,737,156</u>	<u>1,638,063</u>	<u>7,093,925</u>	<u>6,483,625</u>
<b>Total Revenues</b>	<u>50,650,482</u>	<u>48,203,798</u>	<u>1,737,156</u>	<u>1,638,063</u>	<u>52,387,638</u>	<u>49,841,861</u>
<b>Program Expenses:</b>						
Instruction	27,596,190	26,627,534	-	-	27,596,190	26,627,534
Support	16,221,348	15,676,322	-	-	16,221,348	15,676,322
Non-program services	391,963	367,267	-	-	391,963	367,267
Interest Expense	2,642,500	1,730,323	-	-	2,642,500	1,730,323
Depreciation unallocated	1,666,662	1,666,661	-	-	1,666,662	1,666,661
Food service program	-	-	1,791,599	1,702,627	1,791,599	1,702,627
Total Expenses	<u>48,518,663</u>	<u>46,068,107</u>	<u>1,791,599</u>	<u>1,702,627</u>	<u>50,310,262</u>	<u>47,770,734</u>
Gain (loss) on disposal	(9,673)	-	-	-	(9,673)	-
<b>Change in Net Position</b>	<u>2,122,146</u>	<u>2,135,691</u>	<u>(54,443)</u>	<u>(64,564)</u>	<u>2,067,703</u>	<u>2,071,127</u>
Beginning Net Position	23,001,872	20,866,181	330,652	395,216	23,332,524	21,261,397
Prior Period Adjustment	7,424,562	-	19,063	-	7,443,625	-
Beginning Net Position, restated	<u>30,426,434</u>	<u>-</u>	<u>349,715</u>	<u>-</u>	<u>30,776,149</u>	<u>-</u>
Ending Net Position	<u>\$32,548,580</u>	<u>\$23,001,872</u>	<u>\$ 295,272</u>	<u>\$ 330,652</u>	<u>\$32,843,852</u>	<u>\$23,332,524</u>

**WAUNAKEE COMMUNITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Governmental Activities**

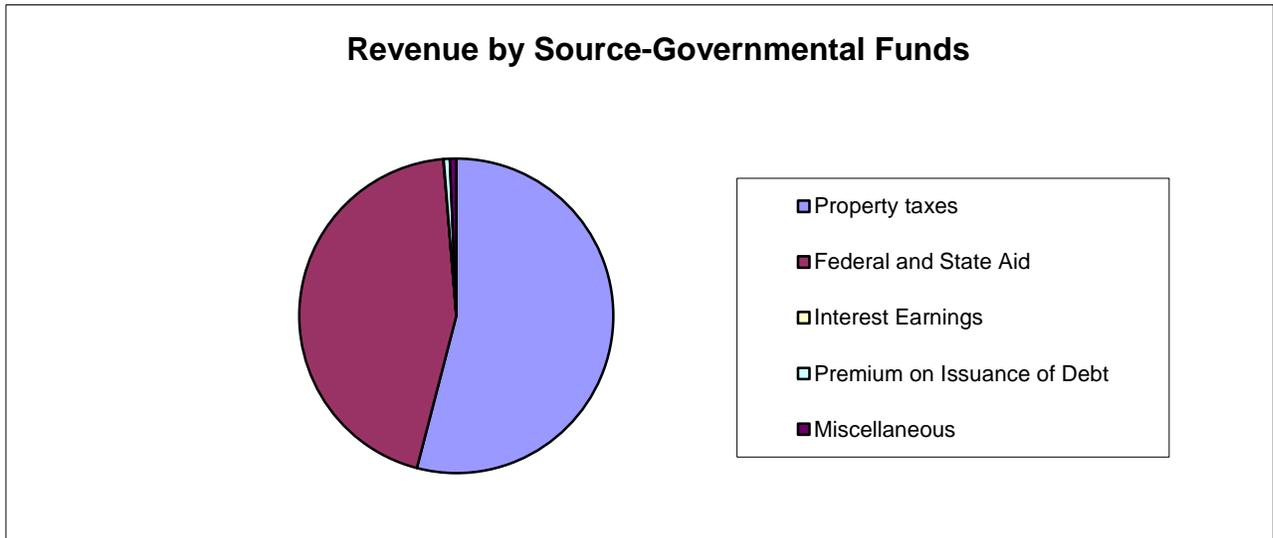
The District relies primarily on property taxes and general state aid to fund governmental activities.

School funding regulations restrict the amount by which these two revenue sources, in combination, may be increased. This restriction, called revenue limit, is intended to help hold down increases in property taxes throughout the state.

General state aid is paid according to a formula taking into consideration spending and property values by district, as compared to spending and property values for the state as a whole.

Chart 1 shows the portion of the District's general revenues allocated to each source.

Property taxes	\$ 24,475,020	54.0%
Federal and State Aid	20,223,340	44.6%
Interest Earnings	11,233	0.0%
Premium on Issuance of Debt	282,216	0.6%
Miscellaneous	<u>301,904</u>	<u>0.7%</u>
	\$ 45,293,713	100%



**WAUNAKEE COMMUNITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Governmental Funds**

As of June 30, 2015, the District's governmental funds reported combined ending fund balance of \$52,805,212, an increase of \$44,029,673 from the prior year. The following table provides an analysis of the District's fund balances and the total change in fund balances from the prior year.

Fund	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>Change</u>	<u>Change (%)</u>
General	\$ 7,406,097	\$ 8,275,545	\$ 869,448	12%
Capital Projects	90,035	41,128,151	41,038,116	45580%
Debt Service	1,066,164	3,029,811	1,963,647	184%
Non-Major	<u>213,243</u>	<u>371,705</u>	<u>158,462</u>	<u>74%</u>
Total	<u>\$ 8,775,539</u>	<u>\$ 52,805,212</u>	<u>\$ 44,029,673</u>	<u>502%</u>

The following information helps explain the major changes from the prior year.

- Voters of the District passed a building referendum in November, 2014. The new debt of \$44.8 million was all issued by June 30th, 2015. However, only a small portion of the project costs were expended by June 30th, leaving a significant addition in the capital projects fund balance. The majority of these funds will be expended during the 2015-16 fiscal year.
- Voters of the District passed a building referendum in November, 2014. The new debt of \$44.8 million was all issued by June 30th, 2015. The debt financing plan included bond premiums, which resulted in a significant increase in the debt service fund balance. The majority of these funds will be expended on bond payments during the 2015-16 fiscal year.
- Voters of the District passed an operational funds referendum in November, 2014. The first phase of the operational funds referendum resulted in an addition of \$540,000 to the 2014-15 general fund budget. However, only a small portion of these funds were expended by June 30th, leaving a significant addition in the general fund balance. The remaining addition to the general fund balance was typical end of the year underspent budget line items.

**Budgetary Highlights**

General Fund

- General fund revenues were more than the budget by \$115,235.
- General fund expenditures were less than the budget by \$668,434
- General fund transfers to other funds were \$73,902 less than budgeted.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of the fiscal year, the District had invested about \$70.7 million in a broad range of capital assets including buildings, sites, and equipment. This amount represents a net increase of about \$2.02 million. Total accumulated depreciation on these assets is about \$39.5 million for governmental activities and \$.39 million for business-type activities.

	Governmental Activities		Business-type Activities		School District	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Non-Depreciable Capital Assets and Construction in Progress	\$ 6,604,317	\$ 2,724,693	\$ -	\$ -	\$ 6,604,317	\$ 2,724,693
Capital Assets Being Depreciated	103,591,025	103,204,560	422,435	433,358	104,013,460	103,637,918
Accumulated Depreciation	<u>(39,541,690)</u>	<u>(37,309,841)</u>	<u>(391,783)</u>	<u>(390,957)</u>	<u>(39,933,473)</u>	<u>(37,700,798)</u>
	<u>\$ 70,653,652</u>	<u>\$ 68,619,412</u>	<u>\$ 30,652</u>	<u>\$ 42,401</u>	<u>\$ 70,684,304</u>	<u>\$ 68,661,813</u>

**Long-Term Obligations**

At year-end, the District had \$97.8 million in long-term obligations.

