

NOTICE

**SCHOOL DISTRICT OF NEW GLARUS
BOARD OF EDUCATION
BUDGET COMMITTEE MEETING
MONDAY, MARCH 7, 2016
HIGH SCHOOL CONFERENCE ROOM
6:30 PM**

AGENDA

- I. CALL MEETING TO ORDER - TRAVIS ZIMMERMAN
- II. 2015-2016 CASH DEFEASANCE
- III. REFERENDUM FINANCING
- IV. 2016-2017 BUDGET UPDATE 2
- V. 2016-2017 SALARIES & BENEFITS 3
- VI. INCREASE SCHOOL PSYCHOLOGIST FROM 0.7 FTE TO 0.8 FTE 7
- VII. ADD INSTRUCTIONAL COACH 8
- VIII. AUDIT REPORT 13
- IX. ADJOURNMENT

POSTED :

NG HIGH SCHOOL
NG MIDDLE SCHOOL
NG ELEMENTARY SCHOOL
NG POST OFFICE
BANK OF NEW GLARUS
UB&T BANK OF NEW GLARUS
ANCHOR BANK OF NEW GLARUS

PURSUANT TO APPLICABLE LAW, NOTICE IS HEREBY GIVEN THAT A QUORUM OR A MAJORITY OF THE NEW GLARUS SCHOOL DISTRICT BOARD MEMBERS MAY ATTEND THIS MEETING. INFORMATION PRESENTED AT THIS MEETING MAY HELP FORM THE RATIONALE BEHIND FUTURE ACTIONS THAT MAY BE TAKEN BY THE NEW GLARUS SCHOOL DISTRICT BOARD.

**BUDGET ASSUMPTIONS
03/07/16**

| | 11/23/15 | 01/15/16 | 02/08/16 | 02/10/16 | 03/07/16 |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|
| REVENUE | 10,074,457 | 10,074,457 | 10,074,457 | 10,074,457 | 10,074,457 |
| EXPENSE | 10,409,712 | 10,409,712 | 10,409,712 | 10,409,712 | 10,409,712 |
| DEFICIT | (335,255) | (335,255) | (335,255) | (335,255) | (335,255) |
| ADJUSMENT TO REVENUE | | | | | |
| REVENUE LIMIT - DECREASE | | | (20,696) | (20,696) | (20,696) |
| ADJ OE IN/OUT INCR | | | 3,582 | 3,582 | 3,582 |
| | | | (17,114) | (17,114) | (17,114) |
| POSSIBLE ADDITIONS | | | | | |
| INSTRUCTIONAL COACH | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 |
| SPED AIDE/OE STUDENT | 39,000 | 39,000 | 39,000 | 39,000 | 39,000 |
| SPED AIDE - NEW STUDENT | | 39,000 | 39,000 | - | - |
| PSYCH INCR FROM 70% TO 80% | | | | 11,000 | 11,000 |
| | 114,000 | 153,000 | 153,000 | 125,000 | 125,000 |
| POSSIBLE REDUCTIONS | | | | | |
| FUND BALANCE CARRYOVER | 138,536 | 138,536 | 138,536 | 138,536 | 138,536 |
| SCHOOL BUS | 70,000 | 70,000 | 70,000 | 70,000 | 70,000 |
| SAFETY BUDGET | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| BUS DR TRAINING | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 |
| TRANSPORTATION SOFTWARE | 6,500 | 6,500 | 6,500 | 6,500 | 6,500 |
| LIBRARY FURNITURE | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| BOARD POLICY SERVICES | 6,500 | 6,500 | 6,500 | 6,500 | 6,500 |
| PROFESSIONAL DEV | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 |
| 4K AIDE REDUCTION | | 35,000 | 35,000 | 35,000 | 35,000 |
| HEALTH INS DECREASE - 1.1% | | | | - | 11,519 |
| CAPITAL MAINT RED | | | | 161,833 | 150,314 |
| | 280,536 | 315,536 | 315,536 | 477,369 | 477,369 |
| SURPLUS (DEFICIT) | (168,719) | (172,719) | (189,833) | - | 0 |

New Glarus Teacher Salary Grid 2016-17 - Proposed

| Level | Lane BA | MA |
|-----------|---------------|--------------|
| | <i>1,250</i> | <i>4,000</i> |
| 1 | 36,750 | 40,750 |
| 2 | 38,000 | 42,000 |
| 3 | 39,250 | 43,250 |
| 4 | 40,500 | 44,500 |
| 5 | 41,750 | 45,750 |
| 6 | 43,000 | 47,000 |
| 7 | 44,250 | 48,250 |
| 8 | 45,500 | 49,500 |
| 9 | 46,750 | 50,750 |
| 10 | 48,000 | 52,000 |
| 11 | 49,250 | 53,250 |
| 12 | 50,500 | 54,500 |
| 13 | 51,750 | 55,750 |
| 14 | 53,000 | 57,000 |
| 15 | 54,250 | 58,250 |
| 16 | 55,500 | 59,500 |
| 17 | | 60,750 |
| 18 | | 62,000 |
| 19 | | 63,250 |

Permanent Add On's:

- \$ 1,000 Per completion of approved Project Lead the Way Course
- \$ 1,000 Wisconsin DPI Reading Certification (316 / 317)
- \$ 5,000 National Board Certification

****Maximum increase in pay on the Teacher Salary Grid is \$2500**

New Glarus Teacher Salary Grid 2015-16 - Final

| Level | Lane BA | MA |
|-----------|---------------|--------------|
| | <i>1,250</i> | <i>4,000</i> |
| 1 | 36,500 | 40,500 |
| 2 | 37,750 | 41,750 |
| 3 | 39,000 | 43,000 |
| 4 | 40,250 | 44,250 |
| 5 | 41,500 | 45,500 |
| 6 | 42,750 | 46,750 |
| 7 | 44,000 | 48,000 |
| 8 | 45,250 | 49,250 |
| 9 | 46,500 | 50,500 |
| 10 | 47,750 | 51,750 |
| 11 | 49,000 | 53,000 |
| 12 | 50,250 | 54,250 |
| 13 | 51,500 | 55,500 |
| 14 | 52,750 | 56,750 |
| 15 | 54,000 | 58,000 |
| 16 | | 59,250 |
| 17 | | 60,500 |
| 18 | | 61,750 |
| 19 | | 63,000 |

Permanent Add On's:

- \$ 1,000 Per completion of approved Project Lead the Way Course
- \$ 1,000 Wisconsin DPI Reading Certification (316 / 317)
- \$ 5,000 National Board Certification

****Maximum increase in pay on the Teacher Salary Grid is \$2000 excluding those being increased to meet the Level 1 base pay.**

HOURLY POSITIONS WAGE CHART FOR 2016-17 PROPOSED

\$ 0.30

| | Step 1 | Step 2 | Step 3 | Step 4 | Step 5 | Step 6 | Step 7 | Step 8 |
|---|----------|----------|----------|----------|----------|----------|----------|----------|
| Secretary 1 (head building) | \$ 15.35 | \$ 15.65 | \$ 15.95 | \$ 16.25 | \$ 16.55 | \$ 16.85 | \$ 17.15 | \$ 17.45 |
| Secretary 1 (head building) Grandfathered positions only | \$ 16.05 | \$ 16.35 | \$ 16.65 | \$ 16.95 | \$ 17.25 | \$ 17.55 | \$ 17.85 | \$ 18.15 |
| Secretary 2 (asst building, transp) | \$ 13.22 | \$ 13.52 | \$ 13.82 | \$ 14.12 | \$ 14.42 | \$ 14.72 | \$ 15.02 | \$ 15.32 |
| Teaching Asst / 4K Asst | \$ 12.24 | \$ 12.54 | \$ 12.84 | \$ 13.14 | \$ 13.44 | \$ 13.74 | \$ 14.04 | \$ 14.34 |
| Supervision Asst (recess, lunch) | \$ 10.25 | \$ 10.55 | \$ 10.85 | \$ 11.15 | \$ 11.45 | \$ 11.75 | \$ 12.05 | \$ 12.35 |
| Spec Ed Asst/Title 1 Asst | \$ 12.59 | \$ 12.89 | \$ 13.19 | \$ 13.49 | \$ 13.79 | \$ 14.09 | \$ 14.39 | \$ 14.69 |
| Cook | \$ 12.42 | \$ 12.72 | \$ 13.02 | \$ 13.32 | \$ 13.62 | \$ 13.92 | \$ 14.22 | \$ 14.52 |
| Custodial Asst | \$ 10.25 | \$ 10.55 | \$ 10.85 | \$ 11.15 | \$ 11.45 | \$ 11.75 | \$ 12.05 | \$ 12.35 |
| Custodial | \$ 13.58 | \$ 13.88 | \$ 14.18 | \$ 14.48 | \$ 14.78 | \$ 15.08 | \$ 15.38 | \$ 15.68 |
| Maintenance | \$ 16.18 | \$ 16.48 | \$ 16.78 | \$ 17.08 | \$ 17.38 | \$ 17.68 | \$ 17.98 | \$ 18.28 |
| Van Driver Hourly | \$ 14.30 | | | | | | | |
| Bus Hourly | \$ 15.55 | | | | | | | |
| Bus Route Driver (AM/PM) 1.5 hr | \$ 27.34 | Route | | | | | | |
| | \$ 18.22 | Hourly | | | | | | |
| Nurse | \$ 23.30 | \$ 23.60 | \$ 23.90 | \$ 24.20 | \$ 24.50 | \$ 24.80 | \$ 25.10 | \$ 25.40 |
| Administrative Asst Superintendent | \$ 16.27 | \$ 16.57 | \$ 16.87 | \$ 17.17 | \$ 17.47 | \$ 17.77 | \$ 18.07 | \$ 18.37 |
| Help Desk Coordinator | \$ 14.37 | \$ 14.67 | \$ 14.97 | \$ 15.27 | \$ 15.57 | \$ 15.87 | \$ 16.17 | \$ 16.47 |
| Data Info Specialist / Secr 2 | \$ 15.35 | \$ 15.65 | \$ 15.95 | \$ 16.25 | \$ 16.55 | \$ 16.85 | \$ 17.15 | \$ 17.45 |

HOURLY POSITIONS WAGE CHART FOR 2015-16

\$ 0.30

| | Step 1 | Step 2 | Step 3 | Step 4 | Step 5 | Step 6 | Step 7 | Step 8 |
|---|----------|----------|----------|----------|----------|----------|----------|----------|
| Secretary 1 (head building) | \$ 15.10 | \$ 15.40 | \$ 15.70 | \$ 16.00 | \$ 16.30 | \$ 16.60 | \$ 16.90 | \$ 17.20 |
| Secretary 1 (head building) Grandfathered positions only | \$ 15.80 | \$ 16.10 | \$ 16.40 | \$ 16.70 | \$ 17.00 | \$ 17.30 | \$ 17.60 | \$ 17.90 |
| Secretary 2 (asst building, transp) | \$ 12.97 | \$ 13.27 | \$ 13.57 | \$ 13.87 | \$ 14.17 | \$ 14.47 | \$ 14.77 | \$ 15.07 |
| Teaching Asst / 4K Asst | \$ 11.99 | \$ 12.29 | \$ 12.59 | \$ 12.89 | \$ 13.19 | \$ 13.49 | \$ 13.79 | \$ 14.09 |
| Supervision Asst (recess, lunch) | \$ 10.00 | \$ 10.30 | \$ 10.60 | \$ 10.90 | \$ 11.20 | \$ 11.50 | \$ 11.80 | \$ 12.10 |
| Spec Ed Asst/Title 1 Asst | \$ 12.34 | \$ 12.64 | \$ 12.94 | \$ 13.24 | \$ 13.54 | \$ 13.84 | \$ 14.14 | \$ 14.44 |
| Cook | \$ 12.17 | \$ 12.47 | \$ 12.77 | \$ 13.07 | \$ 13.37 | \$ 13.67 | \$ 13.97 | \$ 14.27 |
| Custodial Asst | \$ 10.00 | \$ 10.30 | \$ 10.60 | \$ 10.90 | \$ 11.20 | \$ 11.50 | \$ 11.80 | \$ 12.10 |
| Custodial | \$ 13.33 | \$ 13.63 | \$ 13.93 | \$ 14.23 | \$ 14.53 | \$ 14.83 | \$ 15.13 | \$ 15.43 |
| Maintenance | \$ 15.93 | \$ 16.23 | \$ 16.53 | \$ 16.83 | \$ 17.13 | \$ 17.43 | \$ 17.73 | \$ 18.03 |
| Van Driver Hourly | \$ 13.75 | | | | | | | |
| Bus Hourly | \$ 15.00 | | | | | | | |
| Bus Route Driver (AM/PM) 1.5 hr | \$ 26.51 | Route | | | | | | |
| | \$ 17.67 | Hourly | | | | | | |
| Nurse | \$ 23.05 | \$ 23.35 | \$ 23.65 | \$ 23.95 | \$ 24.25 | \$ 24.55 | \$ 24.85 | \$ 25.15 |
| Administrative Asst Superintendent | \$ 16.02 | \$ 16.32 | \$ 16.62 | \$ 16.92 | \$ 17.22 | \$ 17.52 | \$ 17.82 | \$ 18.12 |
| Help Desk Coordinator | \$ 14.12 | \$ 14.42 | \$ 14.72 | \$ 15.02 | \$ 15.32 | \$ 15.62 | \$ 15.92 | \$ 16.22 |
| Data Info Specialist / Sec 2 | \$ 15.10 | \$ 15.40 | \$ 15.70 | \$ 16.00 | \$ 16.30 | \$ 16.60 | \$ 16.90 | \$ 17.20 |

PROPOSAL TO INCREASE SCHOOL PSYCHOLOGIST 10%

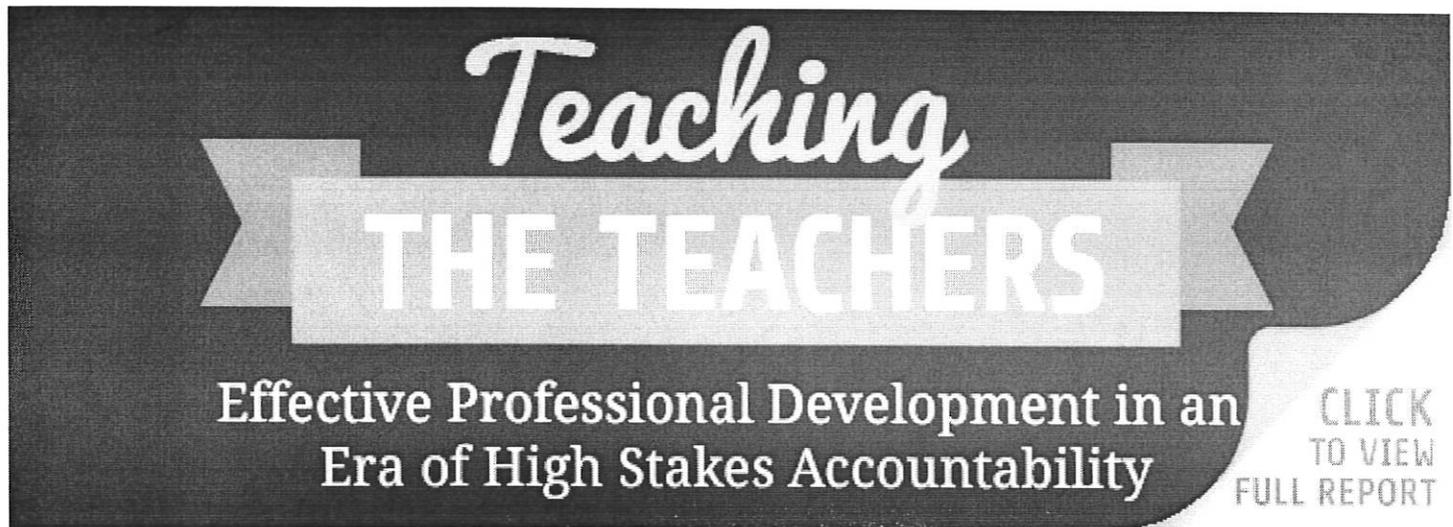
Current @ 70%

| | | Salary | WRS | LTD | SS | CIL | Total |
|--------------|-----|--------|-------|-----|-------|-----|---------------|
| Jane O'Brien | 70% | 44,100 | 2,911 | - | 3,374 | - | 50,384 |

Proposed @ 80%

| | | Salary | WRS | LTD | SS | CIL | Total |
|--------------|-----|--------|-------|-----|-------|-------|---------------|
| Jane O'Brien | 80% | 50,400 | 3,326 | 171 | 3,856 | 2,400 | 60,153 |

Teaching the Teachers: At a Glance



With 46 states and the District of Columbia climbing on board, the looming Common Core State Standards are shaping up to be one of the largest educational reforms in recent history. The academic benchmarks for math and English Language Arts represent a retreat from the traditional rote, fact-based style of instruction toward teaching that fosters critical thinking and problem solving among students. But research shows that teaching for critical thought isn't widespread in our classrooms (Nystrand and Gamoran, 1991; Nystrand et al., 1999; Kane and Stainger, 2012). Meeting the demands of the Common Core means teaching teachers new approaches to instruction; in other words, reform demands effective professional development.

