

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

AUDITED FINANCIAL STATEMENTS

June 30, 2015

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INDEPENDENT AUDITOR'S REPORT

To the School Board
Evansville Community School District
Evansville, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business activity, each major fund, and the aggregate remaining fund information of Evansville 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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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 activity, each major fund, and the aggregate remaining fund information of the Evansville 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress, and the schedule of the net pension asset, schedule of contributions and notes to required supplementary information on pages 4-11 and 46-48 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 Evansville Community School District's basic financial statements. The combining general fund financial statements, the combining nonmajor fund financial statements, and the agency fund schedule of changes in assets and liabilities are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal and state awards is 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 the *State Single Audit Guidelines*, and is also not a required part of the basic financial statements.

The combining general fund financial statements, the combining nonmajor fund financial statements, the agency fund schedule of changes in assets and liabilities and schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining general fund financial statements, the combining nonmajor fund financial statements, the agency fund schedule of changes in assets and liabilities and schedule 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 10, 2015, on our consideration of the Evansville Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
November 10, 2015

EVANSVILLE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

The discussion and analysis of the financial performance of the Evansville Community School District (District) provides an overview of financial activities for the fiscal year ended June 30, 2015. The analysis focuses on school district financial performance as a whole. Efforts have been made to provide comparison to prior year data when such data is available. It should be read in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

The District's government-wide financial statements reflect the following:

- Total net position of the District increased to \$11,930,853 or 28% at June 30, 2015. The majority is attributable to debt reduction resulting in a decrease in liabilities of \$3,750,000 and the inclusion of deferred outflows related to pensions of \$1,673,350 on the year-end balance statement.
- Total governmental activity revenues increased to \$23,785,308 in fiscal year 2015, up from \$22,950,652 in fiscal year 2014, an increase of approximately 3.6%. The increase in the District's general fund balance is the result of lower than expected labor expenses due to staffing changes during fiscal year 2014-2015.
- Total business-type activity revenues decreased to \$641,833 in fiscal year 2015, down from \$677,437 in fiscal year 2014.

The District's governmental fund financial statements reflect the following:

- Total fund balances of the District's governmental funds increased \$85,282 in fiscal year 2015. This increase included a \$38,102 increase in the general fund, a \$55,164 decrease in the debt service fund and an \$102,344 increase in the nonmajor governmental funds. The increase in the District's general fund balance is the result of lower than expected expenses in the areas of special education and employee benefits during fiscal year 2014-2015.
- The fund balance for all governmental funds at June 30, 2015 was \$3,126,850. Of this amount, \$369,849 was restricted for debt service; \$26,271 was restricted for special revenue; \$114,305 was restricted per donor restrictions; and \$2,616,425 remains unassigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the District's basic financial statements. Those basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains information supplementary to the basic financial statements.

District-wide financial statements

District-wide financial statements report information about the Evansville Community School District as a whole, using accounting methods similar to those used by private sector companies.

The *statement of net position* presents financial information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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. To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

The *statement of activities* includes all revenues and expenses of the District, irrespective of when cash is actually received or paid out. The intent of the district-wide statements is to provide a snapshot of the District's net position and to provide an explanation of material changes that occurred since the prior year.

Both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activity). The governmental activities of the District include the general operations, special education, debt service, and capital project. The District reports nutrition services as a business-type activity.

Fund financial statements

The *fund financial statements* provide detailed information about the District's significant funds rather than the Evansville Community School District as a whole. A fund is an accounting entity with a self balancing set of accounts for recording assets, liabilities, revenues, and expenditures. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary and fiduciary. Table 1 summarizes the various features of each of these funds.

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) cash and other financial assets that can readily be converted to cash and (2) the balances remaining at year-end that are available for funding future basic services. Governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or less financial resources to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information is provided that explains the relationship between them.
- *Proprietary funds*—The District reports nutrition services as a proprietary fund. Proprietary funds provide the same type of information as the district-wide financial statements, only in more detail.
- *Fiduciary funds*—The District serves as a fiduciary for student organizations. The District is also responsible for other assets that can only be used for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. These activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

**EVANSVILLE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

**Table 1
Major Features of the District-wide and Fund Financial Statements**

	District-wide	Fund Financial Statements		
	<u>Statements</u>	<u>Governmental</u>	<u>Proprietary</u>	<u>Fiduciary</u>
Scope	Entire district (except fiduciary funds).	The activities of the District that is not proprietary or fiduciary, such as instruction, support services, debt service, capital projects, food service and community services.	The day-to-day operating activities of the District for business-type enterprises	The district acts as trustee or agent for another; e.g. other post employment trusts
Required Financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balance 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial resources focus.	Accrual accounting. Economic resources focus.	Accrual accounting. Economic resources focus.
Type of asset, deferred inflows/outflows of resources and liability information	All assets, deferred inflows/outflows of resources and liabilities; both financial and capital, short-term and long-term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets and liabilities, financial and capital; short-term and long-term.	All assets held in a trustee or agency capacity for others and all liabilities
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues when cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability are due and payable.	All revenue and expenses during the year, regardless of when the cash is received or paid	All additions or deductions during the year, regardless of when the cash is received or paid.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 23-44 of this report.

Other Information

Required supplementary information (RSI) includes a budget to actual comparison that provides readers with information about the accuracy with which management was able to project the District's revenues and expenditures. In addition, the RSI includes information concerning the District's other post employment benefits (OPEB) liability.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

DISTRICT-WIDE FINANCIAL STATEMENTS

Statement of Net Position

The District ended its fiscal year with net position of \$11,930,853 of which \$6,081,744 was net investment in capital assets, \$190,875 was restricted for debt service, \$140,576 was restricted by donors, \$5,708 was restricted to school nutrition services and \$5,511,951 was unrestricted. Unrestricted net position represents the amount of discretionary resources that can be used to fund general District operations.

For governmental activities, capital assets decreased due to current year depreciation exceeding current year capital additions. Noncurrent liabilities decreased due to normal scheduled debt payment.

For the business-type activity, capital assets decreased due to current year depreciation exceeding current year capital additions.

Table 2
Condensed Statement of Net Position
(in thousands of dollars)

	Governmental Activities		Business-Type Activity		Total		% Change
	2015	2014	2015	2014	2015	2014	
ASSETS							
Current and other assets	\$ 9,082	\$ 8,165	\$ 24	\$ 52	\$ 9,106	\$ 8,217	10.82%
Capital assets	22,728	22,958	27	40	22,756	22,998	-1.05%
Total assets	31,810	31,123	51	92	31,862	31,215	2.07%
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows	1,673	-	-	-	1,673	-	
LIABILITIES							
Long-term liabilities	16,143	18,551	-	-	16,143	18,551	-12.98%
Other liabilities	5,444	6,798	18	22	5,462	6,820	-19.91%
Total liabilities	21,587	25,349	18	22	21,605	25,371	-14.84%
NET POSITION							
Net investment in capital assets	6,053	3,762	27	40	6,081	3,802	59.94%
Restricted	331	288	6	30	337	318	5.97%
Unrestricted	5,512	1,724	-	-	5,512	1,724	219.72%
Total net position	\$ 11,896	\$ 5,774	\$ 33	\$ 70	\$ 11,930	\$ 5,844	104.14%

EVANSVILLE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

DISTRICT-WIDE FINANCIAL STATEMENTS (continued)

Changes in Net Position

Governmental Activities

Table 3 demonstrates that on a district-wide basis the District ended fiscal year 2015 with an increase in net position of \$2,568,774, compared to an increase of \$2,373,721 in fiscal year 2014.

The district received \$23,785,308 in revenue for the fiscal year 2015. The District relies primarily on property taxes (38.1% of total governmental revenues), and state equalization aid (49.8%) to fund governmental activities. The District received approximately 10.5% in the form of specific use state grants, federal aid and direct fees for services.

Individuals who directly participated or benefited from a program paid 2.4% of the cost. Book and activity fees, admission to athletic events, open enrollment tuition and other fees are included as charges for services.

