

SCHOOL DISTRICT OF CAMPBELLSPORT

CAMPBELLSPORT, WISCONSIN

FINANCIAL STATEMENTS

AND INDEPENDENT AUDITOR'S REPORT

AS OF JUNE 30, 2014

SCHOOL DISTRICT OF CAMPBELLSPORT

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June 30, 2014

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SCHOOL DISTRICT OF CAMPBELLSPORT

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ACCOUNTING WORKSHOP, SC

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Independent Auditor's Report

To the Board of Education
School District of Campbellsport
Campbellsport, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the School District of Campbellsport ("District"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2014, and the respective changes in financial position, thereof and the respective budgetary comparison for the general and special education funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual nonmajor fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Accounting Workshop SC

Accounting Workshop, SC
November 7, 2014

SCHOOL DISTRICT OF CAMPBELLSPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2014

As management of the Campbellsport School District ("District"), we offer reader of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2014. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the District's basic financial which follow this narrative, statements.

MEMBERS OF THE BOARD OF EDUCATION

Clerk	Jay Miller
Member	Mike Bowe
Treasurer	Mike Weiss
Member	Sharon Gazzola
Member	Jody Bembenek
President	Jim McCreedy
Vice President	Deborah Senn
District Administrator	Paul Amundson
Business Manager	Christopher Adams

FINANCIAL HIGHLIGHTS

Total governmental activities revenue was \$17,521,071; including \$8,960,549 of property taxes, \$7,644,580 of state and federal aids. Total governmental activities expenditures were \$16,789,752; including \$9,121,135 for direct instruction.

The District's financial status, as reflected in total net position, increased by \$731,319.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

- The *Statement of Net Position* and *Statement of Activities* provide information on a district-wide basis. These statements present an aggregate view of the District's finances. District-wide statements contain useful long-term information as well as information for the just-completed fiscal year.
- The remaining statements are fund statements that focus on individual parts of the district. Fund statements generally report operations in more detail than the district-wide statements.
- The *Notes to the Financial Statements* provide further explanation of some of the information in the statements and provide additional disclosures so statement users have a complete picture of the District's financial activities and position.
- *Required Supplementary Information* further explains and supports the financial statements by including a comparison of the District's budget data for the year.

SCHOOL DISTRICT OF CAMPBELLSPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2014

DISTRICT-WIDE STATEMENTS

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Activities reports all revenues and expenses used to support the District. The Statement of Net Position reports all assets and liabilities available to support District activities. The two district-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities, are one way to measure the District's overall financial position. Increases or decreases in the District's net position are one indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

In the district-wide financial statements, the District's activities are reported as governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation, support services, debt service, capital projects, food service, community programs and administration. Property taxes and state formula aid finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements. Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues (like capital project funds).

The District has two types of funds:

- Governmental funds - Most of the District's basic services are included in governmental funds, which generally focus on 1) how cash and other financial assets that can readily be converted to cash flow in and out and 2) the balances left at year-end that are available for funding basic Governmental funds statements provide a detailed short-term view that helps determine whether services. There are more or fewer financial resources that can be spent in the near future to finance the District's programs. Governmental funds information does not report on long-term commitments as is reported on the district-wide statements.
- Fiduciary funds - The District serves as a trustee, or fiduciary, for various student organizations. The assets of these organizations belong to the organization and not the District. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. These activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

SCHOOL DISTRICT OF CAMPBELLSPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2014

Major Features of the District-wide and Fund Financial Statements

Table #1

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

SCHOOL DISTRICT OF CAMPBELLSPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2014

Table #2

Condensed Statement of Net Position				
(in thousands of dollars)				
	2014	2013	Dollar Change	% Change
Assets				
Current and Other Assets	\$ 4,562	\$ 7,512	\$ (2,950)	(39.3)
Capital Assets	14,594	15,128	(534)	(3.5)
Total Assets	\$ 19,156	\$ 22,640	\$ (3,484)	(15.4)
Liabilities				
Long-Term Liabilities	\$ 7,850	\$ 11,960	\$ (4,110)	(34.4)
Other Liabilities	2,697	2,802	(105)	(3.7)
Total Liabilities	\$ 10,547	\$ 14,762	\$ (4,215)	(28.6)
Net Position				
Net Investment In Cap. Assets	\$ 6,752	\$ 2,832	\$ 3,920	138.4
Restricted	327	3,482	(3,155)	(90.6)
Unrestricted	1,530	1,564	(34)	(2.2)
Total Net Position	\$ 8,609	\$ 7,878	\$ 731	9.3

Statement of Net Assets:(Table #2)

As of June 30, 2014, the District reported total assets of \$19M and total liabilities of \$10M. Net position amounts to \$9M. This includes the estimated historical cost of sites, site improvements, buildings, building improvements, furniture and equipment net of accumulated depreciation.

SCHOOL DISTRICT OF CAMPBELLSPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2014

Table #3

Changes in Net Position from Operating Results					
For Governmental Activities					
(in thousands of dollars)					
Revenues:	Actual		Actual		%
Program	2013-14	%	2012-13	%	Change
Charges for Services	\$ 890	5.1	\$ 822	4.7	8.3
Operating Grants & Cont.	1,410	8.0	1,681	9.6	(16.1)
General Property & Other Taxes	8,961	51.1	8,481	48.6	5.7
State and Federal Aid	6,234	35.6	6,426	36.8	(3.0)
Other	25	0.1	37	0.2	(32.4)
Total Revenues	<u>17,520</u>	100.0	<u>17,447</u>	100.0	0.4
Expenses:					
Instruction	9,121	54.3	9,190	54.2	(0.8)
Pupil & Instr. Ser.	1,354	8.1	1,537	9.1	(11.9)
Administration	1,333	7.9	1,332	7.9	0.1
Building and Grounds	1,898	11.3	1,891	11.2	0.4
Pupil Transportation	1,171	7.0	1,219	7.2	(3.9)
Other Support Services	1,134	6.8	936	5.5	21.2
Interest and fees	265	1.6	338	2.0	(21.6)
Food Service	513	3.1	516	3.0	(0.6)
Total Expenses	<u>16,789</u>	100.0	<u>16,959</u>	100.0	(1.0)
Change in Net Position	<u>\$ 731</u>		<u>\$ 488</u>		49.8

Table 3 provides summarized operating results and their impact on net position.

The District relies primarily on state and federal aids not restricted to specific functions (35.6%) and property taxes (51.1%) to fund governmental activities. These two funding sources make up 87% of the total revenues.