Recent education reforms have urged teachers to foster collaboration, debate and reflection among students, in order to develop cognitive processes like those called for in the new standards. Ironically, districts rarely apply these same learning techniques to developing teachers. At the same time, teacher's performance is increasingly tied to their students. This is a disparity that must be corrected.

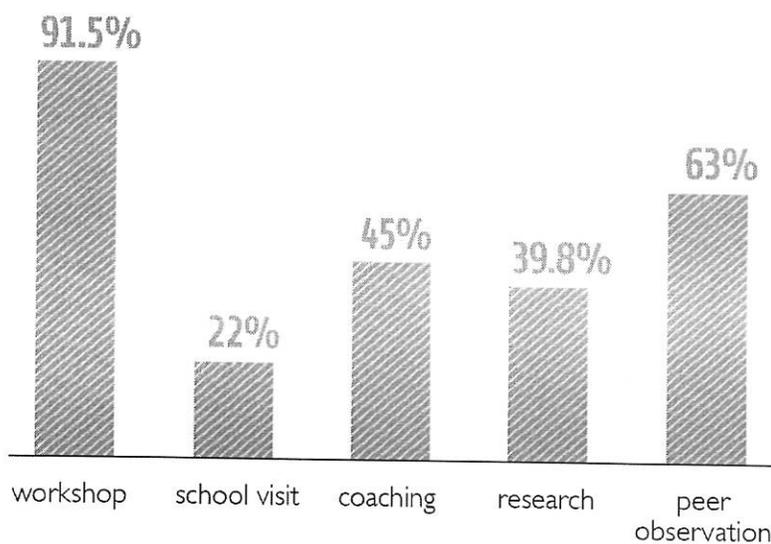
Professional development can no longer just be about exposing teachers to a concept in a one-time workshop, or giving teachers basic knowledge about a teaching methodology. Instead, professional development in an era of accountability requires a fundamental change in a teacher's practice that leads to increases in student learning in the classroom.

Effective Professional Development

In order to use professional development as a vehicle for improvement, districts need to know how teachers learn new skills. Districts have typically assumed teacher learning is straightforward, with teachers merely needing to be presented with information about effective teaching strategies. But research suggests teachers' learning process is more complex than that.

- **Most teachers only experience traditional, workshop-based professional development, even though research shows it is ineffective.** Over 90 percent of teachers participate in workshop-style training sessions during a school year (Darling-Hammond et al., 2009). This stands in stark contrast to teachers' minimal exposure to other forms of professional development (Darling-Hammond et al., 2009). Despite its prevalence, the workshop model's track record for changing teachers' practice and student achievement is abysmal. Short, one-shot workshops often don't change teacher practice and have no effect on student achievement (Yoon et al, 2007; Bush, 1984).

Types of Professional Development Provided to Teachers the Previous Year



SOURCE: Darling-Hammond et al., 2009

- The largest struggle for teachers is not learning new approaches to teaching but implementing them.** The reason traditional professional development is ineffective is that it doesn't support teachers during the stage of learning with the steepest learning curve: implementation. In the same way that riding a bike is more difficult than learning about riding a bike, employing a teaching strategy in the classroom is more difficult than learning the strategy itself. In several case studies, even experienced teachers struggled with a new instructional technique in the beginning (Ermeling, 2010; Joyce and Showers, 1982). In fact, studies have shown it takes, on average, 20 separate instances of practice, before a teacher has mastered a new skill, with that number increasing along with the complexity of the skill (Joyce and Showers, 2002).
- In order to truly change practices, professional development should occur over time and preferably be ongoing.** During the implementation stage, initial attempts to use a new teaching strategy are almost certain to be met with failure, and mastery comes only as a result of continuous practice despite awkward performance and frustration in the early stages. Without support during this phase, it is highly unlikely that teachers will persevere with the newly learned strategy. Research bears this out. When professional development merely describes a skill to teachers, only 10 percent can transfer it to their practice; however, when teachers are coached through the awkward phase of implementation, 95 percent can transfer the skill (Bush, 1984; Truesdale, 2003). Therefore, if districts want real changes in teaching practice, they have to provide ample and ongoing support during implementation. Studies show that effective professional development programs require anywhere from 50 to 80 hours of instruction, practice, and coaching before teachers arrive at mastery (French, 1997; Banilower, 2002; Yoon et al., 2007).
- Coaches/mentors are found to be highly effective in helping teachers implement a new skill.** In coaching, teachers work with a master educator before, during and after a lesson, getting feedback on their implementation of a newly learned teaching skill. Numerous studies have shown coaching to be successful at changing teacher practice and improving student learning (Showers, 1984; Slinger, 2004; Knight 2007; Batt, 2009; Stephens et al., 2007; Knight and Cornett, 2009). Before coaching, however, teachers need to get a solid foundation of knowledge about the teaching strategy. This presentation of knowledge should be active, not passive (Roy, 2005; Richardson, 1998). Further, modeling by the coaches has been shown to be very effective at helping teachers grasp a new teaching approach before they attempt implementation (Roy, 2005; Goldberg, 2002; Rice, 2001; Black, 1998; Licklider, 1997).
- Professional development is best delivered in the context of the teacher's subject area.** Regardless of whether teachers are working with coaches or in professional learning communities, teachers need to be working

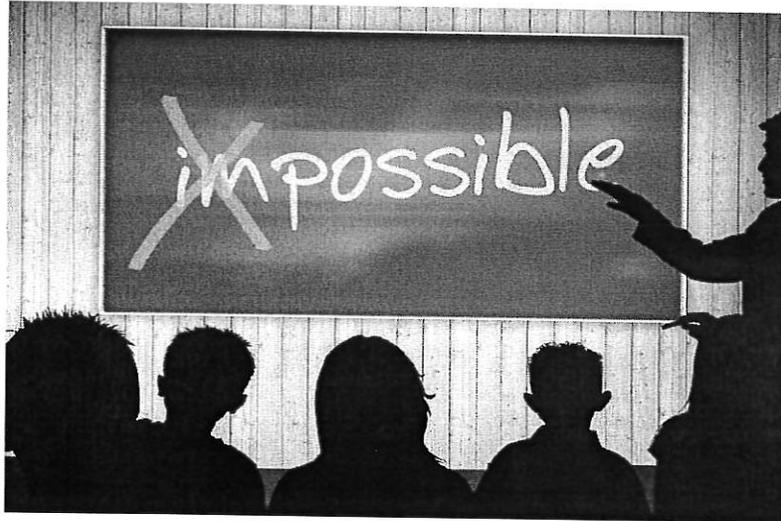
with the content they teach. Teachers don't find professional development on generic topics useful (Peery, 2002; Redding and Kamm, 1999; Dunn and Dunn, 1998). However, professional development that focuses on teachers analyzing the specific skill and concept they'll teach in their discipline is not only well-received by teachers, but has also been shown to improve both teacher practice and student learning (Bland de la Alas and Smith, 2007; Carpenter et al., 1989; Cohen and Hill, 2001; Lieberman and Wood, 2001; Merek and Methven, 1991; Saxe, Gearhart, and Nasir, 2001; Wenglinsky, 2000; McGill-Franzen et al., 1999; Darling-Hammond et al., 2009).

- **Research on effective critical thinking strategies is lacking, but teachers don't have to wait and can lead the way by establishing professional learning communities.** While there are several research-backed instructional strategies, the research base is still in its infancy. Therefore, schools need teachers to not just be implementers of effective teaching strategies, but also innovators of strategies that foster critical thinking. Many schools have done this through professional learning communities, communities of teachers in the same content area who create instructional innovations, support each other during the implementation stage, and reflect on the results. In essence, the community of teachers serves as coaches for each other. Research shows that effective professional learning communities can change teacher practice and increase student achievement (Dunne et al., 2000; Rosenholtz, 1989; Lous and Marks, 1998; Little, 1982; Wiley, 2002). In addition, several studies have found that student achievement is higher in schools with strong professional communities, where collective responsibility, collaboration and collegiality among teachers are fostered (Little, 1982; Newmann and Wehlage, 1995; Louis et al., 1996).

Education Week's blogs > Finding Common Ground

Why Do Teachers Need Instructional Coaches?

By Peter DeWitt on February 9, 2016 5:30 AM



When I was a long distance runner...40 pounds ago...I had four coaches over a span of 12 years who had an enormous impact on my success as a runner. Keep in mind that success is a relative term because I was not going to the Olympic trials or anything. Pat Sweeney and Bob Underwood coached me together while I was in high school, Ron Mulson was known as *coach* while I attended Hudson Valley Community College, and JR Gage was my coach while I attended the College of Saint Rose.

At different times in my athletic career, these coaches helped me lower my arms to be more efficient, lengthen my stride, increase my strength on hills, and helped me drop my times at every distance from the mile to 10 miles. Running, for better or worse, was a focal point in my life.

And then something happened.

I started running and training by myself after I finished college because I thought I could do it all by myself, and certainly couldn't afford a private coach. I found that, not only couldn't I do it on my own, I ended up hurting myself in the process to the point that I cannot run anymore.

What does this have to do with teaching? As teachers, we spend an enormous amount of time on our own in our classrooms. Actually, let me correct that. We spend a lot of time with our students, and we are often the only adults. Many of us prefer to work without adults around.

When we spend a lot of time as the only adults in the classroom we often engage in activities that we think are really successful. How couldn't they be? We created most of them! But, I often think that we may not be as successful as we think we are. Kind of like our first year as teachers.

Do you remember your first year?

Keeping Our Heads Above Water

Most teachers and leaders would agree that we all are lifelong learners, but that was easier to admit in our first year of teaching. As a first year teacher I had so much to learn. I had to learn how to talk with parents without seeming like I was a "*know it all*" young guy. At that time in my life all the parents were older than me, so I struggled with what I could tell them about child behavior. Sure, I had a masters degree in educational psychology, but I didn't have children of my own, nor did I have much experience with students. I was learning on the job.

Then there were times when I had to learn how to get along with colleagues, which included my administrators. In many schools there is a big difference in age between the youngest teachers and the oldest...most veteran, which is why the **multi-generational work of Jen Abrams** is so important. Abrams' work should be a required reading in all pre-service teaching programs.

And finally, and most importantly, my learning revolved around helping students in the classroom learn. Figuring out how to get the most struggling learners to find success is not easy. Every struggling learner is like a puzzle that we have to figure out, so we can then help them to help themselves. When I was a young teacher I didn't always do a good job of that. I wish I could go back and undo some of the things that I did.

Truth be told, it didn't matter what stage of my career I was in as a teacher or a school leader, I could have always done better. There are http://blogs.edweek.org/edweek/finding_common_ground/2016/02/why_do_teachers_need_instructional_coaches.html?print=1

always issues we do not see, which **Otto Scharmer refers to as blind spots**. Whether it's student learning, teacher instruction, or classroom management, we all can learn how to be better.

And when we do it with a partner, we can retain so much of what we learned, so we can use it again in the future.

Instructional Coaching

According to **Jim Knight**, someone I work with as an instructional coaching trainer, up to 90% of what teachers learn alongside coaches will be retained. This means, that unlike traditional professional development where Knight's research shows that teachers lose 90% of what they learn, coaching can provide an enormous impact.

Knight's work is highly respected, and is highly respectful of teachers. Instructional coaching, in Knight's research and philosophy, is about working in partnership with teachers where the learning is reciprocal on the part of the teacher and coach. After all, we can learn a lot from one another.

In order for coaching to work properly, the school has to have a climate conducive to learning, which means that there needs to be a balance between risk-taking and rule following. It also means that teachers need to be able to trust that the coaching-teaching relationship will be confidential, something Knight believes both parties should come to an agreement on before the coaching relationship even begins.

And lastly, coaches cannot be used by school leaders as compliance officers (**something I wrote about here**) to make sure that all teachers are keeping pace with their grade level peers, and when they're not, are told on by the coaches.

In the End

Perhaps it's due to the fact that I had great coaches who helped me increase my success as a runner that I have been so on board with instructional coaching. Or, maybe it's due to the fact that I never have, and never will, believe I know it all as a teacher or leader.

Working with an instructional coach doesn't mean that teachers are weak, it actually shows how strong they are because they believe they can always get better. Great instructional coaches that have an impact on teaching and learning in the classroom learn as much from the teacher they work with as the teacher learns from the coach.

Connect with Peter on Twitter.

Creative Commons photo courtesy of Geralt.

Categories: Classroom Environment Collaborative Leadership Educational Leadership Instructional Coaching

Tags: Hudson Valley Community College Instructional Coaching Jen Abrams Jim Knight The College of Saint Rose



Johnson ▲ Block
AND COMPANY, INC.

