

PARKVIEW SCHOOL DISTRICT

FINANCIAL STATEMENTS

Including Independent Auditor's Report

As of and for the year ended June 30, 2014

Johnson Block & Company, Inc.
Certified Public Accountants
2500 Business Park Road
Mineral Point, Wisconsin 5356+5
(608) 987-2206
Fax: (608) 987-3391

Parkview School District
June 30, 2014

Table of Contents

Independent Auditor’s Report	1
<u>Basic Financial Statements</u>	
District-Wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	6
Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	8
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balance of Governmental Funds to the Statement of Activities.....	9
Statements of Net Position – Fiduciary Funds.....	10
Statement of Changes in Net Position – Fiduciary Funds	11
Notes to the Basic Financial Statements	12
Required Supplementary Information:	
Budgetary Comparison Schedule for the General Fund.....	34
Budgetary Comparison Schedule for the Special Education Fund	35
Notes to Budgetary Schedules.....	36-37
Schedule of Funding Progress for Postemployment Benefit Plans	38
Supplementary Information:	
Combining Balance Sheet – Non-major Governmental Funds	39
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds	40
Schedule of Changes in Assets and Liabilities – Pupil Activity Fund.....	41



Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Parkview School District
Orfordville, Wisconsin

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion on Governmental Activities

The actuarial study used to prepare the financial statements of the Governmental Activities accrued other postemployment benefits (OPEB) for employees in accordance with a superseded employee handbook. The OPEB benefits were subsequently changed effective with the 2014-2015 employee handbook. Accounting principles generally accepted in the United States of America require that a new actuarial study be performed when there has been a significant change in OPEB, which would affect the liabilities and change the expenses in the Governmental Activities. The amount by which this departure would affect the liabilities and expenses of Governmental Activities has not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities: paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Governmental Activities of the Parkview School District, as of June 30, 2014, 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.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Parkview School District, as of June 30, 2014, and the respective changes in financial position thereof for the year 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 on page 34 through page 37 and schedule of funding progress for postemployment benefit plans on page 38 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

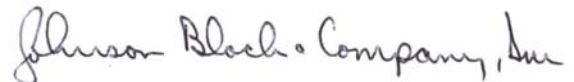
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Parkview School District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and are not a required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

A handwritten signature in cursive script that reads "Johnson Block & Company, Inc." The signature is written in dark ink and is positioned below the printed name of the company.

Mineral Point, WI
November 14, 2014

BASIC FINANCIAL STATEMENTS

Parkview School District
Statement of Net Position
June 30, 2014

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,065,087
Cash and cash equivalents - restricted	340,000
Taxes receivable	1,334,302
Due from other governmental units	440,131
Inventories and prepaid supplies	89,297
Total current assets	<u>3,268,817</u>
Capital assets	
Land, property and equipment	11,158,365
Less: accumulated depreciation	<u>(7,490,416)</u>
Total capital assets	<u>3,667,949</u>
Total assets	<u>\$ 6,936,766</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 94,902
Accrued wages and related payables	286,134
Student deposits	6,587
Accrued interest payable	39,558
Nonvested employee HRA deposits	10,666
Due to fiduciary agency fund	2,599
Current portion of long-term obligations	<u>614,444</u>
Total current liabilities	<u>1,054,890</u>
Noncurrent liabilities:	
General obligation debt	2,447,005
Capital lease obligations	859,492
Other postemployment benefits	954,368
Vested employee sick leave	61,389
Less: current portion of long-term obligations	<u>(614,444)</u>
Total noncurrent liabilities	<u>3,707,810</u>
Total liabilities	<u>4,762,700</u>
DEFERRED INFLOWS OF RESOURCES	
Grant advance	<u>7,500</u>
NET POSITION	
Net investment in capital assets	1,971,452
Restricted	97,730
Unrestricted	<u>97,384</u>
Total net position	<u>2,166,566</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 6,936,766</u>

Parkview School District
Statement of Activities
For the Year Ended June 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<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	\$ 3,937,420	\$ 81,858	506,857	\$ (3,348,705)
Vocational education	371,774			(371,774)
Special education	1,203,642		646,384	(557,258)
Other instruction	507,895	15,208		(492,687)
Total instruction	<u>6,020,731</u>	<u>97,066</u>	<u>1,153,241</u>	<u>(4,770,424)</u>
Support services:				
Pupil services	528,932		10,269	(518,663)
Instructional staff services	424,960		104,214	(320,746)
General administration services	233,730			(233,730)
Building administration services	491,079			(491,079)
Business administration	2,448,595	171,832	249,880	(2,026,883)
Central services	258,693			(258,693)
Insurance	106,410			(106,410)
Other support services	1,032,800		71,597	(961,203)
Community services	19,431			(19,431)
Interest and fiscal charges	145,435		21,701	(123,734)
Depreciation-unallocated	124,652			(124,652)
Total support services	<u>5,814,717</u>	<u>171,832</u>	<u>457,661</u>	<u>(5,185,224)</u>
Total governmental activities	<u>\$ 11,835,448</u>	<u>\$ 268,898</u>	<u>\$ 1,610,902</u>	<u>\$ (9,955,648)</u>
General revenues:				
Property taxes				
General purposes				3,678,648
Debt services				283,155
Federal and State aid not restricted for specific purposes				
General				5,718,484
Interest and investment earnings				1,019
Miscellaneous				47,922
Gain on disposition of assets				1,169
Total general revenues				<u>9,730,397</u>
Changes in net position				(225,251)
Net position-beginning of year				<u>2,391,817</u>
Net position-end of year				<u>\$ 2,166,566</u>

