

**UNIFIED SCHOOL DISTRICT OF DE PERE  
DE PERE, WISCONSIN**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2016**

**UNIFIED SCHOOL DISTRICT OF DE PERE**  
De Pere, Wisconsin  
June 30, 2016

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De Pere, Wisconsin  
June 30, 2016

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## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Unified School District of De Pere  
De Pere, Wisconsin

### **Report on the Financial Statements**

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

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

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

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

### ***Emphasis of Matter***

As discussed in Note B.1, the District implemented GASB Statement No. 72, *Fair Value Measurement and Application*. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, and the budgetary comparison information and the schedules relating to pensions and other post-employment benefits on pages 45 through 50, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and schedule of state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *State Single Audit Guidelines* issued by the State of Wisconsin and are also not a required part of the basic financial statements.

The supplementary information and schedules of expenditures of federal awards and state financial assistance 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 supplementary information, the schedule of expenditures of federal awards and the schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Report on Summarized Financial Information**

We have previously audited the District's 2015 financial statements, and our report dated November 27, 2015, expressed unmodified opinions on those respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Certified Public Accountants  
Green Bay, Wisconsin  
January 6, 2017

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## Management's Discussion and Analysis June 30, 2016

As management of the Unified School District of De Pere we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016.

### **Financial Highlights**

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows as of June 30, 2016 by \$54.9 million (*net position*). Of this amount, approximately \$11.84 million (*unrestricted net position*) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position increased by \$2.5 million, from activities.
- As of June 30, 2016, the District's governmental funds reported combined ending fund balances of \$24.6 million, an increase of \$9.4 million in comparison with the prior year which includes \$9.2M remaining for referendum and non-referendum capital projects scheduled for the 2016/17 school year. Approximately 34% of this total amount, \$8.3 million is *available for spending* at the District's discretion (*unassigned fund balance*).
- As of June 30, 2016, unassigned fund balance for the general fund was \$8.3 million, or approximately 20% of total general fund expenditures.
- The property tax rate increased for the year ended June 30, 2016 to \$10.82 per thousand of property value representing an increase of 1.69% compared to the prior year.

### **Overview of the Basic Financial Statements**

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

**District-wide financial statements.** The *district-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, liabilities and deferred outflows/inflows 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 the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., earned but unused vacation leave.)



Both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include the District's basic services, such as regular and special education and various support services. The business-type activities of the District include food service and community service programs.

The district-wide financial statements can be found on pages 11 - 13 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. 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 three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, referendum debt service fund, capital projects fund and trust fund, each of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for all its governmental funds. As part of the required supplementary information, a budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 14 - 17 of this report.

**Proprietary funds.** The District maintains a single type of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the district-wide financial statements. The District uses enterprise funds to account for its food service and community service programs.

Proprietary funds provide the same type of information as the district-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Food Service and Community Service funds, both of which are considered to be nonmajor funds of the District.

The basic proprietary fund financial statements can be found on pages 18 - 20 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for the fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 21 of this report.

**Notes to the basic 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 basic financial statements can be found on pages 22 - 44 of this report.

**Required supplementary information.** The District adopts an annual appropriated budget for all its governmental funds. As part of the required supplementary information, budgetary comparison statements have been provided for the general fund and for each individual, major special revenue fund to demonstrate compliance with the budget. The budgetary comparison statements and the other post-employee benefit and pension schedules can be found on pages 45 - 52.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 53 - 55.

**District-wide Financial Analysis**

**Net position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$54.9 million at the close of 2016.

<b>Unified School District of De Pere's Net Position</b>						
<b>(in thousands of dollars)</b>						
	Governmental Activities		Business-type Activities		Totals	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Current and other assets	\$ 29,112	\$ 23,633	\$ 147	\$ 123	\$ 29,259	\$ 23,756
Capital assets	66,166	65,855	9	13	66,175	65,868
Total Assets	95,278	89,488	156	136	95,434	89,624
Deferred Outflows of Resources	13,878	3,805	-	-	13,878	3,805
Long-term liabilities outstanding	44,316	36,318	-	-	44,316	36,318
Other liabilities	3,712	3,201	57	64	3,769	3,265
Total Liabilities	48,028	39,519	57	64	48,085	39,583
Deferred Inflows of Resources	6,332	1,475	-	-	6,332	1,475
<b>Net Position</b>						
Invested in capital assets, net of related debt	36,971	33,677	9	13	36,980	33,690
Restricted	6,075	9,181	-	-	6,075	9,181
Unrestricted	11,750	9,441	90	59	11,840	9,500
Total Net Position	\$ 54,796	\$ 52,299	\$ 99	\$ 72	\$ 54,895	\$ 52,371

By far the largest portion of the District's net position (67%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, etc.), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position (11%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$11.84 million) may be used to meet the District's ongoing obligations to citizens and creditors.

