

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
Evansville, Wisconsin

**AUDITED FINANCIAL STATEMENTS**

June 30, 2013

## CONTENTS

Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	4
Basic Financial Statements	
District-Wide Financial Statements	
Statement of Net Position .....	12
Statement of Activities.....	13
Fund Financial Statements	
Balance Sheet—Governmental Funds .....	14
Reconciliation of the Governmental Funds Balance Sheet to the District-Wide Statement of Net Position .....	15
Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds .....	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities.....	17
Statement of Net Position—Proprietary Funds .....	18
Statement of Revenues, Expenses and Changes in Net Position—Proprietary Funds .....	19
Statement of Cash Flows—Proprietary Funds.....	20
Statement of Fiduciary Net Position.....	21
Statement of Changes in Fiduciary Net Position .....	22
Notes to Financial Statements.....	23
Required Supplementary Information	
Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual— General Fund.....	41
Schedule of Funding Progress .....	42

Notes to Required Supplementary Information .....	43
Other Supplementary Information	
Combining Balance Sheet—General Governmental Funds.....	45
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—General Governmental Funds .....	46
Combining Balance Sheet—Nonmajor Governmental Funds.....	47
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Governmental Funds .....	48
Agency Funds—Schedule of Changes in Assets and Liabilities.....	49
Schedule of Expenditures of Federal and State Awards.....	51
Notes to Schedules of Expenditures of Federal and State Awards .....	53
Summary Schedule of Prior Audit Findings.....	54
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 <i>Government Auditing Standards</i> .....	55
Independent Auditor’s Report on Compliance for Each Major Federal Program and Major State Program and on Internal Control Over Compliance Required by OMB Circular A-133 and the <i>State Single Audit Guidelines</i> .....	57
Schedule of Findings and Questioned Costs.....	59



## 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, 2013, 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.

**Janesville Office:**  
3000 Milton Avenue  
Suite 107  
P.O. Box 2260  
Janesville, WI 53545  
P: (608) 756-4020

**Baraboo Office:**  
123 Second Street  
P.O. Box 150  
Baraboo, WI 53913  
P: (608) 356-3966  
F: (608) 356-2966

**Pewaukee Office:**  
W239 N3490 Pewaukee Road  
Suite 200  
Pewaukee, WI 53072  
P: (262) 522-7555  
F: (262) 522-7550

**Madison Office:**  
2110 Luann Lane  
Madison, WI 53713  
P: (608) 274-4020  
F: (608) 274-0775

[www.wegnercpas.com](http://www.wegnercpas.com)  
[info@wegnercpas.com](mailto:info@wegnercpas.com)  
(888) 204-7665

## **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, 2013, 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 and schedule of funding progress on pages 4-11 and 41-43 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.

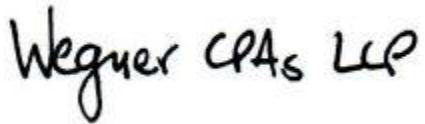
### *Other Information*

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 1, 2013 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.

Handwritten signature in black ink that reads "Wegner CPAs LLP". The signature is written in a cursive, slightly slanted style.

Wegner CPAs, LLP  
Madison, Wisconsin  
November 1, 2013

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2013

---

---

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, 2013. 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 \$3,648,960 or 102% at June 30, 2013. This is attributable to debt reduction resulting in a decrease in long-term liabilities.
- Total governmental activity revenues increased to \$22,529,272 in fiscal year 2013, up from \$22,240,309 in fiscal year 2012, an increase of approximately 1.3%. Total governmental activity expenses decreased to \$20,661,193 in fiscal year 2013, down from \$21,659,299 in the year ended June 30, 2012, a decrease of 4.6%.
- Total business-type activity revenues decreased to \$693,479 in fiscal year 2013, down from \$694,437 in fiscal year 2012.

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

- Total fund balances of the District's governmental funds increased \$311,577 in fiscal year 2013. This increase included a \$344,934 increase in the general fund, a \$38,505 decrease in the debt service fund and a \$5,148 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 utilities and pupil and instructional services during fiscal year 2012 – 2013.
- The fund balance for all governmental funds at June 30, 2013 was \$3,008,600. Of this amount, \$239,199 was nonspendable; \$500,674 was restricted for debt service; and \$2,268,727 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. 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.

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2013

---

---

**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

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, 2013**

---

**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

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

	<b>District-wide</b>	<b>Fund Financial Statements</b>		
	<b>Statements</b>	<b>Governmental</b>	<b>Proprietary</b>	<b>Fiduciary</b>
<b>Scope</b>	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
<b>Required Financial statements</b>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses and Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
<b>Accounting basis and measurement focus</b>	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial resources focus.	Accrual accounting. Economic resources focus.	Accrual accounting. Economic resources focus.
<b>Type of asset, deferred inflows/outflows of resources and liability information</b>	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
<b>Type of inflow and outflow information</b>	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 23-39 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, 2013

**DISTRICT-WIDE FINANCIAL STATEMENTS**

**Statement of Net Position**

The District ended its fiscal year with net position of \$3,648,960, of which \$2,429,573 was net investment in capital assets, \$242,085 was restricted for debt service, \$26,460 was restricted by donors, \$32,241 was restricted for inventories, \$206,958 was restricted for prepaid expenses, \$90,035 was restricted to school nutrition services and \$621,608 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
	2013	2012	2013	2012	2013	2012	
<b>ASSETS</b>							
Current and other assets	\$ 8,253	\$ 8,281	\$ 105	\$ 128	\$ 8,358	\$ 8,409	-0.61%
Capital assets	23,265	23,947	53	67	23,318	24,014	-2.90%
<b>Total assets</b>	<b>\$ 31,518</b>	<b>\$ 32,228</b>	<b>\$ 158</b>	<b>\$ 195</b>	<b>\$ 31,676</b>	<b>\$ 32,423</b>	<b>-2.30%</b>
<b>LIABILITIES</b>							
Long-term liabilities	\$ 20,330	\$ 22,297	\$ -	\$ -	\$ 20,330	\$ 22,297	-8.82%
Other liabilities	7,682	8,293	15	29	7,697	8,322	-7.51%
<b>Total liabilities</b>	<b>\$ 28,012</b>	<b>\$ 30,590</b>	<b>\$ 15</b>	<b>\$ 29</b>	<b>\$ 28,027</b>	<b>\$ 30,619</b>	<b>-8.47%</b>
<b>NET POSITION</b>							
Net investment in capital assets	\$ 2,376	\$ 1,116	\$ 53	\$ 67	\$ 2,429	\$ 1,183	105.33%
Restricted	508	316	90	99	598	415	44.10%
Unrestricted	622	206	-	-	622	206	201.94%
<b>Total net position</b>	<b>\$ 3,506</b>	<b>\$ 1,638</b>	<b>\$ 143</b>	<b>\$ 166</b>	<b>\$ 3,649</b>	<b>\$ 1,804</b>	<b>102.27%</b>

**Changes in Net Position**

Governmental Activities

Table 3 demonstrates that on a district-wide basis the District ended fiscal year 2013 with an increase in net position of \$1,637,835, compared to an increase of \$581,010 in fiscal year 2012.