Parkview School District
Balance Sheet
Governmental Funds
June 30, 2014

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 922,240	\$ 57,416	\$ 85,431	\$ 1,065,087
Cash and investments - restricted		340,000		340,000
Taxes receivable	1,334,302			1,334,302
Due from other governments	436,313		3,818	440,131
Due from other funds	12,098			12,098
Inventories and prepaid supplies	73,810		15,487	89,297
	<u>2,778,763</u>	<u>397,416</u>	<u>104,736</u>	<u>3,280,915</u>
Total assets	\$ <u>2,778,763</u>	\$ <u>397,416</u>	\$ <u>104,736</u>	\$ <u>3,280,915</u>
LIABILITIES				
Accounts payable	\$ 91,574	\$ 57	\$ 3,271	\$ 94,902
Accrued wages and related payables	283,283		2,851	286,134
Student deposits			6,587	6,587
Due to other funds	2,599		12,098	14,697
Nonvested employee HRA deposits	10,666			10,666
	<u>388,122</u>	<u>57</u>	<u>24,807</u>	<u>412,986</u>
Total liabilities	<u>388,122</u>	<u>57</u>	<u>24,807</u>	<u>412,986</u>
DEFERRED INFLOWS OF RESOURCES				
Grant advance	<u>7,500</u>			<u>7,500</u>
FUND BALANCES				
Nonspendable	73,810		38	73,848
Restricted		397,359	79,891	477,250
Unassigned	2,309,331			2,309,331
	<u>2,383,141</u>	<u>397,359</u>	<u>79,929</u>	<u>2,860,429</u>
Total fund balances	<u>2,383,141</u>	<u>397,359</u>	<u>79,929</u>	<u>2,860,429</u>
Total liabilities, deferred inflows of resources, and fund balances	\$ <u>2,778,763</u>	\$ <u>397,416</u>	\$ <u>104,736</u>	\$ <u>3,280,915</u>

Parkview School District
 Reconciliation of the Governmental funds Balance Sheet
 with the Statement of Net Position
 June 30, 2014

Total fund balances - governmental funds:		\$	2,860,429
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:			
Governmental capital assets			11,158,365
Governmental accumulated depreciation			<u>(7,490,416)</u>
			3,667,949
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:			
General obligation debt			2,447,005
Capital leases			859,492
Accrued interest on long-term debt			39,558
Other postemployment benefits			954,368
Vested employee sick leave			<u>61,389</u>
			<u>(4,361,812)</u>
Total net position - governmental activities		\$	<u><u>2,166,566</u></u>

Parkview School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	General Fund	Capital Projects Fund	Other Government Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 3,678,648	\$	\$ 283,155	\$ 3,961,803
Other local sources	101,707		182,724	284,431
Interdistrict sources	344,677			344,677
Intermediate sources	1,070			1,070
State sources	6,212,445		7,911	6,220,356
Federal sources	535,557		191,688	727,245
Other sources	44,715	128	25,772	70,615
Total revenues	<u>10,918,819</u>	<u>128</u>	<u>691,250</u>	<u>11,610,197</u>
EXPENDITURES				
Instruction:				
Regular instruction	3,977,654	213,881	10,233	4,201,768
Vocational instruction	379,142			379,142
Special instruction	1,227,502			1,227,502
Other instruction	506,260			506,260
Total instruction	<u>6,090,558</u>	<u>213,881</u>	<u>10,233</u>	<u>6,314,672</u>
Support services:				
Pupil services	534,988			534,988
Instructional staff services	425,881		317	426,198
General administration services	235,772			235,772
Building administration services	489,084			489,084
Business administration	1,816,475	60,371	370,161	2,247,007
Central services	266,816		4,362	271,178
Insurance	106,410			106,410
Community service			17,669	17,669
Principal and interest	90,573		337,592	428,165
Other support services	1,032,800			1,032,800
Total support services	<u>4,998,799</u>	<u>60,371</u>	<u>730,101</u>	<u>5,789,271</u>
Total expenditures	<u>11,089,357</u>	<u>274,252</u>	<u>740,334</u>	<u>12,103,943</u>
Excess (deficiency) of revenues over over expenditures	<u>(170,538)</u>	<u>(274,124)</u>	<u>(49,084)</u>	<u>(493,746)</u>
OTHER FINANCING SOURCES				
Capital lease proceeds	25,331			25,331
Proceeds from long-term debt		684,950		684,950
Total other financing sources:	<u>25,331</u>	<u>684,950</u>		<u>710,281</u>
Net change in fund balances	(145,207)	410,826	(49,084)	216,535
Fund balance-beginning of year	2,528,348	(13,467)	129,013	2,643,894
Fund balance-end of year	<u>\$ 2,383,141</u>	<u>\$ 397,359</u>	<u>\$ 79,929</u>	<u>\$ 2,860,429</u>

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, 2014

Net change in fund balances-total governmental funds		\$ 216,535
Amounts reported for governmental activities in the statement of activities are different because:		
<p>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.</p>		
Capital outlay reported in governmental fund statements	362,228	
Depreciation expenses reported in the statement of activities	<u>(532,167)</u>	
Amount by which capital outlays are greater (less) than depreciation in the current period.		(169,939)
<p>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.</p>		
The amount by which repayments exceeds proceeds		(425,638)
<p>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.</p>		
The amount of interest paid during the current period	142,822	
The amount of interest accrued during the current period	<u>(144,735)</u>	
Interest paid is greater (less) than interest accrued by		(1,913)
<p>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.</p>		
Change in other post-employment benefits		152,424
Change in long-term vested employee sick leave		3,280
Change in net position-governmental activities		<u>\$ (225,251)</u>

Parkview School District
Statement of Net Position
Fiduciary Funds
June 30, 2014

	Private Purpose Trust	Agency Fund
ASSETS		
Cash and investments	\$ 24,719	\$ 110,130
Due from other funds		2,599
Total assets	\$ 24,719	\$ 112,729
LIABILITIES		
Accounts payable	\$	\$ 1,067
Due to student groups		111,662
Total liabilities	\$	\$ 112,729
NET POSITION		
Restricted for scholarships	24,719	
Total liabilities and net position	\$ 24,719	

Parkview School District
Statement of Changes in Net Position
Fiduciary Funds
June 30, 2014

		Private Purpose Trust
Additions		
Interest	\$	256
Gifts		<u>2,000</u>
Total additions		<u>2,256</u>
Deductions		
Scholarships awarded		<u>2,425</u>
Total deductions		<u>2,425</u>
Change in net position		(169)
Net position-beginning		<u>24,888</u>
Net position-ending	\$	<u><u>24,719</u></u>

