

NOTICE

**SCHOOL DISTRICT OF NEW GLARUS
BOARD OF EDUCATION
BUDGET COMMITTEE MEETING
MONDAY, FEBRUARY 27, 2017
HS CONFERENCE ROOM
6:45 PM**

AGENDA

- I. CALL MEETING TO ORDER - TRAVIS ZIMMERMAN
- II. 2017-2018 BUDGET UPDATE 2
- III. AUDIT REPORT 3
- IV. ADJOURN

POSTED :

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

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

BUDGET ASSUMPTIONS 2017-18

	10/31/16		2/27/2017	
SEPT STUDENT COUNT ROLLED FORWARD EC - 0 = 0 FTE 4K - 56 = 34 FTE K - 12 = 818 FTE Total FTE = 852			JAN STUDT COUNT ROLLED FORWARD EC - 0 = 0 FTE 4K - 56 = 34 FTE K - 12 = 824 FTE Total FTE = 858	
SUMMER SCHOOL FTE 24 FTE *.4 = 10 FTE				
THREE YEAR ROLLING AVERAGE IS 874				
OPEN ENROLLMENT - 29 OUT @ \$6,748 - 4sped @12K 88 IN @ \$6,748 - 6 sped a@ 12K				
PER PUPIL CATEGORICAL AID PER FTE	\$250		\$450	\$350
SALARY ADJUSTMENT - 3%				
BENEFIT ADJUSTMENT WRS - 7.0% HEALTH - 5% DENTAL - 5%				
OTHER EXPENSE ADJUSTMENT SKYWARD SOFTWARE - 5% DISTRICT INSURANCE - 5% UTILITIES - 0%				
REVENUE	10,142,435		10,328,443	10,240,743
EXPENSE	10,425,753		10,452,261	10,452,261
DEFICIT	(283,318)		(123,818)	(211,518)

NEW GLARUS SCHOOL DISTRICT

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

For the Year Ended June 30, 2016

**NEW GLARUS SCHOOL DISTRICT
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For the Year Ended June 30, 2016

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

December 13, 2016

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the New Glarus School District ("District") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the New Glarus School District as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

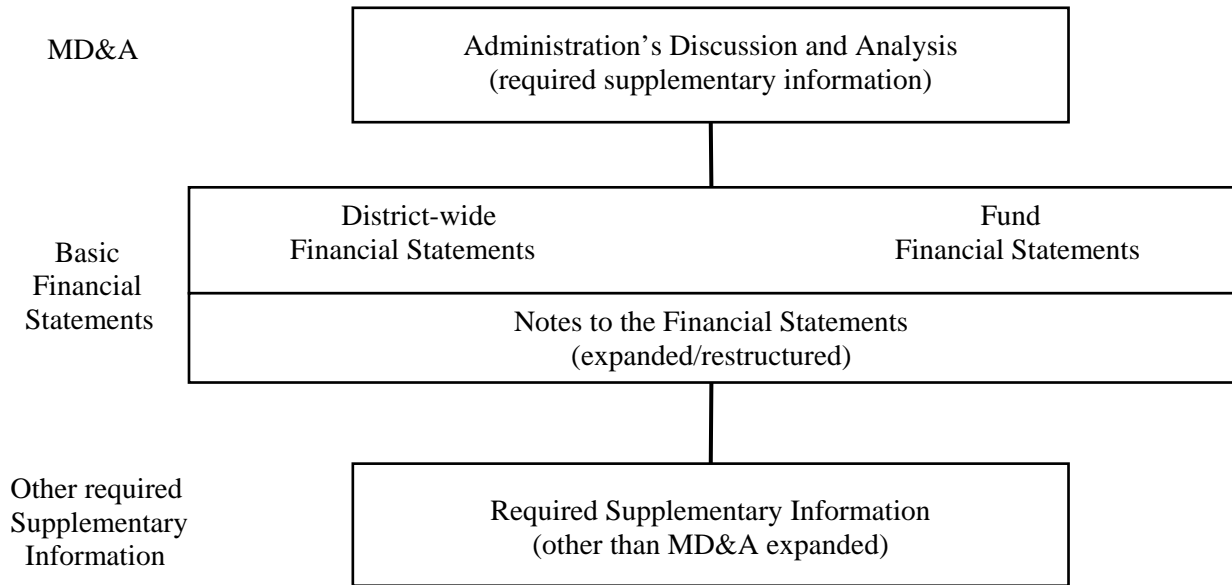
In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2016 on our consideration of the New Glarus School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the New Glarus School District's internal control over financial reporting and compliance.

Johnson Block & Company, Inc.

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

**SCHOOL DISTRICT OF NEW GLARUS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

School District of New Glarus's (the District) Administration discussion and analysis is intended to assist the reader in focusing on significant financial issues, provide an overview of the District's financial activity, and identify changes in the District's financial position and its ability to address the next and subsequent year challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments and is intended to provide the financial results for the fiscal year ending June 30, 2016.



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

District Wide Financial Statements

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

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

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

**SCHOOL DISTRICT OF NEW GLARUS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Fund Financial Statements

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

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

**SCHOOL DISTRICT OF NEW GLARUS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Financial Analysis of the District as a Whole

Table 1
Summary of Net Position

	2016	2015
Assets		
Current & Other Assets	\$ 10,048,151	\$ 4,211,722
Capital Assets	\$ 28,699,660	\$ 26,702,542
Less Accumulated Depreciation	(9,653,951)	(8,751,727)
Capital Assets, net book value	\$ 19,045,709	\$ 17,950,815
Restricted Assets	\$ 129,314	\$ 1,071,780
Total Assets	\$ 29,223,174	\$ 23,234,317
Deferred Outflows of Resources		
Deferred Pension Outflows	\$ 3,402,231	\$ 873,552
Liabilities		
Current Liabilities	\$ 2,715,745	\$ 1,711,032
Long-term Liabilities	13,217,716	7,891,882
Total Liabilities	\$ 15,933,461	\$ 9,602,914
Deferred Inflows of Resources		
Deferred Pension Inflows	\$ 1,333,830	\$ 15,403
Unamortized Premium on Long-Term Obligations	363,180	127,145
Total Deferred Inflows of Resources	\$ 1,697,010	\$ 142,548
Net Position		
Total Capital Assets, net of related debt	\$ 11,985,081	\$ 9,802,302
Restricted	433,660	2,254,543
Unrestricted	2,576,193	2,305,562
Total Net Position	\$ 14,994,934	\$ 14,362,407

As indicated by the statement above, total net position is \$14,994,934. Net position can be separated into the following categories: capital assets net of related debt, restricted, and unrestricted.

Net capital assets are a combination of funds available for capital assets, plus capital assets at original cost less accumulated depreciation and related debt. The original cost of capital assets is \$28,699,660, which is an accumulation of capital assets year after year less any capital disposals. The accumulated depreciation is the accumulation of depreciation expense since acquisition. In accordance with Generally Accepted Accounting Principles (GAAP), depreciation expense is recorded on the original cost of the asset, less an estimated salvage value, expensed over the estimated useful life of the asset. Total accumulated depreciation is \$9,653,951. Most capital asset acquisitions are financed through long-term debt. Primarily, long-term debt is repaid as the debt service comes due through property taxes approved by the voters. Total related long-term debt is \$12,865,222.

**SCHOOL DISTRICT OF NEW GLARUS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Financial Analysis of the District as a Whole (Continued)

Net position of \$91,342 are restricted for debt service, \$148,214 are restricted for the special revenue trust, \$64,790 is restricted for food service, and \$129,314 for supplemental pensions. The remaining balance of \$2,576,193 is unrestricted. The unrestricted fund balance is an accumulation of prior years' operating results. This balance is directly affected each year by the District's operating results.