Table 4  
Outstanding Long-Term Obligations

	<u>2015</u>	<u>2014</u>	% Change
General Obligation Debt	\$ 90,440,000	\$48,985,000	84.63%
Vested Employee Benefits	2,490,633	2,478,155	0.50%
Deferred Gain on Long-Term Obligations	3,971,030	1,497,195	165.23%
OPEB Liability	936,154	966,342	<u>-3.12%</u>
Total Long-Term Obligations	<u>\$ 97,837,817</u>	<u>\$ 53,926,692</u>	81.43%

**WAUNAKEE COMMUNITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015**

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

Circumstances that could impact the District's financial future:

- Voters of the District passed a building referendum in November, 2015. All debt was issued during the 2014-15 school year. The Prairie Elementary School addition/remodeling project was completed by September 1, 2015. A new Intermediate School will open on September 1, 2016. The Heritage Elementary School remodeling project will be completed by September 1, 2016.
- A referendum to exceed the cap of \$2,160,000 was also approved in November, 2015. This referendum question will be phased in over four fiscal years. The first year of the phase in was 2014-15, concluding by 2017-18. These funds will be utilized to operate the additional square footage, and to provide \$300,000 annually for both the technology and maintenance capital budgets.
- The District will continue to monitor enrollment growth. Future building/operational referendums will be necessary based on the pace of enrollment increases. The largest residential development project in the State of Wisconsin is located within the District boundaries.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

The financial report is prepared to provide 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, contact:

Steve Summers,  
Business Manager  
905 Bethel Circle  
Waunakee, WI 53597  
(608) 849-2491  
ssummers@waunakee.k12.wi.us

**Waunakee Community School District  
Waunakee, Wisconsin**

**Statement of Net Position  
June 30, 2015**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and Investments	\$ 51,552,240	\$ 290,699	\$ 51,842,939
Receivables:			
Taxes	6,444,591	-	6,444,591
Accounts	44,257	-	44,257
Due from Other Governments	585,465	17,525	602,990
Prepays	22,568	-	22,568
Total Current Assets	58,649,121	308,224	58,957,345
<b>Noncurrent assets:</b>			
Land	2,724,693	-	2,724,693
Land Improvements	1,911,887	-	1,911,887
Construction in Progress	3,879,624	-	3,879,624
Buildings and Building Improvements	91,983,105	-	91,983,105
Furniture and Equipment	9,696,033	422,435	10,118,468
Less: Accumulated Depreciation	(39,541,690)	(391,783)	(39,933,473)
Total Noncurrent Assets	70,653,652	30,652	70,684,304
<b>Restricted assets:</b>			
Net Pension Asset	4,088,836	10,499	4,099,335
Total Restricted Assets	4,088,836	10,499	4,099,335
Total Assets	133,391,609	349,375	133,740,984
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension outflows	3,412,907	8,763	3,421,670
Total Deferred Outflows of Resources	3,412,907	8,763	3,421,670
Total Assets and Deferred Outflows of Resources	\$ 136,804,516	\$ 358,138	\$ 137,162,654
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Short-Term Notes Payable	\$ 3,000,000	\$ -	\$ 3,000,000
Accounts Payable	1,831,272	726	1,831,998
Accrued Liabilities:			
Payroll and Related Items	961,047	-	961,047
Interest	539,392	-	539,392
Due to Fiduciary Funds	8,742	-	8,742
Due to Other Governments	24,431	-	24,431
Current Portion of Long-Term Debt	3,530,000	-	3,530,000
Total Current Liabilities	9,894,884	726	9,895,610
<b>Noncurrent Liabilities:</b>			
Noncurrent Portion of Long-Term Debt	90,881,030	-	90,881,030
Compensated Absences	2,490,633	-	2,490,633
OPEB Liability	936,154	-	936,154
Total Noncurrent Liabilities	94,307,817	-	94,307,817
Total Liabilities	104,202,701	726	104,203,427
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Pension Inflows	53,235	136	53,371
Unearned Revenue- Food Service Deposits	-	62,004	62,004
Total Deferred Inflows of Resources	53,235	62,140	115,375
<b>NET POSITION</b>			
Net Investment in Capital Assets	21,039,868	30,652	21,070,520
Restricted	10,799,887	264,620	11,064,507
Unrestricted	708,825	-	708,825
Total Net Position	32,548,580	295,272	32,843,852
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 136,804,516	\$ 358,138	\$ 137,162,654

See accompanying notes to the financial statements.

**Waunakee Community School District  
Waunakee, Wisconsin**

**Statement of Activities  
For the Year Ended June 30, 2015**

<b>Functions/Programs</b>	<b>Program Revenue</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Primary government</b>						
Governmental Activities						
Instruction	\$ 27,596,190	\$ 630,744	\$ 3,086,614	\$ (23,878,832)		\$ (23,878,832)
Support Services	16,221,348	1,286,200	353,211	(14,581,937)		(14,581,937)
Non-Program Services	391,963	-	-	(391,963)		(391,963)
Interest and Fiscal Charges	2,642,500	-	-	(2,642,500)		(2,642,500)
Depreciation Unallocated	1,666,662	-	-	(1,666,662)		(1,666,662)
Total Governmental Activities	48,518,663	1,916,944	3,439,825	(43,161,894)		(43,161,894)
Business-Type Activities						
Food Service Program	1,791,599	1,470,627	266,529	-	(54,443)	(54,443)
Total Business-Type Activities	1,791,599	1,470,627	266,529	-	(54,443)	(54,443)
Total Primary Government	<u>\$ 50,310,262</u>	<u>\$ 3,387,571</u>	<u>\$ 3,706,354</u>	<u>(43,161,894)</u>	<u>(54,443)</u>	<u>(43,216,337)</u>
<b>General revenues:</b>						
Taxes:						
Property taxes, levied for general purposes				19,289,802	-	19,289,802
Property taxes, levied for debt service				4,880,818	-	4,880,818
Property taxes, levied for community services				304,400	-	304,400
Federal and State aid not restricted to specific purpose						
General				20,223,340	-	20,223,340
Interest and investment earnings				11,233	-	11,233
Premium on issuance of debt				282,216	-	282,216
Miscellaneous				301,904	-	301,904
Total general revenues				<u>45,293,713</u>	<u>-</u>	<u>45,293,713</u>
Special item - Gain (loss) on disposal				(9,673)	-	(9,673)
Change in net position				<u>2,122,146</u>	<u>(54,443)</u>	<u>2,067,703</u>
Net position - beginning				23,001,872	330,652	23,332,524
Prior period adjustment				7,424,562	19,063	7,443,625
Net position - beginning, restated				<u>30,426,434</u>	<u>349,715</u>	<u>30,776,149</u>
Net position - ending				<u>\$ 32,548,580</u>	<u>\$ 295,272</u>	<u>\$ 32,843,852</u>

See accompanying notes to the financial statements.

**Waunakee Community School District  
Waunakee, Wisconsin**

**Balance Sheet  
Governmental Funds  
June 30, 2015**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Investments	\$ 5,309,009	\$ 3,029,811	\$ 42,775,846	\$ 437,575	\$ 51,552,241
Receivables:					
Taxes	6,444,591	-	-	-	6,444,591
Accounts	23,188	-	-	21,069	44,257
Due from Other Funds	98,027	-	-	-	98,027
Due from Other Governments	585,466	-	-	-	585,466
Prepaid Expenses	22,568	-	-	-	22,568
Total Assets	<u>\$ 12,482,849</u>	<u>\$ 3,029,811</u>	<u>\$ 42,775,846</u>	<u>\$ 458,644</u>	<u>\$ 58,747,150</u>
<b>LIABILITIES</b>					
Short-Term Borrowing	\$ 3,000,000	\$ -	\$ -	\$ -	\$ 3,000,000
Accounts Payable	127,979	-	1,647,695	55,595	1,831,269
Accrued Liabilities	956,259	-	-	-	956,259
Accrued Wages Payable	16,297	-	-	6,913	23,210
Due to Other Funds	106,769	-	-	-	106,769
Due to Other Governments	-	-	-	24,431	24,431
Total Liabilities	<u>4,207,304</u>	<u>-</u>	<u>1,647,695</u>	<u>86,939</u>	<u>5,941,938</u>
<b>FUND BALANCES</b>					
Nonspendable	22,568	-	-	-	22,568
Restricted	25,292	3,029,811	41,128,151	138,263	44,321,517
Committed	51,485	-	-	233,442	284,927
Assigned	838,032	-	-	-	838,032
Unassigned	7,338,168	-	-	-	7,338,168
Total Fund Balances	<u>8,275,545</u>	<u>3,029,811</u>	<u>41,128,151</u>	<u>371,705</u>	<u>52,805,212</u>
Total Liabilities and Fund Balances	<u>\$ 12,482,849</u>	<u>\$ 3,029,811</u>	<u>\$ 42,775,846</u>	<u>\$ 458,644</u>	<u>\$ 58,747,150</u>

See accompanying notes to the financial statements.