NOTES TO THE FINANCIAL STATEMENTS

Parkview School District
June 30, 2014

Index to Notes to the Basic Financial Statements

Note 1.	<u>Summary of Significant Accounting Policies</u>	12
	A. Reporting Entity	12
	B. Basis of Financial Statement Presentation	12 – 14
	C. Measurement Focus and Basis of Accounting	14 – 15
	D. Assets and Liabilities	16 – 18
	E. Retirement Plans	18
	F. Claims and Judgments.....	18
	G. Estimates	18
	H. Budgets.....	18
	I. Interfund Activity.....	18
	J. Equity Classifications.....	19 - 20
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>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 - 29
Note 9.	<u>Net Position</u>	29 - 30
Note 10.	<u>Governmental Activities Fund Balances</u>	30
Note 11.	<u>Risk Management</u>	30
Note 12.	<u>Limitation of School District Revenues</u>	31
Note 13.	<u>Contingent Liabilities</u>	31
Note 14.	<u>Other Postemployment Benefits</u>	31 - 32
Note 15.	<u>Effect of New Accounting Standards on Current Period Financial Statements</u>	32
Note 16.	<u>Subsequent Events</u>	33

NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District - June 30, 2014

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, 2014

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Financial Statement Presentation (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, 2014

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

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.
- Debt Service Fund

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, 2014

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 – 2013 tax roll:

Lien date and levy date	December, 2013
Tax bills mailed	December, 2013
Payment in full, or	January 31, 2014
First installment due	January 31, 2014
Second installment due	July 31, 2014
Personal property taxes in full	January 31, 2014

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, 2014

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, 2014

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 estimated fair market value at the time received.

All capital assets, or groups of assets, that meet the District's capitalization threshold of \$1,000 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 fixed 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, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

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, 2014

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, 2014

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.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

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, 2014

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, 2014, the unassigned fund balance in the general fund was 20.8% of the total general fund expenditures.

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, 2014

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, 2014, the cash and investments included the following:

<u>Account Balances</u>	
Deposits with financial institutions	\$ (24,121)
Petty cash	286
Investments:	
WI Local Government Investment Pool	1,213,105
Money Market Account	340,000
Fixed Annuity Account	10,666
Total cash and investments	<u>\$ 1,539,936</u>

Cash and investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

Per Statement of Net Position- Governmental Activities:	
Cash and cash equivalents	\$ 1,065,087
Cash and cash equivalents - restricted	340,000
Per Statement of Net Position- Fiduciary Funds:	
Private Purpose - cash and cash equivalents	24,719
Agency - cash and cash equivalents	110,130
Total	<u>\$ 1,539,936</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, district, town, or school district of the state.
- Bonds or securities issued or guaranteed by the federal government.
- The local government investment pool.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.
- Bonds issued by a local exposition district.
- Bonds issued by a local professional baseball park district.
- Bonds issued by the University of Wisconsin Hospital and Clinics Authority.
- Bonds issued by a local football stadium district.
- Bonds issued by a local arts district.
- Bonds issued by the Wisconsin Aerospace Authority.

Interest Rate 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, 2014

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</u>
Certificates of Deposit	\$ 28,005	\$ 28,005
WI Local Government Investment Pool	1,213,105	1,213,105
Money Market Mutual Fund Account	340,000	340,000
Fixed Annuity Account	10,666	10,666
Total	<u>\$ 1,591,776</u>	<u>\$ 1,591,776</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investment policy that would further limit its investment choices. As of June 30, 2014, the District's investment in the Wisconsin Local Government Investment Pool was not rated. The money market account funds have been rated the highest quality by Standard & Poor's. 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, 2014

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 unlikely 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, 2014, the District's deposits with financial institutions were fully insured by the FDIC.

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. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2014, 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, 2014 was: 99% in U.S. Government Securities and 1% in certificates of deposit and Bankers Acceptance 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, 2014, 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, 2014

NOTE 4

CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2014 were as follows:

	<u>Balance</u> <u>7/1/2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2014</u>
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 299,746	\$	\$	\$ 299,746
Total capital assets not being depreciated	<u>299,746</u>			<u>299,746</u>
<i>Capital assets, being depreciated:</i>				
Buildings	5,758,934	33,266		5,792,200
Land improvements	437,500	52,829		490,329
Furniture and equipment	4,150,269	276,133		4,426,402
Vehicles	165,609		(15,921)	149,688
Total capital assets, being depreciated	<u>10,512,312</u>	<u>362,228</u>	<u>(15,921)</u>	<u>10,858,619</u>
Total capital assets	<u>10,812,058</u>	<u>362,228</u>	<u>(15,921)</u>	<u>11,158,365</u>
Less accumulated depreciation:				
Buildings	3,621,380	155,596		3,776,976
Land improvements	267,139	19,606		286,745
Furniture and equipment	2,960,760	347,918		3,308,678
Vehicles	124,891	9,047	(15,921)	118,017
Total accumulated depreciation	<u>6,974,170</u>	<u>532,167</u>	<u>(15,921)</u>	<u>7,490,416</u>
Total net capital assets	<u>\$ 3,837,888</u>	<u>\$ (169,939)</u>	<u>\$</u>	<u>\$ 3,667,949</u>

Depreciation expense was charged to governmental functions as follows

Regular instruction	#VALUE!
Vocational instruction	#VALUE!
Special education	#VALUE!
Other instruction	#VALUE!
Pupil services	#VALUE!
Instructional staff services	#VALUE!
School building administration services	#VALUE!
Business administration	#VALUE!
Central services	#VALUE!
Community service	#VALUE!
Depreciation not charged to a specific function	<u>#VALUE!</u>
Total depreciation for governmental activities	<u><u>#VALUE!</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District - June 30, 2014

NOTE 4

CAPITAL ASSETS (CONTINUED)

Capital outlay was charged to governmental functions as follows:

Regular instruction	\$	207,045
Special education		11,225
Other instruction		2,915
Business administration		79,856
Central services		61,187
Total capital outlay	<u>\$</u>	<u>362,228</u>

NOTE 5

LONG-TERM OBLIGATIONS

Long-Term Liabilities

Long-term liability balances and activity for the year ended June 30, 2014 were as follows:

	Balance 7/1/2013	Additions	Removals	Balance 6/30/2014	Current Portion
General obligation debt					
Promissory notes payable	\$ 650,000	\$	\$ (75,000)	\$ 575,000	\$ 85,000
Refunding bonds	1,305,000		(35,000)	1,270,000	10,000
School improvement bonds		340,000		340,000	340,000
State trust fund loan	46,050	344,950	(128,995)	262,005	129,390
Subtotal general obligation debt	2,001,050	684,950	(238,995)	2,447,005	564,390
Capital leases	879,809	25,331	(45,648)	859,492	50,054
Vested employee sick pay	64,669		(3,280)	61,389	
Other postemployment benefits	1,106,792	131,916	(284,340)	954,368	
Total	<u>\$ 4,052,320</u>	<u>\$ 842,197</u>	<u>\$ (572,263)</u>	<u>\$ 4,322,254</u>	<u>\$ 614,444</u>

As

discussed in Note 16, in July 2014, the District issued \$17,000,000 in general obligation school improvement bonds. In June 2014, the District received and deposited a \$340,000 good faith amount in advance of the July 2014 closing. The good faith amount is reflected as restricted cash and long-term debt proceeds in these financial statements.

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

	<u>Expense</u>	<u>Paid</u>
Long-term debt	\$ 99,750	\$ 98,597
Capital lease	44,985	44,225
Total	<u>\$ 144,735</u>	<u>\$ 142,822</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District - June 30, 2014

NOTE 5

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, 2014 is comprised of the following individual issues:

Description	Issue Dates	Interest Rates	Dates of Maturity	Balance 6/30/2014
Refunding bonds	10/12/2010	2.45-5.5%	4/1/2030	\$ 1,270,000
Promissory notes (QSCB)	10/12/2010	4.10%	4/1/2020	575,000
State trust fund loan	6/4/2013	2.50%	3/15/2016	262,005
School improvement bonds	7/9/2014	0.5%-5.0%	4/1/2034	340,000
				<u>\$ 2,447,005</u>

The 2013 equalized valuation of the District, as certified by the Wisconsin Department of Revenue is \$386,991,481. The legal debt limit and margin of indebtedness as of June 30, 2014 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (10% of \$386,991,481)	\$ 38,699,148
Deduct long-term debt applicable to debt margin	<u>(2,447,005)</u>
Margin of indebtedness	<u>\$ 36,252,143</u>

Aggregate cash flow requirements for the retirement of long-term principal and interest at June 30, 2014 follows:

Years Ended	Principal	Interest	Total
June 30,			
2015	\$ 564,390	\$ 95,470	\$ 659,860
2016	227,615	91,999	319,614
2017	95,000	88,675	183,675
2018	95,000	88,675	183,675
2019	95,000	88,675	183,675
2020-2024	550,000	306,413	856,413
2025-2029	665,000	155,575	820,575
2030	155,000	8,525	163,525
Totals	<u>\$ 2,447,005</u>	<u>\$ 924,007</u>	<u>\$ 3,371,012</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District - June 30, 2014

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

Other Debt Information

A) The \$1,470,000 in Taxable General Obligation Refunding Bonds mature as follows:

- \$210,000 term bonds due April 1, 2015, rate of 2.45%
- \$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. Principal and interest deposits transferred to the fiscal agent are not included as an asset in the District's financial statements. Accordingly, the liability for the bonds has been reduced in the district-wide financial statements for principal deposits made into the sinking fund. Interest deposits transferred to the sinking fund are treated as an expense for the District's financial statements. \$1,470,000 of refunding bonds are outstanding as of June 30, 2014. Of this amount, \$200,000 was considered to be extinguished when the cash deposits were transferred to the fiscal agent.

B) The \$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. Principal and interest deposits transferred to the trust are not included as an asset in the District's financial statements. Accordingly, the liability for the notes has been reduced in the district-wide financial statements for principal deposits made into the sinking fund. Interest deposits transferred to the sinking fund are treated as an expense for the District's financial statements. As of June 30, 2014, \$575,000 of notes are outstanding.

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, 2014.

Equipment	<u>\$ 1,062,811</u>
-----------	---------------------

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, 2014.

<u>Year Ended June 30,</u>	
2015	\$ 90,113
2016	104,051
2017	106,983
2018	104,160
2019	76,883
2020-2024	397,270
2025-2027	<u>229,001</u>
Total payments	1,108,461
Less: interest	<u>(248,969)</u>
Minimum lease payments	<u>\$ 859,492</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District - June 30, 2014

NOTE 7

INTERFUND BALANCES AND ACTIVITY

Interfund receivable and payable balances in the fund financial statements on June 30, 2014 are as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 12,098	\$
Food Service Fund		12,098
Agency Fund	2,599	
General Fund		<u>2,599</u>
Total	<u>\$ 14,697</u>	<u>\$ 14,697</u>

The interfund balances between the general fund and the food service are for temporary cash flow needs. The interfund balance between the general fund and the agency fund is due to June 2014 local government investment pool cash transfers to a general fund account.

In the statement of net position, amounts reported in governmental fund balance sheet as interfund balances have been eliminated within the district-wide statements. The interfund balance between the general fund and agency fund has not been eliminated within the district-wide statements since fiduciary activities are excluded from the statement of net position.

NOTE 8

DEFINED BENEFIT PENSION PLAN

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

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

	<u>2013</u>		<u>2014</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	6.65%	6.65%	7.0%	7.0%
Executive & Elected Officials	7.0%	7.0%	7.75%	7.75%
Protective with Social Security	6.65%	9.75%	7.0%	10.10%
Protective without Social Security	6.65%	12.35%	7.0%	13.70%

NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District - June 30, 2014

NOTE 8

DEFINED BENEFIT PENSION PLAN (CONTINUED)

The payroll for the Parkview School District employees covered by the WRS for the year ended June 30, 2014 was \$5,713,331; the employer's total payroll was \$6,044,274. The total required contribution for the year ended June 30, 2014 was \$784,514, which consisted of \$392,257 or 6.9% of the covered payroll from the employer and \$392,257 or 6.9% of the covered payroll from the employee. Total contributions for the years ending June 30, 2013 and 2012 were \$728,546 and \$705,651 respectively, equal to the required contributions for each year.