Federal and state governments subsidized certain programs with grants and awards of \$2,205,635. Operating grants include Title I, IDEA, and Transportation Aid.

Business-Type Activity

Individuals who directly benefited from services paid 58.7% of the cost. Fees charged to students and adults for meals are included as charges for services. Federal and state governments subsidized certain programs with grants of \$264,984. Operating grants include State and National School Lunch Programs.

Table 3
Changes in Net Position from Operating Results
(in thousands of dollars)

	Governmental Activities		Business-Type Activity		Total		% Change
	2015	2014	2015	2014	2015	2014	
REVENUES							
Program revenues							
Charges for services	\$ 560	\$ 483	\$ 377	\$ 406	\$ 937	\$ 889	5.40%
Operating grants	1,926	2,093	265	272	2,191	2,365	-7.36%
General revenues							
Property taxes	9,066	8,130	-	-	9,066	8,130	11.51%
General aid	11,844	11,975	-	-	11,844	11,975	-1.09%
Other	389	270	-	-	389	270	44.07%
Total revenues	23,785	22,951	642	678	24,427	23,629	3.38%
EXPENSES							
Instruction	12,104	11,408	-	-	12,104	11,408	6.10%
Pupil and instructional services	1,502	1,517	-	-	1,502	1,517	-0.99%
Administration and business	5,332	5,272	-	-	5,332	5,272	1.14%
Interest on debt	763	862	-	-	763	862	-11.48%
Other	1,479	1,445	678	750	2,157	2,195	-1.73%
Total expenses	21,180	20,504	678	750	21,858	21,254	2.84%
Change in net position	\$ 2,605	\$ 2,447	\$ (36)	\$ (72)	\$ 2,569	\$ 2,375	8.17%

EVANSVILLE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2015

DISTRICT-WIDE FINANCIAL STATEMENTS (continued)

Table 4 presents the cost of governmental activities. The table reports each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost reflects the financial burden that was placed on the District's taxpayers by each of these functions.

The cost of all governmental activities this year was \$21,180,531. Individuals who directly participated or benefited from a program offering paid for \$559,685 of costs. Federal and state governments subsidized certain programs with grants and contributions of \$1,926,268. The net cost of governmental activities (\$18,694,578) was financed by \$9,093,541 of property taxes and \$12,205,814 of federal and state unrestricted aid.

Table 4
Net Cost of Governmental Activities
(in thousands of dollars)

	Total Cost of Services	Net Cost of Services
EXPENSES		
Instruction	\$ 12,104	\$ (9,724)
Pupil and instructional services	1,502	(1,436)
Administration and business	5,332	(5,296)
Interest on debt	763	(763)
Other	1,479	(1,474)
Total expenses	\$ 21,180	\$ (18,693)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances in spendable resources. Such information is useful in assessing the District's financing requirements. Unassigned fund balances or lack thereof, may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The District completed the year with a total governmental fund balance of \$3,126,850, up from last year's ending fund balance of \$3,041,568. The District's unassigned fund balance, available for spending at the district's discretion was \$2,616,425.

Proprietary funds

The District's proprietary funds provide the same type of information found in the District-wide financial statements, but in more detail. The District completed the year with restricted net position of \$34,174, down from last year's ending restricted net position of \$70,177. Other factors concerning the finances of this fund have already been addressed in the discussion of the District's business-type activity.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the June 30, 2015, the District had \$39,092,260 in capital assets for its governmental and business-type activity, including land, buildings, furniture and equipment. Total accumulated depreciation on these assets was \$16,364,317. Asset acquisitions for governmental activities totaled \$591,700. The District recognized depreciation expense of \$834,016. Detailed information about capital assets can be found in Note 4 to the financial statements.

Table 5
Capital Assets
(in thousands of dollars)

	Governmental Activities		Business-Type Activity		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 192	\$ 192	\$ -	\$ -	\$ 192	\$ 192
Buildings	34,975	34,975	-	-	34,975	34,975
Furniture and equipment	3,924	3,361	260	260	4,184	3,621
Accumulated depreciation	(16,363)	(15,570)	(232)	(220)	(16,595)	(15,790)
Net capital assets	<u>\$ 22,728</u>	<u>\$ 22,958</u>	<u>\$ 28</u>	<u>\$ 40</u>	<u>\$ 22,756</u>	<u>\$ 22,998</u>

Long-term Debt

At June 30, 2015, the District had \$15,925,000 in general obligation debt outstanding—a decrease of \$2,300,000 from fiscal year 2014. Debt of the District is secured by a tax levy adopted by the school board at the time of issuance. Wisconsin statutes require that the first property tax receipts be segregated for annual debt service payments. No significant debt additions were entered into during the year. Detailed information about the District's long-term obligations is presented in Note 6 to the financial statements.

Table 6
Outstanding Long-term Obligations
(in thousands of dollars)

	2015	2014
General obligation debt	\$ 15,925	\$ 18,225
Capital leases	218	326
Compensated absences	125	105
Total	<u>\$ 16,268</u>	<u>\$ 18,656</u>

EVANSVILLE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

GENERAL FUND BUDGETARY HIGHLIGHTS

While the District's original budget for the general fund anticipated that expenditures would exceed revenues and other financing sources by \$94,936, the actual results for the year ended June 30, 2015, had revenues and other financing sources in excess of expenditures by \$38,102. The most significant change from budget to actual revenues and expenses was a decrease in labor expense for 2014-2015 due to staffing changes.

FACTORS BEARING ON THE DISTRICT'S FUTURE

During the 2014-2015 fiscal year, the District taxpayers approved a five-year non-recurring operational referendum in the amount of \$4.56 million. The 2014-2015 referendum allocation was \$690,000 and was spent on significant technology infrastructure upgrades for wired and wireless internet service and significant improvements across the District on safety and security. The referendum allocations for the next four years will significantly improve the District facilities and educational resources.

The District also moved forward with planning and preparing for the implementation of the 4-year-old kindergarten program set to begin with the 2015-2016 school year. Start-up expense for the 2015-2016 school year will be reduced due to a successful grant application that will award the District approximately \$1,000 per 4-year old student. The 4K grant is for two years.

The District is also looking to significantly reduce interest expense on long-term debt by taking advantage of an opportunity to refinance outstanding bonds in January 2016. This will put the District in a position to potentially save more than \$800,000 in interest expense over the next 4 years.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Doreen Treuden, Business manager at (608) 882-3383 or treudend@evansville.k12.wi.us .

Additional information about the District and its services can also be found on the District's website at www.ecsdnet.org.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities	Business-Type Activity	Total
ASSETS			
CURRENT ASSETS			
Cash and investments	\$ 4,194,646	\$ 16,309	\$ 4,210,955
Accounts receivable	2,640,542	-	2,640,542
Due from other governments	314,393	-	314,393
Inventories	-	7,646	7,646
Net pension asset	1,932,789	-	1,932,789
Capital assets not being depreciated	191,874	-	191,874
Capital assets being depreciated, net	22,536,069	28,466	22,564,535
Total assets	31,810,313	52,421	31,862,734
DEFERRED OUTFLOWS OF RESOURCES			
Pension-expected vs. actual experience	280,194	-	280,194
Pension-expected vs. actual investment income	935,950	-	935,950
Pension-contributions after measurement date	457,206	-	457,206
Total deferred outflows of resources	1,673,350	-	1,673,350
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Short-term notes payable	2,800,000	-	2,800,000
Accounts payable and other current liabilities	1,222,731	1,615	1,224,346
Accrued interest	178,974	-	178,974
Unearned revenues	-	16,632	16,632
Other postemployment benefits	585,462	-	585,462
Accrued compensated absences	125,151	-	125,151
Unamortized debt premium	531,717	-	531,717
Long-term debt			
Due within one year	2,487,655	-	2,487,655
Due in more than one year	13,655,293	-	13,655,293
Total liabilities	21,586,983	18,247	21,605,230
NET POSITION			
Net investment in capital assets	6,053,278	28,466	6,081,744
Restricted	331,451	5,708	337,159
Unrestricted	5,511,951	-	5,511,951
Total net position	\$ 11,896,680	\$ 34,174	\$ 11,930,854

