

**MONONA GROVE SCHOOL DISTRICT**  
Monona, Wisconsin

**AUDITED FINANCIAL STATEMENTS**

June 30, 2015

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Monona Grove School District  
Monona, 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 Monona Grove School District (District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

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## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate, each major fund, and the aggregate remaining fund information of the Monona Grove School District, as of June 30, 2015, and the respective changes in financial position 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, budgetary comparison information, schedule of funding progress, and schedule of net pension asset and employer's contributions on pages 4-11 and 42-45 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 Monona Grove School District's basic financial statements. The combining general fund financial statements, the combining nonmajor fund financial statements, and the agency fund schedule of changes in assets and liabilities are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines*, and is also not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015 on our consideration of the Monona Grove School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Monona Grove School District's internal control over financial reporting and compliance.

*Wegner CPAs LLP*

Wegner CPAs, LLP  
Madison, Wisconsin  
November 30, 2015

**MONONA GROVE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2015

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The discussion and analysis of the financial performance of the Monona Grove School District (District) provides an overview of financial activities for the fiscal year ended June 30, 2015. The analysis focuses on school district financial performance as a whole. Efforts have been made to provide comparison to prior year data when such data is available. It should be read in conjunction with the District's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

The District's government-wide financial statements reflect the following:

- Total net position of the District increased to \$13,565,183 at June 30, 2015.
- Total revenues increased to \$44,280,109 in fiscal year 2015, up from \$42,766,012 in fiscal year 2014, an increase of approximately 3.54%.
- Total expenses increased to \$42,686,195 in fiscal year 2015, up from \$41,161,599 in the fiscal year 2014, an increase of 3.70%.

The District's governmental fund financial statements reflect the following:

- Total fund balances of the District's governmental funds decreased \$5,463,996 in fiscal year 2015. This decrease included a \$39,999 increase in the general fund, a \$99,188 decrease in the debt service fund, a \$5,561,188 decrease in the capital project fund, and a \$156,381 increase in the nonmajor governmental funds.
- The decrease of \$5,561,188 was due to the District completing Phase III of the McKinstry Project which was started in fiscal year 2014.
- The fund balance for all governmental funds at June 30, 2015 was \$10,639,228. Of this amount, \$421,514 was nonspendable; \$2,154,648 was restricted for debt service, capital projects, donor restriction, nutrition services, and community service; and \$8,063,066 remains unassigned.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis are intended to serve as an introduction to the District's basic financial statements. Those basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains information supplementary to the basic financial statements.

**MONONA GROVE SCHOOL DISTRICT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015

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**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

**District-wide financial statements**

*District-wide financial statements* report information about the Monona Grove School District as a whole, using accounting methods similar to those used by private sector companies.

The *statement of net position* presents financial information on all of the Monona Grove School District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the District is improving. To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered. The District does not have any proprietary funds and the fiduciary funds are not included in the statement of net position.

The *statement of activities* includes all revenues and expenses of the District, irrespective of when cash is actually received or paid out. The intent of the district-wide statements is to provide a snapshot of the District's net position and to provide an explanation of material changes that occurred since the prior year.

**Fund financial statements**

The *fund financial statements* provide detailed information about the District's significant funds rather than the Monona Grove School District as a whole. A fund is an accounting entity with a self-balancing set of accounts for recording assets, liabilities, revenues, and expenditures. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental and fiduciary. Table 1 summarizes the various features of each of these funds.

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) cash and other financial assets that can readily be converted to cash and (2) the balances remaining at year-end that are available for funding future basic services. Governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or less financial resources to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information is provided that explains the relationship between them.
- *Fiduciary funds*—The District serves as a fiduciary for student organizations. The District is also responsible for other assets that can only be used for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. These activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

**MONONA GROVE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 June 30, 2015

**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

**Table 1**  
**Major Features of the District-wide and Fund Financial Statements**

	<u>District-wide</u> <u>Statements</u>	<u>Fund Financial Statements</u>	
		<u>Governmental</u>	<u>Fiduciary</u>
<b>Scope</b>	Entire district (except fiduciary funds).	The activities of the District that is not proprietary or fiduciary, such as instruction, support services, debt service, capital projects, food service and community services.	The district acts as trustee or agent for another; e.g other post employment trusts
<b>Required Financial statements</b>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
<b>Accounting basis and measurement focus</b>	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial resources focus.	Accrual accounting. Economic resources focus.
<b>Type of asset, deferred inflow/outflow or resources, and liability information</b>	All assets, deferred inflows/outflows of resources, and liabilities; both financial and capital, short-term and long-term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets and liabilities, financial and capital; short-term and long-term. These funds do not currently contain any capital assets, although they can.
<b>Type of inflow and outflow information</b>	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues when cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability are due and payable.	All additions or deductions during the year, regardless of when cash is received and paid.

**Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 20-40 of this report

**Other Information**

Required supplementary information (RSI) includes a budget to actual comparison that provides readers with information about the accuracy with which management was able to project the District's revenues and expenditures. In addition, the RSI includes information concerning the District's other post employment benefits (OPEB) liability.

**MONONA GROVE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2015

**DISTRICT-WIDE FINANCIAL STATEMENTS**

**Statement of Net Position**

The District ended its fiscal year with net position of \$13,565,183, of which \$4,141,139 was net investment in capital assets, \$1,088,988 was restricted for debt service, \$90,751 was restricted for capital projects, \$734,871 was restricted for donor restrictions, nutrition services, and community service, and \$7,509,434 was unrestricted net position. Unrestricted net position represents the amount of discretionary resources that can be used to fund general District operations.

Beginning net position in Tables 2 and 3 has been restated for the implementation of GASB 68. Therefore the change in net position in Table 3 will not reconcile to the net position reported in Table 2.

For governmental activities, current assets and other assets remained consistent from year to year. Capital assets increased and long term debt decreased as the District completed the McKinstry project with additions in the amount of \$5,562,851 and refinanced G.O. Bonds and Notes in the amounts of \$2,000,000 and \$10,000,000.

**Table 2**  
**Condensed Statement of Net Position**  
*(in thousands of dollars)*

	<b>Governmental Activities</b>		
	<b>2015</b>	<b>2014</b>	<b>% Change</b>
<b>ASSETS</b>			
Current and other assets	\$ 22,679	\$ 22,169	2.30%
Capital assets	59,356	55,280	7.37%
<b>Total assets</b>	<b>82,035</b>	<b>77,449</b>	<b>5.92%</b>
<b>DEFERRED OUTFLOWS</b>	3,471	-	100.00%
<b>LIABILITIES</b>			
Long-term liabilities	58,490	61,596	-5.04%
Other liabilities	13,451	10,533	27.70%
<b>Total liabilities</b>	<b>71,941</b>	<b>72,129</b>	<b>-0.26%</b>
<b>NET POSITION</b>			
Net Investment in capital assets	4,141	3,499	18.35%
Restricted	1,915	7,355	-73.96%
Unrestricted	7,509	(5,534)	-235.69%
<b>Total Net Position</b>	<b>\$ 13,565</b>	<b>\$ 5,320</b>	<b>154.98%</b>

**MONONA GROVE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2015

**DISTRICT-WIDE FINANCIAL STATEMENTS (continued)**

**Changes in Net Position**

Table 3 demonstrates that on a district-wide basis the District ended fiscal year 2015 with an increase in net position of \$1,593,914 compared to an increase of \$1,604,413 in fiscal year 2014.

The district received \$44,280,109 in revenue for the fiscal year 2015. The District relies primarily on property taxes (55.7% of total governmental revenues), and state equalization aid (25.6%) to fund governmental activities. The District received approximately 15.7% in the form of specific use state grants, federal aid and direct fees for services.

Individuals who directly participated or benefited from a program paid 8.1% of the cost. Book and activity fees, admission to athletic events, open enrollment tuition and other fees are included as charges for services.

Federal and state governments subsidized certain programs with grants and awards of \$4,362,052. Operating grants include Title I, IDEA, Transportation Aid, and National School Lunch Programs.

**Table 3**  
**Changes in Net Position from Operating Results**  
*(in thousands of dollars)*

<b>REVENUES</b>	<b>Governmental Activities</b>		
	<b>2015</b>	<b>2014</b>	<b>% Change</b>
Program revenues			
Charges for services	\$ 3,578	\$ 3,605	-0.75%
Operating grants & contributions	3,390	3,315	2.26%
General revenues			
Property taxes	24,679	24,588	0.37%
General Aid	11,343	10,353	9.56%
Other	1,290	905	42.54%
<b>Total revenues</b>	<b>44,280</b>	<b>42,766</b>	<b>3.54%</b>
<b>EXPENSES</b>			
Instruction	21,700	21,458	1.13%
Pupil and instructional services	3,498	3,207	9.07%
Administration and business	11,501	12,134	-5.22%
Interest on debt	4,007	2,400	66.96%
Other	1,980	1,963	0.87%
<b>Total expenses</b>	<b>42,686</b>	<b>41,162</b>	<b>3.70%</b>
<b>Change in Net Position</b>	<b>\$ 1,594</b>	<b>\$ 1,604</b>	<b>-0.62%</b>

**MONONA GROVE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 June 30, 2015

**DISTRICT-WIDE FINANCIAL STATEMENTS (continued)**

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

The cost of all governmental activities this year was \$43,686,195. Individuals who directly participated or benefited from a program offering paid \$3,578,285 of costs. Federal and state governments subsidized certain programs with grants and contributions of \$3,390,244. The net cost of governmental activities (\$35,717,666) was financed by \$24,679,725 of property taxes and \$11,342,896 of state equalization aid.