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

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

NOTE 9

NET POSITION

GOVERNMENTAL ACTIVITIES

Governmental activities net position reported on the Statement of Net Position at June 30, 2014 includes the following:

Net investment in capital assets	
Capital assets, net of accumulated depreciation	\$ 3,667,949
Less: related long-term debt outstanding	<u>(1,696,497)</u>
Net investment in capital assets	<u>1,971,452</u>
Restricted	
Capital projects	57,359
Debt service	6,446
Food service	38
Community service	30,832
Special revenue trust	<u>3,055</u>
Total restricted	<u>97,730</u>
Unrestricted	<u>97,384</u>
Total governmental activities net position	<u>\$ 2,166,566</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District - June 30, 2014

NOTE 9

NET POSITION (CONTINUED)

FIDUCIARY NET POSITION

Fiduciary net position of \$24,719 are restricted for future scholarships.

NOTE 10

GOVERNMENTAL FUND BALANCES

GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund statements at June 30, 2014 includes the following:

General Fund:

Nonspendable:

Prepaid expenses	\$ 73,810
------------------	-----------

Capital Projects Fund:

Restricted:

Restricted for purchase of instructional technology and professional development	\$ 57,359
Restricted for referendum additions and improvements	340,000
	<u>\$ 397,359</u>

Other Governmental Funds:

Nonspendable:

Food Service Fund:

Inventory	\$ 38
-----------	-------

Restricted:

Community Service Fund:

Restricted for community service future expenditures	\$ 30,832
--	-----------

Debt Service Fund:

Restricted for debt service retirement	46,004
--	--------

Special Revenue Trust Fund

Restricted for special revenue trust future expenditures	3,055
--	-------

Total restricted non-major funds	<u>\$ 79,891</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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District - June 30, 2014

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.

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 14 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>Government Activities</u>
Annual required contribution	\$ 280,260
Interest on annual required contribution	47,713
Adjustment to annual required contribution	<u>(196,057)</u>
Annual OPEB cost (expense)	131,916
Contributions made	<u>(284,340)</u>
Decrease in net OPEB obligation	(152,424)
OPEB obligation at beginning of year	<u>1,106,792</u>
OPEB obligation at end of year	<u><u>\$ 954,368</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District - June 30, 2014

NOTE 14

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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, 2014 were:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 131,916	46.4%	\$ 954,368
6/30/2013	147,598	138.0%	1,106,792
6/30/2012	381,301	53.4%	1,162,885

Funded Status and Funding Process. As of July 1, 2011, the most recent actuarial valuation date, for the period July 1, 2011 through June 30, 2012, the District's unfunded actuarial accrued liability (UAAL) was \$3,000,197. The annual payroll for active employees covered by the plan in the actuarial valuation for the 2011-2012 fiscal year was \$4,120,492 for a ratio of the UAAL to covered payroll of 72.81%.

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, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a rate of 5.0% to discount expected liabilities to the valuation date. The initial healthcare trend rate was 10% for medical. Implicit in these rates is an assumed rate of reflection of 4%. 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 remaining amortization period at June 30, 2014 was 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. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. Application of this standard may restate portion of these financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Parkview School District - June 30, 2014

NOTE 16

SUBSEQUENT EVENTS

In July 2014, the District approved the sale of \$17,000,000 in General Obligation School Improvement Bonds for financing the cost of additions and improvements at Parkview Elementary School to convert it for use as a junior/senior high school and; constructing additions to and remodeling and renovation projects at Parkview Junior/Senior High School to convert it for use as a 4K-6 grade elementary school; and the acquiring of furnishings, fixtures and equipment. The bonds bear interest at rates ranging from .05%-5% and have a final maturity date of April 1, 2034.

Cash flow requirements for the retirement of the bonds are as follows:

Years Ended June 30,	Principal	Interest	Total
2015	\$ 560,000	\$ 412,212	\$ 972,212
2016	535,000	566,117	1,101,117
2017	635,000	565,850	1,200,850
2018	670,000	559,500	1,229,500
2019	690,000	546,100	1,236,100
2020-2024	3,810,000	2,410,300	6,220,300
2025-2029	4,530,000	1,699,300	6,229,300
2030-2034	5,570,000	719,150	6,289,150
Totals	<u>\$ 17,000,000</u>	<u>\$ 7,478,529</u>	<u>\$ 24,478,529</u>

As discussed in Note 9, in June 2014, the District received and deposited a \$340,000 good faith amount in advance of the July 2014 closing. As of the date of this report, the District has committed to contracts with a general contractor and an architect.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
Parkview School District
Budgetary Comparison Schedule for the General Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Property taxes	\$ 3,678,648	\$ 3,678,648	\$ 3,678,648	\$
Other local sources	120,300	120,300	101,707	(18,593)
Interdistrict sources	360,419	360,419	344,677	(15,742)
Intermediate sources	2,500	2,500	540	(1,960)
State sources	5,796,742	5,796,742	5,805,953	9,211
Federal sources	220,979	221,476	237,288	15,812
Other sources	34,200	34,200	44,612	10,412
Total revenues	<u>10,213,788</u>	<u>10,214,285</u>	<u>10,213,425</u>	<u>(860)</u>
EXPENDITURES				
Regular instruction	4,101,704	4,086,705	3,977,654	109,051
Vocational instruction	396,470	396,967	379,142	17,825
Other instruction	503,598	518,838	506,260	12,578
Total instruction	<u>5,001,772</u>	<u>5,002,510</u>	<u>4,863,056</u>	<u>139,454</u>
Support services:				
Pupil services	308,616	308,616	326,619	(18,003)
Instructional staff services	338,455	338,455	334,378	4,077
General administration services	223,744	223,744	235,772	(12,028)
Building administration services	490,648	490,648	489,084	1,564
Business administration	1,626,616	1,626,616	1,709,702	(83,086)
Central services	252,731	252,731	266,816	(14,085)
Insurance	118,005	118,005	99,817	18,188
Principal and interest	92,534	92,534	90,573	1,961
Other support services	922,587	922,587	948,923	(26,336)
Total support services	<u>4,373,936</u>	<u>4,373,936</u>	<u>4,501,684</u>	<u>(127,748)</u>
Total expenditures	<u>9,375,708</u>	<u>9,376,446</u>	<u>9,364,740</u>	<u>11,706</u>
Excess (deficiency) of revenues over expenditures	<u>838,080</u>	<u>837,839</u>	<u>848,685</u>	<u>10,846</u>
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds			25,331	25,331
Transfers to special education fund	<u>(1,048,505)</u>	<u>(1,048,505)</u>	<u>(1,019,223)</u>	<u>29,282</u>
Total other financing sources (uses)	<u>(1,048,505)</u>	<u>(1,048,505)</u>	<u>(993,892)</u>	<u>54,613</u>
Net change in fund balances	(210,425)	(210,666)	(145,207)	65,459
Fund balance-beginning of year	2,528,348	2,528,348	2,528,348	
Fund balance-end of year	<u>\$ 2,317,923</u>	<u>\$ 2,317,682</u>	<u>\$ 2,383,141</u>	<u>\$ 65,459</u>