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

SCHOOL DISTRICT OF CAMPBELLSPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2014

Table #4

Net Cost of Governmental Activities				
(in thousands of dollars)				
	Total Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
Instruction	9,121	9,190	7,545	7,492
Pupil & Instr. Services	1,354	1,537	1,255	1,348
Administration	1,333	1,332	1,333	1,332
Building and Grounds	1,898	1,891	1,897	1,888
Pupil Transportation	1,171	1,219	1,091	1,144
Other Support Services	1,134	936	1,134	936
Interest and Fees	265	338	265	338
Food Service	513	516	(31)	(22)
Total	<u>16,789</u>	<u>16,959</u>	<u>14,489</u>	<u>14,456</u>

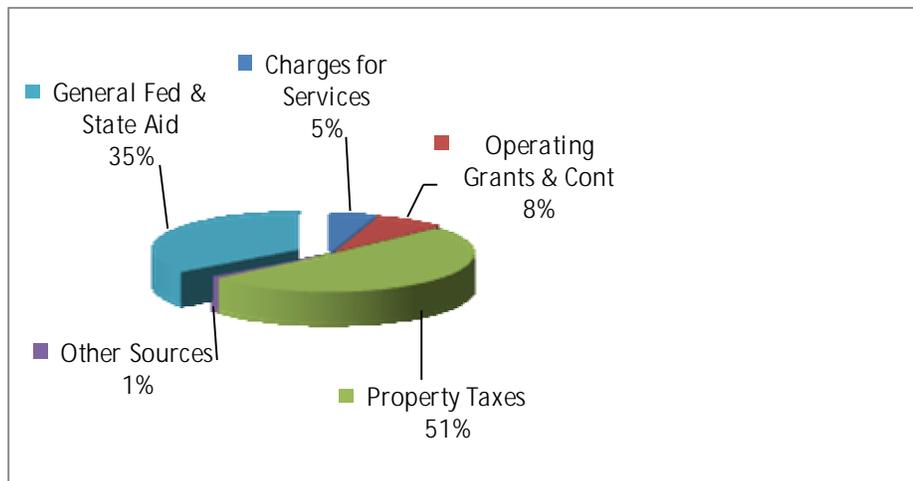
* The cost of all governmental activities this year was \$16,789,752. Individuals who directly participated or benefitted from a program offering paid for \$890,407 of the costs. Federal and state governments subsidized certain programs with grants and contributions of \$1,410,590. The net cost of governmental activities, \$14,488,755, was financed by general revenues of the District.

The composition of governmental revenues by source and expenditures by type are illustrated below.

Chart #1

This chart illustrates the breakout of revenues by source.

Revenue by Source - FY 13-14

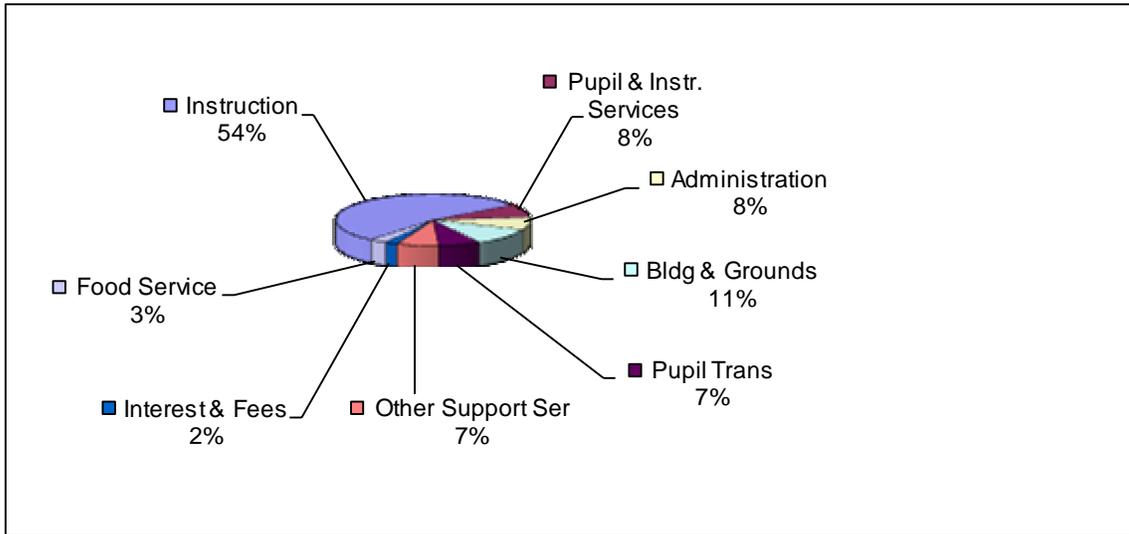


SCHOOL DISTRICT OF CAMPBELLSPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2014

Chart #2

This Chart illustrates the Distribution of costs by Type.

Expenditures by Type - FY 13-14



FINANCIAL ASPECTS OF THE DISTRICT'S FUNDS

The District completed the year with a total governmental fund balance of \$3,237,408 a decrease from last year's ending fund balance of \$6,344,559.

The general fund had an increase in fund balance of \$51,105.

The debt service fund had a decrease of \$3,272,421 due to the crossover refinancing of the previous fiscal year.

The other governmental funds had a fund balance increase of \$114,165.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District reviews an interim budget in May for the subsequent year (beginning July 1st). Consistent current state statutes and regulations an original budget is adopted in October, following determination of with official enrollment and certification of general state aids. Generally, the original budget is not significantly modified. The District did not modify the original budget.

While the District's final budget for the general fund anticipated breakeven results the actual results for the year show a surplus of \$51,105.

SCHOOL DISTRICT OF CAMPBELLSPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2014

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the year, the District had invested \$28,796,601 in capital assets, including land improvements, buildings, and equipment (See Table 5). Total accumulated depreciation on these assets is \$14,202,699. Asset acquisitions for governmental activities totaled \$87,314. The District recognized depreciation expense of \$621,347 for governmental activities. (Detailed information about capital assets can be found in Note 3 to the financial statements.)

Table #5

	Governmental Activities	
	(in thousands of dollars)	
	2014	2013
Land	\$ 298	\$ 298
Land improvements	1,477	1,486
Buildings	23,669	23,631
Equipment	3,352	3,306
Accumulated depreciation	(14,202)	(13,593)
Total	<u>\$ 14,594</u>	<u>\$ 15,128</u>

Long-Term Debt

At year-end, the district had \$9,170,930 in notes payable and other long-term debt outstanding, a decrease of 32.1% from last year (see Table 6). (Detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements).

Table #6

	Total	
	(in thousands of dollars)	
	2014	2013
General obligation debt	\$ 8,236	\$ 12,717
Other	935	797
Total	<u>\$ 9,171</u>	<u>\$ 13,514</u>

The District issued \$77,000 of notes payable, retired \$4,592,411 in bonds, notes and lease principal and the postemployment benefit liability increased \$168,768.

Debt of the District is secured by an irrevocable tax levy adopted by the School Board at the time of issuance. Wisconsin state statutes require that the first property tax receipts be segregated for annual debt service payments.

SCHOOL DISTRICT OF CAMPBELLSPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2014

Factors Bearing on the District's Future

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

- The District receives 44% of its revenue from federal and state funding. Federal and state funding as a percentage of total revenue continue to decrease. Decreases in federal and state aids place an increased burden on local taxpayers.
- Energy cost increases continue to pose a challenge in the form of increased fixed costs related to transportation, fuel, and utilities.
- The State of Wisconsin has an open enrollment law that allows students to attend school districts of their choice with few restrictions. The state adjusts each district's general aid payments based on the number of students who transfer. This year the number of outgoing students exceeds incoming students. It is important for the District to maintain the quality of instruction and physical property to remain competitive in the open enrollment environment.
- Enrollment decreased for the 2013-2014 school year by an average of 15 students over the two membership count dates.
- The State of Wisconsin has limited revenue growth through legislation. Revenue caps have been in place since the 1993-1994 school year which requires Districts to pass a referendum to raise additional revenues.

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, Christopher Adams, Business Manager, Campbellsport School District, 114 W. Sheboygan Street, Campbellsport, WI 53010.