Certified Public Accountants

**NEW GLARUS SCHOOL DISTRICT
NEW GLARUS, WISCONSIN**

**REQUIRED AUDIT COMMUNICATIONS
TO THE DISTRICT BOARD**

Year Ended June 30, 2015

**Johnson Block & Company, Inc.
Certified Public Accountants
2500 Business Park Road
Mineral Point, Wisconsin 53565
(608) 987-2206**

Quality service through our commitment to clients and staff.

www.johnsonblock.com

**NEW GLARUS SCHOOL DISTRICT
NEW GLARUS, WISCONSIN**

Year Ended June 30, 2015

Index

| | <u>Page</u> |
|--|-------------|
| Audit Matters Requiring Communication to the Governing Body..... | 1 – 3 |
| Management Letter..... | 4 |
| Current Year Comments..... | 5 |
| Concluding Remarks | 5 |

**AUDIT MATTERS REQUIRING COMMUNICATION
TO THE GOVERNING BODY**

November 12, 2015

To the District Board
New Glarus School District
New Glarus, Wisconsin

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the New Glarus School District for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 13, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriations of accounting policies and their application. The significant accounting policies used by the District are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the District changed accounting policies related to pensions by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, in 2014-2015. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Activities. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Depreciation

Management's estimate of the depreciable lives of property and equipment are based on the expected use of the respective assets and management's experience with similar assets used by the District.

Actuarial Valuations

The District hired an actuary to provide an actuarial valuation, as of July 1, 2014, of the supplemental pension benefit plan offered to retired employees of the District. The actuarial computations reported were prepared solely to provide sufficient information for the District to comply with GASB 68 accounting requirements. Computations for other purposes may differ significantly from the results reported by the actuary.



Net Pension Asset – WRS

Management's estimate of the net pension asset and deferred outflows of resources is computed by an actuarial valuations performed by an actuary hired by the state retirement system. We evaluated the key factors and assumptions used to develop the asset (liability) in determining that it is reasonable in relation to the financial statements taken as a whole.

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following material misstatements detected as a result of audit procedures were corrected by management:

- Recording prior year accumulated unrealized gains and losses on Fund 73 investment.
- To adjust Fund 73 investment balance to actual.
- Record final Food Service Billing.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 12, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on these statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.



Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Schedule of Funding Progress for Other Post-Employment Benefits Plan, Wisconsin Retirement System schedules, and budgetary comparison information, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund financial statements and schedules of awards, which accompanies the financial statements but are not RSI. With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the District Board and management of the New Glarus School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink that reads "Johnson Block & Company, Inc." in a cursive script.

Johnson Block & Company, Inc.
Certified Public Accountants
Mineral Point, Wisconsin



Certified Public Accountants

2500 Business Park Road ▲ Mineral Point, Wisconsin 53565 ▲ TEL 608-987-2206 ▲ FAX 608-987-3391

November 12, 2015

To the School Board
New Glarus School District
New Glarus, Wisconsin

In planning and performing our audit of the financial statements of the New Glarus School District (“District”) for the year ended June 30, 2015, we considered the District’s internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of other matters that are opportunities for strengthening internal controls and operating efficiency. The following page that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated November 12, 2015, on the financial statements of the New Glarus School District.

We would like to take this opportunity to acknowledge the many courtesies extended to us by the District’s personnel during the course of our work. In particular, we would like to note the considerable assistance and cooperation provided to us by Tammy Marty and the District staff.

We shall be pleased to discuss any of the matters referred to in this letter. Should you desire assistance in implementing any of the following suggestions, we would welcome the opportunity of assisting you in these matters.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
Certified Public Accountants
Mineral Point, Wisconsin

Current Year Comments

Student Activity Fund Management

During the audit, we noted inconsistencies in the level of documentation over receipts and disbursements in the activity funds. These funds are under the control of the school board which has a fiduciary responsibility to establish and enforce policies and procedures to safeguard agency assets consistent with other assets of the school district. Disbursements should be supported by invoices, purchase orders and other appropriate approvals. Cash and checks submitted to the District and all receipts should be deposited intact and on a timely basis. We recommend that the District review its controls and procedures over Activity Funds and refer to DPI recommended procedures.

Unusually Hazardous Transportation (UHT) Plan

During our testing of the transportation program, we noted that the current plan on file with DPI was last approved in 1989. While DPI believes this plan is still acceptable given that the routes and hazardous roads have not changed, we recommend that the District consider updating the plan.

CONCLUDING REMARKS

We would like to thank you for allowing us to serve you. We are committed to assisting you in the long-term financial success of the New Glarus School District and our comments are intended to draw to your attention issues which need to be addressed by the District to meet its goals and responsibilities.

The comments and suggestions in this communication are not intended to reflect in any way on the integrity or ability of the personnel of the District. They are made solely in the interest of establishing sound internal control practices required by changing professional standards. The District's staff is deeply committed to maintaining the financial reporting system so that informed decisions can be made. They were receptive to our comments and suggestions.

We will review the status of these comments during each audit engagement.

If you have any questions or comments regarding this communication or the financial statements, do not hesitate to contact us.



Johnson & Block
AND COMPANY, INC.

Certified Public Accountants

NEW GLARUS SCHOOL DISTRICT

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

For the Year Ended June 30, 2015

Quality service through our commitment to clients and staff.

www.johnsonblock.com

**NEW GLARUS SCHOOL DISTRICT
Table of Contents**

For the Year Ended June 30, 2015

| | Page |
|---|-------|
| INDEPENDENT AUDITOR’S REPORT | |
| MANAGEMENT’S DISCUSSION AND ANALYSIS | i-vi |
| FINANCIAL STATEMENTS: | |
| Statement of Net Position – Governmental Activities..... | 1 |
| Statement of Activities – Governmental Activities..... | 2 |
| Balance Sheet – Governmental Funds..... | 3 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | 4 |
| Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds | 5 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities..... | 6 |
| Statement of Fiduciary Net Position..... | 7 |
| Statement of Changes in Fiduciary Net Position..... | 8 |
| Notes to Financial Statements | 9-35 |
| REQUIRED SUPPLEMENTAL INFORMATION: | |
| Budgetary Comparison Schedule for the General Fund – Budget and Actual | 36 |
| Budgetary Comparison Schedule for the Special Education Fund – Budget and Actual..... | 37 |
| Notes to the Required Supplemental Information | 38 |
| Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures | 39 |
| Wisconsin Retirement System Schedules | 40 |
| Supplemental Pension Liability Schedules..... | 41-42 |

NEW GLARUS SCHOOL DISTRICT

Table of Contents (Continued)

For the Year Ended June 30, 2015

OTHER SUPPLEMENTAL INFORMATION:

| | |
|--|-------|
| Schedule of Changes in Assets and Liabilities – Agency Funds..... | 43 |
| Combining Balance Sheet – Non-Major Governmental Funds..... | 44 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds..... | 45 |
| Schedule of Expenditures of Federal Awards..... | 46 |
| Schedule of Expenditures of State Awards..... | 47 |
| Notes to the Schedules of Expenditures of Federal and State Awards | 48 |
| 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 | 49-50 |
| Independent Auditor’s Report on Compliance for Each Major State Program and on Internal Control over Compliance Required by the Wisconsin Department of Public Instruction | 51-52 |
| Schedule of Findings and Questioned Costs | 53-54 |
| Schedule of Prior Year Findings and Questioned Costs..... | 55 |



Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

November 12, 2015

To the Board of Education
New Glarus School District
New Glarus, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the New Glarus School District ("District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinions

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The financial information listed in the table of contents as other supplemental information is presented for purposes of additional analysis and is not a required part of the financial statements. The schedules of expenditures of federal and state awards is presented for purposes of additional analysis and is also not a required part of the basic financial statements.



The supplemental information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

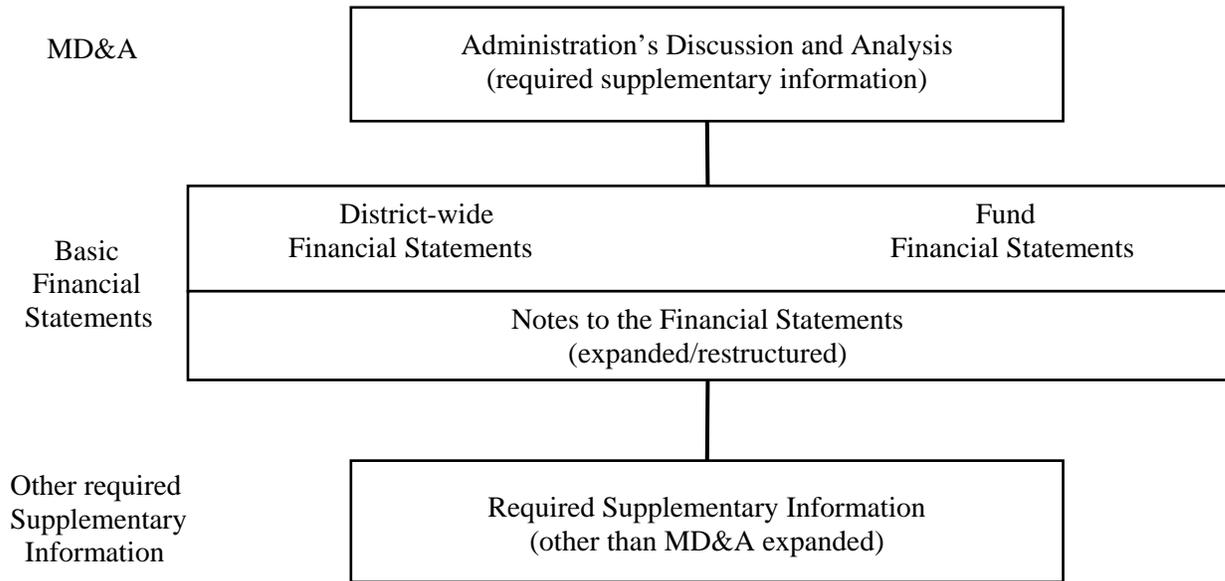
In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2015 on our consideration of the New Glarus School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the New Glarus School District's internal control over financial reporting and compliance.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
Certified Public Accountants
Mineral Point, Wisconsin

**SCHOOL DISTRICT OF NEW GLARUS
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

School District of New Glarus's (the District) Administration discussion and analysis is intended to assist the reader in focusing on significant financial issues, provide an overview of the District's financial activity, and identify changes in the District's financial position and its ability to address the next and subsequent year challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments and is intended to provide the financial results for the fiscal year ending June 30, 2015.



As indicated in the illustration, GASB 34 requires the presentation of two basic types of financial statements: District Wide Financial Statements and Fund Financial Statements.

District Wide Financial Statements

The District wide statements provide a perspective of the District as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two District wide statements: the Statement of Net Position and the Statement of Activities.

The Statement of Net Position combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless if they are currently available or not.

Consistent with the full accrual basis method of accounting the Statement of Activities accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of various District services.

**SCHOOL DISTRICT OF NEW GLARUS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

Fund Financial Statements

The fund statements are similar to financial presentations with the focus on the District's Major Funds rather than fund types. Consistent with previous years, the fund statements are reported using the modified accrual method of accounting. Under this basis of accounting, revenues are recorded when received except where they are measurable and available and therefore represent resources that may be appropriated. Expenditures are accounted for in the period that goods and services are used in school programs. In addition, capital asset purchases are expensed and not recorded as an asset. Debt payments are recorded as expenditures in the current year and future debt obligations are not recorded.

Fund types include the General Fund, Special Revenue Funds, Capital Projects Fund, Debt Service Fund, and Fiduciary Funds. The General Fund is used primarily to account for the general education requirements of the District. Its revenues are derived from property taxes, state and federal distributions and grants and other intergovernmental revenues. The Special Revenue Funds are comprised of the Special Revenue Trust, Food Service and the Community Service Funds. The Capital Projects Fund is used to account for any construction projects in progress in the District. The Debt Service Fund is used to record the funding and payment of principal and interest on bonded debt. The Fiduciary Fund accounts for assets held by the District in a trustee capacity or as an agent for various student groups and related activities, scholarship accounts and the employee benefits trust.

**SCHOOL DISTRICT OF NEW GLARUS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

Financial Analysis of the District as a Whole

Table 1
Summary of Net Position

| | <u>2015</u> | <u>2014</u> |
|--|----------------------|----------------------|
| Assets | | |
| Current & Other Assets | \$ 4,211,722 | \$ 4,553,387 |
| Capital Assets | \$ 26,702,542 | \$ 25,163,934 |
| Less Accumulated Depreciation | (8,751,727) | (7,933,699) |
| Capital Assets, net book value | <u>\$ 17,950,815</u> | <u>\$ 17,230,235</u> |
| Restricted Assets | \$ 1,071,780 | \$ - |
| Total Assets | <u>\$ 23,234,317</u> | <u>\$ 21,783,622</u> |
| Deferred Outflows of Resources | | |
| Deferred Pension Outflows | \$ 873,552 | \$ - |
| Liabilities | | |
| Current Liabilities | \$ 1,711,032 | \$ 1,754,386 |
| Long-term Liabilities | 7,891,882 | 7,694,992 |
| Total Liabilities | <u>\$ 9,602,914</u> | <u>\$ 9,449,378</u> |
| Deferred Inflows of Resources | | |
| Deferred Pension Inflows | \$ 15,403 | \$ - |
| Unamortized Premium on Long-Term Obligations | 127,145 | - |
| Total Deferred Inflows of Resources | <u>\$ 142,548</u> | <u>\$ -</u> |
| Net Position | | |
| Total Capital Assets, net of related debt | \$ 9,802,302 | \$ 8,945,243 |
| Restricted | 2,254,543 | 616,670 |
| Unrestricted | 2,305,562 | 2,772,331 |
| Total Net Position | <u>\$ 14,362,407</u> | <u>\$ 12,334,244</u> |

As indicated by the statement above, total net position is \$14,362,407. Net position can be separated into the following categories: capital assets net of related debt, restricted, and unrestricted.

Net capital assets are a combination of funds available for capital assets, plus capital assets at original cost less accumulated depreciation and related debt. The original cost of capital assets is \$26,702,542, which is an accumulation of capital assets year after year less any capital disposals. The accumulated depreciation is the accumulation of depreciation expense since acquisition. In accordance with Generally Accepted Accounting Principles (GAAP), depreciation expense is recorded on the original cost of the asset, less an estimated salvage value, expensed over the estimated useful life of the asset. Total accumulated depreciation is \$8,751,727. Most capital asset acquisitions are financed through long-term debt. Primarily, long-term debt is repaid as the debt service comes due through property taxes approved by the voters. Total related long-term debt is \$8,148,513.

**SCHOOL DISTRICT OF NEW GLARUS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

Financial Analysis of the District as a Whole (Continued)

Net position of \$154,354 are restricted for debt service, \$129,035 are restricted for the special revenue trust, \$41,225 is restricted for food service, and \$1,929,929 are restricted for WRS and supplemental pensions. The remaining balance of \$2,305,562 is unrestricted. The unrestricted fund balance is an accumulation of prior years' operating results. This balance is directly affected each year by the District's operating results.