**Waunakee Community School District  
Waunakee, Wisconsin**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2015**

Total fund balance, governmental funds	\$	52,805,212
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		70,653,652
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The net pension asset is not a current financial resource, and therefore not reported in the fund statements.		4,088,836
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Pension deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plan. These items are reflected in the Statement of Net Position and are being amortized with pension expense in the Statement of Activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and therefore are not reported in the fund statements.

Deferred pension outflows		3,412,907
Deferred pension inflows		(53,235)

Some liabilities, (such as Notes Payable, Long-term Compensated Absences, and Bonds Payable ), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.

General obligation debt		(90,440,000)
Accrued interest on long-term debt		(520,970)
Compensated absences		(2,490,633)
Premium on issue of bond		(3,971,035)
OPEB Liability		(936,154)

Net Position of Governmental Activities in the Statement of Net Position	\$	32,548,580
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See accompanying notes to the financial statements.

**Waunakee Community School District  
Waunakee, Wisconsin**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2015**

	<b>General Fund</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Total Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Local	\$ 19,871,241	\$ 4,802,166	\$ 211,889	\$ 880,536	\$ 25,765,832
Interdistrict	1,060,380	-	-	162,536	1,222,916
State	21,804,525	-	-	-	21,804,525
Federal	1,031,176	-	-	-	1,031,176
Other	287,632	263,044	11	-	550,687
Total Revenues	<u>44,054,954</u>	<u>5,065,210</u>	<u>211,900</u>	<u>1,043,072</u>	<u>50,375,136</u>
<b>EXPENDITURES</b>					
Instruction	27,094,208	-	-	467,282	27,561,490
Support Service	15,656,442	-	3,973,784	336,735	19,966,961
Non-program Services	310,800	-	-	-	310,800
Debt Service					
Principal Repayment	-	3,295,000	-	40,000	3,335,000
Interest Expense	124,056	1,900,407	-	40,593	2,065,056
Debt Issuance Costs	-	520,700	-	-	520,700
Total Expenditures	<u>43,185,506</u>	<u>5,716,107</u>	<u>3,973,784</u>	<u>884,610</u>	<u>53,760,007</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>869,448</u>	<u>(650,897)</u>	<u>(3,761,884)</u>	<u>158,462</u>	<u>(3,384,871)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Premium on Long-Term Debt	-	2,756,051	-	-	2,756,051
Debt Proceeds	-	-	44,800,000	-	44,800,000
Proceeds of Refunding Bonds	-	9,990,000	-	-	9,990,000
Refunding of Debt	-	(10,000,000)	-	-	(10,000,000)
Other Financing Sources (Uses)	-	(131,507)	-	-	(131,507)
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,614,544</u>	<u>44,800,000</u>	<u>-</u>	<u>47,414,544</u>
Net Change in Fund Balances	869,448	1,963,647	41,038,116	158,462	44,029,673
Fund Balances - Beginning	7,406,097	1,066,164	90,035	213,243	8,775,539
Fund Balances - Ending	<u>\$ 8,275,545</u>	<u>\$ 3,029,811</u>	<u>\$ 41,128,151</u>	<u>\$ 371,705</u>	<u>\$ 52,805,212</u>

See accompanying notes to the financial statements.

**Waunakee Community School District  
Waunakee, Wisconsin**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental  
Funds to the Statement of Activities  
For the Year Ended June 30, 2015**

Net change in fund balances - total governmental funds: \$ 44,029,673

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlays (\$4,876,755) were greater than depreciation (\$2,832,846) in the current period. 2,043,909

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the Statement of Net Position and does not affect the Statement of Activities.

The amount of long-term debt principal payments in the current year is: 13,335,000

Debt incurred in governmental funds is reported as an other financing source, but is reported as an increase in outstanding long-term debt in the statement of net position and does not affect the Statement of Activities.

The amount of long-term debt incurred in the current year is: (54,790,000)

The premium on long-term debt is shown as a liability in the Statement of Net Position. The premium is shown as an other financing source in the fund financial statements. The amount shown is the amortization of \$282,216.

Debt premium amortized and recognized in the current period 282,216

Debt premium shown as other financing source in the fund financials. (2,756,051)

Loss on disposal of capital assets (9,674)

Net decrease in post-employment liability 30,188

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Accrued interest not reflected on Governmental funds (54,584)

Compensated absences (12,478)

Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the Statement of Activities is actuarially determined by the defined benefit pension plan as the difference between the net pension asset from the prior year to the current year, with some adjustments.

Amount of current year required contributions into the defined benefit pension plan 1,600,104

Actuarially determined change in net pension asset between years, with some adjustments (1,576,157)

Change in net position of governmental activities \$ 2,122,146

See accompanying notes to the financial statements.

**Waunakee Community School District  
Waunakee, Wisconsin**

**Statement of Net Position  
Proprietary Funds  
June 30, 2015**

	<b>Food Service</b>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 290,699
Due from Other Governments	17,525
Total Current Assets	308,224
Noncurrent Assets:	
Furniture and Equipment	422,435
Less Accumulated Depreciation	(391,783)
Net Noncurrent Assets	30,652
Restricted Assets:	
Net Pension Asset	10,499
Total Restricted Assets	10,499
Total Assets	349,375
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred pension outflows	8,763
Total Assets and Deferred Outflows of Resources	\$ 358,138
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	\$ 726
Total Current Liabilities	726
Total Liabilities	726
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Pension Inflows	136
Unearned Revenue - Food Service Deposits	62,004
Total Deferred Inflows of Resources	62,140
<b>NET POSITION</b>	
Net Investment in Capital Assets	30,652
Restricted	264,620
Total Net Position	295,272
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 358,138

See accompanying notes to the financial statements.

**Waunakee Community School District  
Waunakee, Wisconsin**

**Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended June 30, 2015**

	<b>Food Service</b>
<b>OPERATING REVENUES</b>	
Food Sales	\$ 1,470,627
State Sources	13,798
Federal Sources	166,614
Commodities	86,117
Total Operating Revenues	1,737,156
<b>OPERATING EXPENSES</b>	
Salaries and Wages	61,981
Employer Paid Benefits	20,805
Purchased Services	815,973
Food and Materials	851,971
Depreciation	17,253
Other	23,615
Total Operating Expenses	1,791,599
Operating Income (Loss)	(54,443)
Change in Net Position	(54,443)
Total Net Position - Beginning	330,652
Prior Period Adjustment	19,063
Total Net Position - Beginning, Restated	349,715
Total Net Position - Ending	\$ 295,272

See accompanying notes to the financial statements.

**Waunakee Community School District  
Waunakee, Wisconsin**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2015**

	<b>Food Service</b>
Cash Flows from Operating Activities:	
Cash received from user charges	\$ 1,470,626
Cash received from other governmental payments	170,525
Cash payments to employees for services	(82,847)
Cash payments to utilities and other purchased services	(815,973)
Cash payments to suppliers for goods and services	(791,562)
Net cash provided (used) by operating activities	(49,231)
Cash Flows from Capital and Related Financing Activities:	
Cash payments for acquisition of capital assets	(5,504)
Net cash provided (used) by capital and related financing activities	(5,504)
Net increase (decrease) in cash and cash equivalents	(54,735)
Cash and equivalents - beginning of year	345,434
Cash and equivalents - end of year	\$ 290,699
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (54,443)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	17,253
Pension expense	(61)
Changes in assets and liabilities:	
Due to (from) other governments	(9,887)
Accounts payable	454
Other liabilities	(2,547)
Net cash provided (used) by operating activities	\$ (49,231)
Noncash Noncapital Financing Activities:	
During the year the District received commodities from the U.S. Department of Agriculture in the amount of	\$ 86,117

See accompanying notes to the financial statements.

**Waunakee Community School District  
Waunakee, Wisconsin**

**Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2015**

	<u><b>Benefit Trust Fund</b></u>	<u><b>Scholarship Funds</b></u>	<u><b>Activity Fund</b></u>	<u><b>Total</b></u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 3,062,455	\$ 315,349	\$ 249,649	\$ 3,627,453
Due from Other Funds	8,742	-	-	8,742
Total Assets	<u>\$ 3,071,197</u>	<u>\$ 315,349</u>	<u>\$ 249,649</u>	<u>\$ 3,636,195</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 1,000	\$ 12,904	\$ 13,904
Due to Student Organizations	-	-	236,745	236,745
Total Liabilities	<u>-</u>	<u>1,000</u>	<u>249,649</u>	<u>250,649</u>
<b>NET POSITION</b>				
Restricted	3,071,197	314,349	-	3,385,546
Total Liabilities and Net Position	<u>\$ 3,071,197</u>	<u>\$ 315,349</u>	<u>\$ 249,649</u>	<u>\$ 3,636,195</u>

See accompanying notes to the financial statements.