BASIC FINANCIAL STATEMENTS

SCHOOL DISTRICT OF CAMPBELLSPORT

STATEMENT OF NET POSITION
June 30, 2014

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 1,998,320
Taxes receivable	2,335,181
Due from other governments	228,723
Total Current Assets	<u>4,562,224</u>
NONCURRENT ASSETS	
Capital assets	28,796,601
Less: Accumulated depreciation	<u>(14,202,699)</u>
Net Capital Assets	<u>14,593,902</u>
TOTAL ASSETS	<u>19,156,126</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	1,364,448
Current portion of long-term obligations	<u>1,320,952</u>
Total Current Liabilities	<u>2,685,400</u>
NONCURRENT LIABILITIES	
Noncurrent portion of long-term obligations	<u>7,849,978</u>
Total Liabilities	<u>10,535,378</u>
DEFERRED INFLOWS OF RESOURCES	
Advance income	<u>11,232</u>
NET POSITION	
Net investment in capital assets	6,752,760
Restricted	327,022
Unrestricted	<u>1,529,734</u>
Total Net Position	<u>\$ 8,609,516</u>

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF CAMPBELLSPORT

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Assets
		Charges for Services	Operating Grants and Contributions	
Instruction				
Regular	\$ 6,285,158	\$ 529,180	\$ 196,028	\$ (5,559,950)
Vocational	546,682	-	5,500	(541,182)
Special education	1,632,259	8,450	816,010	(807,799)
Other	657,036	20,966	-	(636,070)
Total Instruction	9,121,135	558,596	1,017,538	(7,545,001)
Support Services				
Pupil services	580,887	-	823	(580,064)
Instructional support services	773,140	-	98,418	(674,722)
Administration	1,333,282	-	-	(1,333,282)
Buildings and grounds	1,898,166	1,638	-	(1,896,528)
Pupil transportation	1,171,422	-	80,343	(1,091,079)
Other support services	1,134,259	-	-	(1,134,259)
Interest and fees	264,559	-	-	(264,559)
Food service	512,902	330,173	213,468	30,739
Total Support Services	7,668,617	331,811	393,052	(6,943,754)
Total Activities	\$16,789,752	\$ 890,407	\$ 1,410,590	(14,488,755)
General Revenues				
Property taxes:				
General purposes				7,143,927
Debt service				1,576,673
Capital improvement				200,000
Other				39,949
State and federal aids not restricted to specific functions				
General				6,233,990
Investment Income				3,400
Miscellaneous				22,135
Total General Revenues				15,220,074
Change in Net Position				731,319
NET POSITION-BEGINNING OF YEAR				7,878,197
NET POSITION-END OF YEAR				\$ 8,609,516

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF CAMPBELLSPORT

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

	General Fund	Debt Service Fund	Nonmajor Governmental Fund	Total Governmental Funds
ASSETS				
Cash and investments	\$1,626,986	\$ 180,957	\$ 190,377	\$ 1,998,320
Taxes receivable	2,335,181	-	-	2,335,181
Due from other governments	224,250	-	4,473	228,723
TOTAL ASSETS	\$4,186,417	\$ 180,957	\$ 194,850	\$ 4,562,224
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 138,862	\$ -	\$ 32,343	\$ 171,205
Accrued payroll, payroll taxes, withholdings	1,137,169	-	5,210	1,142,379
Total Liabilities	1,276,031	-	37,553	1,313,584
Deferred Inflows of Resources				
Advance income	-	-	11,232	11,232
Fund Balances				
Restricted	-	180,957	146,065	327,022
Assigned	2,910,386	-	-	2,910,386
Total Fund Balances	2,910,386	180,957	146,065	3,237,408
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$4,186,417	\$ 180,957	\$ 183,618	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements.	14,593,902
Long term liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements. Long-term liabilities reported in the statement of net assets that are not reported in the funds balance sheet are:	
General obligation debt	(8,236,142)
Accrued interest on long term debt	(50,864)
Vested employee benefits	(90,510)
Post-employment benefits	(844,278)
TOTAL NET POSITION	\$ 8,609,516

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF CAMPBELLSPORT

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

For the Year Ended June 30, 2014

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Local sources	\$ 7,239,232	\$ 1,576,673	\$ 530,200	\$ 9,346,105
Inter-district sources	472,976	-	-	472,976
Intermediate sources	46,372	-	-	46,372
State sources	6,918,709	-	7,186	6,925,895
Federal sources	499,054	-	206,282	705,336
Other sources	22,485	2,262	-	24,747
Total Revenues	<u>15,198,828</u>	<u>1,578,935</u>	<u>743,668</u>	<u>17,521,431</u>
EXPENDITURES				
Instruction				
Regular	6,261,789	-	-	6,261,789
Special education	1,632,259	-	-	1,632,259
Vocational	546,682	-	-	546,682
Other instruction	657,036	-	-	657,036
Total instruction	<u>9,097,766</u>	<u>-</u>	<u>-</u>	<u>9,097,766</u>
Support Services				
Pupil services	579,702	-	-	579,702
Instruction support services	769,544	-	-	769,544
Administration	1,328,748	-	-	1,328,748
Buildings and grounds	1,334,128	-	122,923	1,457,051
Pupil transportation	1,171,422	-	-	1,171,422
Other support services	831,410	-	77,000	908,410
Debt service				
Principal	34,438	1,327,973	-	1,362,411
Interest and fees	565	266,670	-	267,235
Food service	-	-	506,580	506,580
Total support services	<u>6,049,957</u>	<u>1,594,643</u>	<u>706,503</u>	<u>8,351,103</u>
Total Expenditures	<u>15,147,723</u>	<u>1,594,643</u>	<u>706,503</u>	<u>17,448,869</u>
Excess (deficiency) of revenues over expenditures	51,105	(15,708)	37,165	72,562
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	-	77,000	77,000
Payment on refunded debt	-	(3,256,713)	-	(3,256,713)
NET CHANGE IN FUND BALANCE	51,105	(3,272,421)	114,165	(3,107,151)
FUND BALANCES-BEGINNING OF YEAR	<u>2,859,281</u>	<u>3,453,378</u>	<u>31,900</u>	<u>6,344,559</u>
FUND BALANCES-END OF YEAR	<u>\$ 2,910,386</u>	<u>\$ 180,957</u>	<u>\$ 146,065</u>	<u>\$ 3,237,408</u>

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF CAMPBELLSPORT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND
BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014**

Net Change in Fund Balances - Total Governmental Funds		\$(3,107,151)
--	--	---------------

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

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

Capital outlay reported in governmental fund statements	87,314	
Depreciation expense reported in the statement of activities	(621,347)	
Book value of capital asset disposals	<u>(360)</u>	(534,393)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long -term liabilities in the statement of net position. This is the amount by which repayments exceeded proceeds.		4,515,411
---	--	-----------

Vested compensated absences are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned.		
Vested compensated absences paid	-	
Vested compensated absences earned	<u>(3,169)</u>	(3,169)

Increase in postemployment benefit liability		(168,768)
--	--	-----------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		<u>29,389</u>
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CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		<u><u>\$ 731,319</u></u>
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See accompanying notes to the financial statements.