Results of Operations

	2016		2015	
	Amount	% of Total	Amount	% of Total
Program Revenues:				
Charges for Service	\$ 505,764	4.0%	\$ 453,150	3.8%
Operating Grants and Contributions	1,028,038	8.2%	903,936	7.6%
Total Program Revenues	<u>1,533,802</u>	<u>12.2%</u>	<u>1,357,086</u>	<u>11.4%</u>
General Revenues:				
Property Taxes - general purposes	3,784,574	30.1%	3,839,570	32.3%
Property Taxes - debt purposes	1,093,000	8.7%	665,000	5.6%
Property Taxes - community purposes	11,000	0.1%	11,000	0.1%
State of Wisconsin Aid - unrestricted	5,908,118	47.0%	5,818,784	48.9%
Other	248,514	2.0%	211,962	1.8%
Total General Revenues	<u>11,045,206</u>	<u>87.8%</u>	<u>10,546,316</u>	<u>88.6%</u>
Total Revenues	<u>12,579,008</u>	<u>100.0%</u>	<u>11,903,402</u>	<u>100.0%</u>
Expenses:				
Instruction	6,247,692	52.4%	5,973,148	53.5%
Support Services	4,290,286	36.0%	4,052,151	36.3%
Community Services	85	0.0%	-	0.0%
Non-Program	292,140	2.4%	231,134	2.1%
Interest on Debt	352,538	3.0%	187,930	1.7%
Depreciation-unallocated	747,440	6.3%	722,903	6.5%
Total Expenses	<u>11,930,181</u>	<u>100.0%</u>	<u>11,167,266</u>	<u>100.0%</u>
Increase (Decrease) in Net Position				
Before Special Items	648,827		736,136	
Special Items -				
Gain (Loss) on Disposal	<u>(16,300)</u>		<u>(15,530)</u>	
Change in Net Position	<u>\$ 632,527</u>		<u>\$ 720,606</u>	

As indicated above net position increased \$632,527.

**SCHOOL DISTRICT OF NEW GLARUS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Financial Aspects of the District's Funds

The general fund had a net increase in fund balance of \$256,631. The increase was mainly due from savings of anticipated expenditures and from unanticipated donations and miscellaneous revenues.

The capital projects fund had a net increase in fund balance of \$4,552,022. This increase was due to current building projects.

The debt service fund had a net increase in fund balance of \$169. The fund balance of the debt service fund will fluctuate each year.

The special revenue trust fund had a net increase in fund balance of \$19,179. The district received more in donations versus outgoing expenditures.

The food service fund had a net increase in fund balance of \$23,565. The increase in sales was due to increased student participation and increased catering services.

The community service fund had a net increase in fund balance of \$9,360. The fund balance of the community service fund will fluctuate each year.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2016 and 2015, the District had \$28,699,660 and \$26,702,542 invested in a broad range of capital assets, including land, buildings, furniture and equipment, respectively.

	2016	2015
Assets		
Land	\$ 361,905	\$ 361,905
Construction in Progress	1,299,986	-
Buildings	21,043,734	20,992,802
Furniture and Equipment	5,994,035	5,347,835
Subtotal	28,699,660	26,702,542
Less Accumulated Depreciation	(9,653,951)	(8,751,727)
	\$ 19,045,709	\$ 17,950,815

There was a net increase in capital assets of \$1,094,894 from last year. Depreciation expense for the year was \$914,224.

**SCHOOL DISTRICT OF NEW GLARUS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Debt

At the end of this year, the District had \$12,614,992 in general obligation bonds and notes outstanding. This is a net increase of \$4,795,000. The net increase is a result of scheduled principal payments, proceeds from a bond anticipation note used for construction, and payments on refinanced debt.

Factors Bearing on the District's Future

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

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

Original vs. Revised Budget

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

The District may amend its budget during the school year.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Tammy Marty, Business Manager, School District of New Glarus, 1701 Second St., New Glarus, Wisconsin 53574.

**New Glarus School District
New Glarus, Wisconsin
Statement of Net Position
June 30, 2016**

	Governmental Activities
ASSETS	
Current Assets	
Cash and Investments	\$ 2,244,742
Restricted Cash and Investments	5,804,594
Receivables:	
Taxes	1,480,252
Accounts	14,807
Internal Balances	4,660
Due from Other Governments	403,297
Prepays	91,552
Inventories	4,247
Total Current Assets	10,048,151
Capital Assets	
Land	361,905
Construction in Progress	1,299,986
Depreciable Assets	27,037,769
Less: Accumulated depreciation	(9,653,951)
Net Capital Assets	19,045,709
Restricted Assets	
Net Pension Asset - Supplemental Pension	129,314
Total Restricted Assets	129,314
Total Assets	29,223,174
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Outflows - WRS	3,344,912
Deferred Pension Outflows - Supplemental Pension	57,319
Total Deferred Outflows of Resources	3,402,231
Total Assets and Deferred Outflows of Resources	\$ 32,625,405
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 1,053,259
Accrued Liabilities:	
Payroll and Related Items	1,000,085
Interest	63,181
Deposits - Food Service Receipts	13,423
Current Portion of Long-Term Obligations	585,797
Total Current Liabilities	2,715,745
Noncurrent Liabilities:	
Noncurrent Portion of Long-Term Liabilities	12,279,425
Compensated Absences	310,779
Net Pension Liability - WRS	627,512
Total Noncurrent Liabilities	13,217,716
Total Liabilities	15,933,461
DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Inflows - WRS	1,333,830
Unamortized Premium on Long-Term Obligations	363,180
Total Deferred Inflows of Resources	1,697,010
NET POSITION	
Net Investment in Capital Assets	11,985,081
Restricted	433,660
Unrestricted	2,576,193
Total Net Position	14,994,934
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 32,625,405

See accompanying notes to the financial statements.

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

**Statement of Activities
For the Year Ended June 30, 2016**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Revenue</u>
				<u>Total Governmental Activities</u>
Governmental Activities				
Undifferentiated Curriculum	\$ 1,924,283	\$ 16,239	\$ 7,508	\$ (1,900,536)
Regular Curriculum	2,614,217	89,506	187,619	(2,337,092)
Vocational Instruction	226,935	-	-	(226,935)
Physical Curriculum	215,371	-	-	(215,371)
Special Instruction	999,216	38,433	429,925	(530,858)
Co-Curricular Activities	238,049	6,368	-	(231,681)
Other Special Needs	29,621	-	-	(29,621)
Total Instruction	<u>6,247,692</u>	<u>150,546</u>	<u>625,052</u>	<u>(5,472,094)</u>
Support Services				
Pupil Services	360,729	-	1,359	(359,370)
Instructional Staff Service	888,505	-	137,815	(750,690)
General Administration	372,834	-	-	(372,834)
Building Administration	579,796	-	-	(579,796)
Business Services	1,420,974	-	80,535	(1,340,439)
Central Services	68,741	-	2,026	(66,715)
Insurance and Judgments	102,154	4,548	-	(97,606)
Interest	352,538	-	-	(352,538)
Other Support Services	520	-	-	(520)
Food Service	496,033	350,670	166,700	21,337
Community Service	85	-	-	(85)
Unallocated Depreciation	747,440	-	-	(747,440)
Total Support Services	<u>5,390,349</u>	<u>355,218</u>	<u>388,435</u>	<u>(4,646,696)</u>
Non-Program				
Other Non-Program Services	292,140	-	14,551	(277,589)
Total Non-Program	<u>292,140</u>	<u>-</u>	<u>14,551</u>	<u>(277,589)</u>
Total Governmental Activities	<u>\$ 11,930,181</u>	<u>\$ 505,764</u>	<u>\$ 1,028,038</u>	<u>(10,396,379)</u>

General revenues:

Taxes:	
Property taxes, levied for general purposes	3,784,574
Property taxes, levied for debt service	1,093,000
Property taxes, levied for community services	11,000
Federal and State aid not restricted to specific purpose	5,908,118
Interest and investment earnings	8,007
Miscellaneous	240,507
Total general revenues	<u>11,045,206</u>
Special item - Gain (loss) on disposal	<u>(16,300)</u>
Change in net position	632,527
Net position - beginning	14,362,407
Net position - ending	<u>\$ 14,994,934</u>

See accompanying notes to the financial statements.