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2013

**DISTRICT-WIDE FINANCIAL STATEMENTS (continued)**

The district received 22,529,272 in revenue for the fiscal year 2013. The District relies primarily on property taxes (35.2% of total governmental revenues), and state equalization aid (53.0%) to fund governmental activities. The District received approximately 11% 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 1.9% 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 \$2,034,995. Operating grants include Title I, IDEA, and Transportation Aid.

**Business-Type Activity**

Individuals who directly benefited from services paid 59.9% 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 \$278,377. Operating grants include State and National School Lunch Programs.

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

	<u>Governmental Activities</u>		<u>Business-Type Activity</u>		<u>Total</u>		<u>% Change</u>
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	
<b>REVENUES</b>							
Program revenues							
Charges for services	\$ 439	\$ 429	\$ 415	\$ 420	\$ 854	\$ 849	0.59%
Operating grants	2,035	2,155	278	274	2,313	2,429	-4.78%
General revenues							
Property taxes	7,924	7,820	-	-	7,924	7,820	1.33%
General aid	11,937	11,754	-	-	11,937	11,754	1.56%
Other	194	83	-	-	194	83	133.73%
<b>Total revenues</b>	<b>22,529</b>	<b>22,241</b>	<b>693</b>	<b>694</b>	<b>23,222</b>	<b>22,935</b>	<b>1.25%</b>
<b>EXPENSES</b>							
Instruction	12,355	13,494	-	-	12,355	13,494	-8.44%
Pupil and instructional services	1,641	1,718	-	-	1,641	1,718	-4.48%
Administration and business	4,861	4,816	-	-	4,861	4,816	0.93%
Interest on debt	944	1,012	-	-	944	1,012	-6.72%
Other	860	620	716	700	1,576	1,320	19.39%
<b>Total expenses</b>	<b>20,661</b>	<b>21,660</b>	<b>716</b>	<b>700</b>	<b>21,377</b>	<b>22,360</b>	<b>-4.40%</b>
<b>Change in net position</b>	<b>\$ 1,868</b>	<b>\$ 581</b>	<b>\$ (23)</b>	<b>\$ (6)</b>	<b>\$ 1,845</b>	<b>\$ 575</b>	<b>220.87%</b>

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 June 30, 2013

---

**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 \$20,661,193. Individuals who directly participated or benefited from a program offering paid for \$439,291 of costs. Federal and state governments subsidized certain programs with grants and contributions of \$2,034,995. The net cost of governmental activities (\$18,186,907) was financed by \$7,924,019 of property taxes and \$12,039,857 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
<b>EXPENSES</b>		
Instruction	\$ 12,355	\$ (9,986)
Pupil and instructional services	1,641	(1,581)
Administration and business	4,861	(4,823)
Interest on debt	944	(944)
Other	860	(853)
<b>Total expenses</b>	<b>\$ 20,661</b>	<b>\$ (18,187)</b>

**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 \$3,008,600, up from last year's ending fund balance of \$2,697,023. The District's unassigned fund balance, available for spending at the district's discretion was \$2,268,727.

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 \$90,035, down from last year's ending restricted net position of \$98,780. 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, 2013

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the June 30, 2013, the District had \$38,324,621 in capital assets for its governmental and business-type activity, including land, buildings, furniture and equipment. Total accumulated depreciation on these assets was \$15,007,094. Asset acquisitions for governmental activities totaled \$71,928. The District recognized depreciation expense of \$768,246. Detailed information about capital assets can be found in Note 4 to the financial statements.

**Table 5**  
**Capital Assets**  
*(in thousands of dollars)*

	<b>Governmental Activities</b>		<b>Business-Type Activity</b>		<b>Total</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Land	\$ 192	\$ 192	\$ -	\$ -	\$ 192	\$ 192
Buildings	34,976	34,955	-	-	34,976	34,955
Furniture and equipment	2,897	2,846	260	260	3,157	3,106
Accumulated depreciation	(14,800)	(14,046)	(207)	(193)	(15,007)	(14,239)
Net capital assets	<u>\$ 23,265</u>	<u>\$ 23,947</u>	<u>\$ 53</u>	<u>\$ 67</u>	<u>\$ 23,318</u>	<u>\$ 24,014</u>

**Long-term Debt**

At June 30, 2013, the District had \$20,295,000 in general obligation debt outstanding—a decrease of \$1,835,000 from fiscal year 2012. 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)*

	<b>2013</b>	<b>2012</b>
General obligation debt	\$ 20,295	\$ 22,130
Capital leases	13	35
Compensated absences	659	689
Total	<u>\$ 20,967</u>	<u>\$ 22,854</u>

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2013

---

---

**GENERAL FUND BUDGETARY HIGHLIGHTS**

While the District's original budget for the general fund anticipated that revenues and other financing sources would equal expenditures, the actual results for the year ended June 30, 2013 had revenues and other financing sources in excess of expenses by \$325,758. The most significant change to the revenue budget included \$138,806 of unexpected Medical Assistance payments. The most significant change to the expenditure budget included \$163,653 in unspent allocation to the regular curriculum function due to unexpected staff changes during the fiscal year.

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

The District continues to operate under the restrictions imposed by State Statute as to the amount of revenue it may raise from the property tax levy used for operating purposes, without public referendum to approve an increase. Recent changes to school funding at the state level have allowed for additional revenue through categorical aid that appears to be guaranteed annually.

The District has implemented an Employee Handbook for all employee groups. The Handbook governs working conditions and employee benefits. The most significant change affecting the District's financial future is reflected in retirement benefit changes. Employee retirement benefits are defined by a fixed annual amount and are no longer related to increasing health insurance premiums.

To address increasing health insurance expenses, the District implemented an employee high deductible health benefit plan with an employee HRA account to allow for reimbursement of a portion of the deductible to the employee. This benefit change resulted in an estimated zero percent change to the health insurance benefit expense for one year.

The number of students served by the District is a major factor in determining the amount of equalization aid paid to the District and the maximum allowable property tax levy. Recent changes to the State open enrollment options available to families have negatively affected the District total student count as more students are open enrolling out of the District. The District is investigating increased options for families including 4-year old kindergarten and virtual school programs to reduce the number of families open enrolling out of the District.

**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](mailto: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](http://www.ecsdnet.org).