Required Supplementary Information
 Parkview School District
 Budgetary Comparison Schedule for the Special Education Fund
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Interdistrict sources	\$ 2,787	\$ 2,787	\$	\$ (2,787)
Intermediate sources			530	530
State sources	408,991	408,991	406,492	(2,499)
Federal sources	387,804	387,804	298,269	(89,535)
Other sources	2,200	2,200	103	(2,097)
Total revenues	<u>801,782</u>	<u>801,782</u>	<u>705,394</u>	<u>(96,388)</u>
EXPENDITURES				
Vocational instruction	5,400	5,400		5,400
Special instruction	1,239,985	1,239,985	1,227,502	12,483
Total instruction	<u>1,245,385</u>	<u>1,245,385</u>	<u>1,227,502</u>	<u>17,883</u>
Support services:				
Pupil services	207,293	207,293	208,369	(1,076)
Instructional staff services	111,176	111,176	91,503	19,673
Business administration	98,094	98,094	106,773	(8,679)
Insurance	6,380	6,380	6,593	(213)
Other support services	181,960	181,960	83,877	98,083
Total support services	<u>604,902</u>	<u>604,902</u>	<u>497,115</u>	<u>107,787</u>
Total expenditures	<u>1,850,287</u>	<u>1,850,287</u>	<u>1,724,617</u>	<u>125,670</u>
Excess (deficiency) if revenues over expenditures	<u>(1,048,505)</u>	<u>(1,048,505)</u>	<u>(1,019,223)</u>	<u>29,282</u>
OTHER FINANCING SOURCES (USES)				
Transfer from general fund	1,048,505	1,048,505	1,019,223	(29,282)
Total other financing sources (uses):	<u>1,048,505</u>	<u>1,048,505</u>	<u>1,019,223</u>	<u>(29,282)</u>
Net change in fund balances				
Fund balance-beginning of year	\$	\$	\$	\$
Fund balance-end of year	<u> </u>	<u> </u>	<u> </u>	<u> </u>

PARKVIEW SCHOOL DISTRICT
 NOTES TO BUDGETARY SCHEDULES
 June 30, 2014

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

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

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

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, 2014:

Fund	Excess Expenditures
General Fund:	
Pupil services	\$ 18,003
General administration	12,028
Business administration	83,086
Central services	14,085
Other support services	26,336

PARKVIEW SCHOOL DISTRICT
NOTES TO BUDGETARY SCHEDULES
June 30, 2014

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	\$ 10,213,425	\$ 705,394
Reclassification:		
Special education fund revenues are reclassified to the general fund, required for GAAP reporting	<u>705,394</u>	<u>(705,394)</u>
The general fund revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 10,918,819</u>	<u>\$ _____</u>
B) Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedules	\$ 9,364,740	\$ 1,724,617
Reclassification:		
Special education fund expenditures are reclassified to the general fund, required for GAAP reporting	<u>1,724,617</u>	<u>(1,724,617)</u>
The general fund expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 11,089,357</u>	<u>\$ _____</u>

Required Supplementary Information

Parkview School District
 Schedule of Funding Progress for
 Postemployment Benefit Plans
 June 30, 2014

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%

SUPPLEMENTARY INFORMATION

Parkview School District
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2014

	Special Revenue Funds				Total Non-major Governmental Funds	
	Food Service Fund	Community Service Fund	Special Revenue Trust Fund	Debt Service Fund		
ASSETS						
Cash and investments	\$		\$ 36,297	\$ 3,130	\$ 46,004	\$ 85,431
Due from other governments		3,818				3,818
Inventories and prepaid supplies		15,487				15,487
Total assets	\$	19,305	\$ 36,297	\$ 3,130	\$ 46,004	\$ 104,736
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$	150	\$ 3,046	\$ 75	\$	3,271
Accrued wages and related payables		432	2,419			2,851
Student deposits		6,587				6,587
Due to other funds		12,098				12,098
Total liabilities		19,267	5,465	75		24,807
FUND BALANCES						
Nonspendable		38				38
Restricted			30,832	3,055	46,004	79,891
Total fund balances		38	30,832	3,055	46,004	79,929
Total liabilities and fund balances	\$	19,305	\$ 36,297	\$ 3,130	\$ 46,004	\$ 104,736

Parkview School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds				Non-major Governmental Funds
	Food Service Fund	Community Service Fund	Special Revenue Trust Fund	Debt Service Fund	
REVENUES					
Property taxes	\$	\$	\$	\$ 283,155	\$ 283,155
Other local sources	168,237		14,487		182,724
State sources	7,911				7,911
Federal sources	191,688				191,688
Other sources	4,072			21,700	25,772
Total revenues	<u>371,908</u>		<u>14,487</u>	<u>304,855</u>	<u>691,250</u>
EXPENDITURES					
Instruction					
Regular instruction			10,233		10,233
Total instruction			<u>10,233</u>		<u>10,233</u>
Support services					
Instructional staff services			317		317
Business administration	369,779		382		370,161
Central services	3,125	737	500		4,362
Community services		17,669			17,669
Principal and interest				337,592	337,592
Total support services	<u>372,904</u>	<u>18,406</u>	<u>1,199</u>	<u>337,592</u>	<u>730,101</u>
Total expenditures	<u>372,904</u>	<u>18,406</u>	<u>11,432</u>	<u>337,592</u>	<u>740,334</u>
Excess (deficiency) of revenues over expenditures	<u>(996)</u>	<u>(18,406)</u>	<u>3,055</u>	<u>(32,737)</u>	<u>(49,084)</u>
Net change in fund balance	(996)	(18,406)	3,055	(32,737)	(49,084)
Fund balances-beginning of year	1,034	49,238		78,741	129,013
Fund balances-end of year	<u>\$ 38</u>	<u>\$ 30,832</u>	<u>\$ 3,055</u>	<u>\$ 46,004</u>	<u>\$ 79,929</u>