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

**Balance Sheet
Governmental Funds
June 30, 2016**

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Investments	\$ 1,837,209	\$ -	\$ 407,533	\$ 2,244,742
Restricted Cash and Investments	-	5,804,594	-	5,804,594
Receivables:				
Taxes	1,480,252	-	-	1,480,252
Accounts	8,127	-	2,318	10,445
Other	-	-	4,362	4,362
Due from Other Funds	1,210,523	-	-	1,210,523
Due from Other Governments	399,833	-	3,464	403,297
Inventories	-	-	4,247	4,247
Prepaid Expenses	91,552	-	-	91,552
Total Assets	<u>\$ 5,027,496</u>	<u>5,804,594</u>	<u>\$ 421,924</u>	<u>\$ 11,254,014</u>
LIABILITIES				
Accounts Payable	\$ 986,465	\$ 47,347	\$ 19,447	\$ 1,053,259
Accrued Liabilities	995,038	-	5,047	1,000,085
Due to Other Funds	639	1,205,225	-	1,205,864
Deposits	-	-	13,423	13,423
Total Liabilities	<u>1,982,142</u>	<u>1,252,572</u>	<u>37,917</u>	<u>3,272,631</u>
FUND BALANCES				
Nonspendable	91,552	-	4,247	95,799
Restricted	-	4,552,022	363,280	4,915,302
Assigned	2,000,000	-	16,480	2,016,480
Unassigned	953,802	-	-	953,802
Total Fund Balances	<u>3,045,354</u>	<u>4,552,022</u>	<u>384,007</u>	<u>7,981,383</u>
Total Liabilities and Fund Balances	<u>\$ 5,027,496</u>	<u>5,804,594</u>	<u>\$ 421,924</u>	<u>\$ 11,254,014</u>

See accompanying notes to the financial statements.

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

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2016**

Total fund balance, governmental funds	\$	7,981,383
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		
		19,045,709
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		
Deferred Inflow - Unamortized Premium on bond issuance		(363,180)
Pension deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plans. These items are reflected in the Statement of Net Position and are being amortized with pension expense on the Statement of Activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and therefore are not reported in the fund statements.		
Deferred outflows of resources		3,402,231
Deferred inflows of resources		(1,333,830)
Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable) are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.		
G.O. Debt Obligations		(12,614,991)
Capital Lease		(250,230)
Accrued Interest on Long-Term Debt		(63,181)
Compensated Absences		(310,779)
Net Pension Asset - Supplemental Pension		129,314
Net Pension Liability - WRS		(627,512)
		(627,512)
Net Position of Governmental Activities in the Statement of Net Position	\$	14,994,934

See accompanying notes to the financial statements.

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

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016**

	General Fund	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Local	\$ 3,934,262	\$ 4,594	\$ 1,629,580	\$ 5,568,436
Interdistrict	669,033	-	-	669,033
State	5,855,770	-	6,886	5,862,656
Federal	290,065	-	159,814	449,879
Other	39,436	-	-	39,436
Total Revenues	<u>10,788,566</u>	<u>4,594</u>	<u>1,796,280</u>	<u>12,589,440</u>
EXPENDITURES				
Instruction				
Undifferentiated Curriculum	1,911,928	-	12,355	1,924,283
Regular Instruction	2,428,592	-	14,113	2,442,705
Vocational Instruction	214,707	-	-	214,707
Physical Instruction	215,371	-	-	215,371
Special Instruction	959,093	-	-	959,093
Co-curricular Instruction	131,383	-	106,666	238,049
Other Special Needs	4,517	-	-	4,517
Total Instruction	<u>5,865,591</u>	<u>-</u>	<u>133,134</u>	<u>5,998,725</u>
Support Services				
Pupil Services	343,522	-	1,362	344,884
Instructional Staff Services	1,176,086	-	18,124	1,194,210
General Administration Services	363,299	-	-	363,299
Building Administration Services	553,267	-	-	553,267
Business Services	1,681,736	1,252,572	3,214	2,937,522
Central Services	64,242	-	-	64,242
Insurance and Judgments	102,154	-	-	102,154
Principal and Interest	88,804	-	1,225,118	1,313,922
Other Support Services	1,095	-	-	1,095
Food Service	-	-	493,805	493,805
Community Service	-	-	84	84
Total Support Services	<u>4,374,205</u>	<u>1,252,572</u>	<u>1,741,707</u>	<u>7,368,484</u>
Non-program Services	292,139	-	-	292,139
Total Expenditures	<u>10,531,935</u>	<u>1,252,572</u>	<u>1,874,841</u>	<u>13,659,348</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>256,631</u>	<u>(1,247,978)</u>	<u>(78,561)</u>	<u>(1,069,908)</u>
OTHER FINANCING SOURCES (USES)				
Premium on Long-Term Debt	-	-	260,834	260,834
Proceeds from Long-Term Debt	-	5,800,000	5,670,000	11,470,000
Payment of Bond Anticipation Note	-	-	(5,800,000)	(5,800,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>5,800,000</u>	<u>130,834</u>	<u>5,930,834</u>
Net Change in Fund Balances	256,631	4,552,022	52,273	4,860,926
Fund Balances - Beginning	2,788,723	-	331,734	3,120,457
Fund Balances - Ending	<u>\$ 3,045,354</u>	<u>\$ 4,552,022</u>	<u>\$ 384,007</u>	<u>\$ 7,981,383</u>

See accompanying notes to the financial statements.

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

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016**

Net change in fund balances - total governmental funds: \$ 4,860,926

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlays (\$2,035,858) were more than depreciation (\$914,224) in the current period. 1,121,634

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

The amount of long-term debt principal payments in the current year is: 6,675,000

The amount of capital lease principal payments in the current year is: 78,291

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

The amount of capital lease proceeds in the current year. (11,470,000)

The amount of debt premium proceeds in the current year. (260,834)

Amortization of debt premium. 24,799

Loss on disposal of capital assets (26,740)

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

Accrued interest not reflected on Governmental funds (16,703)

Compensated absences 5,881

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

This is the amount of current year required contributions (\$757,120) into the WRS defined benefit pension plan that were greater than the actuarially determined (\$370,662) change in net pension asset between years, with adjustments. (386,458)

This is the amount of current year required contributions (\$10,366) into the District's defined benefit pension plan that were less than the actuarially determined (\$16,365) change in net pension asset between years, with adjustments. 26,731

Change in net position of governmental activities \$ 632,527

See accompanying notes to the financial statements.

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

**Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016**

	<u>Benefit Trust Fund</u>	<u>Scholarship Funds</u>	<u>Activity Fund</u>	<u>Total</u>
ASSETS				
Cash and Cash Equivalents	\$ 317,118	\$ 17,006	\$ 39,905	\$ 374,029
Due from Other Funds	-	-	639	639
Total Assets	<u>\$ 317,118</u>	<u>\$ 17,006</u>	<u>\$ 40,544</u>	<u>\$ 374,668</u>
LIABILITIES				
Due to Student Organizations	\$ -	\$ -	\$ 35,245	\$ 35,245
Due to Other Funds	-	-	5,299	5,299
Total Liabilities	<u>-</u>	<u>-</u>	<u>40,544</u>	<u>40,544</u>
NET POSITION				
Restricted	317,118	17,006	-	334,124
Total Liabilities and Net Position	<u>\$ 317,118</u>	<u>\$ 17,006</u>	<u>\$ 40,544</u>	<u>\$ 374,668</u>

See accompanying notes to the financial statements.

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

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2016**

	<u>Benefit Trust</u> <u>Fund</u>	<u>Scholarship</u> <u>Funds</u>	<u>Total</u>
ADDITIONS			
Contributions	\$ 37,097	\$ -	\$ 37,097
Interest	-	55	55
Investment Earnings, Net of Investment Expense	3,985	-	3,985
Total Additions	41,082	55	41,136.76
DEDUCTIONS			
Gifts and Scholarships	-	792	792
Support Services	2,270	-	2,270
Benefits Paid	42,666	-	42,666
Total Deductions	44,936	792	45,728
Change in Net Position	(3,854)	(737)	(4,591)
Net Position - Beginning	320,972	17,743	338,715
Net Position - Ending	\$ 317,118	\$ 17,006	\$ 334,124

See accompanying notes to the financial statements.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2016

1. Summary of Significant Accounting Policies

A. Introduction

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

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

B. Component Units

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

C. District-Wide Statements

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

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

D. Fund Financial Statements

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

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2016

1. Summary of Significant Accounting Policies (Continued)

D. Fund Financial Statements (Continued)

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

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

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

The District reports the following major governmental funds:

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

Capital Projects – The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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

The District also has the following non-major funds:

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

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2016

1. Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2016

1. Summary of Significant Accounting Policies (Continued)

F. Property Tax Levy

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

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

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2015 tax levy is used to finance operations of the District's fiscal year ended June 30, 2016. All property taxes are considered due on January 1st, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30th and are available to pay current liabilities.