See accompanying notes.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activity	Business- Type Activities	Total
GOVERNMENTAL ACTIVITIES:						
Instruction						
Regular instruction	\$ 7,674,126	\$ 555,472	\$ 494,541	\$ (6,624,113)	\$ -	\$ (6,624,113)
Vocational instruction	801,017	-	-	(801,017)	-	(801,017)
Physical instruction	616,509	-	-	(616,509)	-	(616,509)
Special education instruction	2,582,334	-	1,329,454	(1,252,880)	-	(1,252,880)
Other instruction	429,618	-	-	(429,618)	-	(429,618)
Total instruction	12,103,604	555,472	1,823,995	(9,724,137)	-	(9,724,137)
Support services						
Pupil services	909,951	-	-	(909,951)	-	(909,951)
Instructional staff services	591,667	-	65,498	(526,169)	-	(526,169)
General administrative services	600,210	-	-	(600,210)	-	(600,210)
Building administrative services	850,674	-	-	(850,674)	-	(850,674)
Business administrative services	3,881,707	-	36,775	(3,844,932)	-	(3,844,932)
Central services	229,769	-	-	(229,769)	-	(229,769)
Insurance and judgments	152,757	-	-	(152,757)	-	(152,757)
Other support services	1,096,745	4,213	-	(1,092,532)	-	(1,092,532)
Interest on debt	763,447	-	-	(763,447)	-	(763,447)
Total support services	9,076,927	4,213	102,273	(8,970,441)	-	(8,970,441)
Total governmental activities	21,180,531	559,685	1,926,268	(18,694,578)	-	(18,694,578)
BUSINESS-TYPE ACTIVITIES:						
School nutrition service	677,836	376,849	264,984	-	(36,003)	(36,003)
Total school district	\$21,858,367	\$ 936,534	\$ 2,191,252	(18,694,578)	(36,003)	(18,730,581)
GENERAL REVENUES:						
TAXES:						
Property taxes, levied for general purposes				5,981,177	-	5,981,177
Property taxes, levied for debt service				3,084,892	-	3,084,892
Other taxes				27,472	-	27,472
FEDERAL AND STATE AID NOT RESTRICTED						
General (equalization aid)				11,844,485	-	11,844,485
Other				279,367	-	279,367
Interest and investment earnings				16,485	-	16,485
Miscellaneous				65,477	-	65,477
Change in net position				2,604,777	(36,003)	2,568,774
Net position—beginning of year, as restated				9,291,903	70,177	9,362,080
Net position—end of year				\$11,896,680	\$ 34,174	\$11,930,854

See accompanying notes.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
BALANCE SHEET—GOVERNMENTAL FUNDS
June 30, 2015

	General Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 3,798,491	\$ 369,849	\$ 26,306	\$ 4,194,646
Accounts receivable	2,638,623	-	1,919	2,640,542
Due from other governments	314,393	-	-	314,393
Due from other funds	-	-	114,305	114,305
Total assets	\$ 6,751,507	\$ 369,849	\$ 142,530	\$ 7,263,886
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Short-term notes payable	\$ 2,800,000	\$ -	\$ -	\$ 2,800,000
Accounts payable	645,817	-	-	645,817
Accrued salaries and wages	51,633	-	-	51,633
Payroll taxes and withholdings	523,327	-	1,954	525,281
Due to other funds	114,305	-	-	114,305
Total liabilities	4,135,082	-	1,954	4,137,036
FUND BALANCES				
Restricted	-	369,849	140,576	510,425
Unassigned	2,616,425	-	-	2,616,425
Total fund balances	2,616,425	369,849	140,576	3,126,850
Total liabilities and fund balances	\$ 6,751,507	\$ 369,849	\$ 142,530	\$ 7,263,886

See accompanying notes.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE DISTRICT-WIDE STATEMENT OF NET POSITION
June 30, 2015

Total fund balances - governmental funds		\$ 3,126,850
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds:		
Cost of capital assets	39,092,260	
Accumulated depreciation	<u>(16,364,317)</u>	
Net capital assets		22,727,943
The net pension asset is not an available resource and, therefore, is not reported in the funds.		
		1,932,789
Certain liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. those liabilities at year-end consist of;		
Bonds and notes payable	(16,142,948)	
Accrued interest payable	(178,974)	
Compensated absences	(125,151)	
Deferred outflows related to pension	1,673,350	
Other postemployment benefits	(585,462)	
Unamortized debt premium	<u>(531,717)</u>	
Total long-term debt liabilities		<u>(15,890,902)</u>
Total net position - governmental activities		<u><u>\$ 11,896,680</u></u>

See accompanying notes.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	General Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 5,997,498	\$ 3,084,892	\$ -	\$ 9,082,390
Local	185,100	1,898	11,775	198,773
Interdistrict payments	414,852	-	4,213	419,065
Intermediate sources	429	-	-	429
State	13,331,431	-	-	13,331,431
Federal	687,743	-	-	687,743
Other sources	65,477	-	-	65,477
Total revenues	20,682,530	3,086,790	15,988	23,785,308
EXPENDITURES				
Instruction				
Regular instruction	7,871,325	-	2,836	7,874,161
Vocational instruction	801,017	-	-	801,017
Physical instruction	616,509	-	-	616,509
Special education instruction	2,582,334	-	-	2,582,334
Other instruction	425,850	-	3,768	429,618
Total instruction	12,297,035	-	6,604	12,303,639
Support services				
Pupil services	909,951	-	-	909,951
Instructional staff services	583,934	-	-	583,934
General administrative services	585,826	-	573	586,399
Building administrative services	849,969	-	705	850,674
Business administrative services	3,065,470	-	15,854	3,081,324
Central services	229,769	-	-	229,769
Insurance and judgments	152,757	-	-	152,757
Other support services	1,092,532	-	4,213	1,096,745
Total support services	7,470,208	-	21,345	7,491,553
Capital outlay	591,700	-	-	591,700
Debt service				
Principal	108,334	2,300,000	-	2,408,334
Interest and fees	62,846	841,954	-	904,800
Total expenditures	20,530,123	3,141,954	27,949	23,700,026
Excess (deficiency) of revenues over (under) expenditures	152,407	(55,164)	(11,961)	85,282
Other financing sources (uses)				
Transfers in (out)	(114,305)	-	114,305	-
Total other financing sources (uses)	(114,305)	-	114,305	-
Net change in fund balances	38,102	(55,164)	102,344	85,282
Fund balances—beginning of year	2,578,323	425,013	38,232	3,041,568
Fund balances—end of year	\$ 2,616,425	\$ 369,849	\$ 140,576	\$ 3,126,850

See accompanying notes.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Net change in fund balances—total governmental funds		\$ 85,282
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives as depreciation expense.		
Capital outlay reported in governmental fund statements	591,700	
Depreciation expense reported in the statement of activities	<u>(821,927)</u>	(230,227)
Repayment of long-term debt principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.		
Bonds and notes	2,300,000	
Capital leases	<u>108,334</u>	2,408,334
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Decrease in accrued interest payable	28,064	
Amortization of debt premium	113,289	
Net decrease in other postemployment benefits	132,052	
Net decrease in pension expense	88,500	
Net increase in compensated absences	<u>(20,517)</u>	<u>341,388</u>
Change in net position of governmental activities		<u>\$ 2,604,777</u>

See accompanying notes.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION—PROPRIETARY FUNDS
June 30, 2015