Results of Operations

| | 2015 | | 2014 | |
|---------------------------------------|-------------------|---------------|-------------------|---------------|
| | Amount | % of Total | Amount | % of Total |
| Program Revenues: | | | | |
| Charges for Service | \$ 453,150 | 3.8% | \$ 581,511 | 4.9% |
| Operating Grants and Contributions | 903,936 | 7.6% | 827,279 | 7.0% |
| Total Program Revenues | <u>1,357,086</u> | <u>11.4%</u> | <u>1,408,790</u> | <u>11.9%</u> |
| General Revenues: | | | | |
| Property Taxes - general purposes | 3,839,570 | 32.3% | 3,665,075 | 31.0% |
| Property Taxes - debt purposes | 665,000 | 5.6% | 803,000 | 6.8% |
| Property Taxes - community purposes | 11,000 | 0.1% | 11,000 | 0.1% |
| State of Wisconsin Aid - unrestricted | 5,818,784 | 48.9% | 5,152,036 | 43.6% |
| Other | 211,962 | 1.8% | 766,209 | 6.5% |
| Total General Revenues | <u>10,546,316</u> | <u>88.6%</u> | <u>10,397,320</u> | <u>88.1%</u> |
| Total Revenues | <u>11,903,402</u> | <u>100.0%</u> | <u>11,806,110</u> | <u>100.0%</u> |
| Expenses: | | | | |
| Instruction | 5,973,148 | 53.5% | 5,886,225 | 52.8% |
| Support Services | 4,052,151 | 36.3% | 4,051,846 | 36.3% |
| Community Services | - | 0.0% | 7 | 0.0% |
| Non-Program | 231,134 | 2.1% | 321,593 | 2.9% |
| Interest on Debt | 187,930 | 1.7% | 243,295 | 2.2% |
| Depreciation-unallocated | 722,903 | 6.5% | 649,450 | 5.8% |
| Total Expenses | <u>11,167,266</u> | <u>100.0%</u> | <u>11,152,416</u> | <u>100.0%</u> |
| Increase (Decrease) in Net Position | | | | |
| Before Special Items | 736,136 | | 653,694 | |
| Special Items - | | | | |
| Gain (Loss) on Disposal | <u>(15,530)</u> | | <u>476</u> | |
| Change in Net Position | <u>\$ 720,606</u> | | <u>\$ 654,170</u> | |

As indicated above net position increased \$720,605.

**SCHOOL DISTRICT OF NEW GLARUS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

Financial Aspects of the District's Funds

The general fund had a net increase in fund balance of \$138,539. The increase was mainly due from savings of anticipated expenditures and from unanticipated donations and miscellaneous revenues.

The capital projects fund had a net decrease in fund balance of \$273,984. This decrease was due to finishing of current building projects.

The debt service fund had a net increase in fund balance of \$740. The fund balance of the debt service fund will fluctuate each year.

The special revenue trust fund had a net increase in fund balance of \$41,946. The district received more in donations versus outgoing expenditures.

The food service fund had a net decrease in fund balance of \$871. The decrease in sales was due to compliance with the Healthy Hunger-Free Kids Act.

The community service fund had a net increase in fund balance of \$6,894. The fund balance of the community service fund will fluctuate each year.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2015 and 2014, the District had \$26,702,542 and \$25,163,934 invested in a broad range of capital assets, including land, buildings, furniture and equipment, respectively.

| | 2015 | 2014 |
|-------------------------------|----------------------|----------------------|
| Assets | | |
| Land | \$ 361,905 | \$ 361,905 |
| Construction in Progress | - | 38,913 |
| Buildings | 20,992,802 | 20,082,848 |
| Furniture and Equipment | 5,347,835 | 4,680,268 |
| Subtotal | 26,702,542 | 25,163,934 |
| Less Accumulated Depreciation | (8,751,727) | (7,933,699) |
| | \$ 17,950,815 | \$ 17,230,235 |

There was a net increase in capital assets of \$1,538,608 from last year. Depreciation expense for the year was \$891,499.

Debt

At the end of this year, the District had \$7,819,992 in general obligation bonds and notes outstanding. This is a decrease of \$465,000 from last year.

**SCHOOL DISTRICT OF NEW GLARUS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

Factors Bearing on the District's Future

Currently known circumstances that will impact the District's financial status in the future are:

- Student Enrollment
- February 2016 referendum
- Health Insurance Costs
- Funding from the State of Wisconsin
- Energy Costs

Original vs. Revised Budget

Per State Statute 120.13(33) during the period between July 1 and the final adoption of a budget by the school board after the budget hearing under s.65.90, spend money as needed to meet the immediate expenses of operating and maintaining the public instruction in the school district.

The District may amend its budget during the school year.

Contacting the District's Financial Management

This 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 Tammy Marty, Business Manager, School District of New Glarus, 1701 Second St., New Glarus, Wisconsin 53574.

New Glarus School District
New Glarus, Wisconsin
Statement of Net Position
June 30, 2015

| | Governmental Activities |
|---|------------------------------------|
| ASSETS | |
| Current Assets | |
| Cash and Investments | \$ 2,521,237 |
| Receivables: | |
| Taxes | 1,403,581 |
| Accounts | 30,005 |
| Internal Balances | 3,911 |
| Due from Other Governments | 149,066 |
| Prepays | 81,740 |
| Inventories | 22,182 |
| Total Current Assets | 4,211,722 |
| Capital Assets | |
| Land | 361,905 |
| Depreciable Assets | 26,340,637 |
| Less: Accumulated depreciation | (8,751,727) |
| Net Capital Assets | 17,950,815 |
| Restricted Assets | |
| Net Pension Asset - WRS | 952,220 |
| Net Pension Asset - Supplemental Pension | 119,560 |
| Total Restricted Assets | 1,071,780 |
| Total Assets | 23,234,317 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred Pension Outflows - WRS | 833,210 |
| Deferred Pension Outflows - Supplemental Pension | 40,342 |
| Total Deferred Outflows of Resources | 873,552 |
| Total Assets and Deferred Outflows of Resources | \$ 24,107,869 |
| LIABILITIES | |
| Current Liabilities: | |
| Accounts Payable | \$ 179,560 |
| Accrued Liabilities: | |
| Payroll and Related Items | 900,287 |
| Interest | 46,476 |
| Deposits - Food Service Receipts | 11,418 |
| Current Portion of Long-Term Obligations | 573,291 |
| Total Current Liabilities | 1,711,032 |
| Noncurrent Liabilities: | |
| Noncurrent Portion of Long-Term Liabilities | 7,575,222 |
| Compensated Absences | 316,660 |
| Total Noncurrent Liabilities | 7,891,882 |
| Total Liabilities | 9,602,914 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred Pension Inflows - WRS | 15,403 |
| Unamortized Premium on Long-Term Obligations | 127,145 |
| Total Deferred Inflows of Resources | 142,548 |
| NET POSITION | |
| Net Investment in Capital Assets | 9,802,302 |
| Restricted | 2,254,543 |
| Unrestricted | 2,305,562 |
| Total Net Position | 14,362,407 |
| Total Liabilities, Deferred Inflows of Resources and Net Position | \$ 24,107,869 |

See accompanying notes to the financial statements.

**New Glarus School District
New Glarus, Wisconsin**

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

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenue</u> | | <u>Net (Expense)</u> |
|-----------------------------|----------------------|------------------------|----------------------|----------------------|
| | | <u>Charges for</u> | <u>Operating</u> | <u>Revenue</u> |
| | | <u>Services</u> | <u>Grants and</u> | <u>Total</u> |
| | | | <u>Contributions</u> | <u>Governmental</u> |
| | | | | <u>Activities</u> |
| Primary government | | | | |
| Governmental Activities | | | | |
| Undifferentiated Curriculum | \$ 1,923,354 | \$ 17,844 | \$ - | \$ (1,905,510) |
| Regular Curriculum | 2,379,053 | 89,075 | 40,071 | (2,249,907) |
| Vocational Instruction | 262,211 | - | - | (262,211) |
| Physical Curriculum | 209,727 | - | - | (209,727) |
| Special Instruction | 943,177 | - | 459,010 | (484,167) |
| Co-Curricular Activities | 232,481 | 7,211 | - | (225,270) |
| Other Special Needs | 23,145 | - | - | (23,145) |
| Total Instruction | <u>5,973,148</u> | <u>114,130</u> | <u>499,081</u> | <u>(5,359,937)</u> |
| Support Services | | | | |
| Pupil services | 347,461 | - | - | (347,461) |
| Instructional Staff Service | 821,401 | - | 89,688 | (731,713) |
| General Administration | 355,444 | - | - | (355,444) |
| Building Administration | 546,856 | - | - | (546,856) |
| Business Services | 1,339,480 | - | 26,049 | (1,313,431) |
| Central Services | 49,994 | - | - | (49,994) |
| Insurance and Judgments | 111,627 | 7,907 | - | (103,720) |
| Interest | 187,930 | - | - | (187,930) |
| Other Support Services | 3,245 | - | - | (3,245) |
| Food Service | 476,643 | 331,113 | 289,118 | 143,588 |
| Unallocated Depreciation | 722,903 | - | - | (722,903) |
| Total Support Services | <u>4,962,984</u> | <u>339,020</u> | <u>404,855</u> | <u>(4,219,109)</u> |
| Non-Program | | | | |
| Other Non-Program Services | 231,134 | - | - | (231,134) |
| Total Non-Program | <u>231,134</u> | <u>-</u> | <u>-</u> | <u>(231,134)</u> |
| Total Primary Government | <u>\$ 11,167,266</u> | <u>\$ 453,150</u> | <u>\$ 903,936</u> | <u>(9,810,180)</u> |

General revenues:

| | |
|---|----------------------|
| Taxes: | |
| Property taxes, levied for general purposes | 3,839,570 |
| Property taxes, levied for debt service | 665,000 |
| Property taxes, levied for community services | 11,000 |
| Federal and State aid not restricted to specific purpose | 5,818,784 |
| Interest and investment earnings | 2,463 |
| Miscellaneous | 209,499 |
| Total general revenues | <u>10,546,316</u> |
| Special item - Gain (loss) on disposal | <u>(15,530)</u> |
| Change in net position | 720,606 |
| Net position - beginning, as previously reported | 12,334,244 |
| Prior period adjustment - implementation of GASB 68 | 1,749,568 |
| Prior period adjustment - recording of compensated absences liability | (292,240) |
| Prior period adjustment - recording of unamortized premiums | (149,771) |
| Net position - ending | <u>\$ 14,362,407</u> |

See accompanying notes to the financial statements.

**New Glarus School District
New Glarus, Wisconsin**

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

| | <u>General Fund</u> | <u>Non-Major Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|---------------------|---|---|
| ASSETS | | | |
| Cash and Investments | \$ 2,196,578 | \$ 324,659 | \$ 2,521,237 |
| Receivables: | | | |
| Taxes | 1,403,581 | - | 1,403,581 |
| Accounts | 1,838 | 18,849 | 20,687 |
| Other | 6,992 | 2,326 | 9,318 |
| Due from Other Funds | 4,414 | - | 4,414 |
| Due from Other Governments | 144,562 | 4,504 | 149,066 |
| Inventories | - | 22,182 | 22,182 |
| Prepaid Expenses | 81,740 | - | 81,740 |
| Total Assets | <u>\$ 3,839,705</u> | <u>\$ 372,520</u> | <u>\$ 4,212,225</u> |
| LIABILITIES | | | |
| Liabilities: | | | |
| Accounts Payable | \$ 156,730 | \$ 22,830 | \$ 179,560 |
| Accrued Liabilities | 894,249 | 6,038 | 900,287 |
| Due to Other Funds | 3 | 500 | 503 |
| Deposits | - | 11,418 | 11,418 |
| Total Liabilities | <u>1,050,982</u> | <u>40,786</u> | <u>1,080,350</u> |
| FUND BALANCES | | | |
| Nonspendable | 81,740 | 22,182 | 103,922 |
| Restricted | - | 302,432 | 302,432 |
| Assigned | 2,038,536 | 7,120 | 2,045,656 |
| Unassigned | 668,447 | - | 668,447 |
| Total Fund Balances | <u>2,788,723</u> | <u>331,734</u> | <u>3,120,457</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 3,839,705</u> | <u>\$ 372,520</u> | <u>\$ 4,200,807</u> |

See accompanying notes to the financial statements.

**New Glarus School District
New Glarus, Wisconsin**

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

| | | |
|---|----|-------------|
| Total fund balance, governmental funds | \$ | 3,120,457 |
| <p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p> | | |
| <p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statement, but are reported in the governmental activities of the Statement of Net Position.</p> | | |
| | | 17,950,815 |
| <p>Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.</p> | | |
| Deferred Inflow - Unamortized Premium on bond issuance | | (127,145) |
| <p>The net pension asset is not a current financial resource and is, therefore, not reported in the fund statements.</p> | | |
| | | 1,071,780 |
| <p>Pension deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plan. These items are reflected in the Statement of Net Position and are being amortized with pension expense on the Statement of Activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and therefore are not reported in the fund statements.</p> | | |
| Deferred outflows of resources | | 873,552 |
| Deferred inflows of resources | | (15,403) |
| <p>Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable) are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.</p> | | |
| G.O. Debt Obligations | | (7,819,992) |
| Capital Lease | | (328,521) |
| Accrued Interest on Long-Term Debt | | (46,476) |
| Compensated Absences | | (316,660) |
| Net Position of Governmental Activities in the Statement of Net Position | \$ | 14,362,407 |

See accompanying notes to the financial statements.

**New Glarus School District
New Glarus, Wisconsin**

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

| | <u>General Fund</u> | <u>Total Non-Major Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|---------------------|---|---|
| REVENUES | | | |
| Local | \$ 3,983,795 | \$ 1,165,675 | \$ 5,149,470 |
| Interdistrict | 517,682 | - | 517,682 |
| State | 5,822,304 | 7,000 | 5,829,304 |
| Federal | 231,177 | 151,768 | 382,945 |
| Other | 31,375 | - | 31,375 |
| Total Revenues | <u>10,586,333</u> | <u>1,324,443</u> | <u>11,910,776</u> |
| EXPENDITURES | | | |
| Instruction | | | |
| Undifferentiated Curriculum | 1,928,709 | 7,876 | 1,936,585 |
| Regular Instruction | 2,354,212 | 8,357 | 2,362,569 |
| Vocational Instruction | 258,956 | 1,345 | 260,301 |
| Physical Instructor | 208,765 | - | 208,765 |
| Special Instruction | 934,370 | - | 934,370 |
| Co-curricular Instruction | 141,257 | 92,933 | 234,190 |
| Other Special Needs | 7,703 | - | 7,703 |
| Total Instruction | <u>5,833,972</u> | <u>110,511</u> | <u>5,944,483</u> |
| Support Services | | | |
| Pupil Services | 343,629 | 2,222 | 345,851 |
| Instructional Staff Services | 1,023,502 | 3,332 | 1,026,834 |
| General Administration Services | 339,390 | - | 339,390 |
| Building Administration Services | 542,225 | - | 542,225 |
| Business Services | 2,304,233 | 278,455 | 2,582,688 |
| Central Services | 45,496 | - | 45,496 |
| Insurance and Judgment | 111,627 | - | 111,627 |
| Principal and Interest | 88,804 | 664,446 | 753,250 |
| Other Support Services | 1,107 | - | 1,107 |
| Food Service | - | 490,752 | 490,752 |
| Total Support Services | <u>4,800,013</u> | <u>1,439,207</u> | <u>6,239,220</u> |
| Non-program services | <u>231,134</u> | <u>-</u> | <u>231,134</u> |
| Total Expenditures | <u>10,865,119</u> | <u>1,549,718</u> | <u>12,414,837</u> |
| Excess (Deficiency) of Revenues Over Expenditure | <u>(278,786)</u> | <u>(225,275)</u> | <u>(504,061)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Capital Lease Proceeds | 417,325 | - | 417,325 |
| Total Other Financing Sources (Uses) | <u>417,325</u> | <u>-</u> | <u>417,325</u> |
| Net Change in Fund Balances | 138,539 | (225,275) | (86,736) |
| Fund Balances - Beginning | 2,650,184 | 557,009 | 3,207,193 |
| Fund Balances - Ending | <u>\$ 2,788,723</u> | <u>\$ 331,734</u> | <u>\$ 3,120,457</u> |

See accompanying notes to the financial statements.