**Waunakee Community School District  
Waunakee, Wisconsin**

**Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2015**

	<u>Benefit Trust Fund</u>	<u>Scholarship Funds</u>
<b>ADDITIONS</b>		
Donations	\$ -	\$ 6,350
Interest	58,949	486
Contributions	<u>834,406</u>	<u>-</u>
Total Additions	<u>893,355</u>	<u>6,836</u>
<b>DEDUCTIONS</b>		
Gifts and Scholarships	-	20,850
Benefits Paid	<u>494,831</u>	<u>-</u>
Total Deductions	<u>494,831</u>	<u>20,850</u>
 Change in Net Position	 398,524	 (14,014)
Net Position - Beginning	<u>2,672,673</u>	<u>328,363</u>
Net Position - Ending	<u>\$ 3,071,197</u>	<u>\$ 314,349</u>

See accompanying notes to the financial statements.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2015**

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**1. Summary of Significant Accounting Policies**

**A. Introduction**

The Waunakee Community School District (the “District”) is organized as a common school district. The District, governed by a seven member elected school board, operates grades Pre-K through 12 and is comprised of all or parts of seven taxing districts. As required by accounting principles generally accepted in the United States of America, these financial statements present the District as the primary government.

The financial statements of the Waunakee Community School District (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below.

**B. Component Units**

Accounting principles generally accepted in the United States of America require that these financial statements include the primary government and its component units. Component units are separate organizations that are included in the District’s reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the basic financial statements. The District has no component units, and it is not included in any other governmental reporting entity.

**C. District-Wide Statements**

The statement of net position and the statement of activities present financial information about the District’s governmental and business-type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties.

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

**D. Fund Accounting**

The fund statements provide information about the District’s funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2015**

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**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

The emphasis of fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. All remaining funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal value. Non operating revenues, such as investments earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

**General Fund** – The general fund is the operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in other funds. The General Fund includes the operations of the Special Education Fund.

**Debt Service Fund** – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental activities.

**Capital Projects Fund** – This fund accounts for the resources restricted for the construction of specific capital projects or items.

The District operates one major enterprise fund, the Food Service Fund. This fund accounts for the activities of the District's food service programs.

The District accounts for assets held as an agent for various student organizations in a fiduciary agency fund. The District also reports its Employee Benefit Trust fund and Scholarship funds in the fiduciary funds. The benefit trust fund is used to fund and pay for retiree benefits.

The District also has the following non-major funds:

- Community Service Fund
- Non-referendum Debt
- Package Cooperative
- Special Revenue Trust

**E. Measurement Focus and Basis of Accounting**

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

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2015**

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**1. Summary of Significant Accounting Policies (Continued)**

**E. Measurement Focus and Basis of Accounting (Continued)**

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures when paid. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Noncurrent portions of long-term receivables due to governmental funds are reported on the balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered “available spendable resources,” since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables is delayed until they become current receivables.

Property taxes are recognized as revenue in the period for which the taxes are levied if they are due in the current year and available to pay current liabilities. The 2014 tax levy is used to finance operations of the District’s fiscal year ended June 30, 2015. All property taxes are considered due on January 1, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30 and are available to pay current liabilities.

State general and categorical aids, federal impact aid, and other entitlements are recognized as revenue at the time of receipt, or earlier if the “susceptible to accrual” criteria are met. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred. Aids received prior to meeting revenue recognition criteria are recorded as deferred inflows.

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

Interest income on temporary investments is recognized in the fiscal period earned.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Employee services and payroll-related costs (employee health, life, disability insurance, FICA, Wisconsin Retirement System contributions, annuities, compensated absences), are recognized in the fiscal period when incurred. Interest cost on temporary borrowing is recognized as an expenditure of the fiscal period incurred. Costs for educational services provided to the District by other educational agencies or private organizations are recognized when incurred. Costs for special education services are not reduced by anticipated state special education aid entitlements.

Termination benefits are recognized as an expenditure in the fiscal period when paid or normally paid rather than when earned by the employee.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2015**

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**1. Summary of Significant Accounting Policies (Continued)**

**F. Deposits and Investments**

The District's cash and equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

The District has pooled the cash resources of its funds in order to maximize investment opportunities. Each fund's portion of total cash and investments is reported as cash and cash equivalents/investments by the District's individual major funds, and in the aggregate for non-major and agency funds.

State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, U.S. Treasury obligations, U.S. Agency issues, high-grade commercial paper, and the local government pooled-investment fund administered by the state investment board. Available balances in the debt service fund may be invested in municipal obligations, obligations of the United States, and the local government pooled-investment fund.

For purposes of the proprietary fund statement of cash flows, the District considers all highly liquid investments with a maturity of less than three months, when purchased, to be cash equivalents. This consists of current cash and investments.

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

See footnote 3 for additional information.

**G. Receivables**

**Taxes**

The aggregate District tax levy is apportioned and certified during the current fiscal year for collection to comprising municipalities based on the immediate past October 1 full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes may be paid in full or two or more installments with the first installment payable the subsequent January 31 and a final payment no later than the following July 31.

On or before January 15 and February 15, the District is paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2015**

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**1. Summary of Significant Accounting Policies (Continued)**

**G. Receivables (Continued)**

**Interfunds**

The current portion of lending/borrowing arrangements between funds is identified as “due to/from other funds.” The noncurrent portion of outstanding balances between funds is reported as “advances to/from other funds.” Advances between funds are offset by a nonspendable fund balance account to indicate that they are not available for appropriation and are not expendable available financial resources.

**Accounts Receivable**

All accounts receivable are shown as gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance is not material.

**H. Other Assets**

Expendable supplies or noncapital items acquired for initial use in subsequent fiscal periods are recorded as inventories and/or prepaid expenses. Prepaid insurance or service contracts are not recorded unless their recognition as an expenditure would result in more than one year’s cost being recorded. Inventory and prepaid supplies are valued at the lower of cost (first-in, first-out method) or market. Inventory consists of expendable supplies held for consumption. Costs are recorded as expenditures at the time individual inventory items are purchased.

**I. Capital Assets**

Capital assets are reported at cost. Estimated historical costs, based on appraisals conducted by an independent third-party professional appraisal firm, were used when capital asset database was established. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar valued above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Building and building improvements	\$ 25,000	Straight-line	20-50 years
Land improvements	5,000	Straight-line	10-20 years
Furniture and equipment	5,000	Straight-line	5-20 years

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2015**

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**1. Summary of Significant Accounting Policies (Continued)**

**J. Other Obligations**

**Compensated Absences**

The District's policy allows employees to earn varying amounts of sick pay for each year employed. Upon retirement, the employee is entitled to pay at various rates as follows:

Teachers	\$85/day up to a maximum of 120 days
Classified staff and administrative assistants	\$110/day up to a maximum of 120 days
Custodians	\$110/day up to a maximum of 120 days

Administrators and support staff are eligible for vacation per diems, and health, dental and life insurance up to age 65.

The total compensated absences liability is calculated based on rates in effect as of June 30, 2015.

**Vested Employee Benefits**

**Teachers**

A teacher who has been employed by the Waunakee Community School District at least 15 years and who have reached the age of 55 are eligible to receive retirement benefits. Teachers hired after April 1, 2008 receive a credit of \$1,000 per year of service to the District to be used to fund a post-employment Health Reimbursement Account (HRA). Teachers hired before April 1, 2008 receive a credit of \$1,200 per year of service to the District to be used to fund a post-employment HRA.

**Administrators**

Administrators are eligible for retirement benefits at age 55. The District contributes to health, dental and life insurance via a Health Reimbursement Account (HRA) for a maximum of 10 years or the age the retired employee is eligible for Medicare, whichever comes first. Premiums contributed are based on a vesting schedule. Vesting varies based on years of service. For employees with less than 6 years of service no premium is contributed. After 6 years, 10% of the premium is contributed for each additional year of service up to 100%. Employees are fully vested at 15 years. Administrators hired after April 1, 2011, will have a deposit to an HRA based on number of hours worked.

**Net Other Post-Employee Benefit Obligations**

The District calculates and recognizes a net other post-employment benefit obligation (NOPEB). The NOPEB is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since July 1, 2008.