	School Nutrition Services
ASSETS	
CURRENT ASSETS	
Cash and investments	\$ 16,309
Inventories	7,646
Total current assets	23,955
NONCURRENT ASSETS	
Furniture and equipment	259,680
Accumulated depreciation	(231,214)
Total noncurrent assets	28,466
Total assets	\$ 52,421
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Payroll taxes and withholdings	\$ 1,615.0
Deferred revenues	16,632
Total current liabilities	18,247
NET POSITION	
Net investment in capital assets	28,466
Restricted	5,708
Total net position	\$ 34,174

See accompanying notes.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION—PROPRIETARY FUNDS
Year Ended June 30, 2015

	School Nutrition Services
REVENUES	
Food sales	\$ 376,849
State sources	10,619
Federal sources	254,365
Total operating revenues	641,833
OPERATING EXPENSES	
Salaries and wages	180,532
Benefits	71,423
Supplies and materials	413,792
Depreciation	12,089
Total operating expenses	677,836
Change in net position	(36,003)
Net position—beginning of year	70,177
Net position—end of year	\$ 34,174

See accompanying notes.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS—PROPRIETARY FUNDS
Year Ended June 30, 2015

	School Nutrition Services
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from user charges	378,958
Received from government payments	214,187
Payments to and on behalf of employees	(253,167)
Payments to suppliers for goods and services	(375,779)
Net cash used for operating activities	(35,801)
Cash—beginning of year	52,110
Cash—end of year	\$ 16,309
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH USED FOR OPERATING ACTIVITIES	
Change in net position	\$ (36,003)
Adjustments to reconcile change in net position to net cash used for operating activities:	
Depreciation	12,089
Change in assets and liabilities:	
Inventories	(7,646)
Accounts payable	(5,138)
Accrued salaries and wages	(489)
Payroll taxes and withholdings	(723)
Deferred revenues	2,109
Net cash used for operating activities	\$ (35,801)

See accompanying notes.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2015

	<u>Private Purpose Trust</u>	<u>Agency</u>
ASSETS		
Cash and investments	\$ 7,322	\$ 235,561
LIABILITIES		
Due to student organizations	-	<u>\$ 235,561</u>
NET POSITION		
Restricted	<u>\$ 7,322</u>	

See accompanying notes.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2015

	<u>Private Purpose Trust</u>
ADDITIONS	
Investment earnings	\$ 24
Total additions	24
DEDUCTIONS	
Scholarships	<u>1,000</u>
Total deductions	<u>1,000</u>
Change in net position	(976)
Net position—beginning of year	<u>8,298</u>
Net position—end of year	<u><u>\$ 7,322</u></u>

See accompanying notes.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Evansville Community School District (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 accounting and financial reporting principles.

Effective July 1, 2014, the District implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27. GASB Statement No. 68 defines the pension liability as the difference between the total pension liability and the value of assets set aside to pay benefits. A description of the pension plan and the impact on the financial statements of the District is provided on page 36.

Reporting Entity

The Evansville Community School District operates as a common school district under Chapter 120 of the Wisconsin Statutes. The District is governed by a seven member elected school board, provides elementary, secondary, vocational, and special education services for kindergarten through grade 12, and is comprised of all or parts of eight taxing districts.

As discussed in the detail below, the financial reporting entity consists of the primary government, and organizations for which the primary government is financially accountable. All of the accounts of the District comprise the primary government.

This report includes all of the funds of the District. The reporting entity for the District consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. If a primary government appoints a voting majority of an organization's officials or if the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or to impose specific financial burdens on, the primary government, the primary government is financially accountable for those organizations. An organization has a financial benefit or burden relationship with the primary government if, for example, any one of these conditions exists. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. The report does not contain any component units.

Basis of Presentation

District-wide Financial Statements

The statement of net position and statement of activities present financial information about the District as a whole. They include all funds of the District except for fiduciary funds. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from the business-type activity, which relies on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

identifiable with a specific function or segment. The District does not allocate indirect expenses. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Fund Financial Statements

The fund financial statements provide information about the district's funds, including the fiduciary funds. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on the major governmental funds; each is displayed in a separate column. All remaining funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

General Fund

The general fund is the general operating fund of the District and is always classified as a major fund. The general fund is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund

Debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The District reports the following major proprietary fund

School Nutrition Services Fund

The School Nutrition Services fund is used to account for the districts food service, generally the school breakfast and lunch programs.

The District reports the following nonmajor governmental funds:

Capital Projects Fund

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

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Special Revenue Funds

Special revenue funds are used to account and report the proceeds of specific revenue sources (other than major capital projects) that are restricted or committed to expenditures for specific purposes. The District reports the Special Revenue Gift Fund and Co-operative Program as special revenue funds.

Additionally, the District reports the following fund types:

Private-Purpose Trust Fund

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

Agency Fund

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

Measurement Focus and Basis of Accounting

The district-wide and fiduciary fund statements (excluding the agency funds) are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded at the time liabilities are incurred regardless of the timing of the related cash flows.

Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 90 days of the end of the current fiscal year. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, and compensated absences are recorded only when payment is due. 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principle ongoing operation. The principle operating revenue is charges to students for meals. Operating expenses for proprietary

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical funds, and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement resources to such programs, followed by general revenues.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Investments

The District's cash and cash 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. Cash and investment balances for individual funds are pooled unless maintained in segregated accounts.

The District may invest available cash balances, other than debt services 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 governmental investment pool.

Receivables and Payables

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. 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. At June 30, 2015, there were no outstanding lending arrangements between funds.

Advances between funds are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property taxes are recognized as revenues in the year for which they are budgeted. Under the Wisconsin Statutes, each County in the District's taxing jurisdiction purchases the outstanding property taxes of the District in August of each year. The statutory guarantee assures the District full collection of all property taxes within sixty days of its year end, and hence, the availability of these funds to finance expenditures of the fiscal year for which the taxes were levied. Property taxes are levied in October on the assessed value as of the prior January 1, and are due in full by January 31, or in installments with the last payment due in July.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided in the governmental funds since it is believed that the amount of such allowance would not be material to the financial statements.

Inventories and Prepaid Items

Inventories are recorded at cost based on the first-in, first-out method using the consumption method of accounting. Inventories in the governmental fund types are recorded as expenditures when consumed rather than when purchased. Donated United States Department of Agriculture (USDA) commodities are recorded as revenues and assets in the school nutrition services at the fair value when originally donated by the USDA. When used by the schools, the commodities are expensed and the related assets are reduced.

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

Capital Assets

Capital assets are reported at historical cost or estimated historical cost. Capital assets are defined by the District as assets with an initial individual cost of \$5,000. Donated assets are recorded at the estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Site improvements	20
Buildings	45
Furniture and equipment	5-20
Computer and related technology	5

Deferred Outflows/Inflows of Resources

In addition to assets, the balance sheet will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that meet this criterion, expected vs. actual experience of the pension plan, expected vs. actual investment income of the pension plan and contributions after measurement date. All of the deferred outflows relate to the allocated of the pension activity that resulted from the implementation of GASB Statement 68.

Compensated Absences and Other Employee Benefit Amounts

District employees are granted vacation and sick leave benefits in varying amounts in accordance with district policies. In the event of retirement, death or resignation of an employee, the District is obligated to pay for all unused sick leave up to a maximum vested amount of 110 days or

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

contribute to a non-elective tax shelter annuity through the Wisconsin Educators Association, depending on the class of employee and years of service. All vacation pay and sick pay is accrued when incurred in the district-wide financial statements. A liability for sick leave is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements. Vacation pay does not vest.

Pensions

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

Long-Term Obligations

In the district-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditures for claims and judgments are only reported in the governmental funds if it has matured. Claims and judgments are recorded in the district-wide statements as expense when the related liabilities are incurred. There were not significant claims or judgments at year end.

Net Position

In the district-wide financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets—Consists of capital assets including restricted capital assets, net of accumulated depreciation less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets plus unspent proceeds.

Restricted Net Position—Consists of net position with constraints placed on use by 1) external groups such as creditors, grantors, or contributors, or 2) law through constitutional provisions or enabling legislation.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unrestricted Net Position—All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Balance

Governmental fund equity is classified as fund balance. In the fund financial statements, fund balance is presented in five possible categories:

Nonspendable—Amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. This classification includes inventories, prepaid items, assets held for resale, and long term receivables.

