

**PARKVIEW SCHOOL DISTRICT**

**FINANCIAL STATEMENTS**

Including Independent Auditor's Report

As of and for the year ended June 30, 2016

Johnson Block and Company, Inc.  
Certified Public Accountants  
2500 Business Park Road  
Mineral Point, Wisconsin 53565  
(608) 987-2206  
Fax: (608) 987-3391

Parkview School District  
June 30, 2016  
Table of Contents

---

Independent Auditor’s Report .....	1
<b><u>Basic Financial Statements</u></b>	
District-Wide Financial Statements:	
Exhibit A-1 Statement of Net Position .....	3
Exhibit A-2 Statement of Activities.....	4
Fund Financial Statements:	
Exhibit A-3 Balance Sheet – Governmental Funds .....	5
Exhibit A-4 Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position .....	6
Exhibit A-5 Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds.....	7
Exhibit A-6 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	8
Exhibit A-7 Statement of Net Position – Fiduciary Funds .....	9
Exhibit A-8 Statement of Changes in Net Position – Fiduciary Funds .....	10
Notes to the Financial Statements.....	11
<b><u>Required Supplementary Information:</u></b>	
Exhibit B-1 Budgetary Comparison Schedule for the General Fund.....	37
Exhibit B-2 Budgetary Comparison Schedule for the Special Education .....	38
Exhibit B-3 Schedule of Funding Progress for Postemployment Benefit Plans.....	39
Exhibit B-4 Wisconsin Retirement System Schedules.....	40
Notes to the Required Supplementary Information.....	41
<b><u>Supplementary Information:</u></b>	
Exhibit C-1 Combining Balance Sheet – Non-major Governmental Funds.....	43
Exhibit C-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds.....	44
Exhibit C-3 Schedule of Changes in Assets and Liabilities – Pupil Activity Fund.....	45
Exhibit C-4 Schedule Expenditures of Federal Awards.....	46
Exhibit C-5 Schedule Expenditures of State Awards.....	47

Parkview School District  
June 30, 2016  
Table of Contents

---

Reports Required by Government Auditing Standards and the Wisconsin Department of Public Instruction:

Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and other Matters Based on an Audit of Financial Statements, Performed in Accordance with <i>Governmental Auditing Standards</i> .....	48
Report on Compliance For Each Major State Program and on Internal Control Over Compliance Required by the Wisconsin Department of Public Instruction .....	50
Schedule of Findings and Responses.....	52
Schedule of Prior Year Findings and Responses.....	55

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Parkview School District  
Orfordville, Wisconsin

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Parkview School District as of and for the year ended June 30, 2016, 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 Parkview School District, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the schedule of funding progress for postemployment benefit plans, and the Wisconsin Retirement System schedules on pages 37 through 42 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

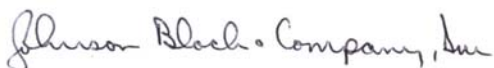
### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Parkview School District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents is the responsibility of management and was 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2017 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



JOHNSON BLOCK AND COMPANY, INC.

Mineral Point, WI

January 4, 2017

## BASIC FINANCIAL STATEMENTS

Exhibit A-1  
Parkview School District  
Statement of Net Position  
June 30, 2016

	Governmental Activities
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,467,055
Cash and cash equivalents-restricted	180,000
Taxes receivable	1,665,910
Due from other governmental units	427,047
Inventories and prepaid supplies	56,192
Total current assets	3,796,204
Noncurrent assets	
Land, property and equipment	27,386,680
Less: accumulated depreciation	(8,101,368)
Total noncurrent assets	19,285,312
Total assets	23,081,516
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred pension outflows	3,510,144
Total assets and deferred outflows of resources	\$ 26,591,660
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 57,695
Accrued wages and related payables	252,231
Unearned revenue	4,807
Accrued interest payable	182,363
Nonvested employee HRA deposits	28,038
Current portion of long-term obligations	867,685
Total current liabilities	1,392,819
Noncurrent liabilities:	
Bonds and notes payable, including bond premium of \$544,149	18,284,149
Capital lease obligations	1,108,319
Net pension liability	652,653
Other postemployment benefits	688,420
Vested employee sick leave	52,201
Less: current portion of long-term obligations	(867,685)
Total noncurrent liabilities	19,918,057
Total liabilities	21,310,876
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred pension inflows	1,376,921
Grant advance	7,500
Total deferred inflows of resources	1,384,421
<b>NET POSITION</b>	
Net investment in capital assets	1,169,347
Restricted	372,254
Unrestricted	2,354,762
Total net position	3,896,363
Total liabilities, deferred inflows of resources and net position	\$ 26,591,660

See accompanying notes to the basic financial statements.

Exhibit A-2  
Parkview School District  
Statement of Activities  
For the Year Ended June 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:					
Instruction:					
Regular instruction	\$ 3,874,594	\$ 71,260	\$ 424,861	\$	\$ (3,378,473)
Vocational education	316,744				(316,744)
Special education	1,010,659		502,766		(507,893)
Other instruction	555,726	23,722			(532,004)
Total instruction	5,757,723	94,982	927,627		(4,735,114)
Support services:					
Pupil services	442,804		7,836		(434,968)
Instructional staff services	400,327		51,548		(348,779)
General administration services	260,445				(260,445)
Building administration services	425,012				(425,012)
Business administration	2,879,224	173,986	220,416	74,440	(2,410,382)
Central services	478,956				(478,956)
Insurance	137,213		6,460		(130,753)
Other support services	170,526				(170,526)
Community services	33,257	1,860			(31,397)
Interest, issuance, and fiscal costs	698,677		11,917		(686,760)
Depreciation - unallocated	99,985				(99,985)
Total support services	6,026,426	175,846	298,177	74,440	(5,477,963)
Non-program transactions:					
Purchased instructional services	1,069,247		66,750		(1,002,497)
Total non-program transactions	1,069,247		66,750		(1,002,497)
Total governmental activities	\$ 12,853,396	\$ 270,828	\$ 1,292,554	\$ 74,440	\$ (11,215,574)
General revenues:					
Property taxes					
General purposes					3,913,124
Debt services					1,261,218
Community services					38,127
Federal and State aid not restricted for specific purposes					
General					5,617,844
Interest and investment earnings					54,789
Miscellaneous					45,690
Loss on disposition of assets					13,373
Total general revenues					10,944,165
Changes in net position					(271,409)
Net position - beginning					4,167,772
Net position - end of year					\$ 3,896,363



Exhibit A-3  
Parkview School District  
Balance Sheet  
Governmental Funds  
June 30, 2016

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 1,094,771	\$ 16,503	\$ 317,488	\$ 38,293	\$ 1,467,055
Cash and investments-restricted			180,000		180,000
Taxes receivable	1,665,910				1,665,910
Due from other governments	404,115			22,932	427,047
Due from other funds	4,248				4,248
Inventories and prepaid supplies	46,313			9,879	56,192
Total assets	\$ 3,215,357	\$ 16,503	\$ 497,488	\$ 71,104	\$ 3,800,452
<b>LIABILITIES</b>					
Accounts payable	\$ 56,365			\$ 1,330	\$ 57,695
Accrued wages and related payables	248,641			3,590	252,231
Unearned revenue				4,807	4,807
Due to other funds				4,248	4,248
Nonvested employee HRA deposits	28,038				28,038
Total liabilities	333,044			13,975	347,019
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Grant advance	7,500				7,500
<b>FUND BALANCES</b>					
Nonspendable	46,313			9,879	56,192
Restricted		16,503	497,488	47,250	561,241
Unassigned	2,828,500				2,828,500
Total fund balances	2,874,813	16,503	497,488	57,129	3,445,933
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,215,357	\$ 16,503	\$ 497,488	\$ 71,104	\$ 3,800,452

Exhibit A-4  
Parkview School District  
Reconciliation of the Governmental funds Balance Sheet  
with the Statement of Net Position  
June 30, 2016

Total fund balances - governmental funds:	\$	3,445,933
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:</p>		
Governmental capital assets	27,386,680	
Governmental accumulated depreciation	<u>(8,101,368)</u>	19,285,312
<p>Pension deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plan. These items are reflected in the Statement of Net Position and are being amortized with pension expense in the Statement of Activities. The deferred outflows of resources are not financial resources or uses and therefore are not reported in the fund statements.</p>		
Deferred outflows of resources		3,510,144
Deferred inflows of resources		(1,376,921)
<p>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 position that are not reported in the funds balance sheet are:</p>		
Bonds and notes payable, including bond premium of \$544,149	18,284,149	
Capital leases	1,108,319	
Net pension liability	652,653	
Accrued interest on long-term debt	182,363	
Other postemployment benefits	688,420	
Vested employee sick leave	<u>52,201</u>	<u>(20,968,105)</u>
Total net position - governmental activities	\$	<u><u>3,896,363</u></u>

Exhibit A-5  
Parkview School District  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2016