**K. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2015**

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**1. Summary of Significant Accounting Policies (Continued)**

**L. Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**M. Fund Balance**

In the fund financial statements, governmental fund balance is presented in five possible categories:

**Nonspendable** – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

**Restricted** – resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

**Committed** – resources which are subject to limitation the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

**Assigned** – resources neither restricted nor committed for which a government has a stated intended use as established by the District Board or a body or official of which the District Board has delegated the authority to assign amounts for specific purposes.

**Unassigned** – resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

**N. Change in Accounting Principle**

Effective July 1, 2014, the District adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date as discussed in the notes to the financial statements. Implementation of GASB Statement No. 68 required net position in the governmental activities to be increased by \$7,424,562, and net position in the business type activities to be increased by \$19,063. A prior period adjustment was made to reflect the January 1, 2014 beginning net pension asset of \$6,540,656 and beginning deferred outflows of resources of \$902,969 for District contributions to the WRS after the December 31, 2013 measurement date through June 30, 2014.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2015**

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**1. Summary of Significant Accounting Policies (Continued)**

**O. Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure) until then. The District has one item that qualifies for reporting in this category. The deferred outflows of resources are for the WRS pension system.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The District has two items that qualifies for reporting in this category. The deferred inflows of resources are related to the WRS pension system and unearned revenues.

**2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements**

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

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

Differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the statement of activities fall into one of three broad categories:

1. Long-term revenue differences arise because governmental funds report revenues only when they are considered "available," whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities.
2. Capital related differences include the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the statement of activities.
3. Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest expense is recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2015**

**3. Cash and Investments**

For all the District's cash and investments shown below, the market value at the balance sheet date is substantially the same as the fair value. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit. At various times during the year, the District's deposits were higher than the June 30, 2015 balances, detailed below. This means that the District's risk and exposure could be higher at these times.

<u>Depository:</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Associated Risk</u>
Local Financial Institutions	\$ 4,195,292	\$ (196,717)	Custodial credit risk
Other cash and investments:			
WISC	44,582,003	44,584,593	Custodial credit risk, credit risk, interest rate risk
LGIP	<u>6,693,098</u>	<u>6,693,098</u>	Credit risk, interest rate risk
Total June 30, 2015	<u><u>\$ 55,470,393</u></u>	<u><u>\$ 51,080,974</u></u>	

A reconciliation of cash and investments as shown on the statements is as follows:

Governmental Activities	\$ 51,552,241
Business-type Activities	290,699
Benefit Trust Fund	3,062,455
Scholarship Fund	315,349
Agency Fund	<u>249,649</u>
Total	<u><u>\$ 55,470,393</u></u>

The WISC investments consist of the following:

Money Market Accounts	\$ 2,805,421
Savings Deposit Accounts	23,003,335
CDs	<u>18,773,247</u>
	<u><u>\$ 44,582,003</u></u>

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2015, the fair value of the District's share of the LGIP's assets was substantially equal to the amount reported above. Information on derivatives was not available to the District.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2015**

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**3. Cash and Investments (Continued)**

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater sensitivity its fair value has to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure of fair value losses arising from increasing interest rates.

- The Local Government Investment Pool investments have an average maturity of 80 days.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investment policy that would further limit its investments choices.

- As of June 30, 2015, the District's investment in the Wisconsin Local Government Investment Pool was not rated.

Concentration of Credit Risk

The District does not have a policy for concentration of credit risk. No District investment represents 5% or more of the total investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the District would not be able to recover the value of its investment of collateral securities that are in the possession of another party. The District does not have a deposit policy for custodial credit risk. Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings bearing accounts and \$250,000 for demand accounts. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000.

As of June 30, 2015, the District's deposits with financial institutions were exposed to custodial credit risk as follows:

Uninsured and collateralized	\$ 24,782,483
Uninsured and uncollateralized	969,623
	<u>\$ 25,752,106</u>

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2015**

**4. Capital Assets**

	Balance 7/1/2014	Additions	Retirements	Balance 6/30/2015
<b>Governmental Activities</b>				
Non-Depreciable Capital Assets:				
Land	\$ 2,724,693	\$ -	\$ -	\$ 2,724,693
Construction in Progress	-	3,879,624	-	3,879,624
Total Non-Depreciable Capital Assets	<u>2,724,693</u>	<u>3,879,624</u>	<u>-</u>	<u>6,604,317</u>
Land improvements	1,911,887	-	-	1,911,887
Buildings	91,798,347	184,758	-	91,983,105
Furniture and equipment	9,494,326	812,377	(610,670)	9,696,033
Total Depreciable Capital Assets	<u>103,204,560</u>	<u>997,135</u>	<u>(610,670)</u>	<u>103,591,025</u>
Less Accumulated Depreciation	<u>(37,309,841)</u>	<u>(2,832,846)</u>	<u>600,997</u>	<u>(39,541,690)</u>
Net Governmental Capital Assets	<u>68,619,412</u>	<u>2,043,913</u>	<u>(9,673)</u>	<u>70,653,652</u>
<b>Business-Type Activities</b>				
Depreciable Capital Assets	433,358	5,504	(16,427)	422,435
Less Accumulated Depreciation	<u>(390,957)</u>	<u>(17,253)</u>	<u>16,427</u>	<u>(391,783)</u>
Net Business-Type Capital Assets	<u>42,401</u>	<u>(11,749)</u>	<u>-</u>	<u>30,652</u>
Total Non-Depreciable Capital Assets	2,724,693	3,879,624	-	6,604,317
Total Depreciable Capital Assets	103,637,918	1,002,639	(627,097)	104,013,460
Total Accumulated Depreciation	<u>(37,700,798)</u>	<u>(2,850,099)</u>	<u>617,424</u>	<u>(39,933,473)</u>
Total Capital Assets Net of Depreciation	<u>\$ 68,661,813</u>	<u>\$ 2,032,164</u>	<u>\$ (9,673)</u>	<u>\$ 70,684,304</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 831,468
Support	334,716
Depreciation not charged to a specific function	1,666,662
Total depreciation	<u>\$ 2,832,846</u>

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2015**

**5. Short-Term Notes Payable**

Short-term notes payable at June 30, 2015 are as follows:

Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015
\$ 3,000,000	\$ 5,000,000	\$ 5,000,000	\$ 3,000,000
Remaining portion of short-term loan dated October 27, 2014, due September 25, 2015 interest rate of 1.0%			\$ 3,000,000

Proceeds of short-term notes are used for temporary working capital. On October 29, 2015, the District borrowed \$4,036,855 at 2%, with a maturity date of October 21, 2016.

**6. Long-term Obligations**

Long-term obligations of the District are as follows:

	Balance 7/1/2014	Issued	Retired	Balance 6/30/2015	Due Within One Year
<u>General obligation debt</u>					
Bonds	\$48,985,000	\$ 54,790,000	\$ 13,335,000	\$ 90,440,000	\$ 3,530,000
Premium on long-term obligations	1,497,195	2,756,051	282,216	3,971,030	-
Subtotal GO Debt	50,482,195	57,546,051	13,617,216	94,411,030	3,530,000
Compensated absences	2,478,155	12,478	-	2,490,633	-
OPEB liability	966,342	-	30,188	936,154	-
Total Long-term Obligations	\$53,926,692	\$ 57,558,529	\$ 13,647,404	\$ 97,837,817	\$ 3,530,000

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2015**

**6. Long-term Obligations (Continued)**

**General Obligation Debt**

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt at June 30, 2015 is comprised of the following individual issues:

Description	Issue Dates	Interest Rate %	Dates of Maturity	Balance	Amount Due Within One Year
GO Refunding Bonds	2/1/2006	4.0-5.0%	4/1/2025	\$ 2,930,000	\$ 940,000
GO Refunding Bonds	9/25/2006	4.0-5.0%	10/1/2026	9,625,000	685,000
GO Refunding Bonds	8/15/2007	4.1-5.75%	4/1/2027	715,000	45,000
GO Refunding Bonds	10/4/2010	5.70%	4/1/2030	2,475,000	320,000
GO Refunding Bonds- BAB	10/4/2010	2.0-4.0%	4/1/2024	4,650,000	-
GO QSCB Bonds	10/4/2010	5.00%	4/1/2024	2,685,000	280,000
GO Refunding Bonds	11/7/2011	2.15-4.0%	4/1/2025	4,405,000	30,000
GO Refunding Bonds	7/10/2012	2.0-3.0%	4/1/2022	8,905,000	1,095,000
GO Refunding Bonds	4/3/2013	2.0-2.5%	4/1/2025	9,260,000	135,000
GO Refunding Bonds	5/11/2015	3.25%	4/1/2035	9,990,000	-
GO School Building Bonds	6/8/2015	3.0-5.0%	4/1/2031	34,800,000	-
Total General Obligation Debt				<u>\$ 90,440,000</u>	<u>\$ 3,530,000</u>