Restricted—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 that can only be used for specific purposes as the result of a formal action, approval of a resolution, by the Board of Education. Any changes in the constraints imposed require the same formal action of the District that originally created the commitment.

Assigned—Resources that are neither restricted nor committed for which the District has stated intended use as established by the Board of Education.

Unassigned—Resources that are available for any purpose. Unassigned amounts are only reported in the general fund.

Use of Restricted Resources

The District considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal constraints that prohibit doing this. Additionally, the District considers amounts to be spent first out of committed amounts, then assigned and lastly unassigned amounts of restricted fund balance when expenditures are made.

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described on page 24.

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes. The budgeted amounts presented include amendments adopted during the year. Transfers between functions and changes to the overall budget must be approved and amended by School Board resolution. Appropriations lapse at year end unless specifically carried over.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts and disclosures.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 2—CASH AND INVESTMENTS

Generally, the District is limited to investments authorized by Wisconsin State Statute 66.0603 including the following:

1. Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association, which is authorized to transact business in the state, if the time deposits mature in not more than three years.
2. Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board, or other instrumentality of the federal government.
3. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state, as well as bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, the University of Wisconsin Hospitals and Clinics Authority, a local cultural arts district, or the Wisconsin Aerospace Authority.
4. Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's Investors Service, or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating.
5. Securities of an open-end management investment company or investment trust, with certain limitations:
 - a. Bonds or securities issued under the authority of the municipality;
 - b. The local government pooled-investment fund as established under Section 25.50 of the Wisconsin Statutes; the state of Wisconsin local government investment fund (LGIP)
 - c. Agreements in which a public depository agrees to repay funds advanced to it by the District, plus interest, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government.
 - d. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
 - e. Repurchase agreements with public depositories, with certain conditions.

As of June 30, 2015, cash and investments consist of the following:

	Fair Value	Carrying Value	Risk
Cash on hand	\$ 1,489	\$ 1,489	
Deposits with financial institutions	4,877,999	4,382,873	Custodial
Wisconsin Local Government Investment Pool	69,476	69,476	Credit and interest rate
	<u>\$ 4,948,964</u>	<u>\$ 4,453,838</u>	

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 2—CASH AND INVESTMENTS (continued)

The District's cash and investments are reported in the financial statements as follows:

Statement of net position	
Governmental activities	\$ 4,194,646
Business-type activities	16,309
Statement of fiduciary net position	
Private purpose trust	7,322
Agency fund	<u>235,561</u>
	<u>\$ 4,453,838</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation. To limit credit risk, the District is limited to investments authorized by Wisconsin State Statute 66.0603. The District has adopted an investment policy which permits all investment authorized under state statutes as described on page 30.

Interest Rate Risk

Interest rate risk is the risk that the fair value of the District's investments will decrease as a result of an increase in interest rates. The longer the maturity of an investment, the greater the sensitivity of its fair value 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. As of June 30, 2015, money market and Wisconsin Local Government Investment Pool (LGIP) investments have a maturity of 12 months or less.

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 the failure of the counterparty to a transaction, the District would not be able to recover the value of investments that are in the possession of another party. The District does not have a custodial credit risk policy for investments.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations. As of June 30, 2015, \$4,628,631 of the District's deposits with financial institutions was uninsured and uncollateralized. The District does not have a custodial risk policy for deposits.

The District voluntarily invests excess funds in the LGIP, an external investment pool. The LGIP is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 2—CASH AND INVESTMENTS (continued)

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. The SIF is not rated. 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 on page 30.

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.

NOTE 3—UNEARNED REVENUE

At the end of the current fiscal year, the components of unearned revenue reported in the governmental funds and the proprietary fund were as follows:

	Unearned
Student meal deposits	16,632

NOTE 4—INTERFUND ADVANCES AND TRANSFERS

Transfers are used to (1) move revenues from the fund that statute or budget requires collection from to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts, the general fund, as debt service payments come due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable fund	Payable fund	Amount
Capital Projects	General Fund	\$ 114,305

For the statement of net position, the interfund balances which are owed within the governmental activities are netted and eliminated.

The following balance as of June 30, 2015, represent transfer in/out between all funds:

Transferred to	Transferred from	Amount
Capital Projects	General Fund	\$ 114,305

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 5—CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 191,874	\$ -	\$ -	\$ 191,874
Capital assets being depreciated				
Building	34,975,997	-	-	34,975,997
Equipment	<u>3,360,689</u>	<u>591,700</u>	<u>28,000</u>	<u>3,924,389</u>
Total capital assets being depreciated	38,336,686	591,700	28,000	38,900,386
Less accumulated depreciation	<u>15,570,390</u>	<u>821,927</u>	<u>28,000</u>	<u>16,364,317</u>
Total capital assets being depreciated-net	<u>22,766,295</u>	<u>(230,227)</u>	<u>-</u>	<u>22,536,069</u>
Governmental activity capital assets-net	<u>\$ 22,958,169</u>	<u>\$ (230,227)</u>	<u>\$ -</u>	<u>\$ 22,727,943</u>
Business-type activity				
Capital assets being depreciated				
Equipment	\$ 259,680	\$ -	\$ -	\$ 259,680
Less accumulated depreciation	<u>219,125</u>	<u>12,089</u>	<u>-</u>	<u>231,214</u>
Business-type activity capital assets-net	<u>\$ 40,555</u>	<u>\$ (12,089)</u>	<u>\$ -</u>	<u>\$ 28,466</u>

Depreciation expense for governmental activities for the year ended June 30, 2015, was charged to functions as follows:

General administrative services	\$ 13,811
Instructional staff services	7,733
Business administrative services	<u>800,383</u>
Total depreciation of governmental activities:	<u>\$ 821,927</u>

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 6—SHORT TERM DEBT ACTIVITY

The District issued a tax anticipation note in advance of property tax collections. The note matures on October 15, 2015, with an interest rate of 1.35%. Interest for the year ended June 30, 2015, was \$28,064. Short-term debt activity for the year ended June 30, 2015, was as follows:

	Balance 6/30/2014	Additions	Payments	Balance 6/30/2015
Tax anticipation note	\$ 4,250,000	\$ 2,800,000	\$ 4,250,000	\$ 2,800,000

NOTE 7—LONG-TERM OBLIGATIONS

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

	Balance 6/30/2014	Additions	Reductions	Balance 6/30/2015	Due Within One Year
General obligation bonds	\$ 18,225,000	\$ -	\$ 2,300,000	\$ 15,925,000	\$ 2,460,000
Deferred amounts					
Bond premiums	645,007	-	113,289	531,718	113,289
Total general obligation debt	18,870,007	-	2,413,289	16,456,718	2,573,289
Capital leases	326,282	-	108,334	217,948	133,675
Accrued compensated absences	104,634	125,151	104,634	125,151	19,445
Total long-term liabilities	\$ 19,300,923	\$ 125,151	\$ 2,626,257	\$ 16,799,817	\$ 2,726,409

All general obligation debt is secured by the full faith and credit and taxing powers of the District. Long-term debt will be retired by future property tax levies and resources accumulated in the Debt service fund.

Total long-term debt interest paid and expensed (including accrual) for the year ended June 30, 2015, was \$899,900 and \$871,836, respectively.