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
June 30, 2013

	Governmental Activities	Business-Type Activity	Total
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and investments	\$ 5,180,012	\$ 98,786	\$ 5,278,798
Accounts receivable	2,386,241	-	2,386,241
Due from other governments	269,903	5,216	275,119
Internal balances	-	-	-
Inventories	32,241	-	32,241
Prepaid expenses	206,958	563	207,521
<b>Total current assets</b>	<b>8,075,355</b>	<b>104,565</b>	<b>8,179,920</b>
NONCURRENT ASSETS			
Capital assets not being depreciated	191,874	-	191,874
Capital assets being depreciated, net	23,072,642	53,011	23,125,653
Unamortized debt discount	178,241	-	178,241
<b>Total noncurrent assets</b>	<b>23,442,757</b>	<b>53,011</b>	<b>23,495,768</b>
<b>Total assets</b>	<b>\$ 31,518,112</b>	<b>\$ 157,576</b>	<b>\$ 31,675,688</b>
<b>LIABILITIES AND NET POSITION</b>			
LIABILITIES			
CURRENT LIABILITIES			
Short-term notes payable	\$ 3,750,000	\$ -	\$ 3,750,000
Accounts payable and other current liabilities	1,302,104	1,662	1,303,766
Accrued interest	232,129	-	232,129
Unearned revenues	14,651	12,868	27,519
Current portion of long-term debt	2,105,113	-	2,105,113
<b>Total current liabilities</b>	<b>7,403,997</b>	<b>14,530</b>	<b>7,418,527</b>
NONCURRENT LIABILITIES			
Long-term debt, net of current portion	18,225,000	-	18,225,000
Other postemployment benefits	987,675	-	987,675
Accrued compensated absences	637,230	-	637,230
Unamortized debt premium	758,296	-	758,296
<b>Total noncurrent liabilities</b>	<b>20,608,201</b>	<b>-</b>	<b>20,608,201</b>
<b>Total liabilities</b>	<b>28,012,198</b>	<b>14,530</b>	<b>28,026,728</b>
NET POSITION			
Net investment in capital assets	2,376,562	53,011	2,429,573
Restricted	507,744	90,035	597,779
Unrestricted	621,608	-	621,608
<b>Total net position</b>	<b>3,505,914</b>	<b>143,046</b>	<b>3,648,960</b>
<b>Total liabilities and net position</b>	<b>\$ 31,518,112</b>	<b>\$ 157,576</b>	<b>\$ 31,675,688</b>

See accompanying notes.

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2013

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activity	Business- Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES:</b>						
Instruction						
Regular instruction	\$ 7,394,549	\$ 433,436	\$ 499,839	\$ (6,461,274)	\$ -	\$ (6,461,274)
Vocational instruction	711,356	-	-	(711,356)	-	(711,356)
Physical instruction	646,988	-	-	(646,988)	-	(646,988)
Special education instruction	2,603,787	-	1,436,729	(1,167,058)	-	(1,167,058)
Other instruction	998,884	-	-	(998,884)	-	(998,884)
<b>Total instruction</b>	<b>12,355,564</b>	<b>433,436</b>	<b>1,936,568</b>	<b>(9,985,560)</b>	<b>-</b>	<b>(9,985,560)</b>
Support services						
Pupil services	939,042	-	-	(939,042)	-	(939,042)
Instructional staff services	701,784	-	60,042	(641,742)	-	(641,742)
General administrative services	565,843	-	-	(565,843)	-	(565,843)
Building administrative services	826,059	-	-	(826,059)	-	(826,059)
Business administrative services	3,469,047	-	38,385	(3,430,662)	-	(3,430,662)
Central services	340,205	-	-	(340,205)	-	(340,205)
Insurance and judgments	135,538	-	-	(135,538)	-	(135,538)
Other support services	383,971	5,855	-	(378,116)	-	(378,116)
Interest on debt	944,140	-	-	(944,140)	-	(944,140)
<b>Total support services</b>	<b>8,305,629</b>	<b>5,855</b>	<b>98,427</b>	<b>(8,201,347)</b>	<b>-</b>	<b>(8,201,347)</b>
Total governmental activities	20,661,193	439,291	2,034,995	(18,186,907)	-	(18,186,907)
<b>BUSINESS-TYPE ACTIVITIES:</b>						
School nutrition service	716,263	415,102	278,377	-	(22,784)	(22,784)
<b>Total school district</b>	<b>\$21,377,456</b>	<b>\$ 854,393</b>	<b>\$ 2,313,372</b>	<b>(18,186,907)</b>	<b>(22,784)</b>	<b>(18,209,691)</b>
<b>GENERAL REVENUES:</b>						
TAXES:						
Property taxes, levied for general purposes				5,108,511	-	5,108,511
Property taxes, levied for debt service				2,815,508	-	2,815,508
Other taxes				24,882	-	24,882
FEDERAL AND STATE AID NOT RESTRICTED						
General (equalization aid)				11,937,386	-	11,937,386
Other				102,471	-	102,471
Interest and investment earnings				17,823	-	17,823
Miscellaneous				48,405	-	48,405
Change in net position				1,868,079	(22,784)	1,845,295
Net position—beginning of year				1,637,835	165,830	1,803,665
<b>Net position—end of year</b>				<b>\$ 3,505,914</b>	<b>\$ 143,046</b>	<b>\$ 3,648,960</b>

See accompanying notes.



**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**BALANCE SHEET—GOVERNMENTAL FUNDS**  
June 30, 2013

	General Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 4,667,206	\$ 474,214	\$ 38,592	\$ 5,180,012
Accounts receivable	2,386,241	-	-	2,386,241
Due from other governments	269,903	-	-	269,903
Inventory	32,241	-	-	32,241
Prepaid expenditures	206,958	-	-	206,958
<b>Total assets</b>	<b>\$ 7,562,549</b>	<b>\$ 474,214</b>	<b>\$ 38,592</b>	<b>\$ 8,075,355</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Short-term notes payable	\$ 3,750,000	\$ -	\$ -	\$ 3,750,000
Accounts payable	347,055	-	3,105	350,160
Accrued salaries and wages	359,559	-	-	359,559
Payroll taxes and withholdings	592,385	-	-	592,385
Unearned revenues	5,624	-	9,027	14,651
<b>Total liabilities</b>	<b>5,054,623</b>	<b>-</b>	<b>12,132</b>	<b>5,066,755</b>
<b>FUND BALANCES</b>				
Nonspendable	239,199	-	-	239,199
Restricted	-	474,214	26,460	500,674
Unassigned	2,268,727	-	-	2,268,727
<b>Total fund balances</b>	<b>2,507,926</b>	<b>474,214</b>	<b>26,460</b>	<b>3,008,600</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,562,549</b>	<b>\$ 474,214</b>	<b>\$ 38,592</b>	<b>\$ 8,075,355</b>

See accompanying notes.

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE DISTRICT-WIDE STATEMENT OF NET POSITION**  
June 30, 2013

Total fund balances - governmental funds		\$ 3,008,600
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	\$ 38,064,941	
Accumulated depreciation	<u>(14,800,425)</u>	
Net capital assets		23,264,516
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	(20,307,899)	
Accrued interest payable	(232,129)	
Compensated absences	(659,444)	
Other postemployment benefits	(987,675)	
Unamortized debt discount	178,241	
Unamortized debt premium	<u>(758,296)</u>	
Total long-term debt liabilities		<u>(22,767,202)</u>
Total net position - governmental activities		<u>\$ 3,505,914</u>

See accompanying notes.