SCHOOL DISTRICT OF CAMPBELLSPORT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Local	\$ 7,274,648	\$ 7,274,648	\$ 7,239,232	\$ (35,416)
Inter-district	451,360	451,360	457,600	6,240
Intermediate	-	-	5,500	5,500
State	6,391,317	6,391,317	6,416,282	24,965
Federal	221,000	221,000	233,269	12,269
Other	20,000	20,000	22,485	2,485
Total Revenues	<u>14,358,325</u>	<u>14,358,325</u>	<u>14,374,368</u>	<u>16,043</u>
EXPENDITURES				
Instruction				
Regular	5,590,064	5,590,064	5,561,448	28,616
Vocational	563,559	563,559	546,682	16,877
Other	651,693	651,693	657,036	(5,343)
Total instruction	<u>6,805,316</u>	<u>6,805,316</u>	<u>6,765,166</u>	<u>40,150</u>
Support Services				
Pupil services	385,613	385,613	401,389	(15,776)
Instructional support services	646,644	646,644	602,434	44,210
Administration	1,340,204	1,340,204	1,328,748	11,456
Buildings and grounds	1,277,053	1,277,053	1,334,128	(57,075)
Pupil transportation	926,999	926,999	903,212	23,787
Other support services	850,427	850,427	825,431	24,996
Debt service	42,672	42,672	35,003	7,669
Total support services	<u>5,469,612</u>	<u>5,469,612</u>	<u>5,430,345</u>	<u>39,267</u>
Non-program				
General tuition payments	677,090	677,090	700,341	(23,251)
Other non-program	-	-	2,699	(2,699)
Total non-program	<u>677,090</u>	<u>677,090</u>	<u>703,040</u>	<u>(25,950)</u>
Total Expenditures	<u>12,952,018</u>	<u>12,952,018</u>	<u>12,898,551</u>	<u>53,467</u>
Excess of revenues over expenditures	1,406,307	1,406,307	1,475,817	69,510
OTHER FINANCING USES				
Operating transfers out	<u>(1,406,307)</u>	<u>(1,406,307)</u>	<u>(1,424,712)</u>	<u>(18,405)</u>
Net Change in Fund Balance	-	-	51,105	51,105
FUND BALANCES-BEGINNING OF YEAR	<u>2,859,281</u>	<u>2,859,281</u>	<u>2,859,281</u>	<u>-</u>
FUND BALANCES-END OF YEAR	<u>\$ 2,859,281</u>	<u>\$ 2,859,281</u>	<u>\$ 2,910,386</u>	<u>\$ 51,105</u>

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF CAMPBELLSPORT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL
SPECIAL EDUCATION FUND
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Inter-district sources	6,926	6,926	\$ 15,376	\$ 8,450
Intermediate sources	40,000	40,000	40,872	872
State sources	481,834	481,834	502,427	20,593
Federal sources	468,000	468,000	265,785	(202,215)
Other sources	-	-	-	-
Total Revenues	<u>996,760</u>	<u>996,760</u>	<u>824,460</u>	<u>(172,300)</u>
EXPENDITURES				
Instruction				
Special education	1,850,669	1,850,669	1,632,259	218,410
Total instruction	<u>1,850,669</u>	<u>1,850,669</u>	<u>1,632,259</u>	<u>218,410</u>
Support Services				
Pupil services	163,121	163,121	178,313	(15,192)
Instructional support services	168,351	168,351	167,110	1,241
Pupil transportation	212,000	212,000	268,210	(56,210)
Other support services	10,000	10,000	3,280	6,720
Total support services	<u>553,472</u>	<u>553,472</u>	<u>616,913</u>	<u>(63,441)</u>
Total Expenditures	<u>2,404,141</u>	<u>2,404,141</u>	<u>2,249,172</u>	<u>154,969</u>
Excess (deficiency) of revenues over expenditures	(1,407,381)	(1,407,381)	(1,424,712)	(17,331)
OTHER FINANCING SOURCES				
Operating transfers in	1,407,381	1,407,381	1,424,712	17,331
Operating transfers out	-	-	-	-
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES-BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES-END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF CAMPBELLSPORT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2014

	Agency Fund Student Activity	Trust Fund Scholarships
ASSETS		
Cash and cash equivalents	\$ 81,108	\$ 326
Total Assets	\$ 81,108	\$ 326
LIABILITIES		
Due to student organizations	\$ 81,108	-
Total Liabilities	\$ 81,108	-
NET POSITION		\$ 326

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF CAMPBELLSPORT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For The Year Ended June 30, 2014

	<u>Scholarships</u>
ADDITIONS	
Contributions	\$ 1,600
Investment income	-
Total additions	1,600
DEDUCTIONS	
Scholarships awarded	4,025
Change in Net Position	(2,425)
NET POSITION-BEGINNING OF YEAR	2,751
NET POSITION-END OF YEAR	\$ 326

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF CAMPBELLSPORT
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June 30, 2014

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SCHOOL DISTRICT OF CAMPBELLSPORT
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SCHOOL DISTRICT OF CAMPBELLSPORT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the School District of Campbellsport (“the District”) conform to generally accepted accounting principles as applicable to governmental units.

A. REPORTING ENTITY

The District is organized as a common school district. The District, governed by a seven member elected school board, operates grades K through 12 and is comprised of all or parts of eleven taxing districts. This report includes all of the funds of the District. The reporting entity for the District consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization’s governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. This report does not contain any component units.

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

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

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

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

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

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

SCHOOL DISTRICT OF CAMPBELLSPORT

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. BASIS OF PRESENTATION

District-wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. The District does not report any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The District does not allocate indirect expenses to functions in the Statement of Activities. Program revenues included 1) charges to customers or applicants who purchase, use or directly benefit from restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are other items not properly included among program revenues are reported instead as general revenues.

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

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

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

Fund Financial Statements

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

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

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

SCHOOL DISTRICT OF CAMPBELLSPORT

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. BASIS OF PRESENTATION (continued)

GOVERNMENTAL ACTIVITIES

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

General Fund

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

Permanent Funds

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

FIDUCIARY FUNDS (Not included in district-wide statements)

Private-Purpose Trust Funds
Employee Benefit Trust Funds

Trust Funds are used to account for resources legally held in trust for student scholarships and post employment benefits for former employees.

Agency Funds

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

SCHOOL DISTRICT OF CAMPBELLSPORT

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. BASIS OF PRESENTATION (continued)

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

Major Funds

The District reports the following major governmental funds:

General Fund
Debt Service Fund

Non-major Funds

The District reports the following non-major governmental funds:

Special Revenue Funds –
Special Revenue Trust Fund
Food Service Fund
Capital Expansion and Project Funds

Fiduciary Funds

The District reports the following fiduciary funds:

Private – Purpose Trust Funds – Scholarship Fund
Agency Funds –
Student Activity Fund

D. BASIS OF ACCOUNTING

The district-wide Statement of Net Position and Statement of Activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The modified accrual basis of accounting is followed by the governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

SCHOOL DISTRICT OF CAMPBELLSPORT

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. BASIS OF ACCOUNTING (continued)

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

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

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

Property tax calendar – 2013 tax roll:

Lien date and levy date	October, 2013
Tax bills mailed	December, 2013
Payment in full, or	January 31, 2014
First installment due	January 31, 2014
Second installment due	April 1, 2014
Third installment due	July 31, 2014
Personal property taxes in full	January 31, 2014
Tax sale 2013 delinquent real estate taxes	October, 2017

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

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

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

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

SCHOOL DISTRICT OF CAMPBELLSPORT

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. MEASUREMENT FOCUS

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

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

F. INVENTORIES

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

G. LONG-TERM OBLIGATIONS

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

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

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

H. CAPITAL ASSETS

District-Wide Statements

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

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

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

- Site improvements	20 years
- Buildings	50 years
- Furniture and equipment	5-15 years

SCHOOL DISTRICT OF CAMPBELLSPORT

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. CAPITAL ASSETS (continued)

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

Fund Financial Statements

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

I. INTERFUND RECEIVABLES AND PAYABLES

During the course of operations transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

J. 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 at the individual fund level for all other funds. Reported budget amounts are as originally adopted or as amended by School Board resolution.