General obligation debt at June 30, 2015, is comprised of the following individual issues:

Description	Issue Date	Interest Rate (%)	Date of Maturity	Original Amounts	Balance 6/30/2015
G.O. refunding bonds	3/1/2005	3.0-5.0	4/1/2020	22,570,000	\$ 15,215,000
G.O. refunding bonds	8/5/2010	3.0-5.25	4/1/2021	1,140,000	710,000
					\$ 15,925,000

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 7 – LONG TERM OBLIGATIONS (continued)

The 2015 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$665,791,207. Wisconsin State Statute 67.03 limits total general obligation indebtedness of the District to ten percent of the equalized value of taxable property

Debt limit (10% of \$665,791,207)	\$	66,579,121
Less: long-term debt applicable to debt margin:		<u>15,925,000</u>
Margin of indebtedness:	\$	<u><u>50,654,121</u></u>

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

Year Ended June 30	G.O. Debt Principal	G.O. Debt Interest	Capital Lease Principal	Capital Lease Interest	Total
2016	2,570,000	727,829	133,675	6,668	3,438,172
2017	2,860,000	600,154	32,302	4,618	3,497,074
2018	3,135,000	490,813	34,490	2,430	3,662,733
2019	3,460,000	368,394	17,481	349	3,846,224
2020	3,820,000	199,763	-	-	4,019,763
2021	80,000	4,200	-	-	84,200
	<u>\$ 15,925,000</u>	<u>\$ 2,391,153</u>	<u>\$ 217,948</u>	<u>\$ 14,065</u>	<u>\$ 18,548,166</u>

Capital Lease - Included in fixed assets are copiers and a telephone system financed through a capital lease as of June 30, 2015.

Equipment	\$	436,579
Less: accumulated depreciation		<u>86,703</u>
	\$	<u><u>349,876</u></u>

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for the future debt service payments on the old bonds. Accordingly the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2015, \$15,215,000 of bonds outstanding are considered defeased.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 8—EMPLOYEE'S RETIREMENT SYSTEM

General Information about the Pension Plan

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

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

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category. Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits. The WRS also provides death and disability benefits for employees.

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:

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 8 – EMPLOYEE’S RETIREMENT SYSTEM (continued)

<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

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 \$700,502 in contributions from the employer.

Contribution rates as of June 30, 2015 are:

Employee Category	<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, Evansville Community School District reported an asset of \$1,932,790 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. Evansville Community School District’s proportion of the net pension asset was based on Evansville Community School District’s share of contributions to the pension plan relative to the contributions of all participating employers.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 8 – EMPLOYEE’S RETIREMENT SYSTEM (continued)

At December 31, 2014, Evansville Community School District’s proportion was 0.07868788%, which was a decrease of 0.00373737% from its proportion measured as of December 31, 2013.

For the year ended June 30, 2015, Evansville Community School District recognized pension expense of \$773,135.

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

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 280,194
Net differences between projected and actual earnings on pension plan investments	935,950
Employer contributions subsequent to the measurement date	457,206
Total	\$ 1,673,350

\$457,206 reported as deferred outflows related to pension resulting from Evansville Community School District’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflows of Resources
2015	\$ 251,156
2016	251,156
2017	251,156
2018	251,156
2019	211,520

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:

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 8 – EMPLOYEE’S RETIREMENT SYSTEM (continued)

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%

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:

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

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

NOTE 8 – EMPLOYEE’S RETIREMENT SYSTEM (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 Evansville Community School District’s proportionate share of the net pension asset to changes in the discount rate. The following presents Evansville Community School District’s proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what Evansville Community School District’s proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.2%)	Current Discount Rate (7.2%)	1% Increase to Discount Rate (8.2%)
Evansville Community School District’s proportionate share of the net pension liability (asset)	\$ 5,452,732	\$ (1,932,790)	\$ (7,765,576)

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

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS

The District provides other post-employment benefits (OPEB) for its employees through a single-employer retiree benefit plan that provides postemployment health and life insurance benefits to eligible employees and their spouses. There are 229 active and 26 retired members in the plan as of June 30, 2015. Benefits and eligibility are established and amended by the governing body.

Funding Policy. The District does not have invested plan assets accumulated for payment of future benefits. The District’s policy is to fund other post-employment benefits on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The District’s annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (continued)

accordance with the parameters of GASB Statement 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 thirty years.

The following table shows the components of the District's annual OPEB cost for the year, the amount actually paid from the plan, and changes in the District's net OPEB obligation.

Annual required contribution	\$ 255,746
Interest on net OPEB obligation	28,701
Adjustment to annual required contribution	<u>(40,837)</u>
Annual OPEB cost (expense)	243,610
OPEB payments made	<u>(375,661)</u>
Decrease in net OPEB obligation	(132,051)
Net OPEB obligation - beginning of year	<u>717,513</u>
Net OPEB obligation - end of year	<u><u>\$ 585,462</u></u>

The District's annual OPEB costs, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2015, and the preceding two years was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 243,609	154.21%	\$ 585,461
6/30/2014	173,039	256.13%	717,513
6/30/2013	173,070	243.06%	987,675

Funded Status and Funding Progress. As of July 1, 2014, the most recent actuarial valuation date, the District's actuarial accrued liability (AAL) for benefits was \$2,501,475 and the unfunded actuarial accrued liability (UAAL) was \$2,501,475. The annual payroll for active employees covered by the plan in the actuarial valuation for the 2014-15 fiscal year was \$8,742,495 for a ratio of the UAAL to covered payroll of 28.61%.

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 healthcare cost trends. 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 schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (continued)

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

In the July 1, 2014, actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions included a 7.50 percent investment rate of return and an initial annual healthcare cost trend rate of 10 percent, reduced by decrements to an ultimate rate of 5 percent. Both rates include a 3 percent inflation assumption. The UAAL is being amortized on a level dollar basis. The remaining amortization period at June 30, 2015 was 20 years.

NOTE 10—GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the government-wide statement of net position at June 30, 2015, consist of the following:

Governmental Activities	
Net investment in capital assets	\$ 6,053,278
Restricted	
Capital projects	114,305
Special revenue	26,271
Debt service	<u>190,875</u>
Total restricted	331,451
Unrestricted	<u>5,511,951</u>
Total governmental activities net position	<u><u>\$ 11,896,680</u></u>

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 11—GOVERNMENTAL FUND BALANCES

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

Restricted	
Special revenue	26,271
Debt service	369,849
Nonmajor	<u>114,305</u>
Total restricted	510,425
Unassigned	<u>2,616,425</u>
Total governmental fund balance	<u><u>\$ 3,126,850</u></u>

NOTE 12—LIMITATION OF SCHOOL DISTRICT REVENUES

Wisconsin statutes limit the amount of revenues that school districts may derive from general school aids and property taxes. The annual revenue increase from these sources is limited to an allowable per member increase which is determined by the legislature. This limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

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

NOTE 13—RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; error and omissions; worker compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded insurance coverage in any of the last three years. There were not significant reductions in coverage compared to the prior year.

NOTE 14—COMMITMENTS AND CONTINGENCIES

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

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

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 15—PRIOR PERIOD ADJUSTMENT

The Government Accounting Standards Board (GASB) issued Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27. Under GASB 68, the District is required to disclose the net pension asset on the statement of net position. As a result, an adjustment of \$3,517,639 was made to increase the June 30, 2014 net position of the Government Activities on the statement of activities based on the net pension asset balance and the related deferred outflows of resources balances as of June 30, 2014.