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 3,913,124		\$ 1,261,218	\$ 38,127	\$ 5,212,469
Other local sources	107,749		1,286	188,661	297,696
Interdistrict sources	229,802				229,802
Intermediate sources	8,291				8,291
State sources	6,084,493			7,596	6,092,089
Federal sources	452,965			167,066	620,031
Other sources	46,558	20,878	11,917	1,229	80,582
Total revenues	<u>10,842,982</u>	<u>20,878</u>	<u>1,274,421</u>	<u>402,679</u>	<u>12,540,960</u>
<b>EXPENDITURES</b>					
Instruction:					
Regular instruction	3,691,434			7,432	3,698,866
Vocational instruction	305,722				305,722
Special instruction	956,744				956,744
Other instruction	501,980			31,459	533,439
Total instruction	<u>5,455,880</u>			<u>38,891</u>	<u>5,494,771</u>
Support services:					
Pupil services	427,472				427,472
Instructional staff services	372,719			11,098	383,817
General administration services	249,210				249,210
Building administration services	394,664				394,664
Business administration	1,781,869	6,375,926		326,584	8,484,379
Central services	298,715			1,567	300,282
Insurance	137,213				137,213
Community service				30,878	30,878
Principal and interest	428,323		1,189,793		1,618,116
Other support services	170,526				170,526
Total support services	<u>4,260,711</u>	<u>6,375,926</u>	<u>1,189,793</u>	<u>370,127</u>	<u>12,196,557</u>
Non-program transactions:					
Purchased instructional services	1,069,247				1,069,247
Total non-program transactions	<u>1,069,247</u>				<u>1,069,247</u>
Total expenditures	<u>10,785,838</u>	<u>6,375,926</u>	<u>1,189,793</u>	<u>409,018</u>	<u>18,760,575</u>
Excess (deficiency) of revenues over over expenditures	<u>57,144</u>	<u>(6,355,048)</u>	<u>84,628</u>	<u>(6,339)</u>	<u>(6,219,615)</u>
<b>OTHER FINANCING SOURCES</b>					
Capital lease proceeds	133,741				133,741
Sale of capital assets	268,090				268,090
Transfers (to) from general fund	(100)	100			
Total other financing sources:	<u>401,731</u>	<u>100</u>			<u>401,831</u>
Net change in fund balances	<u>458,875</u>	<u>(6,354,948)</u>	<u>84,628</u>	<u>(6,339)</u>	<u>(5,817,784)</u>
Fund balance - beginning	2,415,938	6,371,451	327,860	63,468	9,178,717
Prior period adjustment			85,000		85,000
Fund balance - beginning, restated	<u>2,415,938</u>	<u>6,371,451</u>	<u>412,860</u>	<u>63,468</u>	<u>9,263,717</u>
Fund balance - ending	<u>\$ 2,874,813</u>	<u>\$ 16,503</u>	<u>\$ 497,488</u>	<u>\$ 57,129</u>	<u>\$ 3,445,933</u>

See accompanying notes to the basic financial statements.

Exhibit A-6  
Parkview School District  
Reconciliation of Statement of Revenues, Expenditures and Changes  
in Fund Balance of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2016

Net change in fund balances - total governmental funds		\$ (5,817,784)
Amounts reported for governmental activities in the statement of activities are different because:		
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.		
Capital outlay reported in governmental fund statements	6,438,456	
Depreciation expenses reported in the statement of activities	<u>(1,069,358)</u>	
Amount by which capital outlays are greater (less) than depreciation in the current period.		5,369,098
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, and disposals) is to increase/decrease net position:		
		(257,292)
Long-term debt proceeds provide current financial resources to government funds, but issuing long-term debt increases long-term liabilities in the statement of net position. Repayment of principal on long-term debt is reported in governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.		
The amount by which repayments are more than proceeds		789,006
Governmental funds report debt premiums as other financing sources when received. However, in the statement of net position, these are reported as additions to long-term debt. Premiums are allocated over the period the debt is outstanding in the statement of activities as interest income. This amount is the net effect of these differences in the treatment of debt premiums		
		30,231
In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.		
The amount of interest paid during the current period	693,066	
The amount of interest accrued during the current period	<u>(696,374)</u>	
Interest paid is greater (less) than interest accrued by		(3,308)
Vested employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.		
Change in other post-employment benefits		91,348
Change in long-term vested employee sick leave		8,501
Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the Statement of Activities is actuarially determined by the defined benefit pension plan as the difference between the net pension liability from the prior year to the current year, with some adjustments.		
Difference between the required contributions into the defined benefit plan and the actuarially determined change in net pension liability between years, with adjustments.		(481,209)
Change in net position - governmental activities		<u>\$ (271,409)</u>

Exhibit A-7  
Parkview School District  
Statement of Net Position  
Fiduciary Funds  
June 30, 2016

	<u>Private Purpose Trust</u>	<u>Agency Fund</u>	<u>Total Fiduciary Funds</u>
<b>ASSETS</b>			
Cash and investments	\$ 22,359	\$ 144,881	\$ 167,240
Total assets	<u>\$ 22,359</u>	<u>\$ 144,881</u>	<u>\$ 167,240</u>
<b>LIABILITIES</b>			
Accounts payable	\$	\$ 5,490	\$ 5,490
Due to student groups	<u>                    </u>	<u>139,391</u>	<u>139,391</u>
Total liabilities	<u>                    </u>	<u>144,881</u>	<u>144,881</u>
<b>NET POSITION</b>			
Restricted for scholarships	<u>22,359</u>	<u>                    </u>	<u>22,359</u>
Total liabilities and net position	<u>\$ 22,359</u>	<u>\$ 144,881</u>	<u>\$ 167,240</u>

Exhibit A-8  
 Parkview School District  
 Statement of Changes in Net Position  
 Fiduciary Funds  
 June 30, 2016

		Private Purpose Trust
<b>ADDITIONS</b>		
Interest	\$	138
Gifts		1,370
Total additions		1,508
 <b>DEDUCTIONS</b>		
Scholarships awarded		1,700
Total deductions		1,700
Change in net position		(192)
Net position - beginning		22,551
Net position - ending	\$	22,359

NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District  
June 30, 2016  
Index to Notes to the Basic Financial Statements

---

	Page
Note 1. <u>Summary of Significant Accounting Policies</u> .....	11
A. Reporting Entity .....	11
B. Basis of Financial Statement Presentation .....	11 – 13
C. Measurement Focus and Basis of Accounting .....	13 – 14
D. Assets and Liabilities .....	15 – 17
E. Retirement Plans .....	17
F. Claims and Judgments.....	17
G. Estimates .....	17
H. Budgets.....	17
I. Interfund Activity.....	17
J. Equity Classifications.....	18 - 19
K. Pensions.....	19
L. Deferred Outflows and Inflows of Resources .....	19
Note 2. <u>Explanation of Certain Differences Between Governmental Fund Statements and District-Wide Statements</u> .....	20
Note 3. <u>Cash and Cash Equivalents/Investments</u> .....	21 – 23
Note 4. <u>Capital Assets</u> .....	24 – 25
Note 5. <u>Short-Term and Long-Term Obligations</u> .....	25 – 27
Note 6. <u>Capital Leases, as Lessee</u> .....	27
Note 7. <u>Interfund Balances and Activity</u> .....	28
Note 8. <u>Defined Benefit Pension Plan</u> .....	28 – 33
Note 9. <u>Net Position</u> .....	33
Note 10. <u>Governmental Fund Balances</u> .....	34
Note 11. <u>Risk Management</u> .....	34
Note 12. <u>Limitation of School District Revenues</u> .....	34
Note 13. <u>Contingent Liabilities</u> .....	35
Note 14. <u>Other Postemployment Benefits</u> .....	35 – 36
Note 15. <u>Effect of New Accounting Standards on Current Period Financial Statements</u> .....	36
Note 16. <u>Prior Period Adjustment</u> .....	36



# NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District – June 30, 2016

---

NOTE 1

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### A. Reporting Entity

The Parkview School District is organized as a common school district governed by an elected seven-member school board. The District operates grades four-year-old kindergarten through grade 12. The District is comprised of all or parts of nine taxing districts.

The accompanying financial statements present the activities of the Parkview School District. The District is not a component unit of another reporting entity nor does it have any component units.

The financial reporting entity consists of (a) organizations for which the standalone government is financially accountable and (b) the stand-alone government that is controlled by a separately elected governing body that is legally separate and is fiscally independent. All of the accounts of the District comprise the stand-alone government.

### B. Basis of Financial Statement Presentation

#### ***District-wide Statements:***

The statement of net position and the statement of activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except for fiduciary funds, which are presented in the fund financial statements by type. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. The District does not report any business-type activities.

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

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

#### ***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 constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures.

# NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District – June 30, 2016

---

NOTE 1

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### B. Basis of Financial Statement Presentation (Continued)

#### ***Fund Financial Statements (Continued):***

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.

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

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

#### ***Governmental Funds***

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.

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 specified 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.

# NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District – June 30, 2016

---

NOTE 1

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### B. Basis of Financial Statement Presentation (Continued)

#### ***Fiduciary Funds (Not included in district-wide statements)***

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

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.

#### ***Major Funds***

The District reports the following major governmental funds:

- General Fund
- Capital Projects Fund
- Debt Service Fund

#### ***Non-Major Funds***

The District reports the following non-major funds:

Special Revenue Funds –

Food Service Fund – accounts for the activities of the District’s food service, generally school hot lunch program

Community Service Fund – accounts for activities associated with providing recreational and enrichment programs to the community

Special Revenue Trust Fund – accounts for trust funds that can be used for District operations. The source of such funds is gifts and donations from private parties.

#### ***Fiduciary Funds***

The District reports the following fiduciary funds:

Private- Purpose Trust Funds –

Scholarship Fund – accounts for assets that are accumulated to provide scholarships

Agency Funds –

Student Activity Fund – accounts for assets held as an agent for various student organizations

### C. Measurement Focus and Basis of Accounting

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

# NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District – June 30, 2016

---

NOTE 1

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### C. Measurement Focus and Basis of Accounting (Continued)

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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 31, 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. Taxes are levied in December on the assessed value as of the prior January 1.