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS**  
Year Ended June 30, 2013

	General Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>				
Local	\$ 5,310,945	\$ 2,817,518	\$ 13,925	\$ 8,142,388
Interdistrict payments	277,150	-	5,855	283,005
Intermediate sources	994	-	-	994
State	13,300,366	-	-	13,300,366
Federal	754,114	-	-	754,114
Other sources	48,405	-	-	48,405
<b>Total revenues</b>	<b>19,691,974</b>	<b>2,817,518</b>	<b>19,780</b>	<b>22,529,272</b>
<b>EXPENDITURES</b>				
Current:				
Instruction				
Regular instruction	7,670,621	-	712	7,671,333
Vocational instruction	711,176	-	180	711,356
Physical instruction	646,988	-	-	646,988
Special education instruction	2,603,787	-	-	2,603,787
Other instruction	992,359	-	6,525	998,884
<b>Total instruction</b>	<b>12,624,931</b>	<b>-</b>	<b>7,417</b>	<b>12,632,348</b>
Support services				
Pupil services	939,042	-	-	939,042
Instructional staff services	695,321	-	-	695,321
General administrative services	561,213	-	678	561,891
Building administrative services	825,377	-	682	826,059
Business administrative services	2,725,255	-	-	2,725,255
Central services	340,205	-	-	340,205
Insurance and judgments	135,538	-	-	135,538
Other support services	378,116	-	5,855	383,971
<b>Total support services</b>	<b>6,600,067</b>	<b>-</b>	<b>7,215</b>	<b>6,607,282</b>
Non program services				
Capital outlay	71,928	-	-	71,928
Debt service				
Principal	27,291	1,835,000	-	1,862,291
Interest and fees	41,999	1,021,023	-	1,063,022
<b>Total expenditures</b>	<b>19,366,216</b>	<b>2,856,023</b>	<b>14,632</b>	<b>22,236,871</b>
Excess (deficiency) of revenues over (under) expenditures	325,758	(38,505)	5,148	292,401
Other financing sources (uses)				
Premium on debt issuance	19,176	-	-	19,176
Capital lease proceeds	-	-	-	-
<b>Total other financing sources</b>	<b>19,176</b>	<b>-</b>	<b>-</b>	<b>19,176</b>
<b>Net change in fund balances</b>	<b>344,934</b>	<b>(38,505)</b>	<b>5,148</b>	<b>311,577</b>
Fund balances—beginning of year	2,162,992	512,719	21,312	2,697,023
<b>Fund balances—end of year</b>	<b>\$ 2,507,926</b>	<b>\$ 474,214</b>	<b>\$ 26,460</b>	<b>\$ 3,008,600</b>

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, 2013

Net change in fund balances—total governmental funds		\$ 311,577
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	\$ 71,928	
Depreciation expense reported in the statement of activities	(754,207)	
Net book value of assets disposed of	-	(682,279)
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	1,835,000	
Capital leases	20,728	1,855,728
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	18,942	
Amortization of debt discount	(25,962)	
Amortization of debt premium	113,289	
Net decrease in other postemployment benefits	247,587	
Net decrease in compensated absences	29,197	383,053
Change in net position of governmental activities		\$ 1,868,079

See accompanying notes.

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION—PROPRIETARY FUNDS**  
June 30, 2013

	School Nutrition Services
<b>ASSETS</b>	
CURRENT ASSETS	
Cash and investments	\$ 98,786
Due from other governments	5,216
Prepaid expenses	563
<b>Total current assets</b>	104,565
NONCURRENT ASSETS	
Furniture and equipment	259,680
Accumulated depreciation	(206,669)
<b>Total noncurrent assets</b>	53,011
<b>Total assets</b>	\$ 157,576
<b>LIABILITIES AND NET POSITION</b>	
LIABILITIES	
Accounts payable	\$ 47
Accrued salaries and wages	139
Payroll taxes and withholdings	1,476
Unearned revenues	12,868
<b>Total liabilities</b>	14,530
NET POSITION	
Net investment in capital assets	53,011
Restricted	90,035
<b>Total net position</b>	143,046
<b>Total liabilities and net position</b>	\$ 157,576

See accompanying notes.

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION—PROPRIETARY FUNDS**  
Year Ended June 30, 2013

	School Nutrition Services
<b>REVENUES</b>	
Food sales	\$ 415,102
State sources	12,132
Federal sources	266,245
Total operating revenues	693,479
<b>OPERATING EXPENSES</b>	
Salaries and wages	224,302
Benefits	34,084
Supplies and materials	443,838
Depreciation	14,039
Total operating expenses	716,263
Change in net position	(22,784)
Net position—beginning of year	165,830
<b>Net position—end of year</b>	<b>\$ 143,046</b>

See accompanying notes.

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS—PROPRIETARY FUNDS**  
Year Ended June 30, 2013

	School Nutrition Services
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Received from user charges	\$ 410,505
Received from government payments	231,315
Payments to and on behalf of employees	(258,955)
Payments to suppliers for goods and services	(407,404)
<b>Net decrease in cash</b>	(24,539)
Cash—beginning of year	123,325
<b>Cash—end of year</b>	\$ 98,786
<b>RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH USED FOR OPERATING ACTIVITIES</b>	
Change in net position	\$ (22,784)
Adjustments to reconcile change in net position to net cash used for operating activities:	
Depreciation	14,039
Change in assets and liabilities:	
Accounts receivable	1,307
Due from other governments	(2,018)
Prepaid expenses	(563)
Accounts payable	(8,047)
Accrued salaries and wages	(43)
Payroll taxes and withholdings	(526)
Deferred revenues	(5,904)
Net cash used for operating activities	\$ (24,539)

See accompanying notes.

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
June 30, 2013

---



---

	Private Purpose Trust	Employee Benefit Trust	Agency
<b>ASSETS</b>			
Cash and investments	\$ 9,271	\$ -	\$ 217,445
<b>LIABILITIES</b>			
Due to student organizations	\$ -	\$ -	\$ 217,445
<b>NET POSITION</b>			
Restricted	9,271	-	-
<b>Total liabilities and net position</b>	<b>\$ 9,271</b>	<b>\$ -</b>	<b>\$ 217,445</b>

See accompanying notes.



**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
Year Ended June 30, 2013

	Private Purpose Trust	Employee Benefit Trust
<b>ADDITIONS</b>		
Investment earnings	\$ 34	\$ -
Total additions	34	-
<b>DEDUCTIONS</b>		
Other postemployment benefits	-	5,097
Total deductions	-	5,097
Change in net position	34	(5,097)
Net position—beginning of year	9,237	5,097
<b>Net position—end of year</b>	<b>\$ 9,271</b>	<b>\$ -</b>

See accompanying notes.

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

---

---

**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.

**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 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.

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

---

---

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 financial resources to be used 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).

**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 the Community Service Fund and Co-operative Program as special revenue funds.

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

---

---

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

**Employee Benefit Trust Fund**

Employee benefit trust funds are used to account for resources legally held in trust for the District's post retirement health insurance benefits.

**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 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.

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

---

---

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2013, 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.

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.

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

---

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**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 no qualifying deferred outflows as of June 30, 2013.

In addition to liabilities, the balance sheet will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has no qualifying deferred inflows as of June 30, 2013.

**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 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.

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

---

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**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.

*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.

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

---

---

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Committed*—Resources that can only be used for specific purposes as the result of a formal action of the District's highest level of decision-making authority. 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 School Board.

*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 in Note 1.

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 in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures.

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.