REQUIRED SUPPLEMENTARY INFORMATION

EVANSVILLE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES BUDGET AND ACTUAL—GENERAL OPERATING FUND
Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 5,321,923	\$ 5,321,923	\$ 5,997,498	\$ 675,575
Local	172,000	172,000	185,100	13,100
Interdistrict payments	264,508	264,508	403,146	138,638
Intermediate sources	9,400	9,400	429	(8,971)
State	12,508,867	12,508,867	12,514,432	5,565
Federal	190,668	190,668	186,994	(3,674)
Other sources	73,664	73,664	65,477	(8,187)
Total revenues	18,541,030	18,541,030	19,353,076	812,046
EXPENDITURES				
Current:				
Instruction	9,838,721	9,838,721	9,714,701	124,020
Support services	6,069,336	6,069,336	6,660,818	(591,482)
Non program services	2,727,909	2,727,909	-	2,727,909
Capital Outlay	-	463,618	583,993	(120,375)
Debt service				
Principal	-	130,634	108,334	22,300
Interest and fees	-	49,076	62,846	(13,770)
Total expenditures	18,635,966	19,279,294	17,130,692	2,148,602
Excess of revenues over expenditures	(94,936)	(738,264)	2,222,384	2,960,648
Other financing sources (uses)				
Transfers in (out)	-	(2,076,657)	(2,184,282)	(107,625)
Total other financing sources (uses)	-	(2,076,657)	(2,184,282)	(107,625)
Net change in fund balances	(94,936)	(2,814,921)	38,102	2,853,023
Fund balances—beginning of year	2,578,323	2,578,323	2,578,323	-
Fund balances—end of year	\$ 2,483,387	\$ (236,598)	\$ 2,616,425	\$ 2,853,023

See accompanying notes to required supplementary information.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS
AND GAAP REVENUES AND EXPENDITURES
Year Ended June 30, 2015

SOURCES/ INFLOWS OF RESOURCES:	<u>General Fund</u>
Actual General Fund Operating revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 19,353,076
Reclassification: Special Education Fund revenues are included in the General Fund, required for GAAP reporting	<u>1,329,454</u>
General Fund revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds	<u><u>\$ 20,682,530</u></u>
 USES/ OUTFLOWS OF RESOURCES:	
Actual general fund expenditures from the Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 17,130,692
Reclassification: Special Education Fund expenditures are included in the General Fund, required for GAAP reporting	<u>3,399,431</u>
General Fund expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds	<u><u>\$ 20,530,123</u></u>

EVANSVILLE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS
Year Ended June 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
7/1/2014	\$ -	\$ 2,501,475	\$ 2,501,475	0.00%	\$ 8,742,495	28.61%
7/1/2012	5,098	2,066,587	2,061,489	0.00%	9,727,649	21.19%
7/1/2010	5,096	5,519,990	5,514,894	0.00%	8,910,467	61.89%

EVANSVILLE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF NET PENSION ASSET - WISCONSIN RETIREMENT SYSTEM
Last 10 Fiscal Years*

Evansville Community School District's proportion of the net pension asset	0.078688%
Evansville Community School District's proportionate share of the net pension asset	(1,932,790)
Evansville Community School District's covered-employee payroll	9,985,239
Evansville Community School District's proportionate share as a percentage of covered payroll	19.36%
Plan fiduciary net position as a percentage of the total pension asset	102.74%

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

EVANSVILLE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
Last 10 Fiscal Years*

Contractually required contributions	700,502
Contributions in relation to the contractually required contributions	700,502
Evansville Community School District's covered-employee payroll	9,985,239
Contributions as a percentage of covered-employee payroll	7.02%

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

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015

NOTE 1—BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting as described in Note 1 of the financial statements. Reported budget amounts are as amended by School Board resolution. Budgets are adopted at the function level in the general fund and at the fund level for all other funds. Appropriations lapse at year end unless specifically carried over.

Excess Expenditures Over Appropriations

The following general fund functions had an excess of actual expenditures over appropriations for the year ended June 30, 2015.

<u>Function</u>	<u>Excess Expenditures</u>
Support services	\$ 591,482

NOTE 2—FUNDING PROGRESS DATA

The data presented in the Schedule of Funding Progress was taken from the reports issued by the actuary.

The District is required to present information for the pension and other postemployment benefit plans for the three most recent actuarial studies. Three have been completed to date. Duplicate information for intervening years is not repeated.

NOTE 3 – EMPLOYEE’S RETIREMENT CONTRIBUTIONS

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 SUPPLEMENTARY INFORMATION

EVANSVILLE COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET—GENERAL GOVERNMENTAL FUNDS
June 30, 2015

	General Operating Fund	Special Education Fund	Total General Fund
ASSETS			
Cash and investments	\$ 3,735,717	\$ 62,774	\$ 3,798,491
Accounts receivable	2,638,623	-	2,638,623
Due from other governments	314,393	-	314,393
Total assets	\$ 6,688,733	\$ 62,774	\$ 6,751,507
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Short-term notes payable	\$ 2,800,000	\$ -	\$ 2,800,000
Accounts payable	643,617	2,200	645,817
Accrued salaries and wages	43,281	8,352	51,633
Payroll taxes and withholdings	471,105	52,222	523,327
Due to other funds	114,305	-	114,305
Total liabilities	4,072,308	62,774	4,135,082
FUND BALANCES			
Unassigned	2,616,425	-	2,616,425
Total fund balances	2,616,425	-	2,616,425
Total liabilities and fund balances	\$ 6,688,733	\$ 62,774	\$ 6,751,507

EVANSVILLE COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES—GENERAL GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	General Operating Fund	Special Education Fund	Total General Fund
REVENUES			
Taxes	\$ 5,997,498	\$ -	\$ 5,997,498
Local	185,100	-	185,100
Interdistrict payments	403,146	11,706	414,852
Intermediate sources	429	-	429
State	12,514,432	816,999	13,331,431
Federal	186,994	500,749	687,743
Other sources	65,477	-	65,477
Total revenues	19,353,076	1,329,454	20,682,530
EXPENDITURES			
Instruction			
Regular instruction	7,871,325	-	7,871,325
Vocational instruction	801,017	-	801,017
Physical instruction	616,509	-	616,509
Special education instruction	-	2,582,334	2,582,334
Other instruction	425,850	-	425,850
Total instruction	9,714,701	2,582,334	12,297,035
Support services			
Pupil services	390,613	519,338	909,951
Instructional staff services	434,916	149,018	583,934
General administrative services	585,826	-	585,826
Building administrative services	820,663	29,306	849,969
Business administrative services	2,953,742	111,728	3,065,470
Central services	229,769	-	229,769
Insurance and judgments	152,757	-	152,757
Other support services	1,092,532	-	1,092,532
Total support services	6,660,818	809,390	7,470,208
Non program services	-	-	-
Capital Outlay	583,993	7,707	591,700
Debt service			
Principal	108,334	-	108,334
Interest and fees	62,846	-	62,846
Total expenditures	17,130,692	3,399,431	20,530,123
Excess (deficiency) of revenues over (under) expenditures	2,222,384	(2,069,977)	152,407
Other financing sources (uses)			
Transfers in (out)	(2,184,282)	2,069,977	(114,305)
Total other financing sources (uses)	(2,184,282)	2,069,977	(114,305)
Net change in fund balances	38,102	-	38,102
Fund balances—beginning of year	2,578,323	-	2,578,323
Fund balances—end of year	\$ 2,616,425	\$ -	\$ 2,616,425

EVANSVILLE COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET—NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2015

	Capital Projects	Special Revenue	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ -	\$ 26,306	\$ 26,306
Accounts receivable	-	1,919	1,919
Due from other funds	114,305	-	114,305
Total assets	\$ 114,305	\$ 28,225	\$ 142,530
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Payroll taxes and withholdings	\$ -	\$ 1,954	\$ 1,954
Total liabilities	-	1,954	1,954
FUND BALANCES			
Restricted	114,305	26,271	140,576
Total fund balances	114,305	26,271	140,576
Total liabilities and fund balances	\$ 114,305	\$ 28,225	\$ 142,530

EVANSVILLE COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES—NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	Special Revenue funds			Total Nonmajor Governmental Funds
	Capital Projects	Special Revenue	Co-operative Program	
REVENUES				
Local	\$ -	\$ 11,775	\$ -	\$ 11,775
Interdistrict payments	-	-	4,213	4,213
Total revenues	-	11,775	4,213	15,988
EXPENDITURES				
Instruction				
Regular instruction	-	2,836	-	2,836
Other instruction	-	3,768	-	3,768
Total instruction	-	6,604	-	6,604
Support services				
General administrative services	-	573	-	573
Building administrative services	-	705	-	705
Business administrative services	-	15,854	-	15,854
Other support services	-	-	4,213	4,213
Total support services	-	17,132	4,213	21,345
Total expenditures	-	23,736	4,213	27,949
Excess of revenues over expenditures	-	(11,961)	-	(11,961)
Other financing sources				
Transfers in (out)	114,305	-	-	114,305
Total other financing sources (uses)	114,305	-	-	114,305
Net change in fund balances	114,305	(11,961)	-	102,344
Fund balances—beginning of year	-	38,232	-	38,232
Fund balances—end of year	\$ 114,305	\$ 26,271	\$ -	\$ 140,576