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

Year Ended June 30,	Principal	Interest	Total
2016	\$ 3,530,000	\$ 3,305,054	\$ 6,835,054
2017	4,455,000	3,326,379	7,781,379
2018	4,355,000	3,178,822	7,533,822
2019	4,570,000	3,035,131	7,605,131
2020	4,795,000	2,890,589	7,685,589
2021-2025	27,685,000	11,701,806	39,386,806
2026-2030	28,760,000	5,181,390	33,941,390
2031-2035	12,290,000	1,064,649	13,354,649
Totals	<u>\$ 90,440,000</u>	<u>\$33,683,820</u>	<u>\$124,123,820</u>

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2015**

**6. Long-term Obligations (Continued)**

The 2015 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$2,216,647,882. The legal debt limit and margin of indebtedness as of June 30, 2015, in accordance with §67.03(1)(b) of the Wisconsin statutes follows:

Debt Limit (10% of \$2,216,647,882)	\$ 221,664,788
Deduct long-term debt applicable to debt margin	<u>90,440,000</u>
 Margin of indebtedness	 <u><u>\$ 131,224,788</u></u>

**7. Fund Balances / Net Position**

The following is a detailed schedule of ending fund balances as reported in the fund financial statements by category:

	General Fund	Debt Service	Non- referendum Debt Service	Capital Projects	Special Revenue Trust Fund	Community Service Fund	Total
Fund balances:							
<u>Nonspendable:</u>							
Prepays	\$ 22,568	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,568
<u>Restricted for:</u>							
Debt Service Retirement	-	3,029,811	19,633	-	-	-	3,049,444
Capital Projects	-	-	-	41,128,151	-	-	41,128,151
Self Insurance	25,292	-	-	-	-	-	25,292
Donor Specifications	-	-	-	-	118,630	-	118,630
<u>Committed for:</u>							
Parking Lot Replacement	46,875	-	-	-	-	-	46,875
Band Uniforms	4,610	-	-	-	-	-	4,610
Community Service	-	-	-	-	-	233,442	233,442
<u>Assigned for:</u>							
Maintenance Projects	838,032	-	-	-	-	-	838,032
<u>Unassigned</u>	<u>7,338,168</u>	-	-	-	-	-	<u>7,338,168</u>
 Totals	 <u><u>\$8,275,545</u></u>	 <u><u>\$3,029,811</u></u>	 <u><u>\$ 19,633</u></u>	 <u><u>\$ 41,128,151</u></u>	 <u><u>\$ 118,630</u></u>	 <u><u>\$ 233,442</u></u>	 <u><u>\$52,805,212</u></u>

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2015**

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**7. Fund Balances / Net Position (Continued)**

**Net Position**

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

**Governmental**

Capital assets net of depreciation	\$ 70,653,652
Less: Related long-term debt outstanding	(90,440,000)
Plus: Unspent bond proceeds	40,826,216
Total Net Investment in Capital Assets	21,039,868
Restricted	
Debt service funds	3,049,444
WRS Pension Plan	7,448,508
Capital Project Fund	301,935
Total Restricted	10,799,887
Unrestricted	708,825
Total Governmental Activities Net Position	\$ 32,548,580

**Business-type**

Capital assets net of depreciation	\$ 30,652
Total Net Investment in Capital Assets	30,652
Restricted	
Food Service	245,494
WRS Pension Plan	19,126
Total Restricted	264,620
Total Business-Type Activities Net Position	\$ 295,272

**8. Pension Plan**

**General Information about the Pension Plan**

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

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2015**

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**8. Pension Plan (Continued)**

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) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

<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

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2015**

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**8. Pension Plan (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.

During the reporting period, the WRS recognized \$1,604,196 in contributions from the employer.

Contribution rates as of June 30, 2015 are:

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

**Pension 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 \$(4,099,335) 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 a projection of 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 0.167%, which was an increase of 0.001% from its proportion measured as of December 31, 2013.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2015**

**8. Pension Plan (Continued)**

For the year ended June 30, 2015, the District recognized pension expense of \$1,596,494. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 594,276	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,985,096	-
Changes in proportion and difference between District contributions and proportionate share of contributions	-	(53,371)
District contributions subsequent to the measurement date	842,298	-
Total	<u>\$ 3,421,670</u>	<u>\$ (53,371)</u>

\$842,298 reported as deferred outflows of resources related to pension resulting from the District'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 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>
2016	\$ 507,352	\$ (9,909)
2017	507,352	(9,909)
2018	507,352	(9,909)
2019	507,352	(9,909)
2020	507,352	(9,909)
Thereafter	42,612	(3,826)

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2015**

**8. Pension Plan (Continued)**

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

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

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

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<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 Assets	2.3%	20%
Real Estate	4.2%	7%
Private Equity/Debt	6.9%	7%
Multi-Asset	3.9%	6%
Cash	0.9%	-20%

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2015**

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**8. Pension Plan (Continued)**

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20%, 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%) or 1-percentage-point higher (8.20%) than the current rate:

	<b>1% Decrease to Discount Rate (6.20%)</b>	<b>Current Discount Rate (7.20%)</b>	<b>1% Increase to Discount Rate (8.20%)</b>
District's proportionate share of the net pension liability (asset)	\$ 11,564,929	\$ (4,099,335)	\$ (16,470,337)

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

**9. Limitation on School District Revenues**

Wisconsin statutes limit the amount of revenues school districts may derive from general school aids and property taxes unless a higher amount is approved by a referendum. 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.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2015**

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**10. 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. There has been no reduction in insurance coverage in the prior year. Settled claims have not exceeded the commercial coverage in any of the past three years.

**11. Excess of Actual Expenditures over Budget**

The following individual funds had functions that had an excess of actual expenditures over budget for the year ended June 30, 2015:

<u>Fund</u>	<u>Function</u>	<u>Amount</u>
Special Education	Support Service	\$ 76,793
Special Education	Non-program	\$ 18,611

The District had sufficient revenues, fund balance, other financing sources and/or expenditures less than the budget in other functions to support the amounts listed above.

**12. Other Post Employment Benefits (OPEB) Plan**

From an accrual accounting perspective, the cost of postemployment healthcare 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. Recognition of the liability accumulated from prior years will be phased in over the remaining amortization period of 14 years, commencing with the 2009 liability.

Plan description

The District provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer defined benefit plan. A bi-annual valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2014. The post-retirement plan does not issue stand-alone financial reports.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2015**

**12. Other Post Employment Benefits (OPEB) Plan (Continued)**

The District has adopted a plan that provides postemployment medical and dental benefits for retirees and their dependents. Upon retirement, teachers, administrators, administrative support and support staff are eligible to continue to receive coverage under the employer-provided group medical and dental plans. At retirement, a fund is established and is used to pay for the retiree's health and dental insurance. Once the fund is exhausted, the retiree may continue to be covered under the group plan by paying 100% of the group premium. Employees participating in the OPEB benefit consisted of the following at July 1, 2014, the date of the latest actuarial valuation.

Retirees	39
Active	<u>546</u>
 Number of participating employees	 <u>585</u>

The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed twenty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$ 516,717
Interest on net OPEB obligation	57,981
Adjustment to annual required contribution	<u>(66,230)</u>
Annual OPEB cost (expense)	508,468
 Contributions made	 <u>(538,656)</u>
Decrease in net OPEB obligation	(30,188)
Net OPEB obligation- beginning of year	<u>966,342</u>
Net OPEB obligation- end of year	<u><u>\$ 936,154</u></u>

The funded status of the OPEB benefit as of the most recent actuarial valuation date (July 1, 2014) is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll*	UAAL as a Percentage of Covered Payroll*
July 1, 2014	\$ 2,546,109	\$5,334,989	\$2,788,880	47.7%	\$23,275,300	11.98%

\*Covered payroll is the WRS covered payroll for the year ended June 30, 2014.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2015**

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**12. Other Post Employment Benefits (OPEB) Plan (Continued)**

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

The accompanying schedules of employer contributions present trend information about the amounts contributed to the plan by employers in comparison to the annual required contribution (ARC), an amount that is actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortized any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

Actuarial valuation date	7/1/2014
Actuarial cost method	Unit Credit
Amortization method	30 year using the level dollar method
Remaining amortization period	29 years
Asset valuation method	Market value
Actuarial assumptions	
Investment rate of return	6.00%
Healthcare cost trend	Between 5.0% and 10.0%

The history of employer contributions is as follows:

<b>Year Ended June 30,</b>	<b>Annual OPEB Cost</b>	<b>Percent Contributed</b>	<b>Net OPEB Obligation</b>
2013	\$ 535,860	115.40%	\$ 1,001,676
2014	\$ 536,564	106.59%	\$ 966,341
2015	\$ 508,468	105.94%	\$ 936,154

A copy of the actuarial valuation report can be obtained from the District office.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2015**

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**13. Commitments**

As of June 30, 2015, the District has started numerous project related to the approved referendum on November 4, 2014. The District started construction on the addition and remodeling of Prairie Elementary School. The estimated cost of the project is approximately \$5,300,000 and is expected to be completed in the 2015-2016 fiscal year. Also, the District started construction on a new Intermediate School. The estimated cost of the project is approximately \$35,900,000 and the project is approximately 10% complete.