Parkview School District
Schedule of Changes in Assets and Liabilities
Pupil Activity Fund
June 30, 2014

	<u>Balance</u> <u>7/1/2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2014</u>
ASSETS				
Cash and investments	\$ 178,452	\$ 226,058	\$ (294,380)	\$ 110,130
Due from other funds		<u>2,599</u>		<u>2,599</u>
 Total assets	 <u>\$ 178,452</u>	 <u>\$ 228,657</u>	 <u>\$ (294,380)</u>	 <u>\$ 112,729</u>
 LIABILITIES				
Accounts payable	\$ 10,654	\$ 1,067	\$ (10,654)	\$ 1,067
Due to other funds	43,473		(43,473)	
Due to student organizations	<u>124,325</u>	<u>227,590</u>	<u>(240,253)</u>	<u>111,662</u>
 Total liabilities	 <u>\$ 178,452</u>	 <u>\$ 228,657</u>	 <u>\$ (294,380)</u>	 <u>\$ 112,729</u>



Certified Public Accountants

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

November 14, 2014

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, 2014. 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 the year. 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, 2011. We evaluated the key factors and assumptions used to develop the liability. We qualified our opinion on the governmental activities because a new actuarial study was not performed to encompass the change in other post-employment benefits provided to the District's active employees.
- 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. We evaluated the key factors and assumptions used to develop the liability of future payment of sick leave in determining that it is reasonable in relation to the financial statements taken as a whole.
- 3) Management’s estimate of estimated lives of its capital assets is based on management’s knowledge of such matters. We evaluated the key factors and assumptions used to develop the estimates in determining that it is 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 disclosure affecting the financial statements was the disclosure of 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 accounts receivable as of June 30, 2014
- Adjust payroll liabilities as of June 30, 2014
- Record transfer to special education fund from the general fund
- Remove August 2014 health insurance for retirees from 2013/2014 expense
- Record capital lease proceeds
- Reflect unrecorded activity in payroll cash accounts
- Record receipt of good faith bond deposit
- Record various prepaid expenses as of June 30, 2014
- Allocate Medicaid payments between the general fund and special education fund

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, 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 November 14, 2014.

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 and schedule of funding progress for postemployment benefit plans, 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.

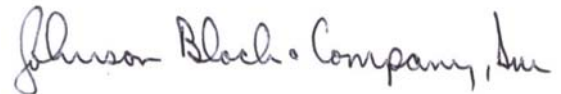
Attached are recommendations and informational points to management that are not material weaknesses or significant deficiencies.

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.

A handwritten signature in cursive script that reads "Johnson Block & Company, Inc." The signature is written in dark ink and is positioned below the printed name of the company.

Parkview School District

Reference	Type	Date Account Number	Description	Debit	Credit	Misstatement
PJE01	Potential	06/30/14				
		10-110000-000	Undifferentiated Curriculum	4,224.84		
		10-811200-000	Accounts Payable		4,224.84	
			Adjust accounts payable balance to listing @ 6/30/14.			
PJE02	Potential	06/30/14				
		10-711000-000	Mid America	6,190.02		
		10-110000-000	Undifferentiated Curriculum		6,190.02	
			Adjust payroll cash to agree to reconciliation.			
PJE03	Potential	06/30/14				
		10-811631-000	Health/Vision Insurance	4,156.00		
		10-110000-000	Undifferentiated Curriculum		4,156.00	
			Adjust payroll liabilities to estimate.			



Parkview School District

106 W. Church Street – P.O. Box 250
Orfordville, WI 53576-0250

Phone: 608-879-2717
Fax: 608-879-2732

WEB Site: www.parkview.k12.wi.us

November 14, 2014

Johnson Block and Company, Inc.
2500 Business Park Road
Mineral Point, WI 53565

This representation letter is provided in connection with your audits of the financial statements of the Parkview School District, which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2014, and the respective changes in financial position and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of November 14, 2014, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 25, 2014, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.

Parkview Primary School
121 Janesville St.-P.O. Box 327
Footville, WI 53537-0327
Office: 608-876-6091
Fax: 608-876-4172

Parkview Elementary School
408 W. Beloit St.
Orfordville, WI 53576
Office: 608-879-2956
Fax: 608-879-9375

Parkview Jr./Sr. High School
106 W. Church St.-P.O. Box 247
Orfordville, WI 53576-0247
Office: 608-879-2994
Fax: 608-879-2732

Pupil Services
408 W. Beloit St
Orfordville, WI 53576
Office: 608-879-2352
Fax: 608-879-9375



Parkview School District

106 W. Church Street – P.O. Box 250
Orfordville, WI 53576-0250

Phone: 608-879-2717
Fax: 608-879-2732

WEB Site: www.parkview.k12.wi.us

- 9) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 10) Guarantees, whether written or oral, under which the School District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Board of Education or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal and state awards.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 18) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have a process to track the status of audit findings and recommendations.
- 21) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

Parkview Primary School
121 Janesville St.-P.O. Box 327
Footville, WI 53537-0327
Office: 608-876-6091
Fax: 608-876-4172

Parkview Elementary School
408 W. Beloit St.
Orfordville, WI 53576
Office: 608-879-2956
Fax: 608-879-9375

Parkview Jr./Sr. High School
106 W. Church St.-P.O. Box 247
Orfordville, WI 53576-0247
Office: 608-879-2994
Fax: 608-879-2732

Pupil Services
408 W. Beloit St.
Orfordville, WI 53576
Office: 608-879-2352
Fax: 608-879-9375