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

1. Based upon requests from District staff, the District Administration recommends budget proposals to the School Board.
2. 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.
3. 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.
4. Pursuant to the budget hearing, the School Board may make alterations to the proposed budget.
5. 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.
6. Appropriations lapse at year end unless authorized as a carryover by the School Board. The portion of fund balance representing carryover appropriations is reported as a reserved fund balance.
7. Encumbrance accounting is used.
8. Budgets are adopted on a basis consistent with generally accepted accounting principles.

SCHOOL DISTRICT OF CAMPBELLSPORT

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

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

L. COMPENSATED ABSENCES

The District's policy allows employees to earn varying amounts of vacation pay for each year employed. The District does not allow carryover of unused time to the following year. The employee is entitled to be paid out for unused vacation upon retirement or termination of employment.

The District's sick pay policy allows employees to accumulate 107 days of sick pay. Unused accumulated sick pay benefits can be converted to pay for health insurance premiums upon retirement for eligible employees or forfeited upon termination of employment.

The vacation and sick pay liabilities are calculated based on the pay or salary rates in effect at year-end.

M. POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

In addition to the pension benefits described in Note 7 the District provides various levels of health coverage to certified teaching personnel who opt for retirement at various ages as part of the negotiated certified teacher's contract. The District provides these benefits for up to six years after retirement.

Teachers with 20 years of service to the District and age 55 will receive the cost of health and dental premium up to \$3,600 for a family plan and \$1,800 for a single plan up to six years from date of retirement or eligibility for Medicare, whichever comes first.

See note 16 for additional information.

N. OTHER ASSETS

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

O. CLAIMS AND JUDGMENTS

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

SCHOOL DISTRICT OF CAMPBELLSPORT

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. INTERFUND TRANSACTIONS

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

Q. EQUITY CLASSIFICATIONS

District-Wide Statements

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

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

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

Fund Statements

Governmental fund equity is classified as fund balance.

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

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified prepaid items as being nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are only available to service debt, capital expansion resources are only available for specific capital expansion uses by law and food service resources are required by law to be used within that program.

SCHOOL DISTRICT OF CAMPBELLSPORT

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. EQUITY CLASSIFICATIONS (continued)

- **Committed:** This classification includes amounts that can be used only for specified purposes pursuant to constraints imposed by formal action of the School Board. These amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of year end.
- **Assigned:** This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the School Board or through the School Board delegating this responsibility to its representative. This classification includes the fund balance for the General Fund. The District has assigned funds for maintaining an adequate fund balance to minimize borrowing for short-term purposes.
- **Unassigned:** This classification includes any residual fund balance of the General Fund.

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

R. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS

Cash for all District funds is pooled for investment purposes with the exception of a separate checking account for debt service and capital projects uses. At year end, the deposits and investments included the following:

Petty cash/cash on hand	\$ 550
Deposits with financial institutions	771,211
Wisconsin Local Government Investment Pool	1,307,993
Total Deposits and Investments	<u>\$ 2,079,754</u>

Deposits and investments as of year end are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Deposits and investments	\$ 1,998,320
Fiduciary Funds:	
Deposits and investments	81,434
Total Deposits and Investments	<u>\$ 2,079,754</u>

SCHOOL DISTRICT OF CAMPBELLSPORT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Deposits

At year end, the carrying amount of the District's deposits was \$771,211 and the bank balance was \$903,409. The difference between the carrying amount and the bank balance represents outstanding checks and deposits in transit.

\$250,000 of the bank balance was covered by federal depository insurance and \$653,409 was uninsured and uncollateralized.

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

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

Fluctuating cash flows during the year due to tax collections, receipt of state aids, and borrowings may have resulted in temporary balances exceeding insured amounts by substantially higher amounts than reported at the balance sheet date.

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

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

INTEREST RATE RISKS

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

SCHOOL DISTRICT OF CAMPBELLSPORT

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Deposits (continued)

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

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

Investment Type	Remaining Maturity (in Months)	
	Amount	12 Months or Less
Local Government Investment Pool	1,307,993	1,307,993
Total	\$ 1,307,993	\$ 1,307,993

CREDIT RISK

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

	Amount	Rating
WI Local Government Investment Pool	\$ 1,307,993	Not Rated

Fair (Market) Value of Deposits and Investments

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

Determining Fair Value

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

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

Investment Pool Information

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

Income Allocation

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

SCHOOL DISTRICT OF CAMPBELLSPORT

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 3 - CAPITAL ASSETS

Capital asset balances and activity for the year were as follows:

	Beginning Balance	Additions	Deletions & Adjustments	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 298,125	\$ -	\$ -	\$ 298,125
Total capital assets not being depreciated	298,125	-	-	298,125
Capital assets not being depreciated:				
Land improvements	1,485,651	-	(8,678)	1,476,973
Buildings and improvements	23,631,598	37,605	-	23,669,203
Equipment	3,306,287	49,709	(3,696)	3,352,300
Total capital assets being depreciated	28,423,536	87,314	(12,374)	28,498,476
Less Accumulated depreciation for:				
Land improvements	(1,131,120)	(23,980)	8,461	(1,146,639)
Buildings and improvements	(9,705,882)	(463,095)	-	(10,168,977)
Equipment	(2,756,364)	(134,272)	3,553	(2,887,083)
Total Accumulated Depreciation	(13,593,366)	(621,347)	12,014	(14,202,699)
 Net Capital Assets	 \$15,128,295	 \$ (534,033)	 \$ (360)	 \$14,593,902

Depreciation expense was charged to functions as follows:

Instruction		
Regular		\$ 23,369
Support services		
Pupil services		1,185
Instructional support services		3,596
Administration		4,534
Buildings and grounds		510,819
Food services		6,322
Other support services		71,522
		71,522
Total Depreciation Expense		\$ 621,347

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

	General Fund	Capital Expansion Fund
Buildings and grounds	\$ 8,098	\$ 61,606
Other support services	17,610	-
	\$ 25,708	\$ 61,606

SCHOOL DISTRICT OF CAMPBELLSPORT

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 4 – LONG-TERM OBLIGATIONS

A. LONG TERM LIABILITIES

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
General obligations bonds	\$ 12,145,000	\$ -	\$ 4,390,000	\$ 7,755,000	\$1,060,000
General obligation notes payable	572,115	77,000	167,973	481,142	84,542
Capital leases	34,438	-	34,438	-	-
Vacation pay	87,341	3,169	-	90,510	90,510
Postemployment benefits	675,510	286,476	117,708	844,278	85,900
Total Long-Term Liabilities	\$ 13,514,404	\$ 366,645	\$ 4,710,119	\$ 9,170,930	\$1,320,952

Interest cost incurred during the year totaled \$264,559. Total interest paid during the year aggregated \$293,948 including \$565 for capital leases.