**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

---

NOTE 2—CASH AND INVESTMENTS (continued)

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, 2013, cash and investments consist of the following:

	Fair Value	Carrying Value	Risk
Cash on hand	\$ 1,389	\$ 1,389	
Deposits with financial institutions	5,681,707	5,434,776	Custodial
Wisconsin Local Government Investment Pool	69,349	69,349	Credit and interest rate
	<u>\$ 5,752,445</u>	<u>\$ 5,505,514</u>	

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

Statement of net position	
Governmental activities	\$ 5,180,012
Business-type activities	98,786
Statement of fiduciary net position	
Private purpose trust	9,271
Agency fund	217,445
	<u>\$ 5,505,514</u>

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

---

NOTE 2—CASH AND INVESTMENTS (continued)

*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 pages 28-29.

*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, 2013, 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 and unlimited for non-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, 2013, \$4,848,525 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 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, 2013 the fair value of the District's share of the LGIP's assets was substantially equal to the amount reported on page 29.

*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.

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

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 fees	\$ 5,624
Cooperative program fees	9,027
Student meal deposits	12,868
	\$ 27,519

NOTE 4—CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 191,874	\$ -	\$ -	\$ 191,874
Capital assets being depreciated				
Building	34,955,046	20,951	-	34,975,997
Equipment	2,846,093	50,977	-	2,897,070
Total capital assets being depreciated	37,801,139	71,928	-	37,873,067
Less accumulated depreciation	14,046,218	754,207	-	14,800,425
Total capital assets being depreciated-net	23,754,921	(682,279)	-	23,072,642
Governmental activity capital assets-net	\$ 23,946,795	\$ (682,279)	\$ -	\$ 23,264,516
Business-type activity				
Capital assets being depreciated				
Equipment	\$ 259,680	\$ -	\$ -	\$ 259,680
Less accumulated depreciation	192,630	14,039	-	206,669
Business-type activity capital assets-net	\$ 67,050	\$ (14,039)	\$ -	\$ 53,011

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

NOTE 4—CAPITAL ASSETS (continued)

Depreciation expense for governmental activities for the year ended June 30, 2013 was charged to functions as follows:

Instructional staff services	\$ 6,463
General administrative services	3,952
Business administrative services	<u>743,792</u>
Total depreciation of governmental activities:	<u><u>\$ 754,207</u></u>

NOTE 5—SHORT TERM DEBT ACTIVITY

The District issued tax anticipation notes in advance of property tax collections. The note matures on October 15, 2013, with an interest rate of 1.35%. Interest for the year ended June 30, 2013 was \$40,223. Short-term debt activity for the year ended June 30, 2013 was as follows:

	Balance 6/30/12	Additions	Payments	Balance 6/30/13
Tax anticipation note	<u>\$ 4,000,000</u>	<u>\$ 3,750,000</u>	<u>\$ 4,000,000</u>	<u>\$ 3,750,000</u>

NOTE 6—LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended June 30, 2013 was as follows:

	Balance 6/30/2012	Additions	Reductions	Balance 6/30/2013	Due Within One Year
General obligation bonds	\$ 21,145,000	\$ -	\$ 1,750,000	\$19,395,000	\$ 1,980,000
State Trust Fund loan	985,000	-	85,000	900,000	90,000
Deferred amounts					
Bond premiums	871,585	-	113,289	758,296	113,289
Issuance costs	204,203	-	25,962	178,241	25,962
Total general obligation debt	23,205,788	-	1,974,251	21,231,537	2,209,251
Capital leases	33,627	-	20,728	12,899	12,899
Accrued compensated absences	688,641	57,324	86,521	659,444	22,214
Total long-term liabilities	<u>\$ 23,929,056</u>	<u>\$ 57,324</u>	<u>\$ 2,081,500</u>	<u>\$21,903,880</u>	<u>\$ 2,244,364</u>

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

NOTE 6—LONG-TERM OBLIGATIONS (continued)

Total long-term debt interest paid and expensed (including accrual) for the year ended June 30, 2013 was \$1,063,022 and \$1,044,080, respectively.

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.

General obligation debt at June 30, 2013 is comprised of the following individual issues

Description	Issue Date	Interest Rate (%)	Date of Maturity	Original Amounts	Balance 6/30/2013
G.O. refunding bonds	3/1/2005	3.0-5.0	4/1/2020	22,570,000	\$ 19,395,000
G.O. refunding bonds	8/5/2010	3.0-5.25	4/1/2021	1,140,000	900,000
					\$ 20,295,000

The 2012 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$655,610,396. Wisconsin State Statute 67.03 limits total general obligation indebtedness of the District to ten percent of the equalized value of taxable property within the District's jurisdiction. The legal debt limit, as of June 30, 2013 was as follows:

Debt limit (10% of \$655,610,396)	\$ 65,561,040
Less: long-term debt applicable to debt margin:	20,295,000
Margin of indebtedness:	\$ 45,266,040

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
2014	\$ 2,070,000	\$ 943,991	\$ 12,899	\$ 1,603	\$ 3,028,493
2015	2,300,000	847,954	-	-	3,147,954
2016	2,570,000	727,829	-	-	3,297,829
2017	2,860,000	600,154	-	-	3,460,154
2018	3,135,000	490,813	-	-	3,625,813
2019-2023	7,360,000	568,156	-	-	7,928,156
	\$ 20,295,000	\$ 4,178,896	\$ 12,899	\$ 1,603	\$ 24,488,399

**Capital Lease** - Included in equipment is a Ford F550 truck held under capital lease as of June 30, 2013.

Equipment	\$ 57,418
Less: accumulated depreciation	14,354
	\$ 43,064

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

---

**NOTE 6—LONG-TERM OBLIGATIONS (continued)**

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, 2013, \$22,170,000 of bonds outstanding are considered defeased.

**NOTE 7—EMPLOYEE'S RETIREMENT SYSTEM**

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

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees including teachers, and executives and elected officials. Required contributions for protective occupations are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for 2012 are:

	Employee	Employer
General (including teachers)	5.90%	5.90%
Executives and elected officials	7.05%	7.05%
Protective with Social Security	5.90%	9.00%
Protective without Social Security	5.90%	11.30%

The payroll for District employees covered by the WRS for the year ended June 30, 2013 was \$11,624,030; the employer's total payroll was \$11,596,672. The total required contribution for the year ended June 30, 2013 was \$1,383,398, which consisted of \$691,699, or 6.0% of payroll from the District and \$691,699, or 6.0% of payroll from employees. Total contributions for the years ended June 30, 2012 and 2011 were \$1,306,756 and \$1,233,477, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefits are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee's three highest years'

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

---

NOTE 7—EMPLOYEE’S RETIREMENT SYSTEM (continued)

earnings. Employees terminating covered employment and submitting application before becoming eligible for retirement benefits may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 and prior to July 1, 2011 are immediately vested. Participants who initially become WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of the Wisconsin Statutes.

The WRS issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

NOTE 8—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 207 active and 27 retired members in the plan as of June 30, 2013. 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 employer makes all contributions, and for the year ended June 30, 2013 the District contributed \$420,658 to the Evansville Community School District Post-Employment Benefits Trust.