Property tax calendar – 2015 tax roll:

Lien date and levy date	December, 2015
Tax bills mailed	December, 2015
Payment in full, or	January 31, 2016
First installment due	January 31, 2016
Second installment due	July 31, 2016
Personal property taxes in full	January 31, 2016

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

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

Charges for services provided by 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.

# NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District – June 30, 2016

---

NOTE 1

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### D. Assets and Liabilities

#### ***Cash and Cash Equivalents/Investments***

The District has pooled the cash resources of its funds in order to maximize investment opportunities. Each fund's portion of total cash and investments is reported as cash and cash equivalents/investments by the District's individual major funds, and in the aggregate for non-major and fiduciary funds. Interest earned is distributed monthly to the various funds based on each fund's proportionate equity in the cash and investments pool.

All deposits of the District are made in board designated official depositories and are secured as required by State Statute. The District may designate, as an official depository, any bank or savings association. Also, the District may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost which approximates fair value. Investments with a maturity of more than one year at acquisition and nonmoney market investments are carried at fair value as determined by quoted market prices.

#### ***Accounts Receivable***

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

#### ***Inventories and Prepaid Items***

Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventory in the general fund and governmental activities consist of expendable supplies held for consumption. The costs are recorded as expenditures under the purchase method. Prepaid items represent payments made by the District for which benefits extend beyond June 30.

#### ***Internal receivables and payables***

The amounts reported on the statement of net position, if any, for internal receivables and payables represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for these internal balances within the same fund type.

# NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District – June 30, 2016

---

NOTE 1

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### D. Assets and Liabilities (Continued)

#### *Capital Assets*

In the district-wide financial statements, capital assets are reported at actual cost or estimated historical costs, based on management's records of such assets. Donated assets are reported at acquisition value.

All capital assets, or groups of assets, that meet the District's capitalization threshold of \$5,000 are capitalized and updated for additions. Assets that are disposed of are taken off on an annual basis. All improvements to capital assets are capitalized while the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's useful are expensed.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. 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:

Computer equipment	3 years
Vehicles and buses	5-8 years
Other equipment	5-20 years
Site improvements	10 years
Buildings	40-50 years
Subsequent modernization of buildings	20 years

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

#### *Vested Employee Benefits*

##### Compensated Absences

The District's policy allows employees to accumulate a maximum amount of 960 hours of sick pay. Upon retirement and upon meeting certain criteria, employees shall be paid at the rate of \$2.50 per hour for unused sick leave accumulated at the time of retirement. An employee with accumulated sick leave hours earned above 960 hours at the end of the current year may sell the hours to the District at the rate of \$2.50 per hour.

The District's policy concerning vacation days does not allow employees to accrue vacation days beyond year-end. Employees earn varying amounts of vacation, as noted in the employee's contract, based on the number of months worked during the year and the years of service with the District. Upon retirement, termination, or resignation, the employee loses all accumulated vacation days.

Sick leave benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

The accrued sick leave liability is reported on the district-wide financial statements. In the governmental fund financial statements, none of the liability is reported as it is not expected to be paid using expendable available resources.

# NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District – June 30, 2016

---

NOTE 1

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### D. Assets and Liabilities (Continued)

#### Other Postemployment Benefits

Teachers and administrators who are at least 55 years of age and have worked for the District for a set number of years may choose to retire early. Depending on the number of years of service with the District, such individuals may be eligible for District contributions into an employee's Health Reimbursement Account.

#### *Long-Term Obligations*

All long-term debt to be repaid from governmental resources is 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.

### E. Retirement Plans

District employees participate in the Wisconsin Retirement System. All contributions made by the district on behalf of its employees are reported as expenditures when earned.

### F. 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 fund types.

### G. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### H. Budgets

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes. The legally adopted budget and budgetary expenditure controls is exercised at the total operating budget level for all funds. Reported budget amounts are as amended by School Board resolution.

### I. Interfund Activity

Charges for services between funds are reported as revenues in the seller funds and as expenditure/expense in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. These transfers are eliminated from the statement of activities. On the fund financial statements, short-term interfund loans are classified as due to/from other funds. These amounts are eliminated in the statement of net position.

# NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District – June 30, 2016

---

NOTE 1

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### J. 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 net investment in capital assets.
- 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 do not meet the definition of “restricted” or “net investment in capital assets.”

#### ***Fund Statements***

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-Spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provision or enabling legislation.
- Committed – includes amounts constrained to specific purposes by the Board of Education; to be reported as committed, amounts cannot be used for any other purpose unless the Board of Education takes the same highest level action to remove or change the constraint.
- Assigned – includes amounts a government intends to use for a specific purpose; intent can be expressed by the Board of Education or by an official or body to which the Board of Education delegates the authority. All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- Unassigned – includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

Except where the Board expressly directs a different order of expenditure of fund balance amounts in connection with approving a specific expense or payment, fund balance resources shall be spent in the following order when various funding sources are available for a particular purpose: (1) restricted fund balances, (2) committed fund balances, (3) assigned fund balances, and (4) unassigned fund balances.

The District shall strive to maintain an unassigned year-end fund balance in the general fund that is equivalent to at least 15% of the anticipated general fund expenditure budget for the subsequent fiscal year. This fund balance is intended to be used for purposes including: cash flow management, reducing the need for short-term borrowing, safeguarding against unexpected expenses or unrealized revenues, and maintaining a high credit rating for the District.



# NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District – June 30, 2016

---

NOTE 1

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### J. Equity Classifications (Continued)

If the District's year-end fund balance in the General Fund is depleted below the minimum target level established by this policy, the Board directs the District Administrator or designee to develop a plan to restore the fund balance over time and present it to the Board for approval. The plan shall include recommendations for revenue adjustments and/or expenditure reductions as may be appropriate. The Board shall review and update this fund balance replenishment plan on an annual basis until the minimum fund balance level designated in this policy is achieved.

The District Business Manager is delegated authority to assign fund balance resources for a specific intended purpose. The Business Manager's assignment of fund balance resources for a specific purpose, or the removal of an assignment previously made by the manager, must be reasonably justified, documented and reported to the Board. The Board reserves the right, to the extent consistent with applicable law and accounting standards, to act via motion to reclassify unrestricted fund balance resources as it deems necessary or appropriate.

As of June 30, 2016, the unassigned fund balance in the general fund was 26.2% of the total general fund expenditures.

### K. Pensions

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

### L. Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents a consumption of net position that applies to a future periods and will not be recognized as an inflow of resources (revenues) until then. The District has two items that qualify for reporting in this category. The deferred inflows of resources are related to the WRS pension system and grant funds received prior to entitlement.

# NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District – June 30, 2016

---

NOTE 2

## EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown in the columns on the following page represent:

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

# NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District – June 30, 2016

NOTE 3

## CASH AND CASH EQUIVALENTS/ INVESTMENTS

As previously discussed, cash for all District funds is pooled for investment purposes with the exception of separate fiduciary accounts. At June 30, 2016, the cash and investments included the following:

<u>Account Balances</u>	
Deposits with financial institutions	\$ 264,467
Petty cash	286
Investments:	
WI local government investment pool	1,521,504
Fixed annuity account	<u>28,038</u>
Total cash and investments	<u>\$ 1,814,295</u>

Cash and investments as of June 30, 2016 are classified in the accompanying financial statements as follows:

Per Statement of Net Position	
Cash and cash equivalents	\$ 1,467,055
Cash and cash equivalents-restricted	180,000
Per Statement of Net Position- Fiduciary Funds:	
Cash and cash equivalents	<u>167,240</u>
Total	<u>\$ 1,814,295</u>

### Investments Authorized by Wisconsin State Statutes

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

- Time deposits in any credit union, bank, savings bank, trust company or savings and loan association maturing in three years or less.
- Bonds are securities of any county, city, drainage district, technical college district, village, town, or school district of the state.
- Bonds or securities issued or guaranteed by the federal government.
- The local government investment pool.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open-end management 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 Risk

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

# NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District – June 30, 2016

NOTE 3

## CASH AND CASH EQUIVALENTS/INVESTMENTS (CONTINUED)

### Interest Rate Risk (Continued)

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:

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in months)</u>		
		<u>12 months or less</u>	<u>13-24 months</u>	<u>25-36 months</u>
Certificates of deposit	\$ 28,006	\$ 15,171	\$ 1,000	\$ 11,835
WI local government investment pool	1,521,504	1,521,504		
Fixed annuity account	28,038	28,038		
<b>Total</b>	<b>\$ 1,577,548</b>	<b>\$ 1,564,713</b>	<b>\$ 1,000</b>	<b>\$ 11,835</b>

### Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investment policy that would further limit its investment choices. As of June 30, 2016, the District's investment in the Wisconsin Local Government Investment Pool was not rated. The fixed annuity account is held with an insurance company. The insurance company is rated A+ with A.M. Best.

### Custodial Credit Risk

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

### *Federal Deposit Insurance Corporation (FDIC) Insurance*

The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term 'time and savings deposits' includes NOW accounts and money market deposit accounts but does not include interest bearing demand deposit accounts. The term 'demand deposit' means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal.

# NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District – June 30, 2016

---

NOTE 3

## CASH AND CASH EQUIVALENTS/INVESTMENTS (CONTINUED)

### *Collateralization of Public Unit Deposits*

Depending on applicable state or federal law, public unit deposits may be secured by collateral or assets of the bank. In the event of the failure of the bank, the FDIC will honor the collateralization agreement if the agreement is valid and enforceable under applicable law. The FDIC does not guarantee, however, that the collateral will be sufficient to cover the amount of the uninsured funds. As such, although it does not increase the insurance coverage of the public unit deposits, collateralization provides an avenue of recovery in the event of the failure of an insured bank.

Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations.

As of June 30, 2016, the District's deposits were fully insured by FDIC coverage.

### *Wisconsin Local Governmental Investment Pool*

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. All investments are valued at amortized cost by the SIF for purposes of calculating earnings to each participant. Specifically, the SIF distributes income to pool participants monthly, based on their average daily share balance. Distributions include interest income based on stated rates (both paid and accrued), amortization of discounts and premiums on a straight-line basis, realized investment gains and losses calculated on an amortized cost basis, and investment expenses. This method does not distribute to participants any unrealized gains or losses generated by the pool's investments. Detailed information about the SIF is available in separately issued financial statements available at <http://www.doa.state.wi.us/Divisions/Budget-and-Finance/LGIP>. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2016, the fair value of the District's share of the LGIP's assets was substantially equal to the amount reported above. Information on derivatives was not available to the District.

SWIB may invest in obligations of the U.S. Treasury and its agencies, Commercial Paper, Bank Time Deposits/Certificates of Deposit, Bankers' Acceptances, Asset Backed Securities and Repurchase Agreements secured by the U.S. Government or its agencies and other instruments authorized under State Investment Fund Investment guidelines.

Investment allocation in the local government investment pool as of June 30, 2016 was: 97.55% in U.S. Government Securities, .70% in certificates of deposit and Bankers Acceptance notes and 1.75% in commercial paper and corporate notes. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. Government securities and investments in mutual funds are excluded from this risk. The District places no limit on the amount the District may invest in any one issuer. At June 30, 2016, the investment portfolio had no concentrations of applicable investments greater than 5% of the total portfolio.

# NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District – June 30, 2016

NOTE 4

CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2016 were as follows:

	<u>Balance</u> <u>7/1/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2016</u>
<b>Governmental activities:</b>				
<b><i>Capital assets not being depreciated:</i></b>				
Land	\$ 299,746	\$	\$ (119,507)	\$ 180,239
Construction work in progress	<u>10,633,818</u>		<u>(10,633,818)</u>	
Total capital assets not being depreciated	<u>10,933,564</u>		<u>(10,753,325)</u>	<u>180,239</u>
<b><i>Capital assets, being depreciated:</i></b>				
Buildings	5,792,200	16,804,070	(894,637)	21,701,633
Land improvements	490,329	24,616		514,945
Furniture and equipment	4,828,370	243,589	(231,784)	4,840,175
Vehicles	<u>149,688</u>			<u>149,688</u>
Total capital assets, being depreciated	<u>11,260,587</u>	<u>17,072,275</u>	<u>(1,126,421)</u>	<u>27,206,441</u>
Total capital assets	<u>22,194,151</u>	<u>17,072,275</u>	<u>(11,879,746)</u>	<u>27,386,680</u>
Less accumulated depreciation:				
Buildings	3,923,441	559,728	(769,455)	3,713,714
Land improvements	307,671	21,542		329,213
Furniture and equipment	3,662,467	479,039	(219,180)	3,922,326
Vehicles	<u>127,066</u>	<u>9,049</u>		<u>136,115</u>
Total accumulated depreciation	<u>8,020,645</u>	<u>1,069,358</u>	<u>(988,635)</u>	<u>8,101,368</u>
Total net capital assets	<u>\$ 14,173,506</u>	<u>\$ 16,002,917</u>	<u>\$ (10,891,111)</u>	<u>\$ 19,285,312</u>

Depreciation expense was charged to governmental functions as follows

Regular instruction	\$ 11,099
Vocational instruction	1,661
Special education	3,242
Other instruction	9,306
Pupil services	80
Instructional staff services	622
School building administration services	5,930
Business administration	722,844
Central services	212,827
Community service	1,762
Depreciation not charged to a specific function	<u>99,985</u>
Total depreciation for governmental activities	<u>\$ 1,069,358</u>

# NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District – June 30, 2016

NOTE 4

## CAPITAL ASSETS (CONTINUED)

Capital outlay was charged to governmental functions as follows:

Vocational instruction	\$ 5,081
Other instruction	11,308
Business administration	6,387,297
Central services	<u>34,770</u>
Total capital outlay	<u>\$ 6,438,456</u>

NOTE 5

## SHORT-TERM AND LONG-TERM OBLIGATIONS

### Short-Term Liabilities

During December 2015, the District issued a promissory note of \$180,822 with a local financial institution. The note had a 3.25% interest rate and was for temporary cash flow needs. The promissory note was repaid in December 2015. Interest paid on the note was \$113.

### Long-Term Liabilities

Long-term liability balances and activity for the year ended June 30, 2016 were as follows:

	Balance 7/1/2015	Additions	Removals	Balance 6/30/2016	Current Portion
General obligation debt					
School improvement bonds	\$ 16,440,000	\$	\$ (535,000)	\$ 15,905,000	\$ 635,000
Refunding bonds	1,260,000			1,260,000	
Promissory notes payable	575,000			575,000	
State trust fund loan	132,616		(132,616)		
Unamortized bond premium	574,379		(30,230)	544,149	
Subtotal general obligation debt	18,981,995		(697,846)	18,284,149	635,000
Capital leases	1,229,710	133,741	(255,132)	1,108,319	232,685
Vested employee sick pay	60,702		(8,501)	52,201	
Total	<u>\$ 20,272,407</u>	<u>\$ 133,741</u>	<u>\$ (961,479)</u>	<u>\$ 19,444,669</u>	<u>\$ 867,685</u>

Total long-term interest paid and accrued during the year:

	<u>Expense</u>	<u>Paid</u>
Long-term debt	\$ 654,882	\$ 655,919
Capital lease	41,492	37,147
Total	<u>\$ 696,374</u>	<u>\$ 693,066</u>

# NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District – June 30, 2016

NOTE 5

## SHORT-TERM AND LONG-TERM OBLIGATIONS (CONTINUED)

### Long-Term General Obligation Debt

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt at June 30, 2016 is comprised of the following individual issues:

Description	Issue Dates	Interest Rates	Dates of Maturity	Balance 6/30/2016
Refunding bonds	10/12/2010	2.45-5.5%	4/1/2030	\$ 1,260,000
Promissory notes (QSCB)	10/12/2010	4.10%	4/1/2020	575,000
School improvement bonds	7/9/2014	1%-5.0%	4/1/2034	15,905,000
Total				<u>\$ 17,740,000</u>

The 2015 equalized valuation of the District, as certified by the Wisconsin Department of Revenue is \$397,644,293. The legal debt limit and margin of indebtedness as of June 30, 2016 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (10% of \$397,644,293)	\$ 39,764,429
Deduct long-term debt applicable to debt margin	<u>(17,740,000)</u>
Margin of indebtedness	<u>\$ 22,024,429</u>

Aggregate cash flow requirements for the retirement of long-term principal and interest at June 30, 2016 follows:

Years Ended June 30,	Principal	Interest	Total
2017	\$ 635,000	\$ 651,350	\$ 1,286,350
2018	670,000	641,475	1,311,475
2019	690,000	627,875	1,317,875
2020	1,280,000	602,138	1,882,138
2021	835,000	568,800	1,403,800
2022-2026	4,680,000	2,297,575	6,977,575
2027-2031	5,465,000	1,351,700	6,816,700
2032-2034	3,485,000	212,900	3,697,900
Totals	<u>\$ 17,740,000</u>	<u>\$ 6,953,813</u>	<u>\$ 24,693,813</u>



# NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District – June 30, 2016

NOTE 5

SHORT-TERM AND LONG-TERM OBLIGATIONS (CONTINUED)

Other Debt Information

A) \$1,260,000 in Taxable General Obligation Refunding Bonds mature as follows:

\$560,000 term bonds due April 1, 2025, rate of 4.75%

\$700,000 term bonds due April 1, 2030, rate of 5.50%

The bonds are subject to mandatory sinking fund redemption on April 1 of each of the years at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date. The District is required to make mandatory deposits into a sinking fund maintained by a fiscal agent. The next sinking fund deposit will be required in 2021.

B) \$575,000 in General Obligation Promissory Notes (QSCB) mature as follows:

\$575,000 due April 1, 2020, rate of 4.1%

The District has covenanted to make mandatory sinking fund deposits with respect to the notes, on April 1 of each year, into a sinking fund trust account held by a fiscal agent and applied to the payment of the notes at maturity. As of June 30, 2016, \$180,000 of principal sinking deposits have been made to the fiscal agent on behalf of this debt issuance. In the statement of net position and balance sheet-governmental funds, these deposits are reflected as restricted cash and cash equivalents and as a component of restricted net position and fund balance.

NOTE 6

CAPITAL LEASES, AS LESSEE

The following is an analysis of the original cost of leased property under capital leases by major classes as of June 30, 2016.

Equipment	\$ 1,483,277
-----------	--------------

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2016.

Year Ended June 30,	
2017	\$ 232,685
2018	229,862
2019	202,585
2020	73,611
2021	76,418
2022-2026	428,266
2027	47,975
Total payments	1,291,402
Less: interest	(183,083)
Minimum lease payments	\$ 1,108,319

# NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District – June 30, 2016

NOTE 7

INTERFUND BALANCES AND ACTIVITY

Interfund receivable and payable balances in the fund financial statements on June 30, 2016 are as follows:

	<u>Receivable</u>	<u>Payable</u>
General fund	\$ 4,248	\$
Food service fund		4,248
Total	<u>\$ 4,248</u>	<u>\$ 4,248</u>

The interfund balances between the general fund and the food service are for temporary cash flow needs.