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 year end is comprised of the following individual issues:

Type	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Ending Balance
General Obligation Debt					
Bonds payable	12/12/2011	3/1/2020	2.0%-2.5%	\$ 5,890,000	\$ 4,455,000
Notes payable	3/15/2010	3/1/2020	1.25%-5.0%	620,000	395,000
Notes payable	7/6/2010	7/6/2014	3.75%	410,000	9,142
Bonds payable	5/23/2013	3/1/2020	.5%-1.6%	3,300,000	3,300,000
Notes payable	9/9/2013	9/9/2018	2.75%	77,000	77,000
Total General Obligation Debt					\$ 8,236,142

General Obligation Debt Limit Calculation

The 2013 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$829,936,184. The legal debt limit and margin of indebtedness as of year end, in accordance with Section 67.03(1) (b), Wisconsin Statutes, follows:

Debt limit (10 percent of \$829,936,184)	\$ 82,993,618
Deduct long-term debt applicable to debt margin	<u>8,236,142</u>
Margin of indebtedness	<u>\$ 71,380,323</u>

SCHOOL DISTRICT OF CAMPBELLSPORT

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 4 – LONG-TERM OBLIGATIONS (continued)

A. LONG TERM LIABILITIES (continued)

Aggregate cash flow requirements for the retirement of long-term principal and interest follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,144,542	\$ 148,400	\$ 1,292,942
2016	1,380,400	129,972	1,510,372
2017	1,400,400	109,126	1,509,526
2018	1,415,400	86,072	1,501,472
2019	1,440,400	61,444	1,501,844
2020	1,455,000	32,895	1,487,895
Totals	<u>\$ 8,236,142</u>	<u>\$ 567,909</u>	<u>\$ 8,804,051</u>

NOTE 5 - LEASE DISCLOSURES

LESSEE - CAPITAL LEASES

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

LESSEE – OPERATING LEASES

The District leases copiers under operating leases at \$999 monthly for thirty six months through August, 2014. Future payments are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2015	\$1,998

LESSOR - CAPITAL LEASES

The District has no sales-type or direct financing leases as lessor.

LESSOR - OPERATING LEASES

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

SCHOOL DISTRICT OF CAMPBELLSPORT

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 6 - EMPLOYEES' RETIREMENT SYSTEM

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

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

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, including Teachers, and Executives and Elected Officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for 2014 are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	7.00%	7.00%
Executives & Elected Officials	7.75%	7.75%
Protective with Social Security	7.00%	10.10%
Protective without Social Security	7.00%	13.70%

The payroll for Campbellsport School District employees covered by the WRS for the year ended June 30, 2014 was \$7,595,558, the employer's total fiscal year payroll was \$8,156,670. The total required contribution for the year ended June 30, 2014 was \$1,044,000, which consisted of \$522,000, or 7% of payroll from the employer and \$522,000, or 7% of payroll from employees. The Campbellsport School District and employees each paid their half of the required contributions. Total contributions for the years ending June 30, 2013 and 2012 were \$1,008,482 and \$939,122, respectively, equal to the required contributions for each year.

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

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

SCHOOL DISTRICT OF CAMPBELLSPORT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 7 – GOVERNMENTAL ACTIVITIES NET POSITION

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

Governmental Activities

Net investment in Capital Assets	\$ 14,593,902
Less: related long-term debt outstanding	(7,841,142)
Total Net Investment in Capital Assets	<u>6,752,760</u>
Restricted	
Debt service	180,957
Capital expansion	86,892
Food service	59,173
	<u>327,022</u>
Unrestricted	<u>1,529,734</u>
Total Governmental Activities Net Position	<u>\$ 8,609,516</u>

NOTE 8 – GOVERNMENTAL FUND BALANCES

Restricted	
Major Funds	
Debt Service fund	\$ 180,957
Nonmajor Funds	
Capital expansion fund	86,892
Food service fund	59,173
	<u>327,022</u>
Assigned	
Major Funds	
General Fund	
Designated	
Working capital	<u>2,910,386</u>
Total Governmental Fund Balances	<u>\$ 3,237,408</u>

SCHOOL DISTRICT OF CAMPBELLSPORT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

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

Capital assets, net of accumulated depreciation	\$ 14,593,902
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Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term-are reported in the statement of net assets.

Bonds, notes and leases payable	\$ 8,236,142
Vested employee benefits	90,510
Postemployment benefits	844,278
Accrued interest	50,864
	<hr/>
Combined Adjustment	\$ 9,221,794

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

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

Accrued interest:	
Beginning	\$ 80,253
Ending	(50,864)
	<hr/>
Decrease	\$ 29,389

SCHOOL DISTRICT OF CAMPBELLSPORT

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

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

<u>Fund</u>	<u>Excess Expenditure</u>
General Fund	
Instruction-other	\$ 5,343
Pupil services	15,776
Buildings and grounds	57,075
General tuition payments	23,251
Other nonprogram	2,699
Operating transfers out	18,405
Special Education Fund	
Pupil services	15,192
Pupil transportation	56,210

NOTE 12 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded insurance coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

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

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

Under FASB Interpretation No. 47 "Accounting for Conditional Asset Retirement Obligations", a conditional asset retirement obligation is a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the District. Accordingly, the District is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated.

SCHOOL DISTRICT OF CAMPBELLSPORT

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 13 – COMMITMENTS AND CONTINGENCIES (continued)

The District is aware some older buildings contain some level of asbestos in which they will incur removal costs upon remodeling, selling, or abandoning these buildings at some future date. However, at this point, the District does not feel they have enough information to reasonably estimate the fair value of the asset retirement obligation and have not recorded a liability.

NOTE 14 – LIMITATION OF SCHOOL DISTRICT REVENUES

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

This limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

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

A referendum on or after August 12, 1993.

NOTE 15 - DUE FROM/DUE TO OTHER FUNDS - FUND FINANCIAL STATEMENTS

There were no fund interfund receivable and payable balances at year end.

NOTE 16 - POST EMPLOYMENT BENEFITS

From an accrual accounting perspective, the cost of postemployment health and dental benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2009, the District recognizes the cost of postemployment benefits in the year when the employee services are received, reports the accumulated liability from prior years, and provide information useful in assessing potential demands on the District's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

A. Plan Description

The District provides annual payment of one half of the health and dental insurance up to \$3,600 to eligible retired employees up to six years from the date of retirement or eligibility for Medicare, whichever comes first. In addition to the six year benefit, in return for every seven unused sick days accumulated upon retirement, the District will make an additional one month's contribution at the same rate and manner as the six year benefit. These benefits are available to employees at the age of 55 with a minimum of twenty years of service and subject to the terms of the employee handbook at the time of retirement. The District is obligated for these benefits under both district policy and former union contracts. This benefit will commence on the first day of the month following that of actual retirement. The plan has 18 retirees receiving benefits.

SCHOOL DISTRICT OF CAMPBELLSPORT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE 16 - POST EMPLOYMENT BENEFITS (continued)

B. Funding Policy

The District currently pays for postemployment health and dental benefits on a pay-as-you-go basis. The District is considering the establishment of a trust that would be used to accumulate and invest assets necessary to pay for the accumulated liability; these financial statements assume that pay-as-you-go funding will continue.

C. Annual OPEB Cost and Net OPEB Obligation

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

Normal cost	\$	183,243
30 year amortization of unfunded accrued liability		103,233
Annual required contribution		<u>286,476</u>
Contributions made		<u>(117,708)</u>
Increase in OPEB liability		168,768
Net OPEB liability - beginning of year		675,510
Net OPEB liability - end of year	\$	<u><u>844,278</u></u>

D. Trend Information

The District continues to fund postemployment benefits on a pay-as-you-go basis, see further details in this note as to the unfunded actuarial accrued liability.