*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 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	\$ 172,913
Interest on net OPEB obligation	49,040
Adjustment to annual required contribution	<u>(48,883)</u>
Annual OPEB cost (expense)	173,070
OPEB payments made	<u>(420,658)</u>
Increase in net OPEB obligation	(247,588)
Net OPEB obligation - beginning of year	<u>1,235,262</u>
Net OPEB obligation - end of year	<u><u>\$ 987,674</u></u>

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

---

NOTE 8—OTHER POSTEMPLOYMENT BENEFITS (continued)

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, 2013 and the preceding two years was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	\$ 173,070	243.06%	\$ 987,675
6/30/2012	599,031	71.89%	1,235,262
6/30/2011	597,681	48.50%	1,066,890

*Funded Status and Funding Progress.* As of July 1, 2012, the most recent actuarial valuation date, the District's actuarial accrued liability (AAL) for benefits was \$2,066,587 and the actuarial value of assets was \$5,096 resulting in an unfunded actuarial accrued liability (UAAL) of \$2,061,489. The annual payroll for active employees covered by the plan in the actuarial valuation for the 2011-12 fiscal year was \$9,727,649 for a ratio of the UAAL to covered payroll of 21.19%.

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.

*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, 2012, actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions included a 3.97 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 4 percent inflation assumption. The UAAL is being amortized on a level dollar basis. The remaining amortization period at June 30, 2012 was 30 years.



**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

---

**NOTE 9—GOVERNMENTAL ACTIVITIES NET POSITION**

Governmental activities net position reported on the government-wide statement of net position at June 30, 2013 consist of the following:

Governmental Activities	
Net investment in capital assets	\$ 2,376,562
Restricted	
Inventories	32,241
Prepaid expenses	206,958
Special revenue	26,460
Debt service	<u>242,085</u>
Total Restricted	507,744
Unrestricted	<u>621,608</u>
Total governmental activities net position	<u><u>\$ 3,505,914</u></u>

**NOTE 10—GOVERNMENTAL FUND BALANCES**

Governmental fund balances reported on the financial statements at June 30, 2013 include the following:

Nonspendable	
General fund	
Inventories	\$ 32,241
Prepaid expenditures	<u>206,958</u>
Total Nonspendable	239,199
Restricted	
Special revenue	26,460
Debt service	<u>474,214</u>
Total Restricted	500,674
Unassigned	<u>2,268,727</u>
Total governmental fund balance	<u><u>\$ 3,008,600</u></u>

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

---

---

**NOTE 11—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 12—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 13—COMMITMENTS AND CONTINGENCIES**

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

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

**NOTE 14—SUBSEQUENT EVENTS**

On August 17, 2013, the District's football press box caught fire and was a total loss, with about \$300,000 worth of damage, overall. The District estimates that the cost to rebuild, less the insurance deductible, is approximately \$30,000.

**REQUIRED SUPPLEMENTARY INFORMATION**

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES BUDGET AND ACTUAL—GENERAL FUND**  
Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Local	\$ 5,290,182	\$ 5,290,182	\$ 5,310,945	\$ 20,763
Interdistrict payments	283,580	283,580	277,150	(6,430)
Intermediate sources	-	-	994	994
State	13,261,658	13,261,658	13,300,366	38,708
Federal	707,744	707,744	754,114	46,370
Other sources	68,844	68,844	48,405	(20,439)
<b>Total revenues</b>	<b>19,612,008</b>	<b>19,612,008</b>	<b>19,691,974</b>	<b>79,966</b>
<b>EXPENDITURES</b>				
Current:				
Instruction				
Regular instruction	7,849,284	7,849,284	7,670,621	178,663
Vocational instruction	716,659	716,659	711,176	5,483
Physical instruction	647,009	647,009	646,988	21
Special education instruction	2,568,765	2,568,765	2,603,787	(35,022)
Other instruction	988,240	988,240	992,359	(4,119)
<b>Total instruction</b>	<b>12,769,957</b>	<b>12,769,957</b>	<b>12,624,931</b>	<b>145,026</b>
Support services				
Pupil services	932,100	932,100	939,042	(6,942)
Instructional staff services	741,441	741,441	695,321	46,120
General administrative services	565,635	565,635	561,213	4,422
Building administrative services	784,370	784,370	825,377	(41,007)
Business administrative services	2,745,775	2,745,775	2,725,255	20,520
Central services	440,439	440,439	340,205	100,234
Insurance and judgments	148,168	148,168	135,538	12,630
Other support services	422,982	422,982	378,116	44,866
<b>Total support services</b>	<b>6,780,910</b>	<b>6,780,910</b>	<b>6,600,067</b>	<b>180,843</b>
Non program services	-	-	-	-
Capital Outlay	-	-	71,928	(71,928)
Debt service				
Principal	-	-	27,291	(27,291)
Interest and fees	61,141	61,141	41,999	19,142
<b>Total expenditures</b>	<b>19,612,008</b>	<b>19,612,008</b>	<b>19,366,216</b>	<b>245,792</b>
Excess of revenues over expenditures	-	-	325,758	325,758
Other financing sources (uses)				
Premium on issuance of debt	-	-	19,176	19,176
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>19,176</b>	<b>19,176</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>344,934</b>	<b>344,934</b>
Fund balances—beginning of year	1,647,310	1,647,310	2,162,992	515,682
<b>Fund balances—end of year</b>	<b>\$ 1,647,310</b>	<b>\$ 1,647,310</b>	<b>\$ 2,507,926</b>	<b>\$ 860,616</b>

See accompanying notes to required supplementary information.

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS**  
Year Ended June 30, 2013

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)
7/1/2012	\$ 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%
7/1/2008	-	5,343,663	5,343,663	0.00%	9,006,357	59.33%
7/1/2005	-	3,739,994	3,739,994	0.00%	7,758,282	48.21%

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
June 30, 2013

---

---

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, 2013.

<u>Function</u>	<u>Excess Expenditures</u>
Special education instruction	\$ 35,022
Other instruction	4,119
Pupil services	6,942
Building administrative services	41,007

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. Two have been completed to date. Duplicate information for intervening years is not repeated.

**OTHER SUPPLEMENTARY INFORMATION**

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET—GENERAL GOVERNMENTAL FUNDS**  
June 30, 2013

	General Operating Fund	Special Education Fund	Total General Fund
<b>ASSETS</b>			
Cash and investments	\$ 4,548,242	\$ 118,964	\$ 4,667,206
Accounts receivable	2,386,241	-	2,386,241
Due from other governments	267,052	2,851	269,903
Inventory	32,241	-	32,241
Prepaid expenses	169,399	37,559	206,958
<b>Total assets</b>	<b>\$ 7,403,175</b>	<b>\$ 159,374</b>	<b>\$ 7,562,549</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Short-term notes payable	\$ 3,750,000	\$ -	\$ 3,750,000
Accounts payable	340,581	6,474	347,055
Accrued salaries and wages	296,828	62,731	359,559
Payroll taxes and withholdings	502,216	90,169	592,385
Unearned revenues	5,624	-	5,624
<b>Total liabilities</b>	<b>4,895,249</b>	<b>159,374</b>	<b>5,054,623</b>
<b>FUND BALANCES</b>			
Nonspendable	201,640	37,559	239,199
Unassigned	2,306,286	(37,559)	2,268,727
<b>Total fund balances</b>	<b>2,507,926</b>	<b>-</b>	<b>2,507,926</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,403,175</b>	<b>\$ 159,374</b>	<b>\$ 7,562,549</b>