**New Glarus School District
New Glarus, Wisconsin**

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

Net change in fund balances - total governmental funds \$ (86,736)

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays (\$1,634,984) were more than depreciation (\$891,499) in the current period 743,485

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

The amount of long-term debt principal payments in the current year is 465,000
The amount of capital lease principal payments in the current year is 88,804

Debt incurred in the governmental funds is reported as revenue or as an other financing source, but is reported as an increase in outstanding long-term debt in the Statement of Net Position and does not affect the Statement of Activities:

The amount of capital lease proceeds in the current year (417,325)

Amortization of debt premium 22,627

Write-off of unamortized debt issuance costs (14,303)

Loss on disposal of capital assets (22,905)

Net decrease in post-employment asset (217,174)

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

Accrued interest not reflected on Governmental fund 3,192
Compensated absences (24,420)

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

This is the amount of current year required contributions (\$377,855) into the defined benefit pension plan that were greater than the actuarially determined (\$197,494) change in net pension asset between years, with adjustments 180,361
Change in net position of governmental activities \$ 720,606

See accompanying notes to the financial statements.

**New Glarus School District
New Glarus, Wisconsin**

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

| | <u>Benefit Trust</u> <u>Fund</u> | <u>Scholarship</u> <u>Funds</u> | <u>Activity Fund</u> | <u>Total</u> |
|------------------------------------|-------------------------------------|------------------------------------|----------------------|-------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 320,972 | \$ 17,743 | \$ 45,753 | \$ 384,468 |
| Due from Other Funds | - | - | 3 | 3 |
| Total Assets | <u>\$ 320,972</u> | <u>\$ 17,743</u> | <u>\$ 45,756</u> | <u>\$ 384,471</u> |
| LIABILITIES | | | | |
| Due to Student Organizations | \$ - | \$ - | \$ 41,841 | \$ 41,841 |
| Due to other funds | - | - | 3,915 | 3,915 |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>45,756</u> | <u>45,756</u> |
| NET POSITION | | | | |
| Restricted | 320,972 | 17,743 | - | 338,715 |
| Total Liabilities and Net Position | <u>\$ 320,972</u> | <u>\$ 17,743</u> | <u>\$ 45,756</u> | <u>\$ 384,471</u> |

See accompanying notes to the financial statements.

**New Glarus School District
New Glarus, Wisconsin**

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

| | <u>Benefit Trust</u> <u>Fund</u> | <u>Scholarship</u> <u>Funds</u> | <u>Total</u> |
|--|-------------------------------------|------------------------------------|--------------|
| ADDITIONS | | | |
| Contributions | \$ 32,288 | \$ - | \$ 32,288 |
| Interest | - | 60 | 60 |
| Investment Earnings, Net of Investment Expense | 502 | - | 502 |
| Total Additions | 32,790 | 60 | 32,850 |
| DEDUCTIONS | | | |
| Gifts and Scholarships | - | 1,500 | 1,500 |
| Benefits Paid | 54,224 | - | 54,224 |
| Total Deductions | 54,224 | 1,500 | 55,724 |
| Change in Net Position | (21,434) | (1,440) | (22,874) |
| Net Position - Beginning | 342,406 | 19,183 | 361,589 |
| Net Position - Ending | \$ 320,972 | \$ 17,743 | \$ 338,715 |

See accompanying notes to the financial statements.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2015

1. Summary of Significant Accounting Policies

A. Introduction

The New Glarus School District (the "District") is organized as a common school district. The District, governed by a seven-member elected school board, operates grades Kindergarten through 12 and is comprised of all or part of nine taxing districts.

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

B. Component Units

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

C. District-Wide Statements

The statement of net position and the statement of activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. The District does not report any business-type activities.

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

D. Fund Financial Statements

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

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

D. Fund Financial Statements (Continued)

The emphasis of fund financial statements is on major governmental funds; each displayed in a separate column. All remaining funds are aggregated and reported as non-major funds. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures.

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

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

The District reports the following major governmental funds:

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

The District accounts for assets held as an agent for various student organizations in an agency fund. The District accounts for fiduciary activities for scholarships in a private purpose trust fund. The District accounts for fiduciary activities for supplemental pension benefits in an employee benefit trust fund.

The District also has the following non-major funds:

- Community Service Fund
- Debt Service
- Food Service
- Special Revenue Trust
- Capital Projects

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

The accrual basis of accounting is used for nonexpendable trust funds. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

F. Property Tax Levy

Under Wisconsin law, personal property taxes and first installment real estate taxes are collected by city, town, and village treasurers or clerks who then make proportional settlement with the school district and county treasurer for those taxes collected on their behalf. Second installment real estate taxes and delinquent taxes are collected by the county treasurer who then makes settlement with the city, town, village, and school districts before retaining any for county purposes.

The District's property taxes are levied on or before October 31 on the equalized property valuation certified by the Department of Revenue. As permitted by a collecting municipality's ordinance, taxes may be paid in full or in two or more installments with the first installment payable the subsequent January 31st, and a final payment no later than the following July 31st. The District is paid by the collecting municipality its proportionate share of tax collections received through the last day of the preceding month on or before January 15th, and by the 20th of each subsequent month thereafter. On or before August 20th, the county treasurer makes full settlement to the District for any remaining balance. The County assumes all responsibility for delinquent real property taxes.

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

G. Deposits and Investments

The District's cash and equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. Cash and investment balances for individual funds are pooled unless regulations require segregated accounts.

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

Donations to the District for scholarships are considered trust funds and are invested as the donor specifies. In the absence of specific directions, the District may invest donated items in accordance with laws applicable to trust investments.

The District has adopted an investment policy which permits all investments allowed under state statutes.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

H. Accounts Receivable

All accounts receivable are shown at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since such allowance would not be material.

I. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased. Prepaid items represent payments made by the District for which benefits extend beyond June 30.

Non-spendable net assets (inventories and prepaid items) have been recognized to signify that a portion of net assets is not available for other subsequent expenditures.

J. Due to/Due from Other Funds

The amounts reported on the statement of net position for due to and due from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type.

K. Capital Assets

Capital assets are valued at historical cost or estimated historical cost. Maintenance and repair costs are charged to expenses as incurred and betterments are capitalized as assets. Upon disposal of land, buildings and equipment, a gain or loss is reflected in the statement of activities. Donated assets are reported at estimated fair market value at the time received. Property and equipment and related depreciation expense are not reflected in the governmental fund financial statements.

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

| | Capitalization Threshold | Depreciation Method | Estimated Useful Life |
|---------------------------------|-----------------------------|------------------------|--------------------------|
| Building | \$ 5,000 | Straight-line | 50 years |
| Building improvements | 5,000 | Straight-line | 50 years |
| Site improvements | 5,000 | Straight-line | 20 years |
| Furniture and equipment | 5,000 | Straight-line | 5-20 years |
| Computer and related technology | 5,000 | Straight-line | 5 years |

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

L. Long-Term Obligations

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

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

Principal and interest on long-term debt is recognized when due.

M. Accumulated Unpaid Vacation and Sick Pay

Compensated Absences

Sick leave for Teachers hired before July 1, 2013 will accumulate to a maximum of 200 sick leave days. Upon retirement, if the member has completed 10 years of full-time service with the District and who is eligible for retirement under the Wisconsin Retirement System will be credited with up to 200 accumulated sick leave days at the rate of pay of \$90 per day not to exceed \$18,000.

Sick leave for all eligible staff hired on or after July 1, 2013 will accumulate to a maximum of 90 days but is not eligible for a payout.

Accumulated vacation is not allowed to be carried-over each year.

Supplemental Pension

See Note 8b for additional information.

N. Pensions

The District participates in the Wisconsin Retirement System. See Note 8a for additional information.

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

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

O. Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometime report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then. The District has three items that qualify for reporting in this category.

P. Estimates

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

Q. Net Position

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

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

R. Fund Balances – Governmental Funds

The District previously implemented GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. In the fund statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not in spendable form (i.e. convertible to cash) or are legally or contractually required to be maintained intact. All amounts reported as non-spendable at June 30, 2015, are nonspendable in form. The District has not reported any amounts that are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources or by constitutional provision or enabling legislation.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

R. Fund Balances – Governmental Funds (Continued)

Committed - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to policies enacted by the Board of Education, the District's highest level of decision making authority. Commitments may only be rescinded through the same type of action employed to previously commit the amounts.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. The school board has delegated authority to assign fund balance for a specific purpose to the business manager.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose.

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

The Board of Education recognizes the need to maintain an operating reserve in the general fund to 1) to hold adequate working capital to meet cash flow needs during the fiscal year, 2) to reduce the need for short term borrowing, 3) To serve as a safeguard for unanticipated district expenditures and 4) to show fiscal responsibility to maintain a high credit rating which will help reduce future borrowing costs.

Any excess of revenues and other financing sources over expenditures and other financing uses at the end of the fiscal year will be added to the District fund balance. The District will strive to maintain a general fund balance of not less than 15% of the subsequent year's operational expenditures. If the District, as of June month-end of a given fiscal year, shows an operating fund balance below 15% of the subsequent year's budget, the Board will take proactive actions to increase the fund balance to 15%.

The District's long-term goal for fund balance is to achieve and maintain a general fund balance that will alleviate the need for short-term borrowing to meet operational cash flow needs. Fund balance in excess of this goal may be used for one-time expenditures or unforeseen costs (i.e. damages). The general fund balance shall not be used for recurring costs in the operating budget.

The Board may, from time to time, commit fund balance to a specific purpose. Such actions shall be taken in open meeting and require the approval of a majority of the Board. Commitments of fund balance, once made, can be modified only by a majority vote of the Board.

The Board authorizes and directs the Business Manager to assign the fund balance to the extent such assignment does not create a negative unassigned fund balance as follows:

- An amount sufficient to liquidate open encumbrances that are reasonably expected to result in an expenditure in the subsequent year.
- An amount estimated to be sufficient to cover the cost of unsettled labor agreements, if any.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

S. Budgets

Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. The legally adopted budget and budgetary expenditure control is exercised at the function level in the general fund and all other funds. Encumbrance accounting is not used by the district. 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 E.

T. Change in Accounting Principle/Error

Change in Accounting Principle

Effective July 1, 2014, the District adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Implementation of GASB Statement No. 68 required net position in the governmental activities to be increased by \$1,749,568. A prior period adjustment was made to reflect the January 1, 2014 beginning net pension asset of \$1,510,393 and beginning deferred outflows of resources of \$239,175 for District contributions to the WRS after the December 31, 2013 measurement date through June 30, 2014.

Change Due to Accounting Error

As of July 1, 2014, an accrual for compensated absences had not be recorded on the government-wide financial statements. A prior period adjustment was made to reflect the July 1, 2014 beginning compensated absences balance of \$292,240.

Also, as of July 1, 2014, premiums on multiple debt obligations were not recorded on the government-wide financial statements. A prior period adjustment was made to reflect the July 1, 2014 beginning unamortized premium balance of \$149,771.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2015

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

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

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

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

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

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2015

3. Cash and Investments

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

Deposits

The District's deposits and investments at June 30, 2015 were comprised of the following:

| <u>Depository:</u> | <u>Carrying Amount</u> | <u>Fair Value</u> | <u>Associated Risk</u> |
|------------------------------|----------------------------|-----------------------|--|
| Local Financial Institutions | \$ 2,584,108 | \$ 3,025,032 | Custodial credit risk |
| Petty Cash | 625 | 625 | |
| Other Cash and Investments | | | |
| Equity Investments | 153,920 | 153,920 | Custodial credit risk and interest rate risk |
| Fixed Income Investments | 149,668 | 149,668 | Custodial credit risk and interest rate risk |
| Cash Equivalent Investments | 17,384 | 16,660 | Custodial credit risk and interest rate risk |
| Total June 30, 2015 | <u>\$ 2,905,705</u> | <u>\$ 3,345,905</u> | |

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

| Reconciliation to financial statements | |
|--|---------------------|
| Per statement of net position | |
| Cash and Investments | \$ 2,521,237 |
| Fiduciary Funds | 384,468 |
| Total | <u>\$ 2,905,705</u> |

Investments Authorized by Wisconsin State Statutes

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

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

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2015

3. Cash and Investments (Continued)

- Bonds issued by a local arts dealer.
- Bonds issued by the Wisconsin Aerospace Authority.

Interest Rate Risk

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

The District does not have an investment policy that addresses interest rate risk.

As of June 30, 2015, the District had the following investments and maturities:

| Investment Type | Credit Quality | Fair Value | Investment Maturities (In Years) | | | |
|--------------------------------------|----------------|-------------------|----------------------------------|------------------|------------------|------------------|
| | | | Less than 1 | 1-5 | 6-10 | More than 10 |
| Equity - Exchange Traded Funds | Not Rated | \$ 153,920 | \$ 153,920 | \$ - | \$ - | \$ - |
| Fixed Income - Exchange Traded Funds | Varies AA to D | <u>149,668</u> | <u>-</u> | <u>82,000</u> | <u>38,883</u> | <u>28,785</u> |
| | | <u>\$ 303,588</u> | <u>\$ 153,920</u> | <u>\$ 82,000</u> | <u>\$ 38,883</u> | <u>\$ 28,785</u> |

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District's investment policy minimized credit risk by limiting investments to the safest type of securities. Quality ratings available are noted in the table above.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the District would not be able to recover the value of its investment of collateral securities that are in possession of another party. The District does not have an investment policy for custodial credit risk.