E. Actuarial Methods and Assumptions

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

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

SCHOOL DISTRICT OF CAMPBELLSPORT

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 16 - POST EMPLOYMENT BENEFITS (continued)

In the actuarial valuation for the Plan as of July 1, 2013, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on Plan assets and on the District's own investments calculated based on the funded level of the Plan at the valuation date, and an annual healthcare cost trend rate of 7.5% initially, reduced by various increments annually to an ultimate rate of 5% after eighteen years. Both rates included a 3% inflation assumption. The actuarial value of assets will be determined using fair value. The UAAL will be amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period is 30 years.

The unfunded actuarial accrued liability as of July 1, 2013, the valuation date, was \$2,675,583.

NOTE 17 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 7, 2014, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT OF CAMPBELLSPORT

**COMBINING BALANCE SHEET
GENERAL FUND
June 30, 2014**

	General Fund	Special Education Fund	Total General Fund
ASSETS			
Cash and investments	\$ 1,516,859	\$ 110,127	\$ 1,626,986
Taxes receivable	2,335,181	-	2,335,181
Accounts receivable	-	-	-
Prepaid expenses	-	-	-
Due from other governments	183,988	40,262	224,250
TOTAL ASSETS	<u>\$ 4,036,028</u>	<u>\$ 150,389</u>	<u>\$ 4,186,417</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 92,243	\$ 46,619	\$ 138,862
Accrued payroll, payroll taxes, withholdings	1,033,399	103,770	1,137,169
Total Liabilities	<u>1,125,642</u>	<u>150,389</u>	<u>1,276,031</u>
Fund Balances			
Nonspendable	-	-	-
Assigned	2,910,386	-	2,910,386
Total Fund Balances	<u>2,910,386</u>	<u>-</u>	<u>2,910,386</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,036,028</u>	<u>\$ 150,389</u>	<u>\$ 4,186,417</u>

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF CAMPBELLSPORT

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

For the Year Ended June 30, 2014

	General Fund	Special Education Fund	Total General Fund
REVENUES			
Local sources	\$ 7,239,232	\$ -	\$ 7,239,232
Interdistrict sources	457,600	15,376	472,976
Intermediate sources	5,500	40,872	46,372
State sources	6,416,282	502,427	6,918,709
Federal sources	233,269	265,785	499,054
Other sources	22,485	-	22,485
Total Revenues	<u>14,374,368</u>	<u>824,460</u>	<u>15,198,828</u>
EXPENDITURES			
Instruction			
Regular	6,261,789	-	6,261,789
Special education	-	1,632,259	1,632,259
Vocational	546,682	-	546,682
Other instruction	657,036	-	657,036
Total instruction	<u>7,465,507</u>	<u>1,632,259</u>	<u>9,097,766</u>
Support Services			
Pupil services	401,389	178,313	579,702
Instruction support services	602,434	167,110	769,544
Administration	1,328,748	-	1,328,748
Buildings and grounds	1,334,128	-	1,334,128
Pupil transportation	903,212	268,210	1,171,422
Other support services	828,130	3,280	831,410
Debt service			
Principal	34,438	-	34,438
Interest and fees	565	-	565
Total support services	<u>5,433,044</u>	<u>616,913</u>	<u>6,049,957</u>
Total Expenditures	<u>12,898,551</u>	<u>2,249,172</u>	<u>15,147,723</u>
Excess (deficiency) of revenues over expenditures	1,475,817	(1,424,712)	51,105
OTHER FINANCING SOURCES (USES)			
Operating transfers in(out)	<u>(1,424,712)</u>	<u>1,424,712</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	51,105	-	51,105
FUND BALANCES-BEGINNING OF YEAR	<u>2,859,281</u>	<u>-</u>	<u>2,859,281</u>
FUND BALANCES-END OF YEAR	<u>\$ 2,910,386</u>	<u>\$ -</u>	<u>\$ 2,910,386</u>

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF CAMPBELLSPORT

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

	Special Revenue Fund Food Service	Capital Expansion Fund	Capital Project Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 88,920	\$ 101,457	\$ -	\$ 190,377
Due from other governments	4,473	-	-	4,473
TOTAL ASSETS	<u>\$ 93,393</u>	<u>\$ 101,457</u>	<u>\$ -</u>	<u>\$ 194,850</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 17,778	\$ 14,565	\$ -	\$ 32,343
Payroll, payroll taxes, withholdings	5,210	-	-	5,210
Deferred revenue	11,232	-	-	11,232
Total Liabilities	<u>34,220</u>	<u>14,565</u>	<u>-</u>	<u>48,785</u>
Fund Balances				
Restricted	59,173	86,892	-	146,065
Total Fund Balances	<u>59,173</u>	<u>86,892</u>	<u>-</u>	<u>146,065</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 93,393</u>	<u>\$ 101,457</u>	<u>\$ -</u>	<u>\$ 194,850</u>

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF CAMPBELLSPORT

**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014**

	Special Revenue Fund <u>Food Service</u>	Capital Expansion Fund	Capital Project Fund	Total Nonmajor Governmental Funds
REVENUES				
Other local sources	\$ 330,173	\$ 200,027	\$ -	\$ 530,200
State sources	7,186	-	-	7,186
Federal sources	206,282	-	-	206,282
Total Revenues	<u>543,641</u>	<u>200,027</u>	<u>-</u>	<u>743,668</u>
EXPENDITURES				
Support services				
Buildings and grounds	-	122,923	-	122,923
Food service	506,580	-	-	506,580
Other support services	-	-	77,000	77,000
Total Expenditures	<u>506,580</u>	<u>122,923</u>	<u>77,000</u>	<u>706,503</u>
Excess of Revenue Over (Under) Expenditures	37,061	77,104	(77,000)	37,165
OTHER FINANCING SOURCES (USES)				
Debt proceeds	<u>-</u>	<u>-</u>	<u>77,000</u>	<u>77,000</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	37,061	77,104	-	114,165
FUND BALANCES-BEGINNING OF YEAR	<u>22,112</u>	<u>9,788</u>	<u>-</u>	<u>31,900</u>
FUND BALANCES-END OF YEAR	<u>\$ 59,173</u>	<u>\$ 86,892</u>	<u>\$ -</u>	<u>\$ 146,065</u>

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF CAMPBELLSPORT

**COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
JUNE 30, 2014**

	Nonreferendum Debt	Referendum Debt	Total
ASSETS			
Cash	\$ 24,629	\$ 156,328	\$ 180,957
Total Assets	\$ 24,629	\$ 156,328	\$ 180,957
 LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
 Fund Balances			
Restricted	24,629	156,328	180,957
Total Fund Balances	24,629	156,328	180,957
Total Liabilities and Fund Balances	\$ 24,629	\$ 156,328	\$ 180,957

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF CAMPBELLSPORT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
DEBT SERVICE FUNDS
For the Year Ended June 30, 2014**

	Nonreferendum Debt	Referendum Debt	Total
REVENUES			
Local sources	\$ 185,514	\$ 1,391,159	\$ 1,576,673
Other sources	-	2,262	2,262
Total Revenues	<u>185,514</u>	<u>1,393,421</u>	<u>1,578,935</u>
EXPENDITURES			
Principal	167,973	1,160,000	1,327,973
Interest and fees	20,921	245,749	266,670
Total Expenditures	<u>188,894</u>	<u>1,405,749</u>	<u>1,594,643</u>
Excess of Revenue Over (Under) Expenditures	(3,380)	(12,328)	(15,708)
OTHER FINANCING SOURCES (USES)			
Operating transfer in (out)	-	-	-
Debt proceeds	-	-	-
Payment on refunded debt	-	(3,256,713)	(3,256,713)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,380)	(3,269,041)	(3,272,421)
Fund Balances, Beginning of Year	<u>28,009</u>	<u>3,425,369</u>	<u>3,453,378</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 24,629</u></u>	<u><u>\$ 156,328</u></u>	<u><u>\$ 180,957</u></u>