**Table 4**  
**Net Cost of Governmental Activities**  
*(in thousands of dollars)*

	Total Cost of Services	Net Cost of Services
<b>EXPENSES</b>		
Instruction	\$ 21,700	\$ (16,474)
Pupil and instructional services	3,498	(3,375)
Administration and business	11,501	(10,188)
Interest on debt	4,007	(4,007)
Other	1,980	(1,674)
<b>Total expenses</b>	<b>\$ 42,686</b>	<b>\$ (35,718)</b>

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances in spendable resources. Such information is useful in assessing the District's financing requirements. Unassigned fund balances or lack thereof, may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The District completed the year with a total governmental fund balance of \$10,639,228, down from last year's ending fund balance of \$16,103,225. The District's unassigned fund balance, available for spending at the district's discretion was \$8,063,066.

The General Fund is the chief operating fund of the District. During the current fiscal year, the general fund saw a fund balance increase of \$39,999.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

While the District's original budget for the general fund anticipated that revenues would equal expenditures. The actual results for the year ended June 30, 2015 had revenues in excess of expenditures and other financing sources by \$39,999.

**MONONA GROVE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2015

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the June 30, 2015, the District had \$82,862,303 in capital assets, including land, buildings, furniture and equipment. Total accumulated depreciation on these assets was \$23,506,468. Asset acquisitions for governmental activities totaled \$5,625,194. The District recognized depreciation expense of \$1,365,861. Detailed information about capital assets can be found in Note 6 to the financial statements.

**Table 5**  
**Capital Assets**  
*(in thousands of dollars)*

	<b>2015</b>	<b>2014</b>
Land	\$ 1,854	\$ 1,854
Buildings	73,869	68,306
Furniture and equipment	7,139	7,933
Accumulated depreciation	(23,506)	(22,813)
Net capital assets	\$ 59,356	\$ 55,280

**Long-term Debt**

At June 30, 2015, the District had \$54,894,000 in general obligation debt outstanding—a decrease of \$2,005,000 from fiscal year 2014. Debt of the District is secured by a tax levy adopted by the Board of Education at the time of issuance. Wisconsin statutes require that the first property tax receipts be segregated for annual debt service payments. The District issued general obligation refunding bonds and promissory notes of \$2,040,000 and \$10,000,000 to refinance \$2,000,000 and \$10,095,094 of outstanding debt. Detailed information about the District's long-term obligations is presented in Note 8 to the financial statements.

**Table 6**  
**Outstanding Long-term Obligations**  
*(in thousands of dollars)*

	<b>2015</b>	<b>2014</b>
General obligation debt	\$ 54,894	\$ 56,899
Capital leases	503	997
Other postemployment benefits	6,503	7,356
Compensated absences	1,006	1,080
Net long-term obligations	\$ 62,906	\$ 66,332

**MONONA GROVE SCHOOL DISTRICT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015

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**FACTORS BEARING ON THE DISTRICT'S FUTURE**

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

- The District has completed Phase III Energy/Cost Saving program in the amount of \$5,730,000. Phase III focused on HVAC upgrades at Cottage Grove School and Nichols School as well as building envelope improvements district wide.
- The District is entering into the 1st year of the State of Wisconsin Budget, the District will be receiving no increase in per pupil revenue limit and per pupil aid.
- Moody's Investment Service has maintained a solid A1 rating of the District. Moody's believed that the district's tax base would continue to expand at a healthy rate due to the District's favorable location adjacent to Madison and land available for development in the Township and Village of Cottage Grove. The district will need to continually monitor the student enrollment and reduce budgets accordingly. The District did see a small increase this year in resident enrollment with this past September (Official Third Friday Count). The district continues to address concerns with respect to the two communities that are not contiguous to each other and to provide equitable, yet cost efficient, educational offerings. There is approximately eight miles of the City of Madison that separates Monona from Cottage Grove. The District continues to see many non-residents students apply for Open Enrollment into the district. There are more than a triple number of students that attend Monona grove Schools under the Open Enrollment Program, than have requested to leave and attend other districts.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

The 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:

Jerrud Rossing, Director of Business Services, at (608) 316-1916 or [jerrud.rossing@mgschools.net](mailto:jerrud.rossing@mgschools.net).

Additional information about the District and its services can also be found on the District's website at [www.mononagrove.org](http://www.mononagrove.org).

**MONONA GROVE SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
June 30, 2015

	Governmental Activities
<b>ASSETS</b>	
Cash and investments	\$ 10,513,974
Accounts receivable	6,765,492
Due from other governments	1,759,343
Prepaid expenses	421,514
Net pension asset	3,219,319
Capital assets not being depreciated	1,854,141
Capital assets being depreciated, net	57,501,694
<b>Total assets</b>	<b>82,035,477</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Unamortized loss on refinancing	182,458
Pension - expected vs. actual experience	466,701
Pension - expected vs. actual investment income	1,558,950
Pension - contributions after measurement date	1,262,472
<b>Total deferred outflows of resources</b>	<b>3,470,581</b>
<b>LIABILITIES</b>	
Short-term notes payable	3,500,000
Accounts payable and other current liabilities	2,975,063
Accrued interest	213,868
Internal balances	2,065,727
Unearned revenues	280,305
Long-term debt	
Due within one year	4,415,544
Due in more than one year	50,981,610
Other postemployment benefits	6,502,850
Accrued compensated absences	1,005,908
<b>Total liabilities</b>	<b>71,940,875</b>
<b>NET POSITION</b>	
Net investment in capital assets	4,141,139
Restricted	
Debt service	1,088,988
Capital projects	90,751
Donor restrictions	55,703
Food service	272,857
Community service	406,311
Unrestricted	7,509,434
<b>Total net position</b>	<b>\$ 13,565,183</b>

See accompanying notes.

**MONONA GROVE SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2015

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
<b>GOVERNMENTAL ACTIVITIES:</b>				
Instruction				
Regular instruction	\$ 14,875,115	\$ 2,430,529	\$ 701,002	\$ (11,743,584)
Vocational instruction	1,113,151	-	-	(1,113,151)
Physical instruction	810,883	-	-	(810,883)
Special education instruction	4,001,327	55,143	2,039,918	(1,906,266)
Other instruction	899,778	-	-	(899,778)
<b>Total instruction</b>	<b>21,700,254</b>	<b>2,485,672</b>	<b>2,740,920</b>	<b>(16,473,662)</b>
Support services				
Pupil services	1,726,048	-	-	(1,726,048)
Instructional staff services	1,772,177	-	123,585	(1,648,592)
General administrative services	1,112,549	-	-	(1,112,549)
Building administrative services	2,311,280	-	-	(2,311,280)
Business administrative services	8,077,497	787,988	525,739	(6,763,770)
Central services	918,736	-	-	(918,736)
Insurance and judgments	258,565	-	-	(258,565)
Other support services	801,852	304,625	-	(497,227)
Interest on debt	4,007,237	-	-	(4,007,237)
<b>Total support services</b>	<b>20,985,941</b>	<b>1,092,613</b>	<b>649,324</b>	<b>(19,244,004)</b>
<b>Total school district</b>	<b>\$ 42,686,195</b>	<b>\$ 3,578,285</b>	<b>\$ 3,390,244</b>	<b>(35,717,666)</b>
<b>GENERAL REVENUES:</b>				
TAXES:				
Property taxes, levied for general purposes				18,895,942
Property taxes, levied for debt service				5,538,098
Property taxes, levied for specific purposes				245,240
Other taxes				445
FEDERAL AND STATE AID NOT RESTRICTED				
General (equalization aid)				11,342,896
Other				971,808
Interest and investment earnings				5,066
Gain on disposal of assets				77,824
Miscellaneous				234,261
Change in Net Position				1,593,914
Net Position—beginning of year, as restated				11,971,269
<b>Net Position—end of year</b>				<b>\$ 13,565,183</b>

See accompanying notes.