A transfer was made for \$100 from the general fund to the capital projects fund. The transfer to the capital projects fund was to initiate the funding of a long-term capital improvement trust fund. The transferred funds may only be accessed five years after the establishment of the “trust” fund.

In the statement of net position, amounts reported in governmental fund balance sheet as interfund balances have been eliminated within the district-wide statements.

NOTE 8

DEFINED BENEFIT PENSION PLAN

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

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

**Accounting Change.** The WRS adopted GASB Statement No. 82, Pension Issues, an amendment of GASB No. 67, No. 68, and No. 73 during the year ended December 31, 2015. Statement No. 82 addresses the presentation of payroll-related measures in the Required Supplementary Information, the selection of assumptions used in determining the total pension liability and related measures, and the classification of employer-paid member contributions.

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

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

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

# NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District – June 30, 2016

NOTE 8

## DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2

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

During the reporting period, the WRS recognized \$366,287 in contributions from the employer.

Contribution rates as of June 30, 2016 are:

	2016	
	<u>Employee</u>	<u>Employer</u>
General (including teachers)	6.60%	6.60%
Executive and elected officials	6.60%	6.60%
Protective with social security	6.60%	9.40%
Protective without social security	6.60%	13.20%

# NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District – June 30, 2016

NOTE 8

## DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

At June 30, 2016, the District reported a liability of \$652,653 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the District's proportion was .04016373%, which was a decrease of .00199426% from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, the District's recognized pension expense of \$795,633.

At June 30, 2016, the District reported deferred outflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 115,893	\$ 1,373,497
Changes of assumptions	456,624	
Net difference between projected and actual earnings on pension plan investments	2,689,946	
Changes in proportion and differences between employer contributions and proportionate share of contributors	32,443	3,424
Employer contributions subsequent to the measurement date	215,238	
Totals	<u>\$ 3,510,144</u>	<u>\$ 1,376,921</u>

\$215,238 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
2017	\$ 858,151	\$ 333,217
2018	858,151	333,217
2019	858,151	333,218
2020	705,844	333,218
2021	14,609	44,051
Total	<u>\$ 3,294,906</u>	<u>\$ 1,376,921</u>

# NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District – June 30, 2016

---

NOTE 8

## DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Actuarial assumptions.** The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset)	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate. Starting with 2015, this item includes the impact of known Market Recognition Account deferred gains/losses on the liability for dividend payments.

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

# NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District – June 30, 2016

NOTE 8

## DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

<b>Retirement Funds</b>								
<b>Asset Allocation Targets and Expected Returns</b>								
As of December 31, 2015								
<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>		<u>Destination Target Asset Allocation %</u>		<u>Long-Term Expected Nominal Rate of Return %</u>		<u>Long-Term Expected Real Rate of Return %</u>	
U.S. Equities	27	%	23	%	7.6	%	4.7	%
International Equities	24.5		22		8.5		5.6	
Fixed Income	27.5		37		4.4		1.6	
Inflation Sensitive Assets	10		20		4.2		1.4	
Real Estate	7		7		6.5		3.6	
Private Equity/Debt	7		7		9.4		6.5	
Multi-Asset	4		4		6.7		3.8	
<b>Total Core Fund</b>	<b>107</b>	<b>%</b>	<b>120</b>	<b>%</b>	<b>7.4</b>	<b>%</b>	<b>4.5</b>	<b>%</b>
<u>Variable Fund Asset Class</u>								
U.S. Equities	70	%	70	%	7.6	%	4.7	%
International Equities	30		30		8.5		5.6	
<b>Total Variable Fund</b>	<b>100</b>	<b>%</b>	<b>100</b>	<b>%</b>	<b>7.9</b>	<b>%</b>	<b>5.0</b>	<b>%</b>
New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%								
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations								

**Single Discount rate.** A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.57%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District – June 30, 2016

NOTE 8

## DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

	<b>1% Decrease to Discount Rate (6.20%)</b>	<b>Current Discount Rate (7.20%)</b>	<b>1% Increase To Discount Rate (8.20%)</b>
District's proportionate share of the net pension liability (asset)	\$4,577,719	\$652,653	\$(2,412,894)

***Pension plan fiduciary net position.*** Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf/wi.gov/publications/cafr.htm>.

NOTE 9

## NET POSITION

### **GOVERNMENTAL ACTIVITIES**

Governmental activities net position reported on the statement of net position at June 30, 2016 includes the following:

Net investment in capital assets	
Capital assets, net of accumulated depreciation	\$ 19,285,312
Less: related long-term debt outstanding	(18,132,468)
Plus: unspent bond proceeds	16,503
Net investment in capital assets	1,169,347
Restricted	
Debt service	315,125
Food service	22,339
Community service	17,019
Special revenue trust	17,771
Total restricted	372,254
Unrestricted	2,354,762
Total governmental activities net position	\$ 3,896,363

### **FIDUCIARY NET POSITION**

Fiduciary net position of \$22,359 are restricted for future scholarships.

# NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District – June 30, 2016

---

NOTE 10

## GOVERNMENTAL FUND BALANCES

### **GOVERNMENTAL FUND BALANCES**

Governmental fund balances reported on the fund statements at June 30, 2016 includes the following:

Restricted:

Major Fund:

Capital projects fund - unspent loan proceeds	\$	16,503
Debt service fund - future debt service retirement		497,488

Nonmajor Funds:

Community service fund - future expenditures		17,019
Food service fund - future expenditures		12,460
Special revenue trust fund - future expenditures		17,771
Total restricted fund balance		<u>561,241</u>

Nonspendable:

Major Funds:

General fund - prepaid expenditures		46,313
-------------------------------------	--	--------

Nonmajor Fund:

Food service fund - inventory		9,879
Total nonspendable fund balance		<u>56,192</u>

Unassigned:

Major Fund:

General fund		2,828,500
Total governmental fund balance	\$	<u>3,445,933</u>

NOTE 11

## RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 12

## LIMITATION OF SCHOOL DISTRICT REVENUES

Wisconsin statutes limit the amount of revenues school districts are permitted to derive from general state aids and property taxes unless a higher amount is approved by a referendum of the taxpayers. This limitation does not apply to revenues needed for the repayment of any general obligation debt (including refinanced debt) authorized by either of the following: (a) a resolution of the school board or a referendum prior to August 12, 1993, (b) a referendum on or after August 12, 1993.



# NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District – June 30, 2016

NOTE 13

CONTINGENT LIABILITIES

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

NOTE 14

OTHER POSTEMPLOYMENT BENEFITS

The District reports its liability for other postemployment benefits based on an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements.

*Plan Description.* The plan provides postemployment health insurance benefits to eligible employees. There are 64 active and 16 retired members in the plan. Benefits and eligibility for teachers and administrators are established and amended by the governing body.

*Funding Policy.* The District funds the policy on a pay-as-you-go basis.

*Annual OPEB Cost and Net OPEB Obligation.* The District’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of professional standards. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually paid from the plan, and changes in the District’s net OPEB obligation.

	<u>Governmental Activities</u>
Annual required contribution	\$ 77,067
Interest on annual required contribution	31,191
Adjustment to annual required contribution	<u>(33,962)</u>
Annual OPEB cost (expense)	74,296
Contributions made	<u>(165,644)</u>
Decrease in net OPEB obligation	(91,348)
OPEB obligation at beginning of year	<u>779,768</u>
OPEB obligation at end of year	<u><u>\$ 688,420</u></u>

The District’s annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2016 were:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2016	\$ 74,296	223.0%	\$ 688,420
6/30/2015	73,675	337.0%	779,768
6/30/2014	131,916	215.5%	954,368

## NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District – June 30, 2016

---

NOTE 14

### OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

*Funded Status and Funding Process.* As of July 1, 2014, the most recent actuarial valuation date, for the period July 1, 2014 through June 30, 2015, the District's unfunded actuarial accrued liability (UAAL) was \$974,673. The annual payroll for active employees covered by the plan in the actuarial valuation for the 2014-2015 fiscal year was \$3,720,589 for a ratio of the UAAL to covered payroll of 26.20%.

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

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

In the July 1, 2014 actuarial valuation, the entry age normal – level % of salary actuarial cost method was used. The actuarial assumptions included a rate of 4.0% to discount expected liabilities to the valuation date. The initial healthcare trend rate was 5% for medical. Implicit in these rates is an assumed rate of reflection of 3%. Mortality, disability and retirement rates are from the Wisconsin Retirement System Experience Study for public schools. The UAAL is being amortized as a level percentage of projected payrolls. The amortization is over a closed period of 27 years.