Deposits in each local and area bank are insured by the Federal Depository Insurance Corporation (FDIC) up to \$250,000 for all time and savings accounts and \$250,000 for all demand accounts. Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations. Deposits maintained at investment institutions are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000. The District had no uninsured investment balances as of June 30, 2015.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2015

3. Cash and Investments (Continued)

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

| | |
|--|------------|
| Insured by FDIC and State Deposit Guarantee Fund | \$ 888,693 |
| Insured by collateral agreement | 2,004,185 |
| Uninsured and uncollateralized | 150,164 |

4. Capital Assets

Capital asset balances and activity for the year ended June 30, 2015 were as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|-------------------|--------------------|----------------------|
| Governmental Activities | | | | |
| Capital assets not being depreciated | | | | |
| Sites (land) | \$ 361,905 | \$ - | \$ - | \$ 361,905 |
| Construction in Progress | 38,913 | - | (38,913) | - |
| Total capital assets not being depreciated | <u>400,818</u> | <u>-</u> | <u>(38,913)</u> | <u>361,905</u> |
| Capital Assets being Depreciated | | | | |
| Buildings and improvements | 20,082,848 | 909,954 | - | 20,992,802 |
| Furniture and equipment | 4,680,268 | 763,943 | (96,376) | 5,347,835 |
| Total Capital Assets being depreciated | <u>24,763,116</u> | <u>1,673,897</u> | <u>(96,376)</u> | <u>26,340,637</u> |
| Less Accumulated Depreciation | <u>(7,933,699)</u> | <u>(891,499)</u> | <u>73,471</u> | <u>(8,751,727)</u> |
| Total Capital Assets being depreciated, net of accumulated depreciation | <u>16,829,417</u> | <u>782,398</u> | <u>(22,905)</u> | <u>17,588,910</u> |
| Governmental activities capital assets, net of accumulated depreciation | <u>\$ 17,230,235</u> | <u>\$ 782,398</u> | <u>\$ (61,818)</u> | <u>\$ 17,950,815</u> |

Depreciation expense was charged to governmental functions as follows:

| | |
|---|-------------------|
| Regular instruction | \$ 5,850 |
| Vocational instruction | 643 |
| Special education instruction | 2,204 |
| Other instruction | 14,630 |
| Instructional staff services | 2,883 |
| General administration | 147 |
| Building administration | 230 |
| Business services | 135,555 |
| Central services | 4,498 |
| Food services | 1,956 |
| Depreciation not charged to a specific function | 722,903 |
| Total depreciation for governmental activities | <u>\$ 891,499</u> |

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2015

5. Long-term Obligations

Long-term obligation balances and activity for the year ended June 30, 2015 were as follows:

| <u>General Obligation Debt</u> | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Amount Due Within One Year</u> |
|---|------------------------------|-----------------------|-----------------------|---------------------------|---|
| Governmental Activities | | | | | |
| G.O. Bonds | \$ 5,045,000 | \$ - | \$ 195,000 | \$ 4,850,000 | \$ 195,000 |
| G.O. Notes | 3,239,992 | - | 270,000 | 2,969,992 | 300,000 |
| Total governmental activity long-term liabilities | 8,284,992 | - | 465,000 | 7,819,992 | 495,000 |
| Capital Leases | - | 417,325 | 88,804 | 328,521 | 78,291 |
| Compensated absences | 292,240 | 24,420 | - | 316,660 | - |
| Total Long-Term Debt | <u>\$ 8,577,232</u> | <u>\$ 441,745</u> | <u>\$ 553,804</u> | <u>\$ 8,465,173</u> | <u>\$ 573,291</u> |

Total Interest paid and accrued during the year was as follows:

| | | |
|----------------------------|-------------------------------------|----------------------------------|
| Interest on Long-Term Debt | <u>Expense</u> <u>\$ 195,033</u> | <u>Paid</u> <u>\$ 198,225</u> |
|----------------------------|-------------------------------------|----------------------------------|

General Obligation Debt

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

| <u>Description</u> | <u>Issue Dates</u> | <u>Interest Rate %</u> | <u>Dates of Maturity</u> | <u>Balance 6/30/2015</u> | <u>Amount Due Within One Year</u> |
|-------------------------------|------------------------|----------------------------|------------------------------|------------------------------|---|
| GO Refunding Bonds | 4/17/2008 | 2.4-3.6% | 4/1/2018 | \$ 610,000 | \$ 195,000 |
| GO QSCB Promissory Notes | 9/27/2010 | 4.72% | 4/1/2020 | 404,992 | 85,000 |
| GO School Improvement Bonds | 3/5/2012 | 2.0-2.65% | 4/1/2030 | 4,240,000 | - |
| GO QSCB Promissory Notes | 4/2/2012 | 4.07% | 10/1/2022 | 615,000 | - |
| GO Promissory Notes | 6/12/2012 | 2.0-3.5% | 4/1/2021 | 1,950,000 | 215,000 |
| Total General Obligation Debt | | | | <u>\$ 7,819,992</u> | <u>\$ 495,000</u> |

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2015

5. Long-term Obligations (Continued)

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

| <u>Year Ended June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Interest Subsidy</u> | <u>Totals</u> |
|----------------------------|---------------------|---------------------|-----------------------------|---------------------|
| 2016 | \$ 495,000 | \$ 233,188 | \$ (53,826) | \$ 674,362 |
| 2017 | 505,000 | 219,760 | (53,826) | 670,934 |
| 2018 | 520,000 | 205,642 | (53,826) | 671,816 |
| 2019 | 535,000 | 191,587 | (53,826) | 672,761 |
| 2020 | 550,000 | 160,020 | (38,515) | 671,505 |
| 2021-2025 | 2,525,000 | 485,616 | (34,799) | 2,975,817 |
| 2026-2030 | <u>2,689,992</u> | <u>160,857</u> | <u>-</u> | <u>2,850,849</u> |
| Totals | <u>\$ 7,819,992</u> | <u>\$ 1,656,670</u> | <u>\$ (288,618)</u> | <u>\$ 9,188,044</u> |

The 2014 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$407,898,120. The legal debt limit and margin of indebtedness as of June 30, 2015, in accordance with §67.03(1)(b) of the Wisconsin statutes follows:

| | |
|---|----------------------|
| Debt Limit (10% of \$407,898,120) | \$ 40,789,812 |
| Deduct long-term debt applicable to debt margin | <u>7,819,992</u> |
| Margin of indebtedness | <u>\$ 32,969,820</u> |

Capital Lease

In July 2014, the District entered into a lease agreement for financing the acquisition of five school buses in the amount of \$417,325. This lease agreement qualifies as a capital lease for accounting purposes. The future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

| | |
|---|-------------------|
| Year Ended June 30, | |
| 2016 | \$ 88,804 |
| 2017 | 88,805 |
| 2018 | 88,804 |
| 2019 | <u>88,805</u> |
| Total minimum lease payments | 355,218 |
| Less: Amount representing interest | <u>26,697</u> |
| Present value of net minimum lease payments | <u>\$ 328,521</u> |

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2015

6. Fund Balances / Net Position

Fund Balance

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

| | <u>General Fund</u> | <u>Debt Service</u> | <u>Food Service</u> | <u>Special Revenue Trust</u> | <u>Community Service</u> | <u>Total</u> |
|------------------------------|---------------------|---------------------|---------------------|------------------------------|--------------------------|---------------------|
| Fund Balances: | | | | | | |
| <u>Nonspendable:</u> | | | | | | |
| Inventory | \$ - | \$ - | \$ 22,182 | \$ - | \$ - | \$ 22,182 |
| Prepaid Expenses | 81,740 | - | - | - | - | 81,740 |
| <u>Restricted for:</u> | | | | | | |
| Food Service | - | - | 19,043 | - | - | 19,043 |
| Debt Service Reserve | - | 154,354 | - | - | - | 154,354 |
| Donor Restrictions | - | - | - | 129,035 | - | 129,035 |
| <u>Assigned to:</u> | | | | | | |
| Capital Maintenance Projects | 138,536 | - | - | - | - | 138,536 |
| Community Service | - | - | - | - | 7,120 | 7,120 |
| Cash Flow Purposes | 1,900,000 | - | - | - | - | 1,900,000 |
| <u>Unassigned</u> | <u>668,447</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>668,447</u> |
| Total Fund Balances | <u>\$ 2,788,723</u> | <u>\$ 154,354</u> | <u>\$ 41,225</u> | <u>\$ 129,035</u> | <u>\$ 7,120</u> | <u>\$ 3,120,457</u> |

Net Position

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

| | | |
|--|--|----------------------|
| Governmental | | |
| Capital Assets net of depreciation | | \$ 17,950,815 |
| Less: related long-term debt outstanding | | <u>(8,148,513)</u> |
| Total Net Investment in Capital Assets | | <u>9,802,302</u> |
| Restricted | | |
| Debt Service | | 154,354 |
| Food Service | | 41,225 |
| Special Revenue Trust | | 129,035 |
| WRS and Supplemental Pensions | | <u>1,929,929</u> |
| Total Restricted | | <u>2,254,543</u> |
| Unrestricted | | |
| | | <u>2,305,562</u> |
| | | <u>\$ 14,362,407</u> |

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2015

7. Employee Pension Plans

7a) Defined Benefit Pension Plan – Wisconsin Retirement System

General Information about the Pension Plan

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2015

7. Employee Pension Plans (Continued)

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

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

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

During the reporting period, the WRS recognized \$377,855 in contributions from the employer

Contribution rates as of June 30, 2015 are:

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

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2015

7. Employee Pension Plans (Continued)

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

At June 30, 2015, the District reported a liability (asset) of (\$952,220) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the District's proportion was 0.03876686%, which was an increase of 0.00045632% from its proportion measured as of December 31, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$370,159.

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

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 138,042 | \$ - |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | 461,111 | - |
| Changes in proportion and difference between District contributions and proportionate share of contributions | - | 15,403 |
| District contributions subsequent to the measurement date | <u>234,057</u> | <u>-</u> |
| Total | <u>\$ 833,210</u> | <u>\$ 15,403</u> |

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2015

7. Employee Pension Plans (Continued)

\$234,057 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Year Ended June 30: | Deferred Outflows of Resources | Deferred Inflows of Resources |
|----------------------------|---|--|
| 2016 | \$ 117,851 | \$ 2,860 |
| 2017 | 117,851 | 2,860 |
| 2018 | 117,851 | 2,860 |
| 2019 | 117,851 | 2,860 |
| 2020 | 117,851 | 2,860 |
| Thereafter | 9,898 | 1,103 |

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

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

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

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

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2015

7. Employee Pension Plans (Continued)

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

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

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

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

| | <u>1% Decrease to Discount Rate (6.20%)</u> | <u>Current Discount Rate (7.20%)</u> | <u>1% Increase to Discount Rate (8.20%)</u> |
|---|---|--|---|
| District's proportionate share of the net pension liability (asset) | \$ 2,686,377 | \$ (952,220) | \$ (3,825,837) |

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2015

7. Employee Pension Plans (Continued)

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

7b) Supplemental Pension Stipend Benefit

General Information about the Pension Plan

Plan description. In addition to the WRS pension plan, the District provides a supplemental pension stipend benefit to eligible teachers. This is a single-employer supplemental pension benefit administered by the District.

Benefits provided. This benefit applies to Teachers who were hired by the District prior to July 1, 2013. A Teacher, who has completed ten (10) years of full time equivalency service with the District and who is eligible for retirement under the Wisconsin Retirement System will be credited with: (a.) up to two hundred (200) accumulated sick days at the rate of pay of \$90 per day not to exceed \$18,000; and (b.) \$500 per year for every year of full time equivalency employment with the District, not to exceed \$15,000. The total dollars credited for accumulated sick days and accumulated years of employment with the District shall not exceed \$30,000. Teachers, who retire by filing an irrevocable resignation with the District by March 1st, shall be eligible for an additional \$2,000 above and beyond the \$30,000 limit, not to exceed 32,000. The additional \$2,000 shall be prorated as listed below:

| |
|---|
| 10-14 years of service - \$1,000 |
| 15-19 years of service - \$1,500 |
| 20 years of service and above - \$2,000 |

An eligible Teacher who tenders his or her irrevocable resignation to the District, retires at the end of the contract year, shall receive the dollar amount contemplated in the preceding paragraphs as contributions to a tax-sheltered annuity (TSA).

Tax-sheltered annuity contributions, will be made in a series of three (3) equal installments beginning in July after the Eligible Employee’s retirement and on the two (2) subsequent annual anniversaries of that date. Retirees receiving Tax-sheltered annuity contributions cannot be employed by the District.

Employees covered by benefit terms. At June 30, 2014, the following employees were covered by the benefit terms:

| | |
|--|------------------|
| Retirees eligible and receiving benefits | 3 |
| Active teachers fully eligible | 6 |
| Active teachers not fully eligible | 58 |
| Total | <u><u>67</u></u> |

This plan is closed to new entrants as it only applies to teacher hired before July 1, 2013.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2015

7. Employee Pension Plans (Continued)

Contributions. The District has continued to fund these stipend liabilities through its irrevocable trust that was previously reported as an “other postemployment benefit” trust. The District has indicated that the contribution amount to the trust is tied to the annual required contribution (ARC) provided in prior actuarial studies. There are no contractual or statutory required contributions to the trust.

During the reporting period, the District contributed \$72,288 to the trust.

Net Pension Liability

The District's net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: following actuarial assumptions, applied to all periods included in the measurement:

| | | |
|---|--|-----------------|
| Amortization Growth Rate | | 3.00% |
| Inflation | | 4.0% |
| Salary Increases | | .02 to 5.8% |
| Discount Rate / Investment Rate of Return | | 5.50% |
| Amortization Method | | 30 Year Level % |

The valuation was based upon the data provided by the District. All of the demographic assumptions used for this report are approximately the same as those used in the December 31, 2013 WRS annual report.

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

| <u>Asset Class</u> | <u>Long-Term Real Rate of Return</u> | <u>Target Allocation</u> |
|--------------------|--|------------------------------|
| US Equities | 2.3% | 48% |
| Fixed Income | 2.0% | 47% |
| Cash | 0.0% | 5% |

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2015

7. Employee Pension Plans (Continued)

Discount rate. The discount rate used to measure the total pension liability was 5.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plans fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

| | Increase (Decrease) | | |
|--|-----------------------------------|--|---------------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balances at June 30, 2013 | \$ 242,495 | \$ 281,315 | \$ (38,820) |
| Changes for the year: | | | |
| Service cost | 11,942 | - | 11,942 |
| Interest | 12,454 | - | 12,454 |
| Differences between expected and actual experience | | | |
| Contributions - employer | - | 72,288 | (72,288) |
| Contributions - employee | | | |
| Net investment income | - | 6,895 | (6,895) |
| Benefit payments | (44,045) | (44,045) | - |
| Administrative expenses | | | |
| Other changes | - | 25,953 | (25,953) |
| Net changes | (19,649) | 61,091 | (80,740) |
| Balances at June 30, 2014 | <u>\$ 222,846</u> | <u>\$ 342,406</u> | <u>\$ (119,560)</u> |

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the District, calculated using the discount rate of 5.5 percent as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.5 percent) or 1-percentage-point higher (6.5 percent) than the current rate:

| | 1% Decrease to Discount Rate (4.50%) | Current Discount Rate (5.50%) | 1% Increase to Discount Rate (6.50%) |
|--|--|-------------------------------------|--|
| District's net pension liability (asset) | \$ (106,560) | \$ (119,560) | \$ (132,000) |

Pension plan fiduciary net position. The plan does not issue stand-alone financial statements.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2015

7. Employee Pension Plans (Continued)

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

For the year ended June 30, 2105, the District recognized pension expense of \$159,902. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ - | \$ - |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | 8,054 | - |
| District contributions subsequent to the measurement date | 32,288 | - |
| Total | \$ 40,342 | \$ - |

\$32,288 reported as deferred outflows related to pension resulting from the Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2016.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30: | Deferred Outflows of Resources | Deferred Inflows of Resources |
|----------------------------|---|--|
| 2016 | \$ 2,014 | \$ - |
| 2017 | 2,014 | - |
| 2018 | 2,014 | - |
| 2019 | 2,012 | - |
| 2020 | - | - |
| Thereafter | - | - |

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2015

8. Other Post-Employment Benefits (OPEB) Plan

Plan description

Prior to July 1, 2014, the District administered a single-employer postemployment benefits trust. The plan provided postemployment medical and dental coverage and retirement stipends to eligible retired employees, which covered active and retired members. The authority to establish and amend benefit provisions was with the Board of Education. The Retiree Health Plan did not issue a publicly available financial report.