**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES—GENERAL GOVERNMENTAL FUNDS**  
Year Ended June 30, 2013

	General Operating Fund	Special Education Fund	Total General Fund
<b>REVENUES</b>			
Local	\$ 5,310,945	\$ -	\$ 5,310,945
Interdistrict payments	277,150	-	277,150
Intermediate sources	994	-	994
State	12,448,610	851,756	13,300,366
Federal	169,141	584,973	754,114
Other sources	48,405	-	48,405
<b>Total revenues</b>	<b>18,255,245</b>	<b>1,436,729</b>	<b>19,691,974</b>
<b>EXPENDITURES</b>			
Current:			
Instruction			
Regular instruction	7,670,621	-	7,670,621
Vocational instruction	711,176	-	711,176
Physical instruction	646,988	-	646,988
Special education instruction	-	2,603,787	2,603,787
Other instruction	992,359	-	992,359
<b>Total instruction</b>	<b>10,021,144</b>	<b>2,603,787</b>	<b>12,624,931</b>
Support services			
Pupil services	411,995	527,047	939,042
Instructional staff services	584,923	110,398	695,321
General administrative services	561,213	-	561,213
Building administrative services	795,605	29,772	825,377
Business administrative services	2,616,514	108,741	2,725,255
Central services	340,205	-	340,205
Insurance and judgments	135,538	-	135,538
Other support services	378,116	-	378,116
<b>Total support services</b>	<b>5,824,109</b>	<b>775,958</b>	<b>6,600,067</b>
Non program services			
Capital Outlay	64,758	7,170	71,928
Debt service			
Principal	27,291	-	27,291
Interest and fees	41,999	-	41,999
<b>Total expenditures</b>	<b>15,979,301</b>	<b>3,386,915</b>	<b>19,366,216</b>
Excess (deficiency) of revenues over (under) expenditures	2,275,944	(1,950,186)	325,758
Other financing sources (uses)			
Premium on issuance of debt	19,176	-	19,176
Transfers in (out)	(1,950,186)	1,950,186	-
<b>Total other financing sources (uses)</b>	<b>(1,931,010)</b>	<b>1,950,186</b>	<b>19,176</b>
<b>Net change in fund balances</b>	<b>344,934</b>	<b>-</b>	<b>344,934</b>
Fund balances—beginning of year	2,162,992	-	2,162,992
<b>Fund balances—end of year</b>	<b>\$ 2,507,926</b>	<b>\$ -</b>	<b>\$ 2,507,926</b>

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET—NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2013

	Capital Projects	Special Revenue Funds		Total Nonmajor Governmental Funds
		Special Revenue	Co-operative Program	
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 29,565	\$ 9,027	\$ 38,592
<b>LIABILITIES AND FUND BALANCES</b>				
LIABILITIES				
Accounts payable	\$ -	\$ 3,105	\$ -	\$ 3,105
Unearned revenues	-	-	9,027	9,027
<b>Total liabilities</b>	-	3,105	9,027	12,132
FUND BALANCES				
Restricted	-	26,460	-	26,460
<b>Total fund balances</b>	-	26,460	-	26,460
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 29,565</b>	<b>\$ 9,027</b>	<b>\$ 38,592</b>

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES—NONMAJOR GOVERNMENTAL FUNDS**  
Year Ended June 30, 2013

	Special Revenue funds			Total Nonmajor Governmental Funds
	Capital Projects	Special Revenue	Co-operative Program	
<b>REVENUES</b>				
Local	\$ -	\$ 13,925	\$ -	\$ 13,925
Interdistrict payments	-	-	5,855	5,855
<b>Total revenues</b>	<b>-</b>	<b>13,925</b>	<b>5,855</b>	<b>19,780</b>
<b>EXPENDITURES</b>				
Current:				
Instruction				
Regular instruction	-	712	-	712
Vocational instruction	-	180	-	180
Other instruction	-	6,525	-	6,525
<b>Total instruction</b>	<b>-</b>	<b>7,417</b>	<b>-</b>	<b>7,417</b>
Support services				
General administrative services	-	678	-	678
Building administrative services	500	182	-	682
Other support services	-	-	5,855	5,855
<b>Total support services</b>	<b>500</b>	<b>860</b>	<b>5,855</b>	<b>7,215</b>
<b>Total expenditures</b>	<b>500</b>	<b>8,277</b>	<b>5,855</b>	<b>14,632</b>
<b>Net change in fund balances</b>	<b>(500)</b>	<b>5,648</b>	<b>-</b>	<b>5,148</b>
Fund balances—beginning of year	500	20,812	-	21,312
<b>Fund balances—end of year</b>	<b>\$ -</b>	<b>\$ 26,460</b>	<b>\$ -</b>	<b>\$ 26,460</b>

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
AGENCY FUNDS—SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
Year Ended June 30, 2013

---

---

	<u>Balance 7/1/2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2013</u>
<b>ASSETS</b>				
Cash and Investments	<u>\$ 199,736</u>	<u>\$ 557,961</u>	<u>\$ 540,252</u>	<u>\$ 217,445</u>
<b>LIABILITIES</b>				
Due to student organizations	<u>\$ 199,736</u>	<u>\$ 557,961</u>	<u>\$ 540,252</u>	<u>\$ 217,445</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, 2013

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Accrued or (Deferred) Revenue at 7/1/12	Receipts	Expenditures	Accrued or (Deferred) Revenue at 6/30/13
<b>Department of Agriculture</b>					
Pass-through programs from Wisconsin Department of Public Instruction					
Child Nutrition Cluster					
School Breakfast Program	10.553	\$ 356	\$ 21,220	\$ 21,384	\$ 520
National School Lunch Program	10.555	2,842	197,964	199,818	4,696
National School Lunch Program - Food Donation	10.555	-	45,044	45,044	-
Total Child Nutrition Cluster		<u>3,198</u>	<u>264,228</u>	<u>266,246</u>	<u>5,216</u>
<b>Total Department of Agriculture</b>		3,198	264,228	266,246	5,216
<b>Department of Education</b>					
Pass-through programs from Wisconsin Department of Public Instruction					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	84.010	-	127,228	139,772	12,544
Special Education Cluster (IDEA)					
Special Education--Grants to States (IDEA, Part B)	84.027	166,294	521,315	355,021	-
Special Education--Preschool Grants (IDEA Preschool)	84.173	9,066	17,361	11,146	2,851
Total Special Education Cluster (IDEA)		<u>175,360</u>	<u>538,676</u>	<u>366,167</u>	<u>2,851</u>
Improving Teacher Quality State Grants	84.367	21,722	36,629	29,368	14,461
Pass-through programs from Mount Horeb Area School District					
Career and Technical Education--Basic Grants to States	84.048	8,014	16,560	8,546	-
Pass-through program from CESA 5					
English Language Acquisition State Grants	84.365	-	994	994	-
<b>Total Department of Education</b>		205,096	720,087	544,847	29,856
<b>Department of Health and Human Services</b>					
Pass-through program from Wisconsin Medicaid and Badgercare Programs					
Medical Assistance Program	93.778	29,310	248,116	218,806	-
<b>Total Federal Programs</b>		<u>\$ 237,604</u>	<u>\$ 1,232,431</u>	<u>\$ 1,029,899</u>	<u>\$ 35,072</u>