### NOTE 15 EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENT

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

NOTE 16

### PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2015, a principal payment of \$85,000 was made into a sinking fund held by a fiscal agent. The payment was originally recorded as an expenditure in the debt service fund. In accordance with generally accepted accounting principles, money held in sinking funds should be recorded as an asset. The debt service fund balance was increased by \$85,000 to record the July 1, 2015 sinking fund cash balance.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit B-1  
Parkview School District  
Budgetary Comparison Schedule for the General Fund  
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with	Variance with
	Original	Final		Original Budget	Final Budget
				Favorable	Favorable
				(Unfavorable)	(Unfavorable)
<b>REVENUES</b>					
Property taxes	\$ 3,913,124	\$ 3,913,124	\$ 3,913,124	\$	\$
Other local sources	110,250	110,250	107,749	(2,501)	(2,501)
Interdistrict sources	230,623	230,623	229,802	(821)	(821)
Intermediate sources	9,000	9,000	7,900	(1,100)	(1,100)
State sources	5,648,486	5,707,490	5,717,842	69,356	10,352
Federal sources	244,458	244,458	248,740	4,282	4,282
Other sources	37,260	37,260	43,853	6,593	6,593
Total revenues	<u>10,193,201</u>	<u>10,252,205</u>	<u>10,269,010</u>	<u>75,809</u>	<u>16,805</u>
<b>EXPENDITURES</b>					
Instruction:					
Regular instruction	3,653,877	3,653,877	3,691,434	(37,557)	(37,557)
Vocational instruction	301,981	301,981	305,722	(3,741)	(3,741)
Other instruction	477,567	477,567	501,980	(24,413)	(24,413)
Total instruction	<u>4,433,425</u>	<u>4,433,425</u>	<u>4,499,136</u>	<u>(65,711)</u>	<u>(65,711)</u>
Support services:					
Pupil services	238,514	238,514	219,382	19,132	19,132
Instructional staff services	298,053	298,053	288,920	9,133	9,133
General administration services	239,321	239,321	249,210	(9,889)	(9,889)
Building administration services	379,920	379,920	394,664	(14,744)	(14,744)
Business administration	1,702,275	1,702,275	1,667,316	34,959	34,959
Central services	313,287	447,028	298,715	14,572	148,313
Insurance	126,637	126,637	130,073	(3,436)	(3,436)
Principal and interest	278,902	278,902	409,677	(130,775)	(130,775)
Other support services	135,971	135,971	170,526	(34,555)	(34,555)
Total support services	<u>3,712,880</u>	<u>3,846,621</u>	<u>3,828,483</u>	<u>(115,603)</u>	<u>18,138</u>
Non-program transactions					
Purchased instructional services	935,060	994,064	969,847	(34,787)	24,217
Total non-program transactions	<u>935,060</u>	<u>994,064</u>	<u>969,847</u>	<u>(34,787)</u>	<u>24,217</u>
Total expenditures	<u>9,081,365</u>	<u>9,274,110</u>	<u>9,297,466</u>	<u>(216,101)</u>	<u>(23,356)</u>
Excess (deficiency) of revenues over expenditures	<u>1,111,836</u>	<u>978,095</u>	<u>971,544</u>	<u>(140,292)</u>	<u>(6,551)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital lease proceeds		133,741	133,741	133,741	
Sale of capital assets	79,500	79,500	268,090	188,590	188,590
Transfers to other funds	(947,109)	(947,109)	(914,500)	32,609	32,609
Total other financing sources (uses)	<u>(867,609)</u>	<u>(733,868)</u>	<u>(512,669)</u>	<u>354,940</u>	<u>221,199</u>
Net change in fund balances	244,227	244,227	458,875	214,648	214,648
Fund balance - beginning	2,415,938	2,415,938	2,415,938		
Fund balance - ending	<u>\$ 2,660,165</u>	<u>\$ 2,660,165</u>	<u>\$ 2,874,813</u>	<u>\$ 214,648</u>	<u>\$ 214,648</u>

Exhibit B-2  
 Parkview School District  
 Budgetary Comparison Schedule for the Special Education Fund  
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with	Variance with
	Original	Final		Original Budget Favorable (Unfavorable)	Final Budget Favorable (Unfavorable)
<b>REVENUES</b>					
Intermediate sources	\$	\$	\$ 391	\$ 391	\$ 391
State sources			365,045	1,606	1,606
Federal sources			212,753	(8,528)	(8,528)
Other sources			2,705	2,705	2,705
Total revenues			<u>577,798</u>	<u>(3,826)</u>	<u>(3,826)</u>
<b>EXPENDITURES</b>					
Instruction			964,217	7,473	7,473
Support services			430,968	(1,260)	(1,260)
Non-program transactions			129,722	30,322	30,322
Total expenditures			<u>1,524,907</u>	<u>36,535</u>	<u>36,535</u>
Excess (deficiency) if revenues over expenditures			<u>(947,109)</u>	<u>32,709</u>	<u>32,709</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer from general fund			<u>947,109</u>	<u>(32,709)</u>	<u>(32,709)</u>
Total other financing sources (uses):			<u>947,109</u>	<u>(32,709)</u>	<u>(32,709)</u>
Net change in fund balances					
Fund balance - beginning			<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund balance - ending	\$	\$	<u>                    </u>	<u>                    </u>	<u>                    </u>

Exhibit B-3  
 Parkview School District  
 Schedule of Funding Progress for  
 Postemployment Benefit Plans  
 June 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) (2)	Unfunded AAL (2-1)	Funded Ratio (1/2)	Covered Payroll (3)	UAAL as a Percentage of Covered Payroll ((2-1)/3)
7/1/2007		\$ 4,427,051	\$ 4,427,051	0.00%	\$ 4,961,355	89.23%
7/1/2011		3,000,197	3,000,197	0.00%	4,120,492	72.81%
7/1/2014		974,673	974,673	0.00%	3,720,589	26.20%

Exhibit B-4  
Parkview School District  
Wisconsin Retirement System Schedules  
June 30, 2016

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

Last 10 Calendar Years\*

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2015	0.04016373%	\$ 652,653	\$ 5,386,532	12.12%	98.20%
2014	(0.04215799%)	(1,035,231)	5,619,479	(18.42%)	102.74%

\*The proportionate share of the net pension liability (asset) and other amounts presented above for each year were determined as of the calendar year-end that occurred 6 months prior to the financial reporting period.

**SCHEDULE OF CONTRIBUTIONS**

Last 10 Fiscal Years\*\*

Year ended June 30,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
2016	\$ 348,848	\$ (348,848)		\$ 5,226,008	6.68%
2015	381,503	(381,503)		5,547,794	6.88%

\*\*The contribution and other amounts presented above for each fiscal year are based on information that occurred during that fiscal year.

Parkview School District  
Notes to Budgetary Schedules  
June 30, 2016

---

NOTE 1

BUDGET SCHEDULE

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

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

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

The District is legally required by the State of Wisconsin to maintain and budget separately for a Special Education Fund. Professional standards require the Special Education Fund to be combined with the General Fund in the basic financial statements. Due to the perspective differences in budgeting, the required supplementary information reports the budgetary comparison information separately for the General Fund and the Special Education Fund.

Except as noted in the previous paragraph, annual budgets are adopted on a basis consistent with U.S generally accepted accounting principles for all governmental and special revenue funds.

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

NOTE 2

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following functions/sub-functions had an excess of actual expenditures over budget for the year ended June 30, 2016:

Fund	Excess Expenditures
General Fund:	
Instruction	\$ 65,711



Parkview School District  
Notes to Budgetary Schedules  
June 30, 2016

NOTE 3

EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY  
INFLOWS AND OUTFLOWS AND GAAP REVENUES AND EXPENDITURES

	General Fund	Special Education Fund
A) Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "total revenues" from the budgetary comparison schedules	\$ 10,269,010	\$ 573,972
Reclassification:		
Special education fund revenues are reclassified to the general fund, required for GAAP reporting	<u>573,972</u>	<u>(573,972)</u>
The general fund revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 10,842,982</u>	<u>\$ _____</u>
B) Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedules	\$ 9,297,466	\$ 1,488,372
Reclassification:		
Special education fund expenditures are reclassified to the general fund, required for GAAP reporting	<u>1,488,372</u>	<u>(1,488,372)</u>
The general fund expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 10,785,838</u>	<u>\$ _____</u>

NOTE 4

WISCONSIN RETIREMENT SYSTEM SCHEDULES

Governmental Accounting Standards Board Statement No. 68 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 8 preceding years.

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

*Changes of assumptions.* Rates used in mortality tables were updated based on actual WRS experience and adjusted for future mortality improvements using the MP-2015 fully generational improvement scales (multiplied by 50%). The mortality table was adopted by the Board in connection with the 2012-2014 Experience Study. This assumption is used to measure the probabilities of participants dying before retirement and the probabilities of each benefit payment being made after retirement.

SUPPLEMENTARY INFORMATION

Exhibit C-1  
Parkview School District  
Combining Balance Sheet  
Non-major Governmental Funds  
June 30, 2016

	Special Revenue Funds			Total Non-major Governmental Funds
	Food Service Fund	Community Service Fund	Special Revenue Trust Fund	
<b>ASSETS</b>				
Cash and investments	\$ 1,855	\$ 18,667	\$ 17,771	\$ 38,293
Due from other governments	22,932			22,932
Inventories and prepaid supplies	9,879			9,879
<b>Total assets</b>	<b>\$ 34,666</b>	<b>\$ 18,667</b>	<b>\$ 17,771</b>	<b>\$ 71,104</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 684	\$ 646		\$ 1,330
Accrued wages and related payables	2,588	1,002		3,590
Unearned revenue	4,807			4,807
Due to other funds	4,248			4,248
<b>Total liabilities</b>	<b>12,327</b>	<b>1,648</b>		<b>13,975</b>
<b>FUND BALANCES</b>				
Nonspendable	9,879			9,879
Restricted	12,460	17,019	17,771	47,250
<b>Total fund balances</b>	<b>22,339</b>	<b>17,019</b>	<b>17,771</b>	<b>57,129</b>
<b>Total liabilities and fund balances</b>	<b>\$ 34,666</b>	<b>\$ 18,667</b>	<b>\$ 17,771</b>	<b>\$ 71,104</b>

Exhibit C-2  
Parkview School District  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-major Governmental Funds  
For the Year Ended June 30, 2016