EVANSVILLE COMMUNITY SCHOOL DISTRICT
AGENCY FUNDS—SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
Year Ended June 30, 2015

	<u>Balance 7/1/2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2015</u>
ASSETS				
Cash and Investments	<u>\$ 208,006</u>	<u>\$ 514,170</u>	<u>\$ 486,615</u>	<u>\$ 235,561</u>
LIABILITIES				
Due to student organizations	<u>\$ 208,006</u>	<u>\$ 514,170</u>	<u>\$ 486,615</u>	<u>\$ 235,561</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
AND OTHER AUDITORS' REPORTS**

EVANSVILLE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2015

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Accrued or (Deferred) Revenue at 7/1/14	Receipts	Expenditures	Accrued or (Deferred) Revenue at 6/30/15
Department of Agriculture					
Pass-through programs from Wisconsin Department of Public Instruction					
Child Nutrition Cluster					
School Breakfast Program	10.553	\$ -	\$ 17,538	\$ 17,538	\$ -
National School Lunch Program	10.555	-	186,030	186,030	-
National School Lunch Program - Food Commodities	10.555	-	50,797	50,797	-
Total Child Nutrition Cluster		-	254,365	254,365	-
Total Department of Agriculture		-	254,365	254,365	-
Department of Education					
Pass-through programs from Wisconsin Department of Public Instruction					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	84.010	-	78,568	143,942	65,374
Special Education Cluster (IDEA)					
Special Education--Grants to States (IDEA, Part B)	84.027	93,059	447,910	354,851	-
Special Education--Preschool Grants (IDEA Preschool)	84.173	-	20,160	20,160	-
Total Special Education Cluster (IDEA)		93,059	468,070	375,011	-
Improving Teacher Quality State Grants	84.367	-	18,326	27,690	9,364
Pass-through programs from Brodhead School District					
Career and Technical Education--Basic Grants to States	84.048	-	-	8,538	8,538
Pass-through program from CESA 5					
English Language Acquisition State Grants	84.365	-	-	429	429
Total Department of Education		93,059	564,964	555,610	83,705
Department of Health and Human Services					
Pass-through program from Wisconsin Medicaid and Badgercare Programs					
Medical Assistance Program - Fund 27		15,622	141,360	125,738	-
Medical Assistance Program - Fund 10		-	15,362	15,362	-
Medical Assistance Program	93.778	15,622	156,722	141,100	-
Total Federal Programs		\$ 108,681	\$ 976,051	\$ 951,075	\$ 83,705

EVANSVILLE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2015

State Grantor/ Program Title	State Identifying Number	Accrued or (Deferred) Revenue at 7/1/14	Receipts	Expenditures	Accrued or (Deferred) Revenue at 6/30/15
Wisconsin Department of Public Instruction					
Special Education and School Age Parents	255.101	\$ -	\$ 780,955	\$ 780,955	\$ -
State School Lunch Aid	255.102	-	6,938	6,938	-
Common School Fund Library Aid	255.103	-	65,498	65,498	-
General Transportation Aid for Public School Pupils	255.107	-	36,775	36,775	-
Wisconsin School Day Milk Program	255.109	-	2,180	2,180	-
Equalization Aid and Special Adjustment Aid	255.201	214,875	11,851,439	11,844,485	207,921
High Cost Special Education Aid	255.210	-	36,044	36,044	-
School Breakfast Program	255.344	-	1,501	1,501	-
Student Achievement Guarantee in Education (SAGE)	255.504	-	260,755	260,755	-
Per Pupil Adjustment Aid	255.925	-	266,250	266,250	-
Educator Effectiveness Evaluation System	255.940	-	12,400	12,400	-
Pass-through Oregon School District					
Educator Effectiveness Evaluation System	255.940	8,076	8,076	9,650	9,650
Career and Technical Education Incentive	255.950	-	4,000	4,000	-
Total Wisconsin Department of Public Instruction		222,951	13,332,811	13,327,431	217,571
Wisconsin Department of Revenue					
Exempt Computer Aid		13,521	13,521	13,117	13,117
Total State Programs		<u>\$ 236,472</u>	<u>\$ 13,346,332</u>	<u>\$ 13,340,548</u>	<u>\$ 230,688</u>

EVANSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2015

NOTE 1—BASIS OF PRESENTATION

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

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Specifically, debt service expenditures, as well as expenditures related to claims and judgments, and compensated absences are recorded only when payment is due. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Costs Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. The Wisconsin Department of Public Instruction uses the federal CFDA numbers as the pass-through entity identifying numbers.

NOTE 3—FOOD DONATION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2015, there was \$7,646 of commodities in inventory at the District.

NOTE 4—OVERSIGHT AGENCIES

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

NOTE 5—ELIGIBLE COSTS FOR SPECIAL EDUCATION

Eligible costs for special education under project 011 were \$2,956,948 for the year ended June 30, 2015.



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

To the School Board
 Evansville Community School District
 Evansville, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Evansville Community School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Evansville Community School District's basic financial statements, and have issued our report thereon dated November 10, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Evansville 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 Evansville Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Evansville 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2015-1 that we consider to be significant deficiencies.

Compliance and Other Matters

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

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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*.

Evansville Community School District's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

Wegner CPAs, LLP
Madison, Wisconsin
November 10, 2015



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

To the School Board
Evansville Community School District
Evansville, Wisconsin

Report on Compliance for Each Major Federal and Major State Program

We have audited Evansville Community School District's (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 the District's major federal and major state programs for the year ended June 30, 2015. The District's major federal and major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and Major State Program

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

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of

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

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.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
November 10, 2015

EVANSVILLE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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(es) identified?	No
Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) 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 OMB Circular A-133?	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027, 84.173	Special Education Cluster (IDEA)
10.553, 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$ 300,000
Auditee qualified as low-risk auditee?	No

State Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes

EVANSVILLE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

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

Any audit findings disclosed that are required to be reported in accordance with the *State Single Audit Guidelines*? No

Identification of state major programs:

State Identifying Number	Name of State Program
255.101	Special Education and School Age Parents
255.201	Equalization Aid
255.504	SAGE
255.945	Per Pupil Adjustment Aid

Section II—Financial Statement Findings

2015-1 Internal Control over Student Activity Funds

Condition: Fifteen of a sample of sixty disbursements tested for student organizations lacked proper support documentation. Five of the sample of sixty disbursements were written to cash.

Criteria: Management is responsible for the design and implementation of internal controls such that management and other district employees, in the normal course of performing their assigned functions, are able to prevent, or detect and correct misstatements on a timely basis.

Cause: The decentralized nature of student activity funds provides an opportunity for district staff to circumvent District policies regarding the receipt and disbursement of funds raised by student organizations and district co-curricular activities and fundraising.

Effect: The above behavior exposes the District to fraud, loss of public trust and employee conflict. Student activity funds may be expended to in a manner to benefit the employee as opposed to the students, inconsistent with the mission of the District.

Recommendation: We recommend that the District implement procedures to centralize student and district activity funds at the District office. Written activity account procedures should be approved by the Board of Education and provided to staff and student organizations.

Views of Responsible Officials and Planned Corrective Actions: The District plans to implement the recommended changes in controls and procedures.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

Section III—Federal and State Award Findings and Questioned Costs

None

Section IV—Other Issues

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the audile's ability to continue as a going concern? No

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

Department of Public Instruction No

Was a management letter or other document conveying audit comments issued as a result of this audit? No

Name and signature of partner



Scott R. Haumersen, CPA

Date of report

November 10, 2015