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF CAMPBELLSPORT
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
STUDENT ORGANIZATION FUNDS
For the Year Ended June 30, 2014

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
ASSETS				
Cash and investments	\$ 84,916	\$ 285,358	\$ (289,166)	\$ 81,108
TOTAL ASSETS	<u>\$ 84,916</u>	<u>\$ 285,358</u>	<u>\$ (289,166)</u>	<u>\$ 81,108</u>
LIABILITIES				
Due to student organizations:				
Campbellsport elementary	\$ 5,313	\$ 10,982	\$ (14,148)	\$ 2,147
Eden elementary	1,745	1,464	(2,444)	765
Junior high	3,638	7,003	(8,072)	2,569
High	<u>74,220</u>	<u>265,909</u>	<u>(264,502)</u>	<u>75,627</u>
TOTAL LIABILITIES	<u>\$ 84,916</u>	<u>\$ 285,358</u>	<u>\$ (289,166)</u>	<u>\$ 81,108</u>

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF CAMPBELLSPORT

**SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL ASSISTANCE
For the Year Ended June 30, 2014**

Federal Agency/ Pass-Through Agency/ Program Title	CFDA Number	Revenues			Total Revenues	Total Expenditures Grantor Share
		(Accrued) Deferred Beginning Balance	Received	Accrued (Deferred) Ending Balance		
U.S. DEPT OF EDUCATION						
State of Wisconsin-Department of Public Instruction						
Title 1	84.010	\$ (37,511)	\$ 183,188	\$ 12,383	\$ 158,060	\$ 158,060
Title II-A	84.367	-	15,410	29,799	45,209	45,209
IDEA Preschool	84.173	(2,551)	5,712	4,213	7,374	7,374
IDEA	84.027	(44,640)	287,404	15,647	258,411	258,411
Cesa 6						
Carl Perkins	84.048	-	5,500	-	5,500	5,500
U.S. DEPT OF HEALTH & HUMAN SERVICES						
State of Wisconsin-Department of Health Services						
Medical Assistance	93.778	(131,623)	161,624	-	30,001	30,001
U.S. DEPT OF AGRICULTURE						
State of Wisconsin-Department of Public Instruction						
Food Distribution - Commodities	10.555	-	35,134	-	35,134	35,134
National School Breakfast Program	10.553	(306)	7,959	194	7,847	7,847
National School Lunch Program	10.555	(3,241)	162,263	4,279	163,301	163,301
TOTAL FEDERAL AWARDS		<u>\$ (219,872)</u>	<u>\$ 864,194</u>	<u>\$ 66,515</u>	<u>\$ 710,837</u>	<u>\$ 710,837</u>

See notes to the schedules of expenditures of federal and state financial assistance.

SCHOOL DISTRICT OF CAMPBELLSPORT

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2014**

State Agency/ Pass-Through Agency/ Program Title	State ID Number	Revenues			Total Revenues	Total Expenditures Grantor Share
		(Accrued) Deferred Beginning Balance	Received (Returned)	Accrued (Deferred) Ending Balance		
DEPARTMENT OF PUBLIC INSTRUCTION						
Entitlement Programs						
Handicapped Pupils and School Age Parents	255.101	\$ -	\$ 502,427	\$ -	\$ 502,427	\$ 502,427
Participant in Package Program At CESA #6		-	40,872	-	40,872	40,872
Total Handicapped Program		-	543,299	-	543,299	543,299
School Lunch Aid Program	255.102	-	6,238	-	6,238	6,238
Common School Fund Library Aid	255.103	-	62,000	-	62,000	62,000
General Equalization	255.201	(116,725)	6,117,609	109,641	6,110,525	6,110,525
Pupil Transportation	255.107	-	80,343	-	80,343	80,343
Breakfast Program	255.344	-	947	-	947	947
Per Pupil Adjustment Aid	255.945	-	106,875	-	106,875	106,875
High Cost Transportation	255.947	-	9,906	-	9,906	9,906
Payment In Lieu Taxes		-	39,949	-	39,949	39,949
Exempt Computer Aid		(6,042)	6,042	6,684	6,684	6,684
Total Wisconsin Department of Public Instruction		(122,767)	6,973,208	116,325	6,966,766	6,966,766
TOTAL STATE AWARDS		\$ (122,767)	\$ 6,973,208	\$ 116,325	\$ 6,966,766	\$ 6,966,766

See notes to the schedules of expenditures of federal and state financial assistance.

SCHOOL DISTRICT OF CAMPBELLSPORT

**NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AND STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2014**

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

2013-2014 eligible costs under the State Special Education Program are \$1,786,242.

NOTE 3 - FOOD DISTRIBUTION

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

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Jeffrey Kropp, CPA

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

Board of Education
School District of Campbellsport
Campbellsport, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 7, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 14-1 that we consider to be a significant deficiency.

Compliance and Other Matters

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

District's Response to Findings

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

Purpose of this Report

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

Accounting Workshop SC

Accounting Workshop, SC
November 7, 2014

Independent Auditor's Report on Compliance For
Each Major Federal and State Program and On Internal Control
Over Compliance Required by OMB Circular A-133
And State Single Audit Guidelines

Board of Education
School District of Campbellsport
Campbellsport, Wisconsin

Report on Compliance for Each Major Federal Program

We have audited the compliance of the School District of Campbellsport ("District") with the types of compliance requirements described in the United States Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the State Single Audit Guidelines, issued by the Wisconsin Department of Administration that are applicable to each of its major federal and state programs for the year ended June 30, 2014. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 14-1 to be a significant deficiency.

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

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

Accounting Workshop SC

Accounting Workshop, SC
November 7, 2014

SCHOOL DISTRICT OF CAMPBELLSPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financing reporting:
 Material weakness identified? _____ yes _____ X _____ no

Significant deficiency(ies) identified
 not considered to be material weaknesses? _____ X _____ yes _____ none reported

Noncompliance material to the
 financial statements? _____ yes _____ X _____ no

Federal Awards

Internal control over financial reporting:
 Material weakness identified? _____ yes _____ X _____ no

Significant deficiency(ies) identified
 not considered to be material weaknesses? _____ yes _____ X _____ none reported

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

Any audit findings disclosed that are
 required to be reported in accordance with
 Circular A-133 Section .510(1)? _____ yes _____ X _____ no

Identification of major federal programs

CFDA Number	Name of Federal Program or Cluster
84.367	Title 2A
84.010	Title 1

Dollar threshold used to distinguish Type A
 and Type B Programs \$300,000

Auditee qualified as a low risk auditee? _____ X _____ yes _____ no

SCHOOL DISTRICT OF CAMPBELLSPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2014

State Awards

Internal control over financial reporting:

Material weakness identified? _____ yes X no
 Significant deficiency(ies) identified
 not considered to be material weaknesses? _____ yes X no

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

Any audit findings disclosed that are required to be reported in accordance with *State Single Audit Guidelines*? _____ yes X no

Identification of major state programs:

<u>State Number</u>	<u>Name of State Program or Cluster</u>
255.101	Special Education and School Age Parents
255.201	Equalization Aids

Section II - Financial Statement Findings

14-1 Preparation of Financial Statements

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

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

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

Effect: Undetected errors or irregularities could occur.

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

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

Section III - Federal and State Award Findings and Questioned Costs

None.