**14. Prior Period Adjustment**

A prior period adjustment has been recorded effective July 1, 2014 as follows:

	Governmental Activities	Business-Type Activities
Total net position as previously reported	\$ 23,001,872	\$ 330,652
Implementation of GASB No. 68	7,424,562	19,063
Net position as restated	\$ 30,426,434	\$ 349,715

**REQUIRED SUPPLEMENTAL INFORMATION**

**Waunakee Community School District  
Waunakee, Wisconsin**

**Budgetary Comparison  
General Fund  
For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local	\$ 19,845,790	\$ 19,845,790	\$ 19,871,241	\$ 25,451
Interdistrict	1,145,616	1,145,616	1,053,404	(92,212)
State	20,174,522	20,174,522	20,255,432	80,910
Federal	357,193	357,193	260,647	(96,546)
Other	90,000	90,000	287,632	197,632
Total Revenues	<u>41,613,121</u>	<u>41,613,121</u>	<u>41,728,356</u>	<u>115,235</u>
<b>EXPENDITURES</b>				
Instruction	22,858,174	22,945,179	22,320,036	625,143
Support Service	14,193,738	14,106,733	14,080,822	25,911
Non-program Services	321,075	321,075	310,802	10,273
Debt Service:				
Interest Expense	<u>50,000</u>	<u>50,000</u>	<u>42,893</u>	<u>7,107</u>
Total Expenditures	<u>37,422,987</u>	<u>37,422,987</u>	<u>36,754,553</u>	<u>668,434</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,190,134</u>	<u>4,190,134</u>	<u>4,973,803</u>	<u>783,669</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	<u>(4,178,259)</u>	<u>(4,178,259)</u>	<u>(4,104,357)</u>	<u>73,902</u>
Total Other Financing Sources (Uses)	<u>(4,178,259)</u>	<u>(4,178,259)</u>	<u>(4,104,357)</u>	<u>73,902</u>
Net Change in Fund Balances	11,875	11,875	869,446	857,571
Fund Balances - Beginning	<u>7,406,097</u>	<u>7,406,097</u>	<u>7,406,097</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 7,417,972</u>	<u>\$ 7,417,972</u>	<u>\$ 8,275,543</u>	<u>\$ 857,571</u>

**Waunakee Community School District  
Waunakee, Wisconsin**

**Budgetary Comparison  
Special Education  
For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interdistrict	\$ 5,500	\$ 5,500	\$ 6,976	\$ 1,476
State	1,580,000	1,580,000	1,549,093	(30,907)
Federal	639,260	639,260	770,529	131,269
Total Revenues	<u>2,224,760</u>	<u>2,224,760</u>	<u>2,326,598</u>	<u>101,838</u>
<b>EXPENDITURES</b>				
Instruction	4,841,640	4,841,640	4,774,172	67,468
Support Service	1,498,827	1,498,827	1,575,620	(76,793)
Non-program expense	62,552	62,552	81,163	(18,611)
Total Expenditures	<u>6,403,019</u>	<u>6,403,019</u>	<u>6,430,955</u>	<u>(27,936)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,178,259)</u>	<u>(4,178,259)</u>	<u>(4,104,357)</u>	<u>73,902</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	<u>4,178,259</u>	<u>4,178,259</u>	<u>4,104,357</u>	<u>(73,902)</u>
Total Other Financing Sources and Uses	<u>4,178,259</u>	<u>4,178,259</u>	<u>4,104,357</u>	<u>(73,902)</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Waunakee Community School District  
Waunakee, Wisconsin**

**Explanation of Differences Between Budgetary Inflows and Outflows  
and GAAP Revenues and Expenditures  
For the Year Ended June 30, 2015**

	General Fund	Special Education Fund
A) Sources/Inflows of Resources:		
Actual amounts "total revenues" from the budgetary comparison schedules	\$ 41,728,356	\$ 2,326,598
Reclassification: Special education fund revenues are reclassified to the general fund, required for GAAP reporting	2,326,598	(2,326,598)
The general fund revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	\$ 44,054,954	\$ -
B) Uses/Outflows of Resources:		
Actual amounts "total expenditures" from the budgetary comparison schedules	\$ 36,754,553	\$ 6,430,955
Reclassification: Special education fund expenditures are reclassified to the general fund, required for GAAP reporting	6,430,955	(6,430,955)
The general fund expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	\$ 43,185,506	\$ -

**Waunakee Community School District  
Waunakee, Wisconsin**

**Schedule of Funding Progress for OPEB Plan  
June 30, 2015**

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll*</b>	<b>UAAL as a Percentage of Covered Payroll*</b>
7/1/2008	\$ 20,463	\$ 6,953,188	\$ 6,932,725	0.29%	\$ 20,743,512	33.42%
7/1/2010	\$ 613,734	\$ 4,865,844	\$ 4,252,110	12.61%	\$ 21,640,988	19.65%
7/1/2012	\$ 1,507,997	\$ 5,254,118	\$ 3,746,121	28.70%	\$ 22,020,286	17.01%
7/1/2014	\$ 2,546,109	\$ 5,334,989	\$ 2,788,880	47.72%	\$ 22,917,086	12.17%

\* Covered payroll is the WRS covered payroll

**WAUNAKEE COMMUNITY SCHOOL DISTRICT  
WISCONSIN RETIREMENT SYSTEM  
June 30, 2015**

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

	<u>2015</u>
District's proportion of the net pension liability (asset)	0.1689%
District's proportionate share of the net pension liability (asset)	\$ (4,099,335)
District's covered-employee payroll	\$22,917,086
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

**WAUNAKEE COMMUNITY SCHOOL DISTRICT  
WISCONSIN RETIREMENT SYSTEM  
June 30, 2015**

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS  
Last 10 Fiscal Years\***

	<u>2015</u>
Contractually required contributions	\$ 1,604,196
Contributions in relation to the contractually required contributions	\$ 1,604,196
Contribution deficiency (excess)	\$ -
District's covered-employee payroll	\$22,917,086
Contributions as a percentage of covered-employee payroll	7.00%

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

**WAUNAKEE COMMUNITY SCHOOL DISTRICT  
WISCONSIN RETIREMENT SYSTEM  
June 30, 2015**

**Notes to Required Supplementary Information**

*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.

**OTHER SUPPLEMENTAL INFORMATION**

**Waunakee Community School District  
Waunakee, Wisconsin**

**Schedule of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2015**

	<u>Balance</u> <u>7/01/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/15</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 270,069	\$ -	\$ 20,420	\$ 249,649
Total Assets	<u>\$ 278,935</u>	<u>\$ -</u>	<u>\$ 20,420</u>	<u>\$ 249,649</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 39,367	\$ 12,903	\$ 39,366	\$ 12,904
Due to Student Organizations	230,702	53,757	47,714	236,745
Total Liabilities	<u>\$ 278,935</u>	<u>\$ 66,660</u>	<u>\$ 87,080</u>	<u>\$ 249,649</u>

**Waunakee Community School District  
Waunakee, Wisconsin**

**Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2015**

	<u>Community Service Fund</u>	<u>Special Revenue Trust</u>	<u>Non- referendum Debt</u>	<u>Package Cooperative</u>	<u>Total Non- Major Governmental Funds</u>
<b>ASSETS</b>					
Cash and Investments	\$ 240,355	\$ 152,362	\$ 19,633	\$ 25,225	\$ 437,575
Receivables:					
Accounts	-	21,069	-	-	21,069
Total Assets	<u>\$ 240,355</u>	<u>\$ 173,431</u>	<u>\$ 19,633</u>	<u>\$ 25,225</u>	<u>\$ 458,644</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ -	\$ 54,801	\$ -	\$ 794	\$ 55,595
Accrued Wages Payable	6,913	-	-	-	6,913
Due to Other Governments	-	-	-	24,431	24,431
Total Liabilities	<u>6,913</u>	<u>54,801</u>	<u>-</u>	<u>25,225</u>	<u>86,939</u>
<b>FUND BALANCES</b>					
Restricted	-	118,630	19,633	-	138,263
Committed	233,442	-	-	-	233,442
Total Fund Balances	<u>233,442</u>	<u>118,630</u>	<u>19,633</u>	<u>-</u>	<u>371,705</u>
Total Liabilities and Fund Balances	<u>\$ 240,355</u>	<u>\$ 173,431</u>	<u>\$ 19,633</u>	<u>\$ 25,225</u>	<u>\$ 458,644</u>