**Change in net position.** The District's net position increased by \$2.5 million from activities. Key elements of this increase are as follows:

Unified School District of De Pere's Change in Net Position						
(In thousands of dollars)						
	Governmental Activities		Business-type Activities		Totals	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for services	\$ 3,458	\$ 2,949	\$ 1,232	\$ 1,114	\$ 4,690	\$ 4,063
Operating grants and contributions	2,306	2,256	574	579	2,880	2,835
<b>General Revenues</b>						
Property taxes	21,229	19,978	23	22	21,252	20,000
Grants and contributions not restricted to specific programs	21,731	22,270	-	-	21,731	22,270
Other	931	2,425	-	-	931	2,425
<b>Total Revenues</b>	<b>49,655</b>	<b>49,878</b>	<b>1,829</b>	<b>1,715</b>	<b>51,484</b>	<b>51,593</b>
<b>Expenses</b>						
Instruction	26,226	24,329	-	-	26,226	24,329
Support services	16,027	17,625	-	-	16,027	17,625
Non-program	2,451	2,304	-	-	2,451	2,304
Interest on long-term debt	719	1,001	-	-	719	1,001
Depreciation - unallocated	1,735	1,761	-	-	1,735	1,761
Food service	-	-	1,719	1,686	1,719	1,686
Community service	-	-	83	77	83	77
<b>Total Expenses</b>	<b>47,158</b>	<b>47,020</b>	<b>1,802</b>	<b>1,763</b>	<b>48,960</b>	<b>48,783</b>
<b>Transfers</b>	<b>-</b>	<b>(30)</b>	<b>-</b>	<b>30</b>	<b>-</b>	<b>-</b>
<b>Change in Net Position</b>	<b>2,497</b>	<b>2,828</b>	<b>27</b>	<b>(18)</b>	<b>2,524</b>	<b>2,810</b>
<b>Change in accounting principle</b>	<b>-</b>	<b>7,218</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,218</b>
<b>Change in Net Position after Change in Accounting Principle</b>	<b>2,497</b>	<b>10,046</b>	<b>27</b>	<b>(18)</b>	<b>2,524</b>	<b>10,028</b>
<b>Net Position - January 1</b>	<b>52,299</b>	<b>42,253</b>	<b>72</b>	<b>90</b>	<b>52,371</b>	<b>42,343</b>
<b>Net Position - December 31</b>	<b>\$ 54,796</b>	<b>\$ 52,299</b>	<b>\$ 99</b>	<b>\$ 72</b>	<b>\$ 54,895</b>	<b>\$ 52,371</b>

- Debt reduction exceeded the increase in long-term employee benefits growth by \$2.6 million.

## **Financial Analysis of the District's Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of June 30, 2016, the District's governmental funds reported combined ending fund balances of \$24.6 million, an increase of \$9.4 million in comparison with the prior year. Approximately 34% of this amount (\$8.3 million) constitutes *unassigned fund balance*, which is available for spending at the District's discretion. The remainder of fund balance is not available for new spending because it has already been restricted (\$14.1 million), or committed (\$2.2 million).

The general fund is the main operating fund of the District. At the end of the current year, \$8.3 million of the general fund balance was unassigned. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unassigned fund balance represents 20% of total general fund expenditures.

The fund balance of the District's general fund increased by \$87,562 during the current year.

The Debt Service funds have a total fund balance of \$6.1 million. The entire fund balance is restricted. Total fund balance represents approximately 81% of the expected debt service fund expenditures in the subsequent year.

**Proprietary funds.** The District's proprietary funds provide the same type of information found in the District's district-wide financial statements, but in more detail.

Net position of the Food Service Fund at the end of the year amounted to \$7,465. The total decrease in net position was \$3,381.

Net position of the Community Service Fund at the end of the year amounted to \$91,621. The total increase in net position was \$30,170.

Other factors concerning the finances of these funds have already been addressed in the discussion of the District's business-type activities.

## **General Fund Budgetary Highlights**

Generally the original budget is rarely modified. The District modified its original budget for 2015-2016 to reflect relatively minor changes in funding levels for state and federal grant programs.

**Capital Asset and Debt Administration**

**Capital assets.** The District's investment in capital assets for its governmental and business-type activities as of June 30, 2016 amounts to \$66.2 million (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, and machinery and equipment. The total increase in the District's investment in capital assets for the current year was approximately \$300,000 compared to last year.