	Special Revenue Funds			Non-major Governmental Funds
	Food Service Fund	Community Service Fund	Special Revenue Trust Fund	
<b>REVENUES</b>				
Property taxes	\$	\$ 38,127	\$	\$ 38,127
Other local sources	166,377	1,860	20,424	188,661
State sources	7,596			7,596
Federal sources	167,066			167,066
Other sources	1,229			1,229
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	342,268	39,987	20,424	402,679
	<hr/>	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>				
Instruction:				
Regular instruction			7,432	7,432
Other instruction			31,459	31,459
Total instruction			<hr/>	<hr/>
			38,891	38,891
			<hr/>	<hr/>
Support services:				
Instructional staff services			11,098	11,098
Business administration	324,037		2,547	326,584
Central services	970	597		1,567
Community services		30,878		30,878
Total support services	<hr/>	<hr/>	<hr/>	<hr/>
	325,007	31,475	13,645	370,127
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	325,007	31,475	52,536	409,018
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	<hr/>	<hr/>	<hr/>	<hr/>
	17,261	8,512	(32,112)	(6,339)
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	17,261	8,512	(32,112)	(6,339)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances - beginning	5,078	8,507	49,883	63,468
Fund balances - ending	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 22,339	\$ 17,019	\$ 17,771	\$ 57,129
	<hr/>	<hr/>	<hr/>	<hr/>

Exhibit C-3  
Parkview School District  
Schedule of Changes in Assets and Liabilities  
Pupil Activity Fund  
June 30, 2016

	<u>Balance</u> 7/1/2015	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> 6/30/16
<b>ASSETS</b>				
Cash and investments	\$ 102,404	\$ 199,532	\$ (157,055)	\$ 144,881
Due from other funds	<u>16,513</u>	<u>                    </u>	<u>(16,513)</u>	<u>                    </u>
 Total assets	 \$ <u>118,917</u>	 \$ <u>199,532</u>	 \$ <u>(173,568)</u>	 \$ <u>144,881</u>
 <b>LIABILITIES</b>				
Accounts payable	\$ 1,601	\$ 5,490	\$ (1,601)	\$ 5,490
Due to student organizations	<u>117,316</u>	<u>194,042</u>	<u>(171,967)</u>	<u>139,391</u>
 Total liabilities	 \$ <u>118,917</u>	 \$ <u>199,532</u>	 \$ <u>(173,568)</u>	 \$ <u>144,881</u>

EXHIBIT C-4  
PARKVIEW SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2016

Administering Agency Pass-Through Agency Award Description	Federal Catalog Number	Pass Through ID Number	(Accrued Receivable) July 1, 2015	Grantor Reimbursements	Expenditures	Accrued Receivable June 30, 2016
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<u>Passed Through:</u>						
Wisconsin Department of Public Instruction						
<u>Child Nutrition Cluster:</u>						
School Breakfast Program	10.553	A546-00000-534151				
July 1, 2014 - June 30, 2015			\$ (645)	\$ 645		
July 1, 2015 - June 30, 2016				17,979	20,767	2,788
National School Lunch Program	10.555	A547-00000-534151				
July 1, 2014 - June 30, 2015			(2,580)	2,580		
July 1, 2015 - June 30, 2016				102,150	116,982	14,832
Donated Food Commodities	10.555	Not Available				
July 1, 2015 - June 30, 2016				22,701	22,701	
Special Milk Program for Children	10.556	A548-00000-534151				
July 1, 2014 - June 30, 2015			(14)	14		
July 1, 2015 - June 30, 2016				1,304	1,494	190
Summer Food Service Program for Children	10.559	A586-00000-534151				
July 1, 2014 - June 30, 2015			(5,131)	5,131		
July 1, 2015 - June 30, 2016					5,122	5,122
Total Child Nutrition Cluster			<u>(8,370)</u>	<u>152,504</u>	<u>167,066</u>	<u>22,932</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>(8,370)</u>	<u>152,504</u>	<u>167,066</u>	<u>22,932</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<u>Passed Through:</u>						
Wisconsin Department of Public Instruction						
<u>Special Education Cluster:</u>						
Special Education-Grants to Schools (IDEA, Part B)	84.027	A341-00000-534151				
July 1, 2014 - June 30, 2015			(138,060)	138,060		
July 1, 2015 - June 30, 2016				122,943	176,097	53,154
Special Education-Preschool Grants (IDEA Preschool)	84.173	A347-00000-534151				
July 1, 2014 - June 30, 2015			(348)	348		
July 1, 2015 - June 30, 2016				7,331	13,734	6,403
Total Special Education Cluster			<u>(138,408)</u>	<u>268,682</u>	<u>189,831</u>	<u>59,557</u>
Title I, Part A	84.010	A141-00000-534151				
July 1, 2014 - June 30, 2015			(13,346)	13,346		
July 1, 2015 - June 30, 2016				43,813	123,413	79,600
Improving Teacher Quality State Grants	84.367	A365-00000-534151				
July 1, 2014 - June 30, 2015			(10,625)	10,625		
July 1, 2015 - June 30, 2016				22,078	49,639	27,561
Career and Technical Education-Basic Grants to States						
<u>Passed Through:</u>						
Cooperative Educational Services #2						
Career and Technical Education-Basic Grants to States	84.048	A400-00000-749902				
July 1, 2015 - June 30, 2016					4,592	4,592
School District of Brodhead						
Career and Technical Education-Basic Grants to States	84.048	A400-00000-230700				
July 1, 2014 - June 30, 2015			(6,541)	6,541		
Total Career and Technical Education-Basic Grants to States			<u>(6,541)</u>	<u>6,541</u>	<u>4,592</u>	<u>4,592</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>(168,920)</u>	<u>365,085</u>	<u>367,475</u>	<u>171,310</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
<u>Passed Through:</u>						
Wisconsin Department of Health Services						
Medical Assistance Program (Medicaid; Title XIX)	93.778	Not Available				
July 1, 2014 - June 30, 2015			(23,463)	23,463		
July 1, 2015 - June 30, 2016				90,081	90,081	
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>(23,463)</u>	<u>113,544</u>	<u>90,081</u>	
TOTALS			<u>\$ (200,753)</u>	<u>\$ 631,133</u>	<u>\$ 624,622</u>	<u>\$ 194,242</u>

EXHIBIT C-5  
 PARKVIEW SCHOOL DISTRICT  
 SCHEDULE OF STATE FINANCIAL ASSISTANCE  
 For the Year Ended June 30, 2016

Administering Agency Pass-Through Agency Award Description	State I.D. Number	Pass Through ID Number	(Accrued Receivable) July 1, 2015	Revenues State Reimbursements	Accrued Receivable June 30, 2016
<u>Wisconsin Department of Public Instruction</u>					
Special Education and School Age Parents ( <b>See Note 1</b> )	255.101	534151-100	\$	\$ 366,651	\$
General Equalization	255.201	534151-116	(96,225)	5,481,004	98,597
State Lunch	255.102	534151-107		3,671	
Common School Fund	255.103	534151-104		40,138	
Pupil Transportation	255.107	534151-102		45,755	
WI Morning Milk Program	255.109	534151-109		1,994	
School Breakfast Program	255.344	534151-108		1,930	
Educator Effectiveness	155.940	534151-154		6,480	
Per Pupil Adjustment Aid	255.945	534151-113		131,850	131,850
Career and Technical Education Incentive Grant	255.950	534151-151		7,626	
TOTAL WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION			\$ (96,225)	\$ 6,087,099	\$ 230,447
TOTAL - ALL STATE AWARDS			\$ (96,225)	\$ 6,087,099	\$ 230,447

**Note 1:** 2015-2016 eligible costs under the State Special Education Program are \$1,257,728.

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS  
AND THE WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION





Certified Public Accountants

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

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  
Parkview School District  
Orfordville, 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 Parkview School District ("District"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 4, 2017.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the 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. However, as described in the accompanying schedule of findings and responses, we identified a deficiency in internal control that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as items #2016-001 to be a material weakness.

*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. We consider the deficiency described in the accompanying schedule of findings and responses as item #2016-002 to be a significant deficiency.

## **Compliance and Other Matters**

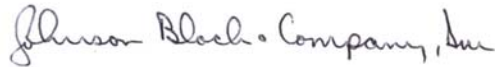
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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*.

## **Parkview School District's Response to Findings**

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

## **Purpose of this Report**

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



Johnson Block and Company, Inc.  
Mineral Point, Wisconsin  
January 4, 2017



Certified Public Accountants

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

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

Board of Education  
Parkview School District  
Orfordville, Wisconsin

**Report on Compliance for Each Major State Program**

We have audited the Parkview School District ("District")'s compliance with the types of compliance requirements described in the *Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2016. The District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and responses.

**Management's Responsibility**

Management is responsible for compliance with state statutes, regulation, and the terms and conditions of its state awards applicable to its state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the compliance requirements of the Wisconsin Department of Public Instruction in the *Wisconsin Public School District Audit Manual*. Those standards and compliance requirements require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major 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 state program. However, our audit does not provide a legal determination of the District's compliance.

**Opinion on Each Major State Program**

In our opinion, the District complied, in all material respects, with the types of requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2016.

## **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 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 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 state program and to test and report on internal control over compliance in accordance with the *Wisconsin Public School District Audit Manual*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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 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 state program will not be prevented, or detected and corrected, on a timely basis.

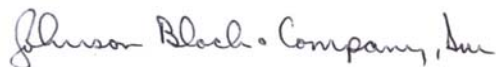
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and responses as item #2016-001 to be a material weakness in internal control over compliance.

### **District's Response to Finding**

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

### **Purpose of this Report**

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 testing based on the requirements of the *Wisconsin Public School District Audit Manual*. Accordingly, this report is not suitable for any other purpose.