**MONONA GROVE SCHOOL DISTRICT**  
**BALANCE SHEET—GOVERNMENTAL FUNDS**  
June 30, 2015

	General Fund	Debt Service Fund	Capital Project Fund	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 6,169,066	\$ 3,361,035	\$ 90,751	\$ 893,122	\$ 10,513,974
Accounts receivable	6,704,223	-	-	61,269	6,765,492
Due from other governments	1,687,695	-	-	71,648	1,759,343
Prepaid expenses	419,219	-	-	2,295	421,514
<b>Total assets</b>	<b>\$ 14,980,203</b>	<b>\$ 3,361,035</b>	<b>\$ 90,751</b>	<b>\$ 1,028,334</b>	<b>\$ 19,460,323</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Short-term notes payable	\$ 3,500,000	\$ -	\$ -	\$ -	\$ 3,500,000
Accounts payable	306,335	-	-	17,765	324,100
Accrued salaries and wages	1,763,234	-	-	-	1,763,234
Payroll taxes and withholdings	870,463	-	-	17,266	887,729
Due to other funds	7,548	2,058,179	-	-	2,065,727
Unearned revenues	21,873	-	-	258,432	280,305
<b>Total liabilities</b>	<b>6,469,453</b>	<b>2,058,179</b>	<b>-</b>	<b>293,463</b>	<b>8,821,095</b>
<b>FUND BALANCES</b>					
Nonspendable	419,219	-	-	2,295	421,514
Restricted	28,465	1,302,856	90,751	732,576	2,154,648
Unassigned	8,063,066	-	-	-	8,063,066
<b>Total fund balances</b>	<b>8,510,750</b>	<b>1,302,856</b>	<b>90,751</b>	<b>734,871</b>	<b>10,639,228</b>
<b>Total liabilities and fund balances</b>	<b>\$ 14,980,203</b>	<b>\$ 3,361,035</b>	<b>\$ 90,751</b>	<b>\$ 1,028,334</b>	<b>\$ 19,460,323</b>

See accompanying notes.

**MONONA GROVE SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE DISTRICT-WIDE STATEMENT OF NET POSITION**  
June 30, 2015

Total fund balances - governmental funds		\$ 10,639,228
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds:		
Cost of capital assets	\$ 82,862,303	
Accumulated depreciation	<u>(23,506,468)</u>	
Net capital assets		59,355,835
The net pension asset is not an available resource and, therefore, is not reported in the funds		
		3,219,319
Certain items, including bonds payable, are not due and payable in the current period and therefore are not reported as assets or liabilities in the funds.		
Those liabilities at year-end consist of:		
Bonds and notes payable	(55,397,154)	
Accrued interest payable	(213,868)	
Compensated absences	(1,005,908)	
Deferred outflows related to pension	3,470,581	
Other postemployment benefits	<u>(6,502,850)</u>	
		<u>(59,649,199)</u>
Total net position - governmental activities		<u><u>\$ 13,565,183</u></u>

See accompanying notes.

**MONONA GROVE SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS**  
Year Ended June 30, 2015

	General Fund	Debt Service Fund	Capital Project Fund	Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$18,895,942	\$ 5,538,098	\$ -	\$ 245,240	\$ 24,679,280
Local	597,661	977	1,724	929,324	1,529,686
Interdistrict payments	2,015,091	-	-	122,669	2,137,760
Intermediate sources	-	-	-	227,026	227,026
State	13,803,696	-	-	19,930	13,823,626
Federal	1,139,558	-	-	431,090	1,570,648
Other sources	226,171	-	-	8,088	234,259
<b>Total revenues</b>	<b>36,678,119</b>	<b>5,539,075</b>	<b>1,724</b>	<b>1,983,367</b>	<b>44,202,285</b>
<b>EXPENDITURES</b>					
Instruction					
Regular instruction	15,268,505	-	-	144,451	15,412,956
Vocational instruction	1,108,784	-	-	3,597	1,112,381
Physical instruction	782,022	-	-	-	782,022
Special education instruction	4,000,269	-	-	-	4,000,269
Other instruction	891,567	-	-	-	891,567
<b>Total instruction</b>	<b>22,051,147</b>	<b>-</b>	<b>-</b>	<b>148,048</b>	<b>22,199,195</b>
Support services					
Pupil services	1,620,722	-	-	169	1,620,891
Instructional staff services	1,513,856	-	-	256,133	1,769,989
General administrative services	1,024,584	-	-	1,512	1,026,096
Building administrative services	2,213,369	-	-	70,156	2,283,525
Business administrative services	6,043,350	-	60	1,178,407	7,221,817
Central services	912,614	-	-	1,809	914,423
Insurance and judgments	258,482	-	-	83	258,565
Other support services	631,183	-	-	170,669	801,852
<b>Total support services</b>	<b>14,218,160</b>	<b>-</b>	<b>60</b>	<b>1,678,938</b>	<b>15,897,158</b>
Capital outlay	62,343	-	5,562,852	-	5,625,195
Debt service					
Principal	494,237	3,949,906	-	-	4,444,143
Interest and fees	83,786	3,846,069	-	-	3,929,855
<b>Total expenditures</b>	<b>36,909,673</b>	<b>7,795,975</b>	<b>5,562,912</b>	<b>1,826,986</b>	<b>52,095,546</b>
Excess (deficiency) of revenues over (under) expenditures	(231,554)	(2,256,900)	(5,561,188)	156,381	(7,893,261)
Other financing sources (uses)					
Long term debt issued	-	2,040,000	-	-	2,040,000
Face value of refinancing debt issued	-	12,000,000	-	-	12,000,000
Premium on debt issuance	10,104	212,806	-	-	222,910
Debt proceeds paid to escrow agent	-	(12,095,094)	-	-	(12,095,094)
Proceeds from sale of capital assets	261,449	-	-	-	261,449
<b>Total other financing sources</b>	<b>271,553</b>	<b>2,157,712</b>	<b>-</b>	<b>-</b>	<b>2,429,265</b>
<b>Net change in fund balances</b>	<b>39,999</b>	<b>(99,188)</b>	<b>(5,561,188)</b>	<b>156,381</b>	<b>(5,463,996)</b>
Fund balances—beginning of year	8,470,751	1,402,044	5,651,939	578,490	16,103,224
<b>Fund balances—end of year</b>	<b>\$ 8,510,750</b>	<b>\$ 1,302,856</b>	<b>\$ 90,751</b>	<b>\$ 734,871</b>	<b>\$ 10,639,228</b>

See accompanying notes.

**MONONA GROVE SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2015

Net change in fund balances—total governmental funds		\$ (5,463,996)
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives as depreciation expense.</p>		
Capital outlay reported in governmental fund statements	\$ 5,625,195	
Depreciation expense reported in the statement of activities	(1,365,861)	
Net book value of assets disposed of	<u>(183,625)</u>	4,075,709
<p>Bond, note and capital lease proceeds are reported as financing sources in governmental funds and contribute to the change in fund balance. In the statement of net position issuing debt increases long term liabilities and does not affect the statement of activities.</p>		
		(1,944,906)
<p>Repayment of long-term debt principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.</p>		
Bonds and notes	3,949,906	
Capital leases	<u>494,237</u>	4,444,143
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Decrease in accrued interest payable	63,714	
Premium on debt issuance	(212,806)	
Amortization of premium and loss on refinancing	(151,498)	
Net decrease in other postemployment benefits	853,467	
Net increase in pension expense	(144,280)	
Net decrease in compensated absences	<u>74,367</u>	<u>482,964</u>
Change in net position of governmental activities		<u><u>\$ 1,593,914</u></u>

See accompanying notes.

**MONONA GROVE SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
June 30, 2015

	Private Purpose Trust	Employee Benefit Trust	Agency
<b>ASSETS</b>			
Cash and investments	\$ -	\$ 1,298,650	\$ 240,080
Accounts receivable	500	-	-
Due from other funds	-	2,064,447	1,280
<b>LIABILITIES</b>			
Accounts payable	500	-	-
Due to student organizations	-	-	241,360
Total liabilities	500	-	<u>\$ 241,360</u>
<b>NET POSITION</b>			
Restricted	-	3,363,097	
<b>Total liabilities and Net Position</b>	<u>\$ 500</u>	<u>\$ 3,363,097</u>	

See accompanying notes.

**MONONA GROVE SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
Year Ended June 30, 2015

	Private Purpose Trust	Employee Benefit Trust
<b>ADDITIONS</b>		
Contributions	\$ 1,500	\$ 3,420,190
Investment earnings	-	21,697
Total additions	1,500	3,441,887
<b>DEDUCTIONS</b>		
Scholarships	2,000	-
Other postemployment benefits	-	1,299,817
Total deductions	2,000	1,299,817
Change in Net Position	(500)	2,142,070
Net Position—beginning of year	500	1,221,027
<b>Net Position—end of year</b>	<b>\$ -</b>	<b>\$ 3,363,097</b>

See accompanying notes.

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Monona Grove School District (“District”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles.

Effective July 1, 2014, the District implemented *GASB Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. *GASB Statement No. 68* defines the pension liability as the difference between the total pension liability and the value of assets set aside to pay benefits. A description of the pension plan and the impact on the financial statements of the District is provided on page 32.

**Reporting Entity**

The Monona Grove School District operates as a common school district under Chapter 120 of the Wisconsin Statutes. The District is governed by a seven member elected Board of Education, provides elementary, secondary, vocational, and special education services for kindergarten through grade 12, and is comprised of all or parts of six taxing districts.

As discussed in the detail below, the financial reporting entity consists of the primary government, and organizations for which the primary government is financially accountable. All of the accounts of the District comprise the primary government.

This report includes all of the funds of the District. The reporting entity for the District consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. If a primary government appoints a voting majority of an organization's officials or if the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or to impose specific financial burdens on, the primary government, the primary government is financially accountable for those organizations. An organization has a financial benefit or burden relationship with the primary government if, for example, any one of these conditions exists. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. The report does not contain any component units.