Parkview School District

106 W. Church Street – P.O. Box 250
Orfordville, WI 53576-0250

Phone: 608-879-2717
Fax: 608-879-2732

WEB Site: www.parkview.k12.wi.us

- 22) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 23) The School District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 24) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 26) As part of your audit, you assisted with preparation of the financial statements and related notes and schedule of expenditures of federal and state awards. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal and state awards.
- 27) The School District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 28) The School District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 29) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 30) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 31) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 32) Components of net position (net investment in capital assets; restricted; and unrestricted), and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 33) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 34) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 35) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 36) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 37) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

Parkview Primary School
121 Janesville St.-P.O. Box 327
Footville, WI 53537-0327
Office: 608-876-6091
Fax: 608-876-4172

Parkview Elementary School
408 W. Beloit St.
Orfordville, WI 53576
Office: 608-879-2956
Fax: 608-879-9375

Parkview Jr./Sr. High School
106 W. Church St.-P.O. Box 247
Orfordville, WI 53576-0247
Office: 608-879-2994
Fax: 608-879-2732

Pupil Services
408 W. Beloit St
Orfordville, WI 53576
Office: 608-879-2352
Fax: 608-879-9375



Parkview School District

106 W. Church Street – P.O. Box 250
Orfordville, WI 53576-0250

Phone: 608-879-2717
Fax: 608-879-2732

WEB Site: www.parkview.k12.wi.us

- 38) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 39) We have appropriately disclosed the School District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 40) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 41) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 42) With respect to the supplementary information: the Combining Statements and Pupil Activity Summary:
- a) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 43) With respect to federal and state award programs:
- a) We are responsible for understanding and complying with and have complied with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Guidelines, including requirements relating to preparation of the schedule of expenditures of federal and state awards.
 - b) We acknowledge our responsibility for presenting the schedule of expenditures of federal and state awards (SEFA) and schedule of expenditures of state awards (SESA) in accordance with the requirements of OMB Circular A-133 §310.b, and the State Single Audit Guidelines, and we believe the SEFA and SESA, including its form and content, is fairly presented in accordance with OMB Circular A-133 §310.b and the State Single Audit Guidelines. The methods of measurement or presentation of the SEFA and SESA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA and SESA.
 - c) If the SEFA and SESA are not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA and SESA no later than the date we issue the SEFA and SESA and the auditor's report thereon.
 - d) We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133 and the State Single Audit Guidelines, and have included in the SEFA and SESA expenditures made during the audit period for all awards provided by federal and state agencies in the form of grants, federal and state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

Parkview Primary School
121 Janesville St.-P.O. Box 327
Footville, WI 53537-0327
Office: 608-876-6091
Fax: 608-876-4172

Parkview Elementary School
408 W. Beloit St.
Orfordville, WI 53576
Office: 608-879-2956
Fax: 608-879-9375

Parkview Jr./Sr. High School
106 W. Church St.-P.O. Box 247
Orfordville, WI 53576-0247
Office: 608-879-2994
Fax: 608-879-2732

Pupil Services
408 W. Beloit St
Orfordville, WI 53576
Office: 608-879-2352
Fax: 608-879-9375



Parkview School District

106 W. Church Street – P.O. Box 250
Orfordville, WI 53576-0250

Phone: 608-879-2717
Fax: 608-879-2732

WEB Site: www.parkview.k12.wi.us

- e) We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal and state programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
- f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal and state programs that provides reasonable assurance that we are managing our federal and state awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal and state programs. We believe the internal control system is adequate and is functioning as intended.
- g) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal and state agencies or pass-through entities relevant to federal and state programs and related activities.
- h) We have received no requests from a federal nor a state agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines*, relating to federal and state awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal and state awards.
- j) We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in *OMB Circular A-87, Cost Principles for State, Local, and Tribal Governments*, and *OMB's Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.
- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.
- o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the date as of which compliance was audited.
- r) Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.

Parkview Primary School
121 Janesville St.-P.O. Box 327
Footville, WI 53537-0327
Office: 608-876-6091
Fax: 608-876-4172

Parkview Elementary School
408 W. Beloit St.
Orfordville, WI 53576
Office: 608-879-2956
Fax: 608-879-9375

Parkview Jr./Sr. High School
106 W. Church St.-P.O. Box 247
Orfordville, WI 53576-0247
Office: 608-879-2994
Fax: 608-879-2732

Pupil Services
408 W. Beloit St
Orfordville, WI 53576
Office: 608-879-2352
Fax: 608-879-9375



Parkview School District

106 W. Church Street – P.O. Box 250
Orfordville, WI 53576-0250

Phone: 608-879-2717
Fax: 608-879-2732

WEB Site: www.parkview.k12.wi.us

- s) The copies of federal and state program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal and state agency or pass-through entity, as applicable.
- t) We have charged costs to federal and state awards in accordance with applicable cost principles.
- u) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133 and the State Single Audit Guidelines and we have provided you with all information on the status of the follow-up on prior audit findings by federal and state awarding agencies and pass-through entities, including all management decisions.
- v) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133.
- w) We are responsible for preparing and implementing a corrective action plan for each audit finding.

Signature: _____

Signature: _____

Title: District Administrator

Title: Business Manager

Parkview Primary School
121 Janesville St.-P.O. Box 327
Footville, WI 53537-0327
Office: 608-876-6091
Fax: 608-876-4172

Parkview Elementary School
408 W. Beloit St.
Orfordville, WI 53576
Office: 608-879-2956
Fax: 608-879-9375

Parkview Jr./Sr. High School
106 W. Church St.-P.O. Box 247
Orfordville, WI 53576-0247
Office: 608-879-2994
Fax: 608-879-2732

Pupil Services
408 W. Beloit St
Orfordville, WI 53576
Office: 608-879-2352
Fax: 608-879-9375

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, 2014 are as follows:

<u>Account Name</u>	<u>Account Number</u>	<u>Balance</u>
Market Day	396877	\$260
Parkview Sunshine	350297	\$384

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.

Capitalization of Grouped Items

The District's policy is to capitalize and depreciate items having a cost in excess of \$1,000 and a useful life of more than one year. Currently purchased items that individually cost less than \$1,000 are being capitalized and depreciated when part of a group purchase. For example, totals of invoices for computer equipment purchases are being capitalized when individual items may be less than \$1,000. We recommend that the District review and amend capitalization policy 685 for procedures regarding group purchases.

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.