G. Deposits and Investments

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

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

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

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

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2016

1. Summary of Significant Accounting Policies (Continued)

H. Accounts Receivable

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

I. Inventories and Prepaid Items

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

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

J. Capital Assets

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

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

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

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2016

1. Summary of Significant Accounting Policies (Continued)

K. Long-Term Obligations

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

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

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

L. Accumulated Unpaid Vacation and Sick Pay

Compensated Absences

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

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

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

Supplemental Pension

See Note 8b for additional information.

M. Pensions

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

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

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2016

1. Summary of Significant Accounting Policies (Continued)

N. Deferred Outflows and Inflows of Resources

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

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

O. Estimates

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

P. Net Position

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

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

Q. Fund Balances – Governmental Funds

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

Nonspendable – includes amounts that cannot be spent because they are either not in spendable form (i.e. convertible to cash) or are legally or contractually required to be maintained intact. All amounts reported as non-spendable at June 30, 2016, are nonspendable in form. The District has not reported any amounts that are legally or contractually required to be maintained intact.

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

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2016

1. Summary of Significant Accounting Policies (Continued)

Q. Fund Balances – Governmental Funds (Continued)

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

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

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

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

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

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

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

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

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

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

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2016

1. Summary of Significant Accounting Policies (Continued)

R. Budgets

Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. The legally adopted budget and budgetary expenditure control is exercised at the function level in the general fund and all other funds. Encumbrance accounting is not used by the district. Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1 E.

S. Change in Accounting Principle

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

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

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

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

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

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

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2016

3. Cash and Investments

For all the District's cash and investments shown below, the market value at the balance sheet date is substantially the same as the fair value. The difference between the bank balance and the carrying value is due to outstanding checks and/or deposits in transit. At various times during the year, the District's deposits were higher than the June 30, 2016 balances. This means that the District's risk and exposure could be higher at these times.

Deposits

The District's deposits and investments at June 30, 2016 were comprised of the following:

<u>Depository:</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Associated Risk</u>
Local Financial Institutions	\$ 2,298,600	\$ 2,500,676	Custodial credit risk
Petty Cash	625	625	
Other Cash and Investments			
Equity Investments	129,475	129,475	Custodial credit risk and interest rate risk
Fixed Income Investments	119,155	119,155	Custodial credit risk and interest rate risk
Cash Equivalent Investments	5,875,510	5,882,190	Custodial credit risk and interest rate risk
Total June 30, 2016	<u>\$ 8,423,365</u>	<u>\$ 8,632,121</u>	

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

Reconciliation to financial statements	
Per statement of net position	
Cash and Investments	\$ 2,244,742
Restricted Cash and	
Investments	5,804,594
Fiduciary Funds	374,029
Total	<u>\$ 8,423,365</u>

Investments Authorized by Wisconsin State Statutes

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

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

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2016

3. Cash and Investments (Continued)

- 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 dealer.
- Bonds issued by the Wisconsin Aerospace Authority.

Interest Rate Risk

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

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

As of June 30, 2016, the District had the following investments and maturities:

Investment Type	Credit Quality	Fair Value	Investment Maturities (In Years)			
			Less than 1	1-5	6-10	More than 10
Equity - Exchange Traded Funds	Not Rated	\$ 129,475	\$ 129,475	\$ -	\$ -	\$ -
Fixed Income - Exchange Traded Funds	Varies AA to D	119,155	-	62,029	47,108	10,018
		<u>\$ 248,630</u>	<u>\$ 129,475</u>	<u>\$ 62,029</u>	<u>\$ 47,108</u>	<u>\$ 10,018</u>

Credit Risk

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

Custodial Credit Risk

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

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2016

3. Cash and Investments (Continued)

Deposits in each local and area bank are insured by the Federal Depository Insurance Corporation (FDIC) up to \$250,000 for all time and savings accounts and \$250,000 for all demand accounts. Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations. Deposits maintained at investment institutions are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000. The District had no uninsured investment balances as of June 30, 2016.

As of June 30, 2016, the District's deposits with financial institutions were exposed to custodial credit risk as follows:

Insured by FDIC and State Deposit Guarantee Fund	\$	1,179,828
Insured by collateral agreement	\$	1,637,966
Uninsured and uncollateralized	\$	-

4. Fair Value Measurement

Financial assets required to be measured on a recurring basis are classified under a three-tier hierarchy for fair value investments. Fair value is the amount that would be received to sell an asset, or paid to settle a liability, in an orderly transaction between market participants at the measurements date.

The District uses the following hierarchical disclosure framework:

Level 1 – Measurement based upon quoted prices for identical assets in an active market as of the reporting date.

Level 2 – Measurement based upon marketplace inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Measurement based on the District's assumptions about a hypothetical marketplace because observable market inputs are not available as of the reporting date.

The District uses appropriate valuation techniques based on the available inputs to measure the fair values of its assets and liabilities. When available, the District measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs have the lowest priority.

	Assets at Fair Value as of June 30, 2016	
	Fair Value	Level 1
Equity - Exchange Traded Funds	\$ 129,475	\$ 129,475
Fixed Income - Exchange Traded Funds	119,155	119,155
Totals	\$ 248,630	\$ 248,630

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2016

5. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not being depreciated				
Sites (land)	\$ 361,905	\$ -	\$ -	\$ 361,905
Construction in progress	-	1,299,986	-	1,299,986
Total Capital Assets not being depreciated	<u>361,905</u>	<u>1,299,986</u>	<u>-</u>	<u>1,661,891</u>
Capital Assets being depreciated				
Buildings and improvements	20,992,802	50,932	-	21,043,734
Furniture and equipment	5,347,835	684,940	(38,740)	5,994,035
Total Capital Assets being depreciated	<u>26,340,637</u>	<u>735,872</u>	<u>(38,740)</u>	<u>27,037,769</u>
Less Accumulated Depreciation	<u>(8,751,727)</u>	<u>(914,224)</u>	<u>12,000</u>	<u>(9,653,951)</u>
Total Capital Assets being depreciated, net of accumulated depreciation	<u>17,588,910</u>	<u>(178,352)</u>	<u>(26,740)</u>	<u>17,383,818</u>
 Governmental activities Capital Assets, net of accumulated depreciation	 <u>\$ 17,950,815</u>	 <u>\$ 1,121,634</u>	 <u>\$ (26,740)</u>	 <u>\$ 19,045,709</u>

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 5,701
Vocational instruction	643
Special education instruction	1,343
Other instruction	14,630
Instructional staff services	1,341
General administration	147
Building administration	230
Business services	135,954
Central services	4,498
Food services	2,297
Depreciation not charged to a specific function	747,440
Total depreciation for governmental activities	<u>\$ 914,224</u>

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2016

6. Long-term Obligations

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

General Obligation Debt	Beginning Balance	Additions	Reductions	Defeasance	Ending Balance	Amount Due Within One Year
Governmental Activities						
G.O. Bonds	\$ 4,850,000	\$ 5,670,000	\$ 195,000	\$ (380,000)	\$ 9,945,000	\$ 205,000
G.O. Notes	2,969,992	-	300,000	-	2,669,992	300,000
Bond Anticipation Notes	-	5,800,000	5,800,000	-	-	-
Total governmental activity long-term liabilities	7,819,992	11,470,000	6,295,000	(380,000)	12,614,992	505,000
Capital Leases	328,521	-	78,291	-	250,230	80,797
Compensated absences	316,660	-	5,881	-	310,779	-
Total Long-Term Debt	<u>\$ 8,465,173</u>	<u>\$ 11,470,000</u>	<u>\$ 6,379,172</u>	<u>\$ (380,000)</u>	<u>\$ 13,176,001</u>	<u>\$ 585,797</u>

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

Interest on Long-Term Debt	<u>Expense</u> <u>\$ 275,356</u>	<u>Paid</u> <u>\$ 258,578</u>
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General Obligation Debt

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

Description	Issue Dates	Interest Rate %	Dates of Maturity	Balance 6/30/2016	Amount Due Within One Year
GO Refunding Bonds	4/17/2008	3.5-3.6%	4/1/2018	\$ 415,000	\$ 205,000
GO QSCB Promissory Notes*	9/27/2010	4.72%	4/1/2020	319,992	80,000
GO School Improvement Bonds	3/5/2012	2.0-2.65%	4/1/2030	3,860,000	-
GO QSCB Promissory Notes	4/2/2012	4.07%	10/1/2022	615,000	-
GO Promissory Notes	6/12/2012	3.0-3.5%	4/1/2021	1,735,000	220,000
GO Refunding Bonds	5/18/2016	2.0-3.0%	4/1/2036	5,670,000	-
Total General Obligation Debt				<u>\$ 12,614,992</u>	<u>\$ 505,000</u>

* Annual payments are being accumulated in a sinking fund until maturity.