**Basis of Presentation**

*District-wide Financial Statements*

The statement of net position and statement of activities present financial information about the District as a whole. They include all funds of the District except for fiduciary funds. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely on fees and charges for support. The District does not report any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The District does not allocate indirect costs. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

*Fund Financial Statements*

The fund financial statements provide information about the district's funds, including the fiduciary funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on the major governmental funds; each is displayed in a separate column. All remaining funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

**General Fund**

The general fund is the general operating fund of the District and is always classified as a major fund. The general fund is used to account for all financial resources except those required to be accounted for in another fund.

**Debt Service Fund**

Debt service funds are used to accumulate resources for the payment of general long-term debt principal, interest, and related costs.

**Capital Projects Fund**

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

The District reports the following nonmajor governmental funds:

**Special Revenue Funds**

Special revenue funds are used to account and report the proceeds of specific revenue sources (other than major capital projects) that are restricted or committed to expenditures for specific purposes. The District reports the School Nutrition Services Fund, the Special Revenue Gift Fund, the Community Service Fund, and the Co-operative Program as special revenue funds.

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Additionally, the District reports the following fund types:

**Private-Purpose Trust Fund**

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

**Employee Benefit Trust Fund**

Employee benefit trust funds are used to account for resources legally held in trust for the District's post retirement health insurance benefits.

**Agency Fund**

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

**Measurement Focus and Basis of Accounting**

The district-wide and fiduciary fund statements (excluding the agency funds) are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded at the time liabilities are incurred regardless of the timing of the related cash flows.

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. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 90 days of the end of the current fiscal year. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, and compensated absences are recorded only when payment is due. 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.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical funds, and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement resources to such programs, followed by general revenues.

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

***Assets, Liabilities, Deferred Outflows/Inflows, and Net Position/Fund Balance***

**Cash and Investments**

The District's cash and cash 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 maintained in segregated accounts.

The District may invest available cash balances, other than debt services 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 governmental investment pool.

**Receivables and Payables**

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. The current portion of lending/borrowing arrangements between funds is identified as due to/from other funds. The noncurrent portion of outstanding balances between funds is reported as advances to/from other funds.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property taxes are recognized as revenues in the year for which they are budgeted. Under the Wisconsin Statutes, each County in the District's taxing jurisdiction purchases the outstanding property taxes of the District in August of each year. The statutory guarantee assures the District full collection of all property taxes within sixty days of its year end, and hence, the availability of these funds to finance expenditures of the fiscal year for which the taxes were levied. Property taxes are levied in November on the assessed value as of the prior January 1, and are due in full by January 31, or in installments with the last payment due in July.

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided in the governmental funds since it is believed that the amount of such allowance would not be material to the financial statements.

**Inventories and Prepaid Items**

Inventories are recorded at cost based on the first-in, first-out method using the consumption method of accounting. Inventories in the governmental fund types are recorded as expenditures when consumed rather than when purchased. Donated United States Department of Agriculture (USDA) commodities are recorded as revenues and assets in the school nutrition services at the fair value when originally donated by the USDA. When used by the schools, the commodities are expensed and the related assets are reduced.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the district-wide and the fund financial statements.

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Capital Assets**

Capital assets are reported at historical cost or estimated historical cost. Capital assets are defined by the District as assets with an initial individual cost of \$5,000. Donated assets are recorded at the estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives

<u>Assets</u>	<u>Years</u>
Site improvements	7-50
Buildings	7-50
Furniture and equipment	5-20
Computer and related technology	5

**Deferred Outflows/Inflows of Resources**

In addition to assets, the balance sheet will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reported deferred outflows, expected vs. actual experience of pension plan, expected vs. actual investment income of the pension plan and contributions after the measurement date related to pension activity as of June 30, 2015.

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payment of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide financial statements.

In addition to liabilities, the balance sheet will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has no qualifying deferred inflows as of June 30, 2015.

**Compensated Absences and Other Employee Benefit Amounts**

District employees are granted vacation, compensatory time, and sick leave benefits in varying amounts in accordance with district policies. In the event of retirement, death or resignation of an employee, the District is obligated to pay for unused vacation and sick leave benefits not to exceed a maximum amount. All compensated absences are accrued when incurred in the district-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

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

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Pension**

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and 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 benefit terms. Investments are reported at fair value.

**Long-Term Obligations**

In the district-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Claims and Judgments**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditures for claims and judgments are only reported in the governmental funds if it has matured. Claims and judgments are recorded in the district-wide statements as expense when the related liabilities are incurred. There were not significant claims or judgments at year end.

**Net Position**

In the district-wide financial statements, equity is classified as net position and displayed in three components:

*Net Investment in Capital Assets*—Consists of capital assets including restricted capital assets, net of accumulated depreciation less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets plus unspent proceeds.

*Restricted Net Position*—Consists of net position with constraints placed on use by 1) external groups such as creditors, grantors, or contributors, or 2) law through constitutional provisions or enabling legislation.

*Unrestricted Net Position*—All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Fund Balance**

Governmental fund equity is classified as fund balance. In the fund financial statements, fund balance is presented in five possible categories:

*Nonspendable*—Amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. This classification includes inventories, prepaid items, assets held for resale, and long term receivables.

*Restricted*—Constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed*—Resources that can only be used for specific purposes as the result of a formal action approval of a resolution, by the Board of Education. Any changes in the constraints imposed require the same formal action, approval of a resolution, by the Board of Education that originally created the commitment.

*Assigned*—Resources that are neither restricted nor committed for which the District has stated intended use as established by the Board of Education.

*Unassigned*—Resources that are available for any purpose. Unassigned amounts are only reported in the general fund.

**Use of Restricted Resources**

The District considers restricted amounts to be spent first when both restricted and unrestricted net position is available unless there are legal constraints that prohibit doing this. Additionally the District considers amounts to be spent first out of committed amounts, then assigned and lastly unassigned amounts of restricted fund balance when expenditures are made.

**Budgetary Information**

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described on page 20.

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes. The budgeted amounts presented include amendments adopted during the year. Transfers between functions and changes to the overall budget must be approved and amended by Board of Education resolution. Appropriations lapse at year end unless specifically carried over.

**Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE 2—CASH AND INVESTMENTS**

As of June 30, 2015, cash and investments consisted of the following:

	Statement Balance	Carrying Value	Risk
Cash on hand	\$ 2,342	\$ 2,342	
Deposits with financial institutions	2,089,182	2,060,509	Custodial Credit and interest rate
Wisconsin Investment Series Cooperative	10,129,405	9,989,853	
	\$ 12,220,929	\$ 12,052,704	

The District's cash and investments are reported in the financial statements as follows:

Governmental activities	\$ 10,513,974
Employee benefit trust	1,298,650
Agency fund	240,080
	\$ 12,052,704

*Credit Risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation. To limit credit risk, the District is limited to investments authorized by Wisconsin State Statute 66.0603 including the following:

1. Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association which is authorized to transact business in the state if the time deposits mature in not more than three years.
2. Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board, or other instrumentality of the federal government.
3. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state, as well as bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, the University of Wisconsin Hospitals and Clinics Authority, a local cultural arts district, or the Wisconsin Aerospace Authority.
4. Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's corporation, Moody's investors service, or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating.
5. Securities of an open-end management investment company or investment trust, with certain limitations:
  - a. Bonds or securities issued under the authority of the municipality;
  - b. The local government pooled-investment fund as established under Section 25.50 of the

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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NOTE 2—CASH AND INVESTMENTS (continued)

- Wisconsin Statutes; the state of Wisconsin local government investment fund (LGIP)
- c. Agreements in which a public depository agrees to repay funds advanced to it by the District, plus interest, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government.
  - d. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
  - e. Repurchase agreements with public depositories, with certain conditions.

The District has adopted an investment policy which permits all investment authorized under state statutes as described above.

*Interest Rate Risk*

Interest rate risk is the risk that the fair value of the District's investments will decrease as a result of an increase in interest rates. The longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure of fair value losses arising from increasing interest rates. As of June 30, 2015, Wisconsin Investment Series Cooperative (WISC) investments have a maturity of 12 months or less.

*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 investments that are in the possession of another party. The District does not have a custodial credit risk policy for investments.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and unlimited for non-interest bearing accounts. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations. As of June 30, 2015, \$1,589,182 of the District's deposits with financial institutions was uninsured and uncollateralized. The District does not have a custodial risk policy for deposits.

PMA Financial Network is the administrator and investment manager for the WISC. The WISC is not registered with the Securities and Exchange Commission but invests in funds in accordance with applicable Wisconsin statutes. The WISC is not rated. The WISC has the characteristics of a mutual fund and accordingly, reports the value of its underlying assets at fair value. At June 30, 2015, the District's share of the WISC's assets was substantially equal to the amount reported on page 26. The District is subject to market risk and credit risk through its investment in WISC.

*Concentration of Credit Risk*

The District does not have a policy for concentration of credit risk. No District investment represents 5% or more of the total investments.