**Waunakee Community School District  
Waunakee, Wisconsin**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Governmental Funds  
For the Year Ended June 30, 2015**

	<u>Community Service Fund</u>	<u>Special Revenue Trust</u>	<u>Non- referendum Debt</u>	<u>Package Cooperative</u>	<u>Total Non- Major Governmental Funds</u>
<b>REVENUES</b>					
Local	\$ 427,487	\$ 373,277	\$ 79,772	\$ -	\$ 880,536
Interdistrict	-	-	-	162,536	162,536
Total Revenues	<u>427,487</u>	<u>373,277</u>	<u>79,772</u>	<u>162,536</u>	<u>1,043,072</u>
<b>EXPENDITURES</b>					
Instruction	-	304,746	-	162,536	467,282
Support Service	332,528	4,207	-	-	336,735
Debt Service:					
Principal Repayment	-	-	40,000	-	40,000
Interest Expense	-	-	40,593	-	40,593
Total Expenditures	<u>332,528</u>	<u>308,953</u>	<u>80,593</u>	<u>162,536</u>	<u>884,610</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>94,959</u>	<u>64,324</u>	<u>(821)</u>	<u>-</u>	<u>158,462</u>
Net Change in Fund Balances	94,959	64,324	(821)	-	158,462
Fund Balances - Beginning	138,483	54,306	20,454	-	213,243
Fund Balances - Ending	<u>\$ 233,442</u>	<u>\$ 118,630</u>	<u>\$ 19,633</u>	<u>\$ -</u>	<u>\$ 371,705</u>

# **SINGLE AUDIT**

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2015**

Awarding Agency Pass-Through Agency <u>Award Description</u>	Federal Catalog <u>Number</u>	Receivable <u>July 1, 2014</u>	<u>Receipts</u>	<u>Expenditures</u>	Receivable <u>June 30, 2015</u>
U.S. Department of Agriculture					
Passed through Wisconsin Department of Public Instruction:					
<u>Child Nutrition Cluster</u>					
Food Service Aid - Breakfast	10.553	\$ -	\$ 13,874	\$ 14,791	\$ 917
National School Lunch Program	10.555	-	143,331	151,823	8,492
Donated Commodities	10.555	-	86,117	86,117	-
Total Child Nutrition Cluster		-	243,322	252,731	9,409
Total U.S. Department of Agriculture		-	243,322	252,731	9,409
U.S. Department of Education					
Passed through Wisconsin Department of Public Instruction:					
ESEA Title I-A Basic Grant	84.010	63,847	111,200	120,548	73,195
ESEA Title II-A Teacher/Principal	84.367	16,048	41,782	37,229	11,495
<u>Special Education Cluster (IDEA)</u>					
IDEA Flow Through	84.027	26,188	611,596	681,047	95,639
IDEA Preschool Entitlement	84.173	1,148	12,955	11,896	89
Total Special Education Cluster (IDEA)		27,336	624,551	692,943	95,728
Passed through Mt. Horeb School District:					
Carl Perkins Act Leadership Grant	84.048	17,001	34,040	17,039	-
Total U.S. Department of Education		124,232	811,573	867,759	180,418
U.S. Department of Health and Human Services					
Passed through Wisconsin Department of Health Services:					
Medical Assistance Program	93.778	-	171,962	179,672	7,710
Total Federal Awards		\$ 124,232	\$ 1,226,857	\$ 1,300,162	\$ 197,537

**WAUNAKEE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
For the Year Ended June 30, 2015**

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Awarding Agency Pass-through Agency <u>Award Description</u>	State ID <u>Number</u>	Receivable <u>July 1, 2014</u>	<u>Receipts</u>	<u>Expenditures</u>	Receivable <u>June 30, 2015</u>	
Wisconsin Department of Public Instruction:						
Entitlement Programs:						
Special Education and School Age Parents	255.101	\$ -	\$ 1,549,093	\$ 1,549,093	\$ -	
Common School Fund Library	255.103	-	128,351	128,351	-	
Pupil Transportation	255.107	-	56,741	56,741	-	
Equalization	255.201	335,018	19,351,078	19,355,837	339,777	
Per Pupil Aid	255.945	-	578,850	578,850	-	
Cost Reimbursement Programs:						
State School Lunch	255.102	-	12,298	12,298	-	
School Breakfast Program	255.344	-	1,500	1,500	-	
Educator Effectiveness	255.940	-	28,000	28,000	-	
Career and Technical Educ Incentive Grants	255.950	-	25,000	25,000	-	
Total Wisconsin Department of Public Instruction:			<u>335,018</u>	<u>21,730,911</u>	<u>21,735,670</u>	<u>339,777</u>
Total State Awards			<u>\$ 335,018</u>	<u>\$ 21,730,911</u>	<u>\$ 21,735,670</u>	<u>\$ 339,777</u>

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2015**

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**Note 1            Reporting Entity**

The accompanying schedules of expenditures of Federal and State Awards include the federal and state grant activity of the Waunakee Community School District.

**Note 2            Basis of Presentation**

The accounting records for the grant program are maintained on the accrual or modified accrual basis of accounting, depending on the fund type the federal and state awards are recorded in. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Guidelines*.

**Note 3            Special Education and School Age Parents Program**

2014-2015 eligible costs under the State Special Education Program are \$5,714,265.

**Note 4            Medical Assistance**

Expenditures presented for the Medicaid SBS Benefit represent only the federal funds for the program that the District receives from DHS. District record should be consulted to determine the total amount expended for this program.

**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**

November 25, 2015

To the School Board  
Waunakee Community School District  
Waunakee, WI

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, business-type activities, each major fund, and the aggregate remaining fund information of the Waunakee Community School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Waunakee Community School District's basic financial statements, and have issued our report thereon dated November 25, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Waunakee Community School 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 Waunakee Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Waunakee Community School 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.



### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Waunakee Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the 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*.

### Purpose of this Report

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

*Johnson Block & Company, Inc.*

Johnson Block & Company, Inc.  
Certified Public Accountants  
Madison, Wisconsin



Certified Public Accountants

406 Science Drive, Suite 100 ▲ Madison, Wisconsin 53711-1097 ▲ TEL 608-274-2002 ▲ FAX 608-274-4320

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR  
A-133 AND THE STATE SINGLE AUDIT GUIDELINES**

November 25, 2015

To the School Board  
Waunakee Community School District  
Waunakee, WI

Report on Compliance for Each Major Federal and State Program

We have audited the Waunakee Community School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of Waunakee Community School District's major federal and state programs for the year ended June 30, 2015. Waunakee Community School District's major federal and 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 each of its major federal and state programs.

Auditor's Responsibility

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

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



### Opinion on Each Major Federal and State Program

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

### Report on Internal Control Over Compliance

Management of the Waunakee Community School 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 Waunakee Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with *OMB Circular A-133* and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Waunakee Community School 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 federal or 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 federal or 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Johnson Block & Company, Inc.*

Johnson Block & Company, Inc.  
Certified Public Accountants  
Madison, Wisconsin

**WAUNAKEE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
* Material weakness identified?	No
* Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
* Material weakness identified?	No
* Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of major federal programs:	<u>Name of Program or Cluster</u>
<u>CFDA Number</u>	
84.027, 84.173	Special Education Cluster (IDEA)

Dollar threshold for distinguishing Types A and B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**WAUNAKEE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Section I - Summary of Auditor's Results (Continued)**

State Awards

Internal control over major programs:

- \* Material weakness identified? No
- \* Significant deficiencies identified? None reported

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

Unmodified

Identification of major state programs:

<u>ID Number</u>	<u>Name of State Program or Cluster</u>
255.101	Special Education and School Age Parents
255.201	Equalization Aid
255.945	Per Pupil Aid

**Section II – Financial Statement Finding**

None

**Section III – Federal Award Findings and Questioned Costs**

None

**WAUNAKEE COMMUNITY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015**

None.