This sinking fund is not in the District's control and is not reported in the financial statements.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2016

6. Long-term Obligations (Continued)

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Subsidy</u>	<u>Totals</u>
2017	\$ 505,000	\$ 366,510	\$ (54,086)	\$ 817,424
2018	575,000	369,462	(54,058)	890,404
2019	590,000	353,902	(54,058)	889,844
2020	605,000	339,152	(54,058)	890,094
2021	545,000	288,568	(23,304)	810,264
2022-2026	2,860,000	1,197,782	(23,301)	4,034,481
2027-2031	3,215,000	834,326	-	4,049,326
2032-2036	3,719,992	341,543	-	4,061,535
Totals	<u>\$ 12,614,992</u>	<u>\$ 4,091,245</u>	<u>\$ (262,865)</u>	<u>\$ 16,443,372</u>

The 2015 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$423,993,901. The legal debt limit and margin of indebtedness as of June 30, 2016, in accordance with §67.03(1)(b) of the Wisconsin statutes follows:

Debt Limit (10% of \$423,993,901)	\$ 42,399,390
Deduct long-term debt applicable to debt margin	<u>12,614,992</u>
Margin of indebtedness	<u>\$ 29,784,398</u>

Current Refunding

On May 18, 2016, the District issued \$5,670,000 of general obligation refunding bonds with interest rates of 2.0-3.0%. Net proceeds of \$5,858,794 were used to current refund \$5,800,000 of 2016 Bond Anticipation Notes. The District completed the current refunding for the purpose of providing permanent financing for the construction projects originally financed by Bond Anticipation Notes that matured on June 6, 2016.

Cash Defeasance

The District issued general obligation bonds in 2012. On April 4, 2016, the District deposited cash into an irrevocable trust to purchase securities for the purpose of generating resources for future debt service payments of the general obligation bonds. As a result, a portion of the general obligation bonds are considered to be defeased and the liability has been removed from the governmental activities on the statement of net position. No economic gain resulted from the cash defeasance. The total of the defeased debt outstanding at June 30, 2016 is \$380,000. The entire amount of defeased debt will be called on the April 1, 2022 early redemption date.

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2016

6. Long-term Obligations (Continued)

Capital Lease

In July 2014, the District entered into a lease agreement for financing the acquisition of five school buses in the amount of \$417,325. This lease agreement qualifies as a capital lease for accounting purposes. The future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

Year Ended June 30,		
2017	\$	88,805
2018		88,804
2019		<u>88,805</u>
Total minimum lease payments		<u>266,414</u>
Less: Amount representing interest		<u>16,184</u>
Present value of net minimum lease payments	\$	<u><u>250,230</u></u>

7. Fund Balances / Net Position

Fund Balance

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

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Food Service</u>	<u>Special Revenue Trust</u>	<u>Community Service</u>	<u>Total</u>
Fund Balances:							
<u>Nonspendable:</u>							
Inventory	\$ -	\$ -	\$ -	\$ 4,247	\$ -	\$ -	\$ 4,247
Prepaid Expenses	91,552	-	-	-	-	-	91,552
<u>Restricted for:</u>							
Food Service	-	-	-	60,543	-	-	60,543
Debt Service Reserve	-	-	154,523	-	-	-	154,523
Donor Restrictions	-	-	-	-	148,214	-	148,214
Capital Projects	-	4,552,022	-	-	-	-	4,552,022
<u>Assigned to:</u>							
Capital Maintenance Projects	100,000	-	-	-	-	-	100,000
Community Service	-	-	-	-	-	16,480	16,480
Cash Flow Purposes	1,900,000	-	-	-	-	-	1,900,000
<u>Unassigned</u>	<u>953,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>953,802</u>
Total Fund Balances	<u>\$ 3,045,354</u>	<u>\$ 4,552,022</u>	<u>\$ 154,523</u>	<u>\$ 64,790</u>	<u>\$ 148,214</u>	<u>\$ 16,480</u>	<u>\$ 7,981,383</u>

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2016

7. Fund Balances / Net Position (Continued)

Net Position

Net position reported on the government-wide statement of net position at June 30, 2016 includes the following:

Governmental	
Capital Assets net of depreciation	\$ 19,045,709
Less: related long-term debt outstanding	(12,865,222)
Unspent Bond Proceeds	5,804,594
Total Net Investment in Capital Assets	11,985,081
Restricted	
Debt Service	91,342
Food Service	64,790
Special Revenue Trust	148,214
Supplemental Pension	129,314
Total Restricted	433,660
Unrestricted	2,576,193
	\$ 14,994,934

8. Employee Pension Plans

8a) Defined Benefit Pension Plan – Wisconsin Retirement System

General Information about the Pension Plan

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

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

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

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2016

8. Employee Pension Plans (Continued)

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

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

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

The WRS also provides death and disability benefits for employees.

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

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

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

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2016

8. Employee Pension Plans (Continued)

During the reporting period, the WRS recognized \$370,662 in contributions from the employer.

Contribution rates as of June 30, 2016 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers)	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

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

At June 30, 2016, the District reported a liability (asset) of \$627,512 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the District's proportion was 0.03861657%, which was a decrease of 0.00015029% from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$752,731.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 106,571	\$ (1,320,588)
Changes of assumptions	439,035	-
Net difference between projected and actual earnings on pension plan investments	2,570,554	-
Changes in proportion and difference between District contributions and proportionate share of contributions	-	(13,242)
District contributions subsequent to the measurement date	228,752	-
Total	<u>\$ 3,344,912</u>	<u>\$ (1,333,830)</u>

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2016

8. Employee Pension Plans (Continued)

\$228,752 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2017	\$ 809,190	\$ (323,423)
2018	809,190	(323,423)
2019	809,190	(323,423)
2020	674,543	(321,268)
2021	14,047	(42,293)

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

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

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

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

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2016

8. Employee Pension Plans (Continued)

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

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

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

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2016

8. Employee Pension Plans (Continued)

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
District's proportionate share of the net pension liability (asset)	\$ 4,401,380	\$ 627,512	\$ (2,319,946)

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

8b) Supplemental Pension Stipend Benefit

General Information about the Pension Plan

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

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

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

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

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

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2016

8. Employee Pension Plans (Continued)

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

Retirees eligible and receiving benefits	3
Active teachers fully eligible	6
Active teachers not fully eligible	58
Total	67

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

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

During the reporting period, the District contributed \$32,288 to the trust.

Net Pension Liability

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

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

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

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

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

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2016

8. Employee Pension Plans (Continued)

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

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

	Increase (Decrease)		
	Plan		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	\$ 222,846	\$ 342,406	\$ (119,560)
Changes for the year:			
Service cost	11,942	-	11,942
Interest	11,094	-	11,094
Differences between expected and actual experience	-	-	-
Contributions - employer	-	32,288	(32,288)
Contributions - employee	-	-	-
Net investment income	-	502	(502)
Benefit payments	(54,224)	(54,224)	-
Administrative expenses	-	-	-
Other changes	-	-	-
Net changes	(31,188)	(21,434)	(9,754)
Balances at June 30, 2015	\$ 191,658	\$ 320,972	\$ (129,314)

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

	1% Decrease to Discount Rate (4.50%)	Current Discount Rate (5.50%)	1% Increase to Discount Rate (6.50%)
District's net pension liability (asset)	\$ (115,780)	\$ (129,314)	\$ (142,271)

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2016

8. Employee Pension Plans (Continued)

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

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

For the year ended June 30, 2016, the District recognized pension expense of \$26,731. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	20,222	-
District contributions subsequent to the measurement date	37,097	-
Total	\$ 57,319	\$ -

\$37,097 reported as deferred outflows related to pension resulting from the Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2017.