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE 3—INTERFUND PAYABLES AND TRANSFERS**

Transfers are used to (1) move revenues from the fund that statute or budget requires collection from to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts the general fund as debt service payments come due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Agency Fund	General Fund	\$ 1,280
OPEB Trust Fund	Debt Service Fund	2,058,179
OPEB Trust Fund	General Fund	6,268

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**NOTE 4—UNEARNED REVENUE**

Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the components of unearned revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
Student fees	\$ 21,873
Student meal deposits	52,289
Co-operative program	<u>206,143</u>
	<u>\$ 280,305</u>

**NOTE 5—LIMITATION OF SCHOOL DISTRICT REVENUES**

Wisconsin Statutes limit the amount of revenues that school districts may derive from general school aids and property taxes. The annual revenue increase from these sources is limited to an allowable per member increase which is determined by the legislature. This limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either a resolution of the Board of Education or by a referendum prior to August 12, 1993, or referendum on or after August 12, 1993.

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 6—CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated				
Land	\$ 1,854,141	\$ -	\$ -	\$ 1,854,141
Capital assets being depreciated				
Building	68,306,141	5,562,851	-	73,868,992
Equipment	7,932,828	62,343	856,001	7,139,170
Total capital assets being depreciated	76,238,969	5,625,194	856,001	81,008,162
Less accumulated depreciation	22,812,983	1,365,861	672,376	23,506,468
Total capital assets being depreciated-net	53,425,986	4,259,333	(183,625)	57,501,694
Capital assets - net	<u>\$ 55,280,127</u>	<u>\$ 4,259,333</u>	<u>\$ (183,625)</u>	<u>\$ 59,355,835</u>

Depreciation expense for governmental activities for the year ended June 30, 2015 was charged to functions as follows:

Regular instruction	\$ 171,048
Vocational instruction	770
Physical instruction	28,861
Special education instruction	1,058
Other instruction	8,211
Pupil services	105,157
Instructional staff services	2,188
General administrative services	86,453
Building administrative services	27,755
Business administrative services	930,047
Central services	4,313
Total depreciation	<u>\$ 1,365,861</u>

**NOTE 7—SHORT TERM DEBT ACTIVITY**

The District issues short-term notes payable for working capital and operational cash flow needs pending receipt of the District's equalization aid allocations from the state government. A note was issued in October 2014 and matures October 23, 2015, with an interest rate of 1.0%. Interest for the year ended June 30, 2015 was \$45,345.

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE 7—SHORT TERM DEBT ACTIVITY (continued)**

Short-term notes payable for the year ended June 30, 2015 was as follows:

Balance 6/30/14	Additions	Payments	Balance 6/30/15
\$ 3,500,000	\$ 5,000,000	\$ 5,000,000	\$ 3,500,000

**NOTE 8—LONG-TERM OBLIGATIONS**

Long-term liability activity for the year ended June 30, 2015 and outstanding debt at June 30, 2015 was as follows:

	Balance 6/30/14	Additions	Reductions	Balance 6/30/15	Due Within One Year
General obligation bonds	\$ 56,569,000	\$ 4,040,000	\$ 15,835,000	\$ 44,774,000	\$ 1,655,000
General obligation notes	330,000	10,000,000	210,000	10,120,000	2,555,000
Deferred amounts					
Unamortized discount and loss on refinancing	(546,462)	-	364,004	(182,458)	-
Total general obligation debt	56,352,538	14,040,000	16,409,004	54,711,542	4,210,000
Capital leases	997,392	-	494,237	503,155	202,669
Accrued compensated absences	1,080,275	-	74,367	1,005,908	1,005,908
Total long-term liabilities	\$ 58,430,205	\$ 14,040,000	\$ 16,977,608	\$ 56,220,605	\$ 5,418,577

Total long-term debt interest paid and expensed (including accrual) for the year ended June 30, 2015 was \$1,690,711 and \$1,626,997, respectively.

All general obligation debt is secured by the full faith and credit and taxing powers of the District. Long-term debt will be retired by future property tax levies and resources accumulated in the Debt service fund.

The 2014 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,831,352,691. Wisconsin State Statute 67.03 limits total general obligation indebtedness of the District to ten percent of the equalized value of taxable property within the District's jurisdiction. The legal debt limit, as of June 30, 2015 was as follows:

Debt limit (10% of \$1,831,352,691)	\$ 183,135,269
Less: long-term debt applicable to debt margin:	54,894,000
Margin of indebtedness:	\$ 128,241,269

The District issued Qualified School Construction Bonds (QSCB) in a prior year. The QSCB program provides the District with an opportunity to save on interest costs associated with financing school renovations and new construction. The Internal Revenue Service provides tax credits to the holders of QSCB bonds in lieu of interest.

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE 8—LONG-TERM OBLIGATIONS (continued)**

General obligation debt at June 30, 2015 is comprised of the following individual issues:

Description	Issue Date	Interest Rate (%)	Date of Maturity	Original Amounts	Balance 6/30/15
G.O. notes	9/23/2009	2.50%-3.50%	5/1/2016	\$ 730,000	\$ 120,000
G.O. notes	4/15/2015	1.00%-2.00%	5/1/2019	10,000,000	10,000,000
G.O. notes (QSCB)	9/18/2009	0.00%	9/15/2019	729,000	729,000
G.O. refunding bonds	1/15/2005	3.00%	5/1/2019	22,925,000	845,000
G.O. refunding bonds	4/1/2011	2.25%-3.50%	5/1/2022	3,795,000	3,090,000
G.O. refunding bonds	5/14/2014	2.00%	5/1/2023	4,270,000	4,225,000
G.O. bonds	3/20/2013	1.00%	5/1/2024	3,860,000	3,655,000
G.O. refunding bonds	11/1/2006	4.00%-5.00%	5/1/2026	29,150,000	8,680,000
G.O. refunding bonds	3/14/2012	2.50%	5/1/2026	9,995,000	9,645,000
G.O. refunding bonds	3/20/2013	1.00%	5/1/2028	6,135,000	6,135,000
G.O. bonds	5/14/2014	3.00%	5/1/2034	5,730,000	5,730,000
G.O. refunding bonds	5/1/2015	3.00%-4.00%	5/1/2035	2,040,000	2,040,000
					<u>\$ 54,894,000</u>

As of June 30, 2015, the District had assets held under several capital lease obligations. The assets included in equipment and valued at \$2,146,705, less accumulated depreciation of \$1,022,318 as of June 30, 2015.

Debt service requirements to maturity on general obligation debt are as follows:

Year Ended June 30	G.O. Debt Principal	G.O. Debt Interest	Capital Lease Principal	Capital Lease Interest	Total
2016	\$ 4,210,000	\$ 1,380,367	\$ 202,669	\$ 17,291	\$ 5,810,327
2017	4,330,000	1,287,391	167,944	9,253	5,794,588
2018	4,530,000	1,205,391	36,442	5,241	5,777,074
2019	4,660,000	1,097,123	96,100	3,780	5,857,003
2020	4,429,000	967,586	-	-	5,396,586
2021-2025	22,125,000	2,901,894	-	-	25,026,894
2026-2030	8,050,000	1,015,040	-	-	9,065,040
2031-2035	2,560,000	249,523	-	-	2,809,523
	<u>\$ 54,894,000</u>	<u>\$ 10,104,314</u>	<u>\$ 503,155</u>	<u>\$ 35,565</u>	<u>\$ 65,537,035</u>

**NOTE 9—EMPLOYEE'S 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.

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

NOTE 9—EMPLOYEE’S RETIREMENT SYSTEM (continued)

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

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

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

NOTE 9—EMPLOYEE’S RETIREMENT SYSTEM (continued)

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

During the reporting period, the WRS recognized \$1,282,542 in contributions from the employer.

Contribution rates as of June 30, 2015 are:

Employee Category	Employee	Employer
General (including teachers)	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

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

At June 30, 2015, Monona Grove School District reported an asset of \$3,219,319 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. Monona Grove School District’s proportion of the net pension asset was based on Monona Grove School District’s share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, Monona Grove School District’s proportion was 0.131065%, which was an increase of 0.000064% from its proportion measured as of December 31, 2013.

For the year ended June 30, 2015, Monona Grove School District recognized pension expense of \$1,263,217.

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

NOTE 9—EMPLOYEE’S RETIREMENT SYSTEM (continued)

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

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 466,701
Net differences between projected and actual earnings on pension plan investments	1,558,950
Employer contributions subsequent to the measurement date	631,236
Total	\$ 2,656,887

\$1,262,472 reported as deferred outflows related to pension resulting from Monona Grove School District’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflows of Resources
2015	\$ 398,348
2016	398,348
2017	398,348
2018	398,348
2019	398,348
Thereafter	33,906

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

NOTE 9—EMPLOYEE’S RETIREMENT SYSTEM (continued)

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

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

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

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

*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:

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

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE 9—EMPLOYEE’S RETIREMENT SYSTEM (continued)**

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

*Sensitivity of Monona Grove School District’s proportionate share of the net pension liability (asset) to changes in the discount rate.* The following presents Monona Grove School District’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what Monona Grove School 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 (6.2%)	Current Discount Rate (7.2%)	1% Increase to Discount Rate (8.2%)
Monona Grove School District's proportionate share of the net pension liability (asset)	\$ 9,082,254	\$ (3,219,319)	\$ (12,934,604)

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

**NOTE 10—OTHER POST-EMPLOYMENT BENEFITS**

The District provides other post-employment benefits (OPEB) for its employees through a single-employer retiree benefit plan that provides postemployment health and life insurance benefits to eligible employees and their spouses. There are 420 active and 95 retired members in the plan as of June 30, 2015. Benefits and eligibility are established and amended by the governing body.