The District, per its contracts with its teachers, contributed towards a retiree's medical premiums in accordance with the terms of the contract in effect upon retirement. Unused sick days were accumulated and upon retirement if the member had 10 years of full-time service with the District they were credited with up to 200 sick days at \$90 per day not to exceed \$18,000, as well as \$500 per year of service not to exceed \$15,000. The total dollar amount credited for these benefits could not exceed \$30,000. If an irrevocable resignation was filed by March 15th, the District would provide up to an additional \$2,000 based on length of service.

All contracts with District employees would be renegotiated at various times in the future and, thus, costs and benefits were subject to change.

For the District, OPEB benefits were administered by District personnel. No separate financial statements were issued.

Effective July 1, 2014, under GASB regulations, any such form of cash payments, whether it be a stipend or any other type of cash-related benefit, are considered a supplemental pension and should be account for under GASB Statement Nos. 27 and 50. However, since the District has a trust for funding the pension benefit, GASB requires compliance with GASB Statement No. 68. The actuarial value of the stipend benefit for those classified as Teachers has been calculated and provided as separate tables in accordance with GASB Statement No. 68. See Note 7. An adjustment for this change has been reflected in the financial statements as follows:

| | |
|-------------------------------------|--------------------|
| Net OPEB Obligation June 30, 2014 | \$ (217,174) |
| Adjustment due to change in benefit | <u>217,174</u> |
| Net OPEB Obligation June 30, 2015 | <u><u>\$ -</u></u> |

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2015

9. Operating Lease

The District, as lessee, leases several copiers under two separate leases. The first requires monthly payments of \$655.46 through March 2016 and the second requires monthly payments of \$1,537.53 through October 2019.

Future minimum lease payments on these leases are as follows:

| Year ended June 30, | |
|---------------------|------------------|
| 2016 | \$ 24,400 |
| 2017 | 18,450 |
| 2018 | 18,450 |
| 2019 | <u>6,150</u> |
| Total | <u>\$ 67,450</u> |

10. Limitation on School District Revenues

Wisconsin statutes limit the amount of revenues school districts may derive from general school aids and property taxes unless a higher amount is approved by a referendum. This limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

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

11. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles.

12. Effect of New Accounting Standard on Current Financial Statements

The Government Accounting Standards Board (GASB) has approved Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Application of this standard may restate portions of these financial statements.

13. Subsequent Events

Subsequent to year end the District approved the purchase of a 2012 school bus and approved the use of fund balance carryover for new elementary school bleachers. A bid was approved in the amount of \$55,368.

REQUIRED SUPPLEMENTAL INFORMATION

**New Glarus School District
New Glarus, Wisconsin**

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

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-------------------------|---------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Local | \$ 3,935,771 | \$ 3,935,771 | \$ 3,983,795 | \$ 48,024 |
| Interdistrict | 537,473 | 537,473 | 517,682 | (19,791) |
| State | 5,489,338 | 5,489,338 | 5,505,430 | 16,092 |
| Federal | 89,765 | 89,765 | 98,265 | 8,500 |
| Other | 29,296 | 29,296 | 31,375 | 2,079 |
| Total Revenues | <u>10,081,643</u> | <u>10,081,643</u> | <u>10,136,547</u> | <u>54,904</u> |
| EXPENDITURES | | | | |
| Instruction | | | | |
| Undifferentiated Curriculum | 2,035,789 | 1,937,334 | 1,928,709 | 8,625 |
| Regular Instruction | 2,408,222 | 2,408,222 | 2,354,212 | 54,010 |
| Vocational Instruction | 270,255 | 270,255 | 258,956 | 11,299 |
| Physical Instruction | 205,577 | 205,577 | 208,765 | (3,188) |
| Co-curricular Instruction | 148,199 | 144,351 | 141,257 | 3,094 |
| Other Special Needs | 6,500 | 6,500 | 7,703 | (1,203) |
| Total Instruction | <u>5,074,542</u> | <u>4,972,239</u> | <u>4,899,602</u> | <u>72,637</u> |
| Support Service | | | | |
| Pupil Services | 199,051 | 199,051 | 185,594 | 13,457 |
| Instructional Staff Services | 823,886 | 848,093 | 892,385 | (44,292) |
| General Administration Services | 329,359 | 333,000 | 339,390 | (6,390) |
| Building Administration Services | 545,557 | 545,557 | 542,225 | 3,332 |
| Business Services | 1,827,412 | 2,319,192 | 2,274,294 | 44,898 |
| Central Services | 62,158 | 62,158 | 43,025 | 19,133 |
| Insurance and Judgments | 102,136 | 102,136 | 111,627 | (9,491) |
| Principal and Interest | 90,030 | 90,030 | 88,804 | 1,226 |
| Other Support Services | 1,108 | 1,108 | 1,107 | 1 |
| Total Support Services | <u>3,980,697</u> | <u>4,500,325</u> | <u>4,478,451</u> | <u>21,874</u> |
| Non-program services | | | | |
| Total Expenditures | <u>253,047</u> | <u>253,047</u> | <u>228,487</u> | <u>24,560</u> |
| Excess (Deficiency) of Revenues | | | | |
| Over Expenditures | <u>773,357</u> | <u>356,032</u> | <u>530,007</u> | <u>268,486</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | (833,018) | (833,018) | (808,793) | 24,225 |
| Capital Lease Proceeds | - | 417,325 | 417,325 | - |
| Total Other Financing Sources (Uses) | <u>(833,018)</u> | <u>(415,693)</u> | <u>(391,468)</u> | <u>24,225</u> |
| Net Change in Fund Balances | (59,661) | (59,661) | 138,539 | 292,711 |
| Fund Balances - Beginning | 2,650,184 | 2,650,184 | 2,650,184 | - |
| Fund Balances - Ending | <u>\$ 2,590,523</u> | <u>\$ 2,590,523</u> | <u>\$ 2,788,723</u> | <u>\$ 292,711</u> |

**New Glarus School District
New Glarus, Wisconsin**

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

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| State | \$ 302,839 | \$ 302,839 | \$ 316,874 | \$ 14,035 |
| Federal | 264,789 | 264,789 | 132,912 | (131,877) |
| Total Revenues | <u>567,628</u> | <u>567,628</u> | <u>449,786</u> | <u>(117,842)</u> |
| EXPENDITURES | | | | |
| Instruction | | | | |
| Special Instruction | 940,841 | 940,841 | 934,370 | 6,471 |
| Total Instruction | <u>940,841</u> | <u>940,841</u> | <u>934,370</u> | <u>6,471</u> |
| Support Services | | | | |
| Pupil Services | 160,189 | 160,189 | 158,035 | 2,154 |
| Instructional Staff Services | 242,529 | 242,529 | 131,117 | 111,412 |
| Business Services | 30,402 | 30,402 | 29,939 | 463 |
| Central Services | 6,685 | 6,685 | 2,471 | 4,214 |
| Total Support Services | <u>439,805</u> | <u>439,805</u> | <u>321,562</u> | <u>118,243</u> |
| Non-program Services | 20,000 | 20,000 | 2,647 | 17,353 |
| Total Expenditures | <u>1,400,646</u> | <u>1,400,646</u> | <u>1,258,579</u> | <u>142,067</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(833,018)</u> | <u>(833,018)</u> | <u>(808,793)</u> | <u>24,225</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 833,018 | 833,018 | 808,793 | (24,225) |
| Total Other Financing Sources and Uses | <u>833,018</u> | <u>833,018</u> | <u>808,793</u> | <u>(24,225)</u> |
| Net Change in Fund Balances | - | - | - | - |
| Fund Balances - Beginning | - | - | - | - |
| Fund Balances - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

NEW GLARUS SCHOOL DISTRICT
Notes to the Required Supplemental Information
For The Year Ended June 30, 2015

1. Budget Schedule

Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction, which is in accordance with generally accepted accounting principles. The legally adopted budget and budgetary expenditure control is exercised at the fund level for all funds. Reported budget amounts are as originally adopted or as amended by the School Board resolution.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

- Based upon requests from District staff, District administration recommends budget proposals to the School Board.
- The School Board prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
- Pursuant to the public budget hearing, the School Board may alter the proposed budget.
- After the School Board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire School Board.

Appropriations lapse at year-end unless authorized as a carryover by the School Board.

2. Excess of Actual Expenditures Over Budget in Individual Funds

Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles for all governmental and special revenue funds.

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

| <u>Fund</u> | <u>Function</u> | <u>Amount</u> |
|-------------|---------------------------------|---------------|
| General | Physical Instruction | \$ 3,188 |
| General | Other Special Needs | 1,203 |
| General | Instructional Staff Services | 44,292 |
| General | General Administration Services | 6,390 |
| General | Insurance and Judgments | 9,491 |

**New Glarus School District
New Glarus, Wisconsin**

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

| | <u>General Fund</u> | <u>Special Education Fund</u> |
|--|-------------------------|---------------------------------------|
| A) Sources/Inflows of Resources: | | |
| Actual amounts "total revenues" from the budgetary comparison schedules | \$ 10,136,547 | \$ 449,786 |
| Reclassification: Special education fund revenues are reclassified to the general fund, required for GAAP reporting | <u>449,786</u> | <u>(449,786)</u> |
| The general fund revenues as reported on the statement of revenues, expenditures and changes in fund balance- governmental funds | <u>\$ 10,586,333</u> | <u>\$ -</u> |
| | | |
| | <u>General Fund</u> | <u>Special Education Fund</u> |
| B) Uses/Outflows of Resources: | | |
| Actual amounts "total expenditures" from the budgetary comparison schedules | \$ 9,606,540 | \$ 1,258,579 |
| Reclassification: Special education fund expenditures are reclassified to the general fund, required for GAAP reporting | <u>1,258,579</u> | <u>(1,258,579)</u> |
| The general fund expenditures as reported on the statement of revenues, expenditures and changes in fund balance- governmental funds | <u>\$ 10,865,119</u> | <u>\$ -</u> |

**NEW GLARUS SCHOOL DISTRICT
WISCONSIN RETIREMENT SYSTEM
June 30, 2015**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

| | 2015 |
|---|--------------|
| District's proportion of the net pension liability (asset) | 0.0388% |
| District's proportionate share of the net pension liability (asset) | \$ (952,220) |
| District's covered-employee payroll | \$ 5,397,914 |
| Proportionate share of the net pension liability (asset) as a percentage of its covered payroll | -17.64% |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | 102.74% |

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

SCHEDULE OF DISTRICT'S CONTRIBUTIONS

| | 2015 |
|---|--------------|
| Contractually required contributions | \$ 377,855 |
| Contributions in relation to the contractually required contributions | \$ 377,855 |
| Contribution deficiency (excess) | \$ - |
| District's covered-employee payroll | \$ 5,397,914 |
| Contributions as a percentage of covered-employee payroll | 7.00% |

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

The District implemented GASB Statement No. 68 for the year ended June 30, 2015. Requirements have been implemented prospectively; therefore, the illustrations above do not effect similar information for the 9 preceding years.

**Notes to Wisconsin Retirement System
for the Year Ended June 30, 2015**

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

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

**SCHOOL DISTRICT OF NEW GLARUS
SUPPLEMENTAL PENSION LIABILITY
June 30, 2015**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

| | 2015 |
|---|------------------|
| <u>Total Pension Liability</u> | |
| Service Cost | \$ 11,942 |
| Interest | 12,454 |
| Changes in Benefit Terms | - |
| Changes of Assumptions or Other Inputs | - |
| Differences Between Expected and Actual Experience | - |
| Benefit Payments | (44,045) |
| Net Change in Total Pension Liability (Assets) | (19,649) |
| Total Pension Liability - Beginning | 242,495 |
| Total Pension Liability - Ending (a) | \$ 222,846 |
| <u>Fiduciary Net Position</u> | |
| Contributions - Employer | \$ 72,288 |
| Contributions - Employee | - |
| Other | 25,953 |
| Net Investment Income | 6,895 |
| Benefit Payments | (44,045) |
| Administrative Expense | - |
| Net Change in Fiduciary Net Position | 61,091 |
| Fiduciary Net Position - Beginning | 281,315 |
| Fiduciary Net Position - Ending (b) | \$ 342,406 |
| <u>Net Pension Liability (Asset)</u> | |
| Net Pension Liability (Asset) - (a) - (b) | \$ (119,560) |
| Fiduciary net position as a percentage of the total pension liability | 153.65% |
| Covered Payroll | \$ 3,310,328 |
| Net pension liability as a percent of covered payroll | -3.61% |

**SCHOOL DISTRICT OF NEW GLARUS
SUPPLEMENTAL PENSION LIABILITY
June 30, 2015**

SCHEDULE OF DISTRICT'S CONTRIBUTIONS

| | 2015 |
|---|--------------|
| Actuarially Determined Contribution (ADC) | \$ 26,865 |
| Contributions in Related to the ADC | 72,288 |
| Contribution deficiency (excess) | \$ (45,423) |
| District's covered-employee payroll | \$ 3,310,328 |
| Contributions as a percentage of covered-employee payroll | 2.18% |

**Notes to Supplemental Pension Liability Information
for the Year Ended June 30, 2015**

Changes of benefit terms. There were no changes of benefit terms.