Johnson Block and Company, Inc.  
Mineral Point, Wisconsin  
January 4, 2017

Parkview School District  
 Schedule of Findings and Responses  
 For the Year Ended June 30, 2016

---

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material Weakness(es) identified?   X   Yes        No
- Significant deficiency (ies) identified that are not considered to be material weakness(es)?   X   Yes        No
- Noncompliance material to financial statements noted?        Yes   X   No

State Awards

Internal Control over major programs:

- Material Weakness(es) identified?   X   Yes        No
- Significant deficiency (ies) identified that are not considered to be material weaknesses?        Yes   X   None Reported

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

Any audit findings disclosed that are required to be reported in accordance with the Wisconsin Public School District Audit Manual?        Yes   X   No

Identification of designated state major programs:

255.201                      General Equalization Aids

Identification of non-major programs which limited procedures were performed in accordance with the Wisconsin Public School District Audit Manual:

255.101                      Special Education and School Age Parents

Section II – Financial Statement Findings

Finding #2016-001- Segregation of Duties

Condition: All internal control duties can be classified into four broad categories: authorization, custody, recordkeeping, and reconciliation. No one person should have control of two or more of these four categories for any one cycle. We identified the following overlapping duties in the disbursement cycle, revenue cycle, and payroll cycle:

- 1) Disbursement cycle: One employee prepares and processes checks, mails bills, and reconciles several bank accounts. All checks are electronically signed by the Board President, Treasurer, and Clerk during processing. In addition, this employee can edit the vendor master files.
- 2) Revenue cycle: One employee prepares deposit slips, records receipts, and reconciles several bank statements.
- 3) Payroll cycle: One employee enters employee hours worked, processes payroll amounts, authorizes payroll disbursements to be debited from the payroll bank account, prepares payroll checks for employees not set up as direct deposit, resolves employee payroll inquiries, and reconciles the payroll cash account.

Effect: Errors or intentional fraud could occur and not be detected timely by other employees in the normal course of their responsibilities as a result of the lack of segregation of duties.

Cause: Limited number of personnel.

Criteria: Segregation of duties is an aspect of internal control intended to prevent or decrease opportunities of intentional and unintentional errors and fraud. Duties and responsibilities are properly segregated if no single individual either has control over all phases of a transaction or has the ability to both make and conceal an error, whether such error is intentional or unintentional.

Recommendation: We recommend that the Board of Education and the District Administrator continue to monitor the transactions and the financial records of the District. We also encourage the District to continue to identify cost effective opportunities to improve the design of the internal control structure.

Response: The Business Office has been working on adding more oversight to accounting functions that occur in the District by training employees in different areas and by following a schedule of monthly and annual informational reporting and approval. The Business Manager reports to the Board of Education each month on total revenues and expenditures for the year in comparison to trends from the previous year. The Board also receives detailed reports each month to review and approve all checks that were processed in the month prior.

Beyond that, all payment requests in the District require two administrators to sign off on them to ensure more than one person reviews and approves the request. Payroll sends cash reconciliation statements to the Business Manager each month for review and approval and the Bookkeeper sends check summary reports to the Business Manager for approval each time a batch of checks is processed. Each member of our Business Office staff is trained in another area of the Business Office (e.g. Business Manager can process payroll, Payroll Specialist can cut checks, and our Bookkeeper can submit financial reports to DPI). However, due to the limited number of staff in our District, some accounting functions in the Business Office do not have as much segregation as recommended by our auditors. In the future, we will continue to try to segregate more duties to help alleviate the financial risk in the District.

Parkview School District  
Schedule of Findings and Responses (Continued)  
For the Year Ended June 30, 2016

---

Finding #2016-002 - Preparation of Financial Statements

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

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

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

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

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

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

Section III – State Programs Finding and Response

Finding #2016-001 noted in Section II also applies to internal control procedures over state awards.

Parkview School District  
Schedule of Prior Year Findings and Responses  
For the Year Ended June 30, 2016

---

Finding

- |           |  |
|-----------|--|
| #2015-001 | Segregation of Duties - This is still a finding. See finding #2016-001.              |
| #2015-002 | Preparation of Financial Statements. This is still a finding. See finding #2016-002. |
| #2015-003 | Medicaid. Appropriate corrective action was taken. This is no longer a finding.      |



January 4, 2017

To the Board of Education  
Parkview School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Parkview School District (“District”) for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our engagement letter dated April 25, 2014. Professional standards require that we provide you with the following information related to the audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2015-2016. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- 1) Management's estimate of the other postemployment benefits liability is based on various factors. The estimated liability was computed by an actuarial study performed for the fiscal year beginning July 1, 2014.
- 2) Management's estimate of the vested sick leave is based on the probability of employees meeting the requirement to be paid for sick leave at the time of retirement.
- 3) Management's estimate of depreciable lives of its capital assets is based on management's knowledge of such matters.
- 4) Management's estimate of the net pension liability, deferred outflows of resources, and deferred inflows of resources, are based on various factors. These estimates were computed by the pension plan administrator.

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

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are the defined benefit pension plan in Note 8 and the other postemployment benefits liability in Note 14 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

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

#### *Corrected and Uncorrected Misstatements*

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

- Record capital lease proceeds
- Adjust student activity cash account activity
- Reverse prior year accounts payable
- Record grant revenue and receivables
- Adjust interfund activity
- Record special education fund transfer
- Record additional health and dental benefit accruals
- Reclassify equalization aid revenue and expenditures

#### *Disagreements with Management*

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

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated January 4, 2017.

### *Management Consultations with Other Independent Accountants*

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

### *Other Audit Findings or Issues*

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

### Other Matters

We applied certain limited procedures to the budgetary comparison information, schedule of funding progress for postemployment benefit plans, and the Wisconsin Retirement System schedules, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide assurance on the RSI.

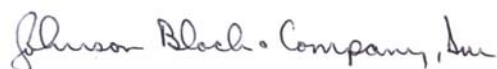
We were engaged to report the supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information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

Attached are recommendations and informational points to management that are not material weaknesses or significant deficiencies.

### Restriction of Use

This information is intended solely for the information and use of the Board of Education, management, the Wisconsin Department of Public Instruction and other funding agencies, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



*JOHNSON BLOCK AND COMPANY, INC.*

*Parkview School District  
For the Year Ended June 30, 2016*

Account	Description	Debit	Credit
<b>Proposed JE # 6001</b>			
Government wide entry only: Adjust capital lease principal payment to agree with independent confirmation.			
10-281000-673	Principal Long Term Notes	2,337.62	
8-210000-000	Capital Leases		2,337.62
<b>Total</b>		<u><u>2,337.62</u></u>	<u><u>2,337.62</u></u>
<b>Proposed JE # 6002</b>			
Adjust payroll liabilities to estimate.			
10-110000-000	Undifferentiated Curriculum	5,000.00	
10-811631-000	Health/Vision Insurance		5,000.00
<b>Total</b>		<u><u>5,000.00</u></u>	<u><u>5,000.00</u></u>

**RECOMMENDATIONS AND INFORMATIONAL POINTS TO MANAGEMENT  
THAT ARE NOT MATERIAL WEAKNESSES OR SIGNIFICANT DEFICIENCIES**

### Bank Accounts

Two accounts came to our attention that were not recorded on the District's general ledger. The two accounts are at Farmers & Merchants Bank. The description of the account, account number and balance as of June 30, 2016 are as follows:

<u>Account Name</u>	<u>Balance</u>
Market Day	\$1
Parkview Sunshine	\$26

The District should consider doing one of the following to correct this issue.

- Contact the bank to have them remove their Federal I.D. number from these accounts.
- Record the accounts on the District's general ledger in Fund 60. To do this, the parent organization may not be a separate 501(c) (3); the agency fund is subject to the same policies and procedures as student activity accounts and other District funds; the bank account must be in the name of the District; and the parent organization may not use the District's tax exempt number issued by the Department of Revenue.

### Depreciation Schedule

The District's depreciation schedule lists a number of fully depreciated assets as in service that have likely been disposed of in previous years or are obsolete. For example, there is computer equipment and textbooks on the depreciation schedule listed as put in service in the 1990's.

We recommend that the District thoroughly review the depreciation schedule to identify disposed and obsolete assets that are not in use and remove from the schedule. We further recommend that physical inventories of capital assets be performed on a regular basis (such as every two to three years). The preparation of an accurate depreciation schedule aids in the accounting for property disposals, substantiates insurance claims for lost or damaged items, and provides controls to safeguard the assets.

### Outstanding Checks

Uncashed checks should be handled in accordance with State of Wisconsin escheat laws. We recommend that management establish a formal, written policy concerning outstanding checks. Such a policy should specify aging milestones with required actions. For example, this policy might specify that when checks are past 60 days old, the payee should be contacted.

### Student Activity Accounts

Student Activity funds are established to account for monies used to support the activities of student organizations and clubs. The students in the organization are involved in the management of the organization's activities. Acting as agent, the District is responsible for maintaining records and properly accounting for the activity within the agency funds. The funds are under the control of the School Board which has a fiduciary responsibility to establish and enforce policies and procedures to safeguard agency assets consistent with other assets of the school district.

Part of establishing controls over the student activity accounts should be setting up procedures to ensure that no one group has a negative cash balance at the end of the fiscal year. Management should realize that this may occasionally happen if disbursements are made prior to fundraising. When a group knows that their cash may go negative, the group should discuss this with management and obtain approval prior to making the disbursement. The District has a student activity policy that was revised August 25, 2011. This policy states that classes and student organizations shall not be permitted to overdraw funds in the activity accounts. As of June 30, 2016, there were 19 student activity groups that had negative cash balances. The District should consider reviewing this policy to ensure that the procedures setup are being properly followed.