*Funding Policy.* The District has \$1,221,027 of invested plan assets accumulated for payment of future benefits. The employer makes all contributions, and for the year ended June 30, 2015 the District contributed \$1,306,085 to the Monona Grove School District Post-Employment Benefits Trust.

*Annual OPEB Cost and Net OPEB Obligation.* The District’s annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE 10—OTHER POST-EMPLOYMENT BENEFITS (continued)**

The following table shows the components of the District's annual OPEB cost for the year, the amount actually paid from the plan, and changes in the District's net OPEB obligation.

Annual required contribution	\$ 763,715
Interest on net OPEB obligation	367,801
Adjustment to annual required contribution	<u>(678,600)</u>
Annual OPEB cost (expense)	452,916
OPEB payments made	<u>(1,306,085)</u>
Change in net OPEB obligation	(853,169)
Net OPEB obligation - beginning of year	<u>7,356,019</u>
Net OPEB obligation - end of year	<u><u>\$ 6,502,850</u></u>

The District's annual OPEB costs, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2015 for the preceding two years was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 452,916	288.37%	\$ 6,502,850
6/30/2014	1,241,145	105.23%	7,356,019
6/30/2013	1,231,307	153.05%	7,204,945

*Funded Status and Funding Progress.* As of July 1, 2014, the most recent actuarial valuation date, the plan was 2.63% funded. The District's actuarial accrued liability (AAL) for benefits was \$9,175,251 and the actuarial value of assets was \$1,221,027 resulting in an unfunded actuarial accrued liability (UAAL) of \$7,954,224. The annual payroll for active employees covered by the plan in the actuarial valuation for the 2014-15 fiscal year was \$17,033,562 for a ratio of the UAAL to covered payroll of 46.7%

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

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

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE 10—OTHER POST-EMPLOYMENT BENEFITS (continued)**

In the July 1, 2014, actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions included a 5 percent investment rate of return and an initial annual healthcare cost trend rate of 7.50 percent, reduced by decrements to an ultimate rate of 5 percent. Both rates include a 3 percent inflation assumption. The UAAL is being amortized on a level dollar basis. The remaining amortization period at July 1, 2014 was 16 years.

**NOTE 11—GOVERNMENTAL ACTIVITIES NET POSITION**

Governmental activities net position reported on the government-wide statement of net position at June 30, 2015 consist of the following:

Net investment in capital assets	\$ 4,141,139
Restricted	
Debt service	1,088,988
Capital projects	90,751
Donor restrictions	55,703
Nutrition services	272,857
Community Service	406,311
Total restricted	1,914,610
Unrestricted	7,509,434
Total governmental activities net position	\$ 13,565,183

**NOTE 12—GOVERNMENTAL FUND BALANCES**

Governmental fund balances reported on the financial statements at June 30, 2015 consist of the following:

Nonspendable	
Prepaid expenses	\$ 421,514
Restricted	
General fund	28,465
Debt service	1,302,856
Capital projects	90,751
Donor restricted	55,703
Nutrition services	271,170
Community service	406,311
Total restricted	2,155,256
Unassigned	8,063,066
Total Governmental Fund Balance	\$ 10,639,836

**MONONA GROVE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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**NOTE 13—RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; error and omissions; worker compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded insurance coverage in any of the last three years. There were not significant reductions in coverage compared to the prior year.

**NOTE 14—COMMITMENTS AND CONTINGENCIES**

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

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

**NOTE 15—PRIOR PERIOD ADJUSTMENT**

The Government Accounting Standards Board (GASB) issued Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27. Under GASB 68, the District is required to disclose the net pension asset on the statement on the statement of net position. As a result, an adjustment of \$6,651,722 was made to increase the June 30, 2014 net position of the Government Activities on the statement of activities based on the net pension asset balance and the related deferred outflows of resources balances as of June 30, 2014.

**REQUIRED SUPPLEMENTARY INFORMATION**

**MONONA GROVE SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES BUDGET AND ACTUAL—GENERAL FUND**  
Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 18,895,942	\$ 18,895,942	\$ 18,895,942	\$ -
Local	710,000	710,000	597,661	(112,339)
Interdistrict payments	2,250,000	2,250,000	1,959,948	(290,052)
State	12,480,329	12,480,329	12,583,933	103,604
Federal	395,000	395,000	319,403	(75,597)
Other sources	100,000	100,000	226,171	126,171
<b>Total revenues</b>	<b>34,831,271</b>	<b>34,831,271</b>	<b>34,583,058</b>	<b>(248,213)</b>
<b>EXPENDITURES</b>				
Instruction				
Regular instruction	14,542,087	14,542,087	14,214,936	327,151
Vocational instruction	1,334,495	1,334,495	1,106,193	228,302
Physical instruction	866,735	866,735	808,783	57,952
Special education instruction	-	-	2,605	(2,605)
Other instruction	965,564	965,564	891,567	73,997
<b>Total instruction</b>	<b>17,708,881</b>	<b>17,708,881</b>	<b>17,024,084</b>	<b>684,797</b>
Support services				
Pupil services	735,000	735,000	820,877	(85,877)
Instructional staff services	1,325,697	1,325,697	1,134,073	191,624
General administrative services	696,780	696,780	1,024,584	(327,804)
Building administrative services	1,808,645	1,808,645	2,213,369	(404,724)
Business administrative services	6,168,915	6,168,915	5,804,755	364,160
Central services	895,000	895,000	904,200	(9,200)
Insurance and judgments	345,000	345,000	258,482	86,518
Other support services	1,421,578	1,421,578	1,553,992	(132,414)
<b>Total support services</b>	<b>13,396,615</b>	<b>13,396,615</b>	<b>13,714,332</b>	<b>(317,717)</b>
Debt service				
Principal	225,000	225,000	457,602	(232,602)
Interest and fees	-	-	82,036	(82,036)
<b>Total expenditures</b>	<b>31,330,496</b>	<b>31,330,496</b>	<b>31,278,054</b>	<b>52,442</b>
Excess of revenues over expenditures	3,500,775	3,500,775	3,305,004	(195,771)
Other financing sources (uses)				
Premium on issuance of debt	-	-	10,104	10,104
Proceeds from sale of assets	-	-	261,449	261,449
Transfers in (out)	(3,500,775)	(3,500,775)	(3,536,558)	(35,783)
<b>Total other financing sources (uses)</b>	<b>(3,500,775)</b>	<b>(3,500,775)</b>	<b>(3,265,005)</b>	<b>235,770</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>39,999</b>	<b>39,999</b>
Fund balances—beginning of year	8,442,286	8,442,286	8,470,751	28,465
<b>Fund balances—end of year</b>	<b>\$ 8,442,286</b>	<b>\$ 8,442,286</b>	<b>\$ 8,510,750</b>	<b>\$ 68,464</b>

See accompanying notes to required supplementary information.

**MONONA GROVE SCHOOL DISTRICT**  
 EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS  
 AND GAAP REVENUES AND EXPENDITURES  
 Year Ended June 30, 2015

<b>SOURCES/ INFLOWS OF RESOURCES:</b>	<u>General Fund</u>
Actual General Fund operating revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 34,583,058
Reclassification: Special Education Fund revenues are included in the General Fund, required for GAAP reporting	<u>2,095,061</u>
General Fund revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds	<u><u>\$ 36,678,119</u></u>
<b>USES/ OUTFLOWS OF RESOURCES:</b>	
Actual general fund expenditures from the Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 31,278,054
Reclassifications: Special Education Fund expenditures are included in the General Fund, required for GAAP reporting	5,631,619
General Fund expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balance- Governmental Funds	<u><u>\$ 36,909,673</u></u>

See accompanying notes to required supplementary information.

**MONONA GROVE SCHOOL DISTRICT**  
**SCHEDULE OF FUNDING PROGRESS**  
Year Ended June 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded AAL (UAAL) ( b ) - ( a )	Funded Ratio (a/b)	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ([b-a]/c)
7/1/2014	\$ 1,221,027	\$ 9,175,251	\$ 7,954,224	13.31%	\$ 17,033,562	46.7%
7/1/2012	444,851	16,924,533	16,479,682	2.63%	17,311,748	95.2%
7/1/2010	229,563	16,472,612	16,243,049	1.39%	18,468,451	88.0%

See accompanying notes to required supplementary information.

**MONONA GROVE SCHOOL DISTRICT**  
**SCHEDULE OF NET PENSION ASSET - WISCONSIN RETIREMENT SYSTEM**  
Last 10 Fiscal Years\*

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Monona Grove School District's proportion of the net pension asset	0.131065%
Monona Grove School District's proportionate share of the net pension asset	(3,219,319)
Monona Grove School District's covered-employee payroll	18,318,844
Monona Grove School District's proportionate share as a percentage of covered payroll	-17.57%
Plan fiduciary net position as a percentage of the total pension asset	1.03%

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

See accompanying notes to required supplementary information.