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

Key Methods and Assumptions Used to Calculation Actuarially Determined Contribution:

Measurement Date: June 30, 2014
 Actuarial Cost Method: Projected Unit Credit
 Asset Valuation Method: Market Value
 Amortization Method: 30 Year Level %
 Discount Rate: 5.50%
 Amortization Growth Rate: 3.00%
 Inflation: 4.00%

SUPPLEMENTAL INFORMATION

**New Glarus School District
New Glarus, Wisconsin**

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

| | <u>Balance</u> <u>7/01/14</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>6/30/15</u> |
|------------------------------|----------------------------------|-------------------|-------------------|----------------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 71,165 | \$ - | \$ 25,412 | \$ 45,753 |
| Due From Other Funds | 8,587 | - | 8,584 | 3 |
| Total Assets | <u>\$ 79,752</u> | <u>\$ -</u> | <u>\$ 25,412</u> | <u>\$ 45,756</u> |
| LIABILITIES | | | | |
| Accounts Payable | \$ 1,024 | \$ 95,574 | \$ 96,598 | \$ - |
| Due to Student Organizations | 31,391 | 127,902 | 117,452 | 41,841 |
| Due to Other Funds | 47,337 | 48,338 | 91,760 | 3,915 |
| Total Liabilities | <u>\$ 79,752</u> | <u>\$ 271,814</u> | <u>\$ 305,810</u> | <u>\$ 45,756</u> |

**New Glarus School District
New Glarus, Wisconsin**

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

| | <u>Debt Service</u> | <u>Food Service</u> | <u>Community Service Fund</u> | <u>Special Revenue Trust</u> | <u>Total Non- Major Governmental Funds</u> |
|--|---------------------|---------------------|-----------------------------------|----------------------------------|--|
| ASSETS | | | | | |
| Cash and Investments | \$ 154,854 | \$ 32,809 | \$ 8,493 | \$ 128,503 | \$ 324,659 |
| Receivables: | | | | | |
| Accounts | - | 17,428 | - | 1,421 | 18,849 |
| Other | - | 2,326 | - | - | 2,326 |
| Due from Other Governments | - | 4,504 | - | - | 4,504 |
| Inventories | - | 22,182 | - | - | 22,182 |
| Total Assets | <u>\$ 154,854</u> | <u>\$ 79,249</u> | <u>\$ 8,493</u> | <u>\$ 129,924</u> | <u>\$ 372,520</u> |
| LIABILITIES | | | | | |
| Accounts Payable | \$ - | \$ 21,601 | \$ 340 | \$ 889 | \$ 22,830 |
| Accrued Liabilities | - | 5,005 | 1,033 | - | 6,038 |
| Due to Other Funds | 500 | - | - | - | 500 |
| Deposits | - | 11,418 | - | - | 11,418 |
| Total Liabilities | <u>500</u> | <u>38,024</u> | <u>1,373</u> | <u>889</u> | <u>40,786</u> |
| FUND BALANCES | | | | | |
| Nonspendable | - | 22,182 | - | - | 22,182 |
| Restricted | 154,354 | 19,043 | - | 129,035 | 302,432 |
| Assigned | - | - | 7,120 | - | 7,120 |
| Total Fund Balances | <u>154,354</u> | <u>41,225</u> | <u>7,120</u> | <u>129,035</u> | <u>331,734</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 154,854</u> | <u>79,249</u> | <u>\$ 8,493</u> | <u>\$ 129,924</u> | <u>\$ 372,520</u> |

**New Glarus School District
New Glarus, Wisconsin**

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

| | <u>Debt Service</u> | <u>Food Service</u> | <u>Community Service Fund</u> | <u>Special Revenue Trust</u> | <u>Capital Projects</u> | <u>Total Non- Major Governmental Funds</u> |
|------------------------------|---------------------|---------------------|-----------------------------------|----------------------------------|-----------------------------|--|
| REVENUES | | | | | | |
| Local | \$ 665,186 | \$ 331,113 | \$ 11,000 | \$ 158,011 | \$ 365 | \$ 1,165,675 |
| State | - | 7,000 | - | - | - | 7,000 |
| Federal | - | 151,768 | - | - | - | 151,768 |
| Total Revenues | <u>665,186</u> | <u>489,881</u> | <u>11,000</u> | <u>158,011</u> | <u>365</u> | <u>1,324,443</u> |
| EXPENDITURES | | | | | | |
| Instruction | | | | | | |
| Undifferentiated Curriculum | - | - | - | 7,876 | - | 7,876 |
| Regular Instruction | - | - | - | 8,357 | - | 8,357 |
| Vocational Instruction | - | - | - | 1,345 | - | 1,345 |
| Co-curricular Instruction | - | - | - | 92,933 | - | 92,933 |
| Total Instruction | <u>-</u> | <u>-</u> | <u>-</u> | <u>110,511</u> | <u>-</u> | <u>110,511</u> |
| Support Services | | | | | | |
| Pupil Services | - | - | - | 2,222 | - | 2,222 |
| Instructional Staff Services | - | - | - | 3,332 | - | 3,332 |
| Business Services | - | - | 4,106 | - | 274,349 | 278,455 |
| Principal and Interest | 664,446 | - | - | - | - | 664,446 |
| Food Service | - | 490,752 | - | - | - | 490,752 |
| Total Support Services | <u>664,446</u> | <u>490,752</u> | <u>4,106</u> | <u>5,554</u> | <u>274,349</u> | <u>1,439,207</u> |
| Total Expenditures | <u>664,446</u> | <u>490,752</u> | <u>4,106</u> | <u>116,065</u> | <u>274,349</u> | <u>1,549,718</u> |
| Net Change in Fund Balances | 740 | (871) | 6,894 | 41,946 | (273,984) | (225,275) |
| Fund Balances - Beginning | 153,614 | 42,096 | 226 | 87,089 | 273,984 | 557,009 |
| Fund Balances - Ending | <u>\$ 154,354</u> | <u>\$ 41,225</u> | <u>\$ 7,120</u> | <u>\$ 129,035</u> | <u>\$ -</u> | <u>\$ 331,734</u> |

New Glarus School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

| Administering Agency Pass-Through Agency Award Description | Federal Catalog Number | (Accrued Receivable) Deferred Revenue July 1, 2014 | Revenues Grantor Reimbursements | Expenditures | Accrued Receivable June 30, 2015 |
|--|------------------------------|--|---------------------------------------|--------------|--|
| <u><i>U.S. DEPARTMENT OF AGRICULTURE</i></u> | | | | | |
| Wisconsin Department of Public Instruction: | | | | | |
| Child Nutrition Cluster: | | | | | |
| Food Distribution | 10.555 | | | | |
| July 1, 2014 - June 30, 2015 | | \$ - | \$ 30,984 | \$ 30,984 | \$ - |
| National School Lunch Program | 10.555 | | | | |
| July 1, 2013 - June 30, 2014 | | (17,215) | 17,215 | - | - |
| July 1, 2014 - June 30, 2015 | | - | 103,366 | 107,424 | 4,058 |
| National School Breakfast Program | 10.553 | | | | |
| July 1, 2013 - June 30, 2014 | | (2,349) | 2,349 | - | - |
| July 1, 2014 - June 30, 2015 | | - | 12,914 | 13,361 | 447 |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | (19,564) | 166,828 | 151,769 | 4,505 |
| <u><i>U.S. DEPARTMENT OF EDUCATION</i></u> | | | | | |
| Wisconsin Department of Public Instruction: | | | | | |
| Title I | | | | | |
| July 1, 2014 - June 30, 2015 | 84.010 | - | 40,071 | 40,071 | - |
| Title II - Part A | | | | | |
| July 1, 2013 - June 30, 2014 | 84.367 | (26,355) | 26,355 | - | - |
| July 1, 2014 - June 30, 2015 | | - | 26,454 | 26,454 | - |
| Special Education Cluster: | | | | | |
| Handicapped Pre-School and School Programs | | | | | |
| July 1, 2013 - June 30, 2014 | 84.027 | (67,648) | 67,648 | - | - |
| July 1, 2014 - June 30, 2015 | | - | 75,796 | 93,614 | 17,818 |
| IDEA CEIS Entitlement | | | | | |
| July 1, 2013 - June 30, 2014 | 84.027 | (18,041) | 18,041 | - | - |
| July 1, 2014 - June 30, 2015 | | - | 4,698 | 7,244 | 2,546 |
| High Cost Special Education Aid | | | | | |
| July 1, 2014 - June 30, 2015 | 84.027 | - | 5,047 | 5,047 | - |
| Preschool Entitlement | | | | | |
| July 1, 2013 - June 30, 2014 | 84.173 | (4,952) | 4,952 | - | - |
| July 1, 2014 - June 30, 2015 | | - | 1,940 | 1,940 | - |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | (116,996) | 271,002 | 174,370 | 20,364 |
| <u><i>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</i></u> | | | | | |
| School Based Services | | | | | |
| July 1, 2014 - June 30, 2015 | 93.778 | - | 35,904 | 56,807 | 20,903 |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | - | 35,904 | 56,807 | 20,903 |
| TOTALS | | \$ (136,560) | \$ 473,734 | \$ 382,946 | \$ 45,772 |

See notes to Schedules of Expenditures of Financial Awards

New Glarus School District
Schedule of Expenditures of State Awards
For the Year Ended June 30, 2015

| Administering Agency Pass-Through Agency Award Description | State I.D. Number | (Accrued Receivable) Deferred Revenue July 1, 2014 | Revenues State Reimbursements | Expenditures Grantor | Accrued Receivable (Deferred Revenue) June 30, 2015 |
|---|-------------------------|--|-------------------------------------|-------------------------|---|
| <i>Entitlement Programs</i> | | | | | |
| Special Education and School Age Parents Direct State Payments | 255.101 | \$ - | \$ 306,351 | \$ 306,351 | \$ - |
| <i>Cost Reimbursement Programs</i> | | | | | |
| State Lunch | 255.102 | \$ - | \$ 4,805 | \$ 4,805 | \$ - |
| Morning Milk | 255.109 | - | 1,196 | 1,196 | - |
| State Breakfast | 255.344 | - | 999 | 999 | - |
| Total Cost Reimbursement Programs | | \$ - | \$ 7,000 | \$ 7,000 | \$ - |
| <i>Other Aids</i> | | | | | |
| General Equalization | 255.201 | \$ (94,315) | \$ 5,301,550 | \$ 5,299,375 | \$ 92,140 |
| Common School Fund | 255.103 | - | 33,998 | 33,998 | - |
| High Cost Special Education Aid | 255.210 | - | 10,523 | 10,523 | - |
| Pupil Transportation | 255.107 | - | 26,049 | 26,049 | - |
| Educator Effectiveness Grant | 255.940 | (6,640) | 13,360 | 6,720 | - |
| Per Pupil Adjustment Aid | 255.945 | - | 130,350 | 130,350 | - |
| Total Other Aids | | \$ (100,955) | \$ 5,515,830 | \$ 5,507,015 | \$ 92,140 |
| TOTAL WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION | | \$ (100,955) | \$ 5,829,181 | \$ 5,820,366 | \$ 92,140 |

See notes to Schedules of Expenditures of Financial Awards

NEW GLARUS SCHOOL DISTRICT
Notes to the Schedules of Expenditures of
Federal and State Awards
For the Year Ended June 30, 2015

Note 1 Reporting Entity

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

Note 2 Basis of Presentation

The accounting records for the grant programs are maintained on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the financial statements.

Note 3 Special Education and School Age Parents Program

2014-2015 eligible costs under the State Special Education Program are \$1,157,352.

Note 4 Food Distribution

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed (\$30,984).

Note 5 Medical Assistance

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

November 12, 2015

To the Board of Education
New Glarus School District
New Glarus, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the New Glarus School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise New Glarus School District's basic financial statements, and have issued our report thereon dated November 12, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items #2015-001 and #2015-002 that we consider to be significant deficiencies.



Compliance and Other Matters

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

New Glarus School District's Response to Findings

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

Purpose of this Report

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

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
Certified Public Accountants
Mineral Point, Wisconsin



Certified Public Accountants

2500 Business Park Road ▲ Mineral Point, Wisconsin 53565 ▲ TEL 608-987-2206 ▲ FAX 608-987-3391

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION

November 12, 2015

To the Board of Education
New Glarus School District
New Glarus, Wisconsin

Report on Compliance for Each Major State Program

We have audited the New Glarus School District's compliance with the types of compliance requirements described in the *Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction, that could have a direct and material effect on each of New Glarus School District's major state aid programs for the year ended June 30, 2015. New Glarus School District's designated state major aid programs are identified in the accompanying schedule of findings and responses.

Management's Responsibility

Compliance with the requirements of laws, regulations, contracts, and grants applicable to its designated major state aid programs is the responsibility of the District's management.

Auditor's Responsibility

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

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

Opinion on Each Major State Program

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



Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to the designated state major aid programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on the designated state major aid programs to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the *Wisconsin Public School District Audit Manual*, 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 significant deficiencies or material weaknesses 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 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items #2015-001 and #2015-002 to be significant deficiencies.

The District's responses 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 responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report is intended solely to describe the scope of our testing of internal control over compliance and the results of testing based on requirements of the Wisconsin Department of Public Instruction. Accordingly, this report is not suitable for any other purpose.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
Certified Public Accountants
Mineral Point, Wisconsin

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- * Material weakness identified? No
- * Significant deficiency(ies) identified? Yes

Noncompliance material to financial statements noted? No

State Awards

Internal control over major programs:

- * Material weakness identified? No
- * Significant deficiencies identified? Yes

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

Identification of major state programs:

| <u>ID Number</u> | <u>Name of State Program or Cluster</u> |
|------------------|--|
| 255.101 | Special Education and School Age Parents |
| 255.107 | General Transportation Aid |
| 255.201 | Equalization Aid |

Section II – Financial Statement Finding

Finding #2015-001 – Segregation of Duties

Condition: The responsibility for the District's bookkeeping and accounting functions is assumed by a limited number of individuals.

Criteria: Good internal control necessitates a separation of duties regarding the handling and recording of cash receipts and cash disbursements.

Cause: The District has determined that hiring additional staff to perform separate accounting duties would be too costly.

Effect: Because of the lack of segregation of duties, individuals could mishandle receipts and disbursements.

Recommendation: The District should be aware of the need for separation of duties and provide for as much separation of duties as is feasible in the circumstances.

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

Section II – Financial Statement Finding (Continued)

Finding #2015-001 – Segregation of Duties (Continued)

Corrective Action Response: Management of the District is aware of this deficiency and will continue to look for opportunities to strengthen this area. Segregation of duties is enhanced whenever possible and the Board of Education and management assumes an active roll through monthly review of receipts and disbursements and monthly financial reports. In addition, the Board and management will continue to rely on its direct knowledge of daily operations and direct contact with employees to better control and safeguard assets.

Finding #2015-002 – Preparation of Financial Statements in Accordance with GAAP

Condition: District staff does not prepare the financial statements and accompanying notes. The District has designated individuals responsible for reviewing and accepting the financial statements and related notes.

Criteria: Internal controls over preparation of the financial statements, including footnote disclosures, should be in place to provide reasonable assurance that a misstatement in the financial statements would be prevented or detected.

Cause: The District does not prepare the financial statements and related notes.

Effect: Because District staff relies on the auditor to assist with the preparation of the financial statements, the District's system of internal control may not prevent, detect, or correct misstatements in the financial statements.

Recommendation: The auditor will work with the District to make personnel more knowledgeable about its responsibility for the financial statements.

Corrective Action Response: The auditors prepare the financial statements but we review them and accept the statements prior to them being issued. We prepare financial reports that are reviewed by management and the Board of Education on a monthly basis. Any concerns or questions are addressed throughout the year.

**NEW GLARUS SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

#2014-001- This is still a finding. See #2015-001

#2014-002- This is still a finding. See #2015-002