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

Year Ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$ 5,559	\$ -
2017	5,559	-
2018	5,557	-
2019	3,547	-
2020	-	-
Thereafter	-	-

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2016

9. Interfund Balances and Activity

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

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 1,210,523	
Capital Project Fund		\$ 1,205,864
Activity Fund	640	5,299
Total	\$ 1,211,163	\$ 1,211,163

In the Statement of Net Position, amounts reported in the governmental fund balance sheet as interfund balances have been eliminated within the district-wide statements.

During the fiscal year ended June 30, 2016, the general fund transferred \$786,579 to the special education fund. These transfers were used to cover any costs not covered by direct revenues. In the district-wide statements, these amounts were eliminated.

10. Operating Lease

The District, as lessee, leases several copiers under two separate leases. The first requires monthly payments of \$684 through October 2020 and the second requires monthly payments of \$1,538 through October 2019.

Future minimum lease payments on these leases are as follows:

Year ended June 30,	
2017	\$ 26,661
2018	26,661
2019	26,661
2020	14,361
2021	2,737
Total	\$ 97,081

11. Limitation on School District Revenues

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

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

NEW GLARUS SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2016

12. Risk Management

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

13. Construction Commitments

As of June 30, 2016, the District's facilities were undergoing remodeling and upgrades. The District's contract commitments related to construction totaled \$5,094,726. As of June 30, 2016, construction expenditures amounted to \$1,238,062.

14. Effect of New Accounting Standard on Current Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68, and Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

**New Glarus School District
New Glarus, Wisconsin
Budgetary Comparison
General Fund
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local	\$ 3,783,285	\$ 3,783,285	\$ 3,934,262	\$ 150,977
Interdistrict	626,755	626,755	630,600	3,845
State	5,467,559	5,467,559	5,544,157	76,598
Federal	93,766	93,766	99,152	5,386
Other	29,296	120,465	39,436	(81,029)
Total Revenues	<u>10,000,661</u>	<u>10,091,830</u>	<u>10,247,607</u>	<u>155,777</u>
EXPENDITURES				
Instruction				
Undifferentiated Curriculum	1,989,342	1,964,342	1,911,928	52,414
Regular Instruction	2,373,507	2,373,507	2,428,592	(55,085)
Vocational Instruction	230,187	230,187	214,707	15,480
Physical Instruction	213,406	213,406	215,371	(1,965)
Co-curricular Instruction	149,034	149,034	131,383	17,651
Other Special Needs	6,500	6,500	4,517	1,983
Total Instruction	<u>4,961,976</u>	<u>4,936,976</u>	<u>4,906,498</u>	<u>30,478</u>
Support Service				
Pupil Services	187,269	187,269	178,608	8,661
Instructional Staff Services	866,861	1,058,030	1,021,717	36,313
General Administration Services	358,172	358,172	363,299	(5,127)
Building Administration Services	572,650	572,650	553,267	19,383
Business Services	1,880,680	1,805,680	1,649,149	156,531
Central Services	67,106	67,106	62,216	4,890
Insurance and Judgments	103,007	103,007	102,154	853
Principal and Interest	88,804	88,804	88,804	-
Other Support Services	1,108	1,108	1,095	13
Total Support Services	<u>4,125,657</u>	<u>4,241,826</u>	<u>4,020,309</u>	<u>221,517</u>
Non-program Services				
Total Expenditures	<u>9,361,096</u>	<u>9,452,265</u>	<u>9,204,397</u>	<u>247,868</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>639,565</u>	<u>639,565</u>	<u>1,043,210</u>	<u>403,645</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(778,101)	(778,101)	(786,579)	(8,478)
Total Other Financing Sources (Uses)	<u>(778,101)</u>	<u>(778,101)</u>	<u>(786,579)</u>	<u>(8,478)</u>
Net Change in Fund Balances	(138,536)	(138,536)	256,631	395,167
Fund Balances - Beginning	2,788,723	2,788,723	2,788,723	-
Fund Balances - Ending	<u>\$ 2,650,187</u>	<u>\$ 2,650,187</u>	<u>\$ 3,045,354</u>	<u>\$ 395,167</u>

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

**Budgetary Comparison
Special Education
For the Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interdistrict	\$ 36,570	\$ 36,570	\$ 38,433	\$ 1,863
State	316,694	316,694	311,613	(5,081)
Federal	313,495	313,495	190,913	(122,582)
Total Revenues	<u>666,759</u>	<u>666,759</u>	<u>540,959</u>	<u>(125,800)</u>
EXPENDITURES				
Instruction				
Special Instruction	980,838	980,838	959,093	21,745
Total Instruction	<u>980,838</u>	<u>980,838</u>	<u>959,093</u>	<u>21,745</u>
Support Services				
Pupil Services	162,084	162,084	164,914	(2,830)
Instructional Staff Services	251,338	251,338	154,369	96,969
Business Services	36,748	36,748	32,587	4,161
Central Services	6,950	6,950	2,026	4,924
Total Support Services	<u>457,120</u>	<u>457,120</u>	<u>353,896</u>	<u>103,224</u>
Non-program Services				
Total Expenditures	<u>1,444,860</u>	<u>1,444,860</u>	<u>1,327,538</u>	<u>117,322</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(778,101)</u>	<u>(778,101)</u>	<u>(786,579)</u>	<u>(8,478)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	778,101	778,101	786,579	8,478
Total Other Financing Sources and Uses	<u>778,101</u>	<u>778,101</u>	<u>786,579</u>	<u>8,478</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NEW GLARUS SCHOOL DISTRICT
Notes to the Required Supplemental Information
For The Year Ended June 30, 2016

1. Budget Schedule

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

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

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

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

2. Excess of Actual Expenditures Over Budget in Individual Funds

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

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

<u>Fund</u>	<u>Function</u>	<u>Amount</u>
General	Non-program Services	\$ 4,127
General	Transfer Out	8,478
Special Education	Non-program Services	7,647

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

**Explanation of Differences Between Budgetary
Inflows and Outflows and GAAP Revenues and Expenditures
For the Year Ended June 30, 2016**

	<u>General Fund</u>	<u>Special Education Fund</u>
A) Sources/Inflows of Resources:		
Actual amounts "total revenues" from the budgetary comparison schedules	\$ 10,247,607	\$ 540,959
Reclassification: Special education fund revenues are reclassified to the general fund, required for GAAP reporting	<u>540,959</u>	<u>(540,959)</u>
The general fund revenues as reported on the statement of revenues, expenditures and changes in fund balance- governmental funds	<u>\$ 10,788,566</u>	<u>\$ -</u>
	<u>General Fund</u>	<u>Special Education Fund</u>
B) Uses/Outflows of Resources:		
Actual amounts "total expenditures" from the budgetary comparison schedules	\$ 9,204,397	\$ 1,327,538
Reclassification: Special education fund expenditures are reclassified to the general fund, required for GAAP reporting	<u>1,327,538</u>	<u>(1,327,538)</u>
The general fund expenditures as reported on the statement of revenues, expenditures and changes in fund balance- governmental funds	<u>\$ 10,531,935</u>	<u>\$ -</u>

**NEW GLARUS SCHOOL DISTRICT
WISCONSIN RETIREMENT SYSTEM
June 30, 2016**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
AS OF THE MEASUREMENT DATE
Last 10 Fiscal Years***

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2015	0.38616570%	\$ 627,512	\$ 5,450,905	11.51%	98.20%
2014	(0.03876686%)	(951,958)	5,397,914	(17.64%)	102.74%

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

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS
FOR THE YEAR ENDED
Last 10 Fiscal Years****

Year ended June 30,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2016	\$ 365,714	\$ (365,714)	\$ -	\$ 5,474,826	6.68%
2015	372,691	(372,691)	-	5,423,143	6.87%

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

**Notes to Required Supplementary Information
for the Year Ended June 30, 2016**

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

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

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

**SCHOOL DISTRICT OF NEW GLARUS
SUPPLEMENTAL PENSION LIABILITY
June 30, 2016**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	2016	2015
<u>Total Pension Liability</u>		
Service Cost	\$ 11,942	\$ 11,942
Interest	11,094	12,454
Changes in Benefit Terms	-	-
Changes of Assumptions or Other Inputs	-	-
Differences Between Expected and Actual Experience	-	-
Benefit Payments	(54,224)	(44,045)
Net Change in Total Pension Liability (Assets)	(31,188)	(19,649)
Total Pension Liability - Beginning	222,846	242,495
Total Pension Liability - Ending (a)	\$ 191,658	\$ 222,846
<u>Fiduciary Net Position</u>		
Contributions - Employer	\$ 32,288	\$ 72,288
Contributions - Employee	-	-
Other	-	25,953
Net Investment Income	502	6,895
Benefit Payments	(54,224)	(44,045)
Administrative Expense	-	-
Net Change in Fiduciary Net Position	(21,434)	61,091
Fiduciary Net Position - Beginning	342,406	281,315
Fiduciary Net Position - Ending (b)	\$ 320,972	\$ 342,406
<u>Net Pension Liability (Asset)</u>		
Net Pension Liability (Asset) - (a) - (b)	\$ (129,314)	\$ (119,560)
Fiduciary net position as a percentage of the total pension liability	167.47%	153.65%
Covered Payroll	\$ 3,310,328	\$ 3,310,328
Net pension liability as a percent of covered payroll	-3.91%	-3.61%