**MONONA GROVE SCHOOL DISTRICT**  
SCHEDULE OF CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM  
Last 10 Fiscal Years\*

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Contractually required contributions	1,282,542
Contributions in relation to the contractually required contributions	1,282,542
Monona Grove School District's covered-employee payroll	18,318,844
Contributions as a percentage of covered-employee payroll	7.00%

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

See accompanying notes to required supplementary information.

**MONONA GROVE SCHOOL DISTRICT**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2015

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NOTE 1—BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting as described in Note 1 to the financial statements. Reported budget amounts are as amended by Board of Education resolution. Budgets are adopted at the function level in the general fund and at the fund level for all other funds. Appropriations lapse at year end unless specifically carried over.

Excess Expenditures Over Appropriations

The following general fund functions had an excess of actual expenditures over appropriations for the year ended June 30, 2015.

<u>Function</u>	<u>Excess Expenditures</u>
Special education instruction	\$ 2,605
Pupil services	85,877
General administrative services	327,804
Building administrative services	404,724
Other support services	132,414
Instructional service payments	-
Debt service	314,638

NOTE 2—FUNDING PROGRESS DATA

The data presented in the Schedule of Funding Progress was taken from the reports issued by the actuary. The District is required to present information for the pension and other postemployment benefit plans for the three most recent actuarial studies.

NOTE 3—PENSION

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

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

**OTHER SUPPLEMENTARY INFORMATION**

**MONONA GROVE SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET—GENERAL GOVERNMENTAL FUNDS**  
June 30, 2015

	General Operating Fund	Special Education Fund	Total General Fund
<b>ASSETS</b>			
Cash and investments	\$ 5,853,893	\$ 315,173	\$ 6,169,066
Accounts receivable	6,606,973	97,250	6,704,223
Due from other governments	1,422,940	264,755	1,687,695
Prepaid expenditures	368,894	50,325	419,219
<b>Total assets</b>	<b>\$ 14,252,700</b>	<b>\$ 727,503</b>	<b>\$ 14,980,203</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Short-term notes payable	\$ 3,500,000	\$ -	\$ 3,500,000
Accounts payable	279,368	26,967	306,335
Accrued salaries and wages	1,480,324	282,910	1,763,234
Payroll taxes and withholdings	697,859	172,604	870,463
Due to other funds	(237,474)	245,022	7,548
Unearned revenues	21,873	-	21,873
<b>Total liabilities</b>	<b>5,741,950</b>	<b>727,503</b>	<b>6,469,453</b>
<b>FUND BALANCES</b>			
Nonspendable	368,894	50,325	419,219
Restricted	28,465	-	28,465
Unassigned	8,113,391	(50,325)	8,063,066
<b>Total fund balances</b>	<b>8,510,750</b>	<b>-</b>	<b>8,510,750</b>
<b>Total liabilities and fund balances</b>	<b>\$ 14,252,700</b>	<b>\$ 727,503</b>	<b>\$ 14,980,203</b>

**MONONA GROVE SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES—GENERAL GOVERNMENTAL FUNDS**  
Year Ended June 30, 2015

	General Operating Fund	Special Education Fund	Total General Fund
<b>REVENUES</b>			
Taxes	\$ 18,895,942	\$ -	\$ 18,895,942
Local	597,661	-	597,661
Interdistrict payments	1,959,948	55,143	2,015,091
State	12,583,933	1,219,763	13,803,696
Federal	319,403	820,155	1,139,558
Other sources	226,171	-	226,171
Total revenues	<u>34,583,058</u>	<u>2,095,061</u>	<u>36,678,119</u>
<b>EXPENDITURES</b>			
Instruction			
Regular instruction	15,135,741	132,764	15,268,505
Vocational instruction	1,106,193	2,591	1,108,784
Physical instruction	782,022	-	782,022
Special education instruction	2,605	3,997,664	4,000,269
Other instruction	891,567	-	891,567
<b>Total instruction</b>	<u>17,918,128</u>	<u>4,133,019</u>	<u>22,051,147</u>
Support services			
Pupil services	818,844	801,878	1,620,722
Instructional staff services	1,134,073	379,783	1,513,856
General administrative services	1,024,584	-	1,024,584
Building administrative services	2,213,369	-	2,213,369
Business administrative services	5,778,507	264,843	6,043,350
Central services	904,200	8,414	912,614
Insurance and judgments	258,482	-	258,482
Other support services	625,886	5,297	631,183
<b>Total support services</b>	<u>12,757,945</u>	<u>1,460,215</u>	<u>14,218,160</u>
Capital Outlay	62,343	-	62,343
Debt service			
Principal	457,602	36,635	494,237
Interest and fees	82,036	1,750	83,786
Total expenditures	<u>31,278,054</u>	<u>5,631,619</u>	<u>36,909,673</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,305,004</u>	<u>(3,536,558)</u>	<u>(231,554)</u>
Other financing sources (uses)			
Premium on issuance of debt	10,104	-	10,104
Proceeds from sale of assets	261,449	-	261,449
Transfers in (out)	(3,536,558)	3,536,558	-
Total other financing sources (uses)	<u>(3,265,005)</u>	<u>3,536,558</u>	<u>271,553</u>
<b>Net change in fund balances</b>	39,999	-	39,999
Fund balances—beginning of year	8,470,751	-	8,470,751
<b>Fund balances—end of year</b>	<u>\$ 8,510,750</u>	<u>\$ -</u>	<u>\$ 8,510,750</u>

**MONONA GROVE SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET—NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2015

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Special Revenue	School Nutrition Services	Community Services	Co-operative Program	
<b>ASSETS</b>					
Cash and investments	\$ 52,699	\$ 338,733	\$ 405,712	\$ 95,978	\$ 893,122
Accounts receivable	3,500	425	4,471	52,873	61,269
Due from other governments	-	-	-	71,648	71,648
Prepaid expenditures	-	1,687	-	608	2,295
<b>Total assets</b>	<b>\$ 56,199</b>	<b>\$ 340,845</b>	<b>\$ 410,183</b>	<b>\$ 221,107</b>	<b>\$ 1,028,334</b>
<b>LIABILITIES AND FUND BALANCES</b>					
LIABILITIES					
Accounts payable	\$ 496	\$ 335	\$ 2,570	\$ 14,364	\$ 17,765
Payroll taxes and withholdings	-	15,364	1,302	600	17,266
Unearned revenues	-	52,289	-	206,143	258,432
<b>Total liabilities</b>	496	67,988	3,872	221,107	293,463
FUND BALANCES					
Nonspendable	-	1,687	-	608	2,295
Restricted	55,703	271,170	406,311	(608)	732,576
<b>Total fund balances</b>	55,703	272,857	406,311	-	734,871
<b>Total liabilities and fund balances</b>	<b>\$ 56,199</b>	<b>\$ 340,845</b>	<b>\$ 410,183</b>	<b>\$ 221,107</b>	<b>\$ 1,028,334</b>

**MONONA GROVE SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES—NONMAJOR GOVERNMENTAL FUNDS**  
Year Ended June 30, 2015

	Special Revenue funds				Total Nonmajor Governmental Funds
	Special Revenue	School Nutrition Services	Community Services	Co-operative Program	
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ 245,240	\$ -	\$ 245,240
Local	54,587	760,289	105,536	8,912	929,324
Interdistrict payments with Wisconsin	-	-	-	122,669	122,669
Intermediate sources	-	-	-	227,026	227,026
State	-	19,930	-	-	19,930
Federal	-	431,090	-	-	431,090
Other sources	-	6,128	445	1,515	8,088
<b>Total revenues</b>	<b>54,587</b>	<b>1,217,437</b>	<b>351,221</b>	<b>360,122</b>	<b>1,983,367</b>
<b>EXPENDITURES</b>					
Instruction					
Regular instruction	45,959	-	-	98,492	144,451
Vocational instruction	600	-	-	2,997	3,597
<b>Total instruction</b>	<b>46,559</b>	<b>-</b>	<b>-</b>	<b>101,489</b>	<b>148,048</b>
Support services					
Pupil services	169	-	-	-	169
Instructional staff services	5,012	-	-	251,121	256,133
General administrative services	-	-	-	1,512	1,512
Building administrative services	-	-	70,156	-	70,156
Business administrative services	11,031	1,137,451	23,925	6,000	1,178,407
Central services	-	-	1,809	-	1,809
Insurance and judgments	-	-	83	-	83
Other support services	-	-	170,669	-	170,669
<b>Total support services</b>	<b>16,212</b>	<b>1,137,451</b>	<b>266,642</b>	<b>258,633</b>	<b>1,678,938</b>
<b>Total expenditures</b>	<b>62,771</b>	<b>1,137,451</b>	<b>266,642</b>	<b>360,122</b>	<b>1,826,986</b>
<b>Net change in fund balances</b>	<b>(8,184)</b>	<b>79,986</b>	<b>84,579</b>	<b>-</b>	<b>156,381</b>
Fund balances—beginning of year	63,887	192,871	321,732	-	578,490
<b>Fund balances—end of year</b>	<b>\$ 55,703</b>	<b>\$ 272,857</b>	<b>\$ 406,311</b>	<b>\$ -</b>	<b>\$ 734,871</b>