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
Year Ended June 30, 2013

State Grantor/ Program Title	State Identifying Number	Accrued or (Deferred) Revenue at 7/1/12	Receipts	Expenditures	Accrued or (Deferred) Revenue at 6/30/13
<b>Wisconsin Department of Public Instruction</b>					
Special Education and School Age Parents	255.101	\$ -	\$ 811,395	\$ 811,395	\$ -
State School Lunch Aid	255.102	-	7,343	7,343	-
Common School Fund Library Aid	255.103	-	60,042	60,042	-
General Transportation Aid for Public School Pupils	255.107	-	38,385	38,385	-
Wisconsin School Day Milk Program	255.109	-	2,783	2,783	-
Equalization Aid and Special Adjustment Aid	255.201	230,151	11,948,030	11,937,386	219,507
High Cost Special Education Aid	255.210	-	40,361	40,361	-
Peer Review and Mentoring	255.301	-	-	7,619	7,619
School Breakfast Program	255.344	-	2,006	2,006	-
Student Achievement Guarantee in Education (SAGE)	255.504	-	294,614	294,614	-
Per Pupil Adjustment Aid	255.925	-	89,550	89,550	-
<b>Total Wisconsin Department of Public Instruction</b>		230,151	13,294,509	13,291,484	227,126
<b>Wisconsin Department of Revenue</b>					
Exempt Computer Aid		9,825	9,825	12,921	12,921
<b>Total State Programs</b>		<b>\$ 239,976</b>	<b>\$ 13,304,334</b>	<b>\$ 13,304,405</b>	<b>\$ 240,047</b>

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
Year Ended June 30, 2013

---

---

**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, 2013. 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, 2013, there were no 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 \$2,900,493 for the year ended June 30, 2013.



**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
Year Ended June 30, 2013

---

---

Material weaknesses

2012-1 Internal control over disbursements

Condition: Documentation for twelve expenditures did not include a program manager's signature indicating review and approval of the expenditure.

Recommendation: The district should reiterate and enforce internal controls and procedures over disbursements.

Current Status: This finding has not been resolved and is repeated as finding 2013-1.

2012-2 Special Education Cluster (IDEA) - CFDA Nos. 84.027, 84.173, 84.391, and 84.392

Condition: As discussed at finding 2012-1, documentation for twelve of our sample of twenty five expenditures charged to the Special Education Cluster did not include evidence of review and approval by the program director.

Recommendation: The district should reiterate and enforce internal controls and procedures over disbursements.

Current Status: This finding has not been resolved and is repeated as finding 2013-2.



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 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 (District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 1, 2013.

**Internal Control Over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2013-1 to be a material weakness.

**Compliance and Other Matters**

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

**Janesville Office:**  
3000 Milton Avenue  
Suite 107  
P.O. Box 2260  
Janesville, WI 53545  
P: (608) 756-4020

**Baraboo Office:**  
123 Second Street  
P.O. Box 150  
Baraboo, WI 53913  
P: (608) 356-3966  
F: (608) 356-2966

**Pewaukee Office:**  
W239 N3490 Pewaukee Road  
Suite 200  
Pewaukee, WI 53072  
P: (262) 522-7555  
F: (262) 522-7550

**Madison Office:**  
2110 Luann Lane  
Madison, WI 53713  
P: (608) 274-4020  
F: (608) 274-0775

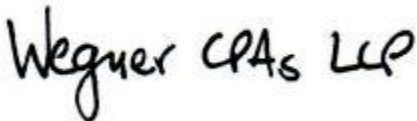
[www.wegnercpas.com](http://www.wegnercpas.com)  
[info@wegnercpas.com](mailto:info@wegnercpas.com)  
(888) 204-7665

## Evansville Community School District's Response to Findings

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

### Purpose of this Report

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

A handwritten signature in black ink that reads "Wegner CPAs LLP". The signature is written in a cursive, slightly slanted style.

Wegner CPAs, LLP  
Madison, Wisconsin  
November 1, 2013



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, 2013. 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, 2013.

**Janesville Office:**  
3000 Milton Avenue  
Suite 107  
P.O. Box 2260  
Janesville, WI 53545  
P: (608) 756-4020

**Baraboo Office:**  
123 Second Street  
P.O. Box 150  
Baraboo, WI 53913  
P: (608) 356-3966  
F: (608) 356-2966

**Pewaukee Office:**  
W239 N3490 Pewaukee Road  
Suite 200  
Pewaukee, WI 53072  
P: (262) 522-7555  
F: (262) 522-7550

**Madison Office:**  
2110 Luann Lane  
Madison, WI 53713  
P: (608) 274-4020  
F: (608) 274-0775

[www.wegnercpas.com](http://www.wegnercpas.com)  
[info@wegnercpas.com](mailto:info@wegnercpas.com)  
(888) 204-7665

## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal 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.

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

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-2 to be a material weakness.

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

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



Wegner CPAs, LLP  
Madison, Wisconsin  
November 1, 2013

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2013

---

**Section I—Summary of Auditor’s Results**

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	Yes
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?	Yes

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027, 84.173,	Special Education Cluster (IDEA)
93.877	Medicaid School Based Services

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?	None reported

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2013

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 and Special Adjustment Aid
255.107	General Transportation Aid for Public School Pupils

**Section II—Financial Statement Findings**

Material weakness

2013-1 Internal control over disbursements

Condition: Documentation for nine expenditures did not include a program manager's signature indicating review and approval of the expenditure.

Criteria: The District's internal control over disbursements requires program directors to review and approve disbursements prior to payment.

Cause: Significant staff turn over, along with the implementation of improved internal controls and procedures, which include segregation of duties, lead to a misunderstanding of final responsibility to sign support documentation indicating review and approval.

Effect: The cost of the disbursements may be disallowed.

Context: A sample of 40 disbursements totaling \$55,102 was selected for audit from a population of disbursements totaling \$391,658. The test found nine disbursements totaling \$7,443 that did not properly include the program director's authorized signature.

Recommendation: The District should reiterate and enforce internal controls and procedures over disbursements.

Views of Responsible Officials and Planned Corrective Actions: District planned corrective actions to the audit finding will include staff re-training. Re-training will focus on purchasing and accounts payable processes and procedures to ensure regulatory compliance for all programs regardless of funding source.

**EVANSVILLE COMMUNITY SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2013

---

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

	Questioned Costs
Department of Education	
2013-2 Special Education Cluster (IDEA)—CFDA Nos. 84.027 and 84.173	
Condition: As discussed at finding 2013-2, documentation for nine of our sample of forty expenditures charged to the Special Education Cluster did not include evidence of review and approval by the program director. The District should reiterate and enforce internal controls and procedures over disbursements.	\$ -

**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 Yes

Was a management letter or other document conveying audit comments issued as a result of this audit? Yes

Name and signature of partner


---

  
Scott R. Haumersen, CPA

Date of report November 1, 2013