**SCHOOL DISTRICT OF NEW GLARUS
SUPPLEMENTAL PENSION LIABILITY
June 30, 2016**

SCHEDULE OF DISTRICT'S CONTRIBUTIONS

	2016	2015
Actuarially Determined Contribution (ADC)	\$ 6,772	\$ 26,865
Contributions in Related to the ADC	32,288	72,288
Contribution deficiency (excess)	\$ (25,516)	\$ (45,423)
District's covered-employee payroll	\$ 3,310,328	\$ 3,310,328
Contributions as a percentage of covered-employee payroll	0.98%	2.18%

**Notes to Supplemental Pension Liability Information
for the Year Ended June 30, 2016**

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

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

Key Methods and Assumptions Used to Calculation Actuarially Determined Contribution:

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

SUPPLEMENTAL INFORMATION

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

**Schedule of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2016**

	<u>Balance</u> <u>7/01/15</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/16</u>
ASSETS				
Cash and Cash Equivalents	\$ 45,753	\$ -	\$ 5,848	\$ 39,905
Due From Other Funds	3	636	-	639
Total Assets	<u>\$ 45,756</u>	<u>\$ 636</u>	<u>\$ 5,848</u>	<u>\$ 40,544</u>
LIABILITIES				
Due to Student Organizations	\$ 41,841	\$ 88,843	\$ 95,439	\$ 35,245
Due to Other Funds	3,915	61,155	59,771	5,299
Total Liabilities	<u>\$ 45,756</u>	<u>\$ 149,998</u>	<u>\$ 155,210</u>	<u>\$ 40,544</u>

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

**Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2016**

	<u>Debt Service</u>	<u>Food Service</u>	<u>Community Service Fund</u>	<u>Special Revenue Trust</u>	<u>Total Non- Major Governmental Funds</u>
ASSETS					
Cash and Investments	\$ 154,523	\$ 89,342	\$ 16,580	\$ 147,088	\$ 407,533
Receivables:					
Accounts	-	1,149	-	1,169	2,318
Other	-	4,362	-	-	4,362
Due from Other Governments	-	3,464	-	-	3,464
Inventories	-	4,247	-	-	4,247
Total Assets	<u>\$ 154,523</u>	<u>\$ 102,564</u>	<u>\$ 16,580</u>	<u>\$ 148,257</u>	<u>\$ 421,924</u>
LIABILITIES					
Accounts Payable	\$ -	\$ 19,304	\$ 100	\$ 43	\$ 19,447
Accrued Liabilities	-	5,047	-	-	5,047
Deposits	-	13,423	-	-	13,423
Total Liabilities	<u>-</u>	<u>37,774</u>	<u>100</u>	<u>43</u>	<u>37,917</u>
FUND BALANCES					
Nonspendable	-	4,247	-	-	4,247
Restricted	154,523	60,543	-	148,214	363,280
Assigned	-	-	16,480	-	16,480
Total Fund Balances	<u>154,523</u>	<u>64,790</u>	<u>16,480</u>	<u>148,214</u>	<u>384,007</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 154,523</u>	<u>102,564</u>	<u>\$ 16,580</u>	<u>\$ 148,257</u>	<u>\$ 421,924</u>

New Glarus School District
New Glarus, Wisconsin

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2016**

	<u>Debt Service</u>	<u>Food Service</u>	<u>Community Service Fund</u>	<u>Special Revenue Trust</u>	<u>Total Non- Major Governmental Funds</u>
REVENUES					
Local	\$ 1,094,453	\$ 350,670	\$ 11,000	\$ 173,457	\$ 1,629,580
State	-	6,886	-	-	6,886
Federal	-	159,814	-	-	159,814
Total Revenues	<u>1,094,453</u>	<u>517,370</u>	<u>11,000</u>	<u>173,457</u>	<u>1,796,280</u>
EXPENDITURES					
Instruction					
Undifferentiated Curriculum	-	-	-	12,355	12,355
Regular Instruction	-	-	-	14,113	14,113
Co-curricular Instruction	-	-	-	106,666	106,666
Total Instruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,134</u>	<u>133,134</u>
Support Services					
Pupil Services	-	-	-	1,362	1,362
Instructional Staff Services	-	-	-	18,124	18,124
Business Services	-	-	1,556	1,658	3,214
Principal and Interest	1,225,118	-	-	-	1,225,118
Food Service	-	493,805	-	-	493,805
Community Service	-	-	84	-	84
Total Support Services	<u>1,225,118</u>	<u>493,805</u>	<u>1,640</u>	<u>21,144</u>	<u>1,741,707</u>
Total Expenditures	<u>1,225,118</u>	<u>493,805</u>	<u>1,640</u>	<u>154,278</u>	<u>1,874,841</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(130,665)</u>	<u>23,565</u>	<u>9,360</u>	<u>19,179</u>	<u>(78,561)</u>
OTHER FINANCING SOURCES (USES)					
Premium on Long-Term Debt	260,834	-	-	-	260,834
Proceeds from Long-Term Debt	5,670,000	-	-	-	5,670,000
Payment on Bond Anticipation Note	(5,800,000)	-	-	-	(5,800,000)
Total Other Financing Sources and Uses	<u>130,834</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,834</u>
Net Change in Fund Balances	169	23,565	9,360	19,179	52,273
Fund Balances - Beginning	154,354	41,225	7,120	129,035	331,734
Fund Balances - Ending	<u>\$ 154,523</u>	<u>\$ 64,790</u>	<u>\$ 16,480</u>	<u>\$ 148,214</u>	<u>\$ 384,007</u>

New Glarus School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Administering Agency Pass-Through Agency Award Description	Federal Catalog Number	Pass-Through Entity ID Number	(Accrued Receivable) Deferred Revenue July 1, 2015	Revenues Grantor Reimbursements	Expenditures	Accrued Receivable June 30, 2016
<i><u>U.S. DEPARTMENT OF AGRICULTURE</u></i>						
Wisconsin Department of Public Instruction:						
Child Nutrition Cluster:						
Food Distribution - Donated Commodities July 1, 2015 - June 30, 2016	10.555	Not Available	\$ -	\$ 33,966	\$ 33,966	\$ -
National School Lunch Program July 1, 2014 - June 30, 2015	10.555	A547-00000-233934	(4,058)	4,058	-	-
July 1, 2015 - June 30, 2016			-	105,735	108,724	2,989
National School Breakfast Program July 1, 2014 - June 30, 2015	10.553	A546-00000-233934	(447)	447	-	-
July 1, 2015 - June 30, 2016			-	16,650	17,124	474
TOTAL U.S. DEPARTMENT OF AGRICULTURE			(4,505)	160,856	159,814	3,463
<i><u>U.S. DEPARTMENT OF EDUCATION</u></i>						
Wisconsin Department of Public Instruction:						
Title I July 1, 2015 - June 30, 2016	84.010	A141-00000-233934	-	25,845	43,898	18,053
Title II - Part A July 1, 2015 - June 30, 2016	84.367	A365-00000-233934	-	26,450	26,450	-
Special Education Cluster:						
Handicapped Pre-School and School Programs July 1, 2014 - June 30, 2015	84.027	A341-00000-233934	(17,818)	17,818	-	-
July 1, 2015 - June 30, 2016			-	83,873	169,664	85,791
IDEA CEIS Entitlement July 1, 2014 - June 30, 2015	84.027	A341-00000-233934	(150)	150	-	-
July 1, 2015 - June 30, 2016			-	12,447	19,979	7,532
High Cost Special Education Aid July 1, 2015 - June 30, 2016	84.027	A341-00000-233934	-	1,187	1,187	-
Preschool Entitlement July 1, 2014 - June 30, 2015	84.173	A347-00000-233934	(2,396)	2,396	-	-
July 1, 2015 - June 30, 2016			-	758	3,364	2,606
TOTAL U.S. DEPARTMENT OF EDUCATION			(20,364)	170,924	264,542	113,982
<i><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></i>						
Wisconsin Department of Health Services						
School Based Services July 1, 2014 - June 30, 2015	93.778	Not Available	(20,903)	20,903	-	-
July 1, 2015 - June 30, 2016			-	24,589	25,523	934
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			(20,903)	45,492	25,523	934
TOTALS			\$ (45,772)	\$ 377,272	\$ 449,879	\$ 118,379