**MONONA GROVE SCHOOL DISTRICT**  
 AGENCY FUNDS—SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
 Year Ended June 30, 2015

	<u>Balance 7/1/2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2015</u>
<b>ASSETS</b>				
Cash and Investments	\$ 223,821	\$ 689,471	\$ 673,212	\$ 240,080
Due from other funds	-	1,280	-	1,280
<b>Total assets</b>	<u>\$ 223,821</u>	<u>\$ 690,751</u>	<u>\$ 673,212</u>	<u>\$ 241,360</u>
<b>LIABILITIES</b>				
Due to student organizations	<u>\$ 223,821</u>	<u>\$ 690,751</u>	<u>\$ 673,212</u>	<u>\$ 241,360</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
AND OTHER AUDITORS' REPORTS**

**MONONA GROVE SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
Year Ended June 30, 2015

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Accrued or (Deferred) Revenue at 7/1/2014	Receipts	Expenditures	Accrued or (Deferred) Revenue at 6/30/2015
<b>Department of Agriculture</b>					
Pass-through programs from Wisconsin Department of Public Instruction					
Child Nutrition Cluster					
School Breakfast Program	10.553	\$ -	\$ 85,062	\$ 85,062	\$ -
National School Lunch Program	10.555	-	276,302	276,302	-
National School Lunch Program - Food Donation	10.555	-	69,726	69,726	-
Total Child Nutrition Cluster		-	431,090	431,090	-
<b>Total Department of Agriculture</b>		-	431,090	431,090	-
<b>Department of Education</b>					
Pass-through programs from Wisconsin Department of Public Instruction					
Title I Grants to Local Educational Agencies	84.010	117,579	248,217	205,099	74,461
Special Education Cluster (IDEA)					
Special Education--Grants to States (IDEA, Part B)	84.027	231,815	648,837	749,855	332,833
Special Education--Preschool Grants (IDEA Preschool)	84.173	13,397	23,540	11,232	1,089
Total Special Education Cluster (IDEA)		245,212	672,377	761,087	333,922
Improving Teacher Quality State Grants	84.367	19,547	19,547	45,137	45,137
Pass-through program from Stoughton School District					
English Language Acquisition State Grants	84.365	14,577	14,577	13,466	13,466
Pass-through program from Mount Horeb Area School District					
Career and Technical Education -- Basic Grants to States	84.048	16,382	31,422	15,040	-
<b>Total Department of Education</b>		413,297	986,140	1,039,829	466,986
<b>Department of Health and Human Services</b>					
Pass-through program from Wisconsin Medicaid and Badgercare Programs					
Medical Assistance Program	93.778	-	128,235	128,235	-
<b>U.S. Department of Labor</b>					
Pass-through program from Workforce Development Board of South Central WI					
WIA Youth in School	17.259	20,045	83,455	95,752	32,342
<b>Total Federal Programs</b>		<b>\$ 433,342</b>	<b>\$ 1,628,920</b>	<b>\$ 1,694,906</b>	<b>\$ 499,328</b>

See accompanying notes to schedule of expenditures of federal and state awards.

**MONONA GROVE SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
Year Ended June 30, 2015

State Grantor/ Program Title	State Identifying Number	Accrued or (Deferred) Revenue at 7/1/2014	Receipts	Expenditures	Accrued or (Deferred) Revenue at 6/30/2015
<b>Wisconsin Department of Public Instruction</b>					
Special Education and School Age Parents	255.101	\$ -	\$ 1,219,763	\$ 1,219,763	\$ -
State School Lunch Aid	255.102	-	10,545	10,545	-
Common School Fund Library Aid	255.103	-	123,585	123,585	-
General Transportation Aid for Public School Pupils	255.107	-	74,719	74,719	-
Equalization Aid and Special Adjustment Aid	255.201	181,897	10,894,998	10,904,522	191,421
Peer Review & Mentoring	255.301	23,705	23,705	25,000	25,000
School Breakfast Program	255.344	-	9,385	9,385	-
Financial Literacy Innovation	255.370	-	-	10,000	10,000
Per Pupil Aid	255.945	-	438,375	438,375	-
Educator effective	255.940	-	-	22,480	22,480
Career and Technical Education Incentive Grants	255.950	-	13,000	13,000	-
<b>Total Wisconsin Department of Public Instruction</b>		<b>205,602</b>	<b>12,808,075</b>	<b>12,851,374</b>	<b>248,901</b>
<b>Wisconsin Department of Revenue</b>					
Exempt Computer Aid		755,199	755,199	971,808	971,808
<b>Workforce Development Board of South Central Wisconsin</b>					
Youth Apprenticeship		24,220	116,187	131,273	39,306
<b>Total State Programs</b>		<b>\$ 985,021</b>	<b>\$ 13,679,461</b>	<b>\$ 13,954,455</b>	<b>\$ 1,260,015</b>

See accompanying notes to schedule of expenditures of federal and state awards.

**MONONA GROVE SCHOOL DISTRICT**  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
Year Ended June 30, 2015

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**NOTE 1—BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the District under programs of the federal government and state agencies for the year ended June 30, 2015. The information in this schedule is presented in accordance with requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and the *State Single Audit Guidelines*. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Specifically, debt service expenditures, as well as expenditures related to claims and judgments, and compensated absences are recorded only when payment is due. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Costs Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. The Wisconsin Department of Public Instruction uses the federal CFDA numbers as the pass-through entity identifying numbers.

**NOTE 3—FOOD DONATION**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2015, there were no food commodities in inventory at the District.

**NOTE 4—OVERSIGHT AGENCIES**

The District's federal oversight agency for audit is the U.S. Department of Education. The District's state cognizant agency is the Wisconsin Department of Public Instruction.

**NOTE 5—ELIGIBLE COSTS FOR SPECIAL EDUCATION**

Eligible costs for special education under project 011 were \$4,884,926 for the year ended June 30, 2015.

**MONONA GROVE SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
Year Ended June 30, 2015

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2014-1    General Transportation Aid for Public School Pupils—State Identifying Number 225.107

Condition: The District transported a student who lives within the the boundries of the walk zone.

Recommendation: We recommend that the District implement procedures to cross reference system information to other records to ensure that students are reported in the correct route.

Current Status: This finding has been resolved

2014-2    Special Education & School Age Parents—State Identifying Number 255.101

Condition: The District transported a special education student without proper documentation in the student's IEP.

Recommendation: We recommend that that District implement procedures to ensure that all students receiving special education transportation have it properly documented in their IEP.

Current Status: This finding has been resolved



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*

To the Board of Education  
Monona Grove School District  
Monona, Wisconsin

We have audited 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Monona Grove School District (District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Monona Grove School District's basic financial statements, and have issued our report thereon dated November 30, 2015.

### Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant* deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charge 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. Given these limitations, during our audit we did not identify and deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

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

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### **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 result 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.

*Wegner CPAs LLP*

Wegner CPAs, LLP  
Madison, Wisconsin  
November 30, 2015



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND THE *STATE SINGLE AUDIT GUIDELINES*

To the Board of Education  
Monona Grove School District  
Monona, Wisconsin

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

We have audited Monona Grove School District's (District's) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of the District's major federal and major state programs for the year ended June 30, 2015. The District's major federal and major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Monona Grove School District's major federal and 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *State Single Audit Guidelines*. Those standards, OMB Circular A-133, and the *Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or major state program occurred. An audit includes examining, on a test basis, evidence about Monona Grove School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal and Major State Program***

In our opinion, Monona Grove 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 federal and major state programs for the year ended June 30, 2015.

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## ***Report on Internal Control Over Compliance***

Management of Monona Grove School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Monona Grove School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *State Single Audit Guidelines*, 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 Monona Grove School District's internal control over compliance.

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

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Wegner CPAs LLP*

Wegner CPAs, LLP  
Madison, Wisconsin  
November 30, 2015

**MONONA GROVE SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2015

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**Section I—Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553, 10.555 93.778	Child Nutrition Cluster Medical Assistance Program

Dollar threshold used to distinguish between type A and type B programs:	\$ 300,000
Auditee qualified as low-risk auditee?	Yes

State Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the <i>State Single Audit Guidelines</i> ?	No

**MONONA GROVE SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2015

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Identification of state major programs:

State Identifying Number	Name of State Program
255.101	Special Education & School Age Parents
255.201	Equalization Aid and Special Adjustment Aid
255.103	Common School Library Fund
255.107	General Transportation Aid for Public School Pupils

**Section II—Financial Statement Findings**

No matters were reported

**Section III—Federal and State Award Findings and Questioned Costs**

No matters were reported

**Section IV—Other Issues**

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? No

Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue, or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines* :

Department of Public Instruction No

Was a management letter or other document conveying audit comments issued as a result of this audit? No

Name and signature of partner




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Scott R. Haumersen, CPA

Date of report

November 30, 2015