See notes to Schedules of Expenditures of Financial Awards

New Glarus School District
Schedule of Expenditures of State Awards
For the Year Ended June 30, 2016

Administering Agency Pass-Through Agency Award Description	State I.D. Number	Pass-Through Entity ID Number	(Accrued Receivable) Deferred Revenue July 1, 2015	Revenues State Reimbursements	Expenditures Grantor	Accrued Receivable (Deferred Revenue) June 30, 2016
<i>Entitlement Programs</i>						
Special Education and School Age Parents Direct State Payments	255.101	233934-100	\$ -	\$ 306,537	\$ 306,537	\$ -
<i>Cost Reimbursement Programs</i>						
State Lunch	255.102	233934-107	\$ -	\$ 4,509	\$ 4,509	\$ -
Morning Milk	255.109	233934-109	-	1,524	1,524	-
State Breakfast	255.344	233934-108	-	853	853	-
Total Cost Reimbursement Programs			\$ -	\$ 6,886	\$ 6,886	\$ -
<i>Other Aids</i>						
General Equalization	255.201	233934-116	\$ (92,140)	\$ 5,270,694	\$ 5,271,075	\$ 92,521
Common School Fund	255.103	233934-104	-	35,816	35,816	-
High Cost Special Education Aid	255.210	233934-119	-	5,076	5,076	-
Pupil Transportation	255.107	233934-102	-	30,624	30,624	-
High Cost Transportation Aid	255.947	233934-114	-	49,911	49,911	-
Per Pupil Adjustment Aid	255.945	233934-113	-	-	131,250	131,250
Career and Technical Education Incentive Grants	255.950	233934-151	-	5,338	12,058	6,720
Total Other Aids			\$ (92,140)	\$ 5,397,459	\$ 5,535,810	\$ 230,491
TOTAL WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION			\$ (92,140)	\$ 5,710,882	\$ 5,849,233	\$ 230,491

See notes to Schedules of Expenditures of Financial Awards

NEW GLARUS SCHOOL DISTRICT
Notes to the Schedules of Expenditures of
Federal and State Awards
For the Year Ended June 30, 2016

Note 1 Reporting Entity

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

Note 2 Basis of Presentation

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

Note 3 Special Education and School Age Parents Program

2015-2016 eligible costs under the State Special Education Program are \$1,132,807.

Note 4 Food Distribution

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed (\$33,966).

Note 5 Medical Assistance

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

Note 6 Subrecipients

No amounts were passed through to subrecipients.

Note 7 De Minimis Cost Rate

The District does not use an indirect cost rate.

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

December 13, 2016

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the New Glarus School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise New Glarus School District's basic financial statements, and have issued our report thereon dated December 13, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items #2016-001, #2016-002 and #2016-003 that we consider to be significant deficiencies.

Compliance and Other Matters

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

New Glarus School District's Response to Findings

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

Purpose of this Report

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

Johnson Block & Company, Inc.

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

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

December 13, 2016

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

Report on Compliance for Each Major State Program

We have audited the New Glarus School District's compliance with the types of compliance requirements described in the *Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction, that could have a direct and material effect on each of New Glarus School District's major state aid programs for the year ended June 30, 2016. New Glarus School District's major state programs are identified in the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses may exist. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items #2016-001, #2016-002 and #2016-003 that we consider to be significant deficiencies.

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

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

Johnson Block & Company, Inc.

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

**NEW GLARUS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
* Material weakness identified?	No
* Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No

State Awards

Internal control over major programs:	
* Material weakness identified?	No
* Significant deficiencies identified?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified

Identification of major state programs:

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

Section II – Financial Statement Finding

Finding #2016-001 – Segregation of Duties

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

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

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

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

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

**NEW GLARUS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Section II – Financial Statement Finding (Continued)

Finding #2016-001 – Segregation of Duties (Continued)

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

Finding #2016-002 – Preparation of Financial Statements in Accordance with GAAP

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

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

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

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

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

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

Finding #2016-003 – Preparation of the Schedules of Expenditures of Federal and State Awards in Accordance with GAAP

Condition: The District does not have management personnel with the necessary expertise to prepare the schedules of awards in accordance with generally accepted accounting principles. Due to limited resources, management has decided to accept certain risks relevant to financial reporting and relies on the auditor to assist with the preparation of the District’s schedules of expenditures of federal and state awards.

**NEW GLARUS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Section II – Financial Statement Finding (Continued)

Finding #2016-003 – Preparation of the Schedules Expenditures of Federal and State Awards in Accordance with GAAP (Continued)

Criteria: Internal controls over preparation of the schedules of expenditures of federal and state awards should be in place to provide reasonable assurance that a misstatement in the schedules would be prevented or detected.

Cause: The District does not prepare the schedules of expenditures of federal and state awards.

Effect: Since management relies on the auditor to assist with the preparation of the schedules of expenditures of federal and state awards, the District’s system of internal control may not prevent, detect, or correct misstatements in the schedules of expenditures of federal and state awards.

Recommendation: The auditor will continue to work with the District, providing information and training where needed, to make the District’s personnel more knowledgeable about its responsibility for schedules of expenditures of federal and state awards.

District’s Response: The auditors prepare the schedules of expenditures of federal and state awards in accordance with GAAP, but we review them and accept statements prior to them being issued. Financial reports are prepared and reviewed on a monthly basis by management and the Board of Education. Any concerns or questions are addressed throughout the year.

Section III – State Awards Finding

Findings #2016-001 and #2016-003 apply to internal control procedures over state awards.

**NEW GLARUS SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

#2015-001- This is still a finding. See #2016-001

#2015-002- This is still a finding. See #2016-002

**NEW GLARUS SCHOOL DISTRICT
NEW GLARUS, WISCONSIN
REQUIRED AUDIT COMMUNICATIONS
TO THE DISTRICT BOARD**

Year Ended June 30, 2016

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

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

Year Ended June 30, 2016

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Certified Public Accountants

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

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

December 13, 2016

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the New Glarus School District for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 13, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriations of accounting policies and their application. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2015/16. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

Depreciation

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

Actuarial Valuations

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

Net Pension Liability – WRS

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

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

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatement 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:

- To record construction retainage as accounts payable of 6/30/16.
- To reclassify 2016/17 fiscal year liability insurance payments from accounts payable to prepaid expense.
- Record final Food Service Billing

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 13, 2016.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

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

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

Sincerely,

Johnson Block & Company, Inc.

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

NEW GLARUS SCHOOL DISTRICT
For the Year Ended June 30, 2016

Account	Description	Debit	Credit
Proposed Journal Entries JE # 5001			
To record prepaid expense for 2016/17 membership dues paid in 2015/16			
10 A 000 000 717000 000	PRE-PAID EXPENSES	5,000.00	
10 E --- 3-- 239000 ---	OTH. AD		5,000.00
Total		<u>5,000.00</u>	<u>5,000.00</u>
Proposed Journal Entries JE # 5002			
Prefunding of sick leave out of fund 73 - to follow DPI guidance.			
10 A 000 000 719000 000	OTHER CURRENT ASSETS	10,325.00	
73 R --- 951 ----- ---	DISTR CONTR TO EE BENEFIT TRST	10,325.00	
10 E --- 1-- 110000 ---	UNDIF C		10,325.00
73 B 816900	Deferred Rev. Prefunding sick		10,325.00
Total		<u>20,650.00</u>	<u>20,650.00</u>
Total Proposed Journal Entries		<u>25,650.00</u>	<u>25,650.00</u>
Total All Journal Entries		<u>25,650.00</u>	<u>25,650.00</u>