Major capital assets acquired or constructed during the year include:

- Finalization of athletic campus redevelopment and Heritage Elementary School addition of 2.0M

<b>Unified School District of De Pere's Capital Assets</b> (net of accumulated depreciation - in thousands)						
	Governmental Activities		Business-type Activities		Totals	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Land	\$ 3,962	\$ 3,962	\$ -	\$ -	\$ 3,962	\$ 3,962
Construction Work in Progress	1,571	-	-	-	1,571	-
Land improvements	2,266	2,457	-	-	2,266	2,457
Buildings	57,531	58,652	-	-	57,531	58,652
Machinery and equipment	836	784	9	13	845	797
<b>Total</b>	<b>\$ 66,166</b>	<b>\$ 65,855</b>	<b>\$ 9</b>	<b>\$ 13</b>	<b>\$ 66,175</b>	<b>\$ 65,868</b>

**Long-term debt.** At the end of the current fiscal year, the District had total bonded debt outstanding of \$36.6 million.

<b>Unified School District of De Pere's Outstanding Debt</b> General Obligation Debt (in thousands)			
	Governmental Activities		
	2015-16	2014-15	
General Obligation Debt			
Bonds	\$ 23,848	\$ 28,868	
Notes	12,800	3,200	
<b>Total General Obligation Debt</b>	<b>\$ 36,648</b>	<b>\$ 32,068</b>	

The District's total debt increased by \$4.6 million (14%) during the current fiscal year.

The District maintains an AA rating from Standard and Poors for its general obligation debt.

State statutes limit the amount of general obligation debt the District may issue to 10% of its total equalized valuation. The current debt limitation for the District is \$201 million, which is significantly in excess of the District's \$36.6 million in outstanding general obligation debt.

**Economic Factors and Next Year's Budgets and Rates**

- Inflationary trends in our region compare favorably to national indices.
- The District continues to experience enrollment growth. The enrollment projections indicate the enrollment will continue to increase during the course of the next five years due to housing development being planned in several municipalities in the District.
- Reduction in state aid will have a significant impact on the District.

All of these factors were considered in preparing the District's budget for the 2016-2017 fiscal year.

### **Contacting the District's Financial Management**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Dawn Foeller, Director of Business Services, c/o Unified School District of De Pere, 1700 Chicago Street, De Pere, Wisconsin 54115.

## **BASIC FINANCIAL STATEMENTS**

**UNIFIED SCHOOL DISTRICT OF DE PERE**  
De Pere, Wisconsin  
Statement of Net Position  
June 30, 2016  
(With summarized financial information as of June 30, 2015)

	Governmental Activities	Business-type Activities	Total	
			2016	2015
<b>ASSETS</b>				
Cash and investments	\$ 20,743,664	\$ 113,354	\$ 20,857,018	\$ 12,130,411
Receivables				
Taxes	5,610,533	-	5,610,533	5,290,533
Accounts	1,347,781	813	1,348,594	1,531,178
Due from other governments	1,400,005	12,491	1,412,496	856,194
Inventories and prepaid items	9,708	20,830	30,538	21,741
Net pension asset	-	-	-	3,926,134
Capital Assets				
Land	3,962,278	-	3,962,278	3,962,278
Land improvements	4,455,085	-	4,455,085	4,433,595
Buildings	82,330,464	-	82,330,464	82,205,347
Machinery and equipment	12,159,977	726,481	12,886,458	12,605,818
Construction work in progress	1,571,417	-	1,571,417	-
Less: Accumulated depreciation	(38,313,531)	(717,335)	(39,030,866)	(37,338,982)
Total Capital Assets, net of accumulated depreciation	66,165,690	9,146	66,174,836	65,868,056
<b>TOTAL ASSETS</b>	<b>95,277,381</b>	<b>156,634</b>	<b>95,434,015</b>	<b>89,624,247</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	323,179	-	323,179	484,771
Deferred outflows related to pension	13,554,407	-	13,554,407	3,320,584
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>13,877,586</b>	<b>-</b>	<b>13,877,586</b>	<b>3,805,355</b>
<b>LIABILITIES</b>				
Accounts payable	1,803,261	5,873	1,809,134	927,806
Accrued salaries and related items	1,736,236	-	1,736,236	2,102,674
Accrued interest payable	172,556	-	172,556	190,912
Other credits	-	51,675	51,675	43,730
Long-term obligations				
Due within one year	6,958,504	-	6,958,504	5,196,417
Due in more than one year	34,805,523	-	34,805,523	31,121,803
Net pension liability	2,551,633	-	2,551,633	-
<b>TOTAL LIABILITIES</b>	<b>48,027,713</b>	<b>57,548</b>	<b>48,085,261</b>	<b>39,583,342</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Donations	934,503	-	934,503	1,460,459
Deferred inflows related to pension	5,397,147	-	5,397,147	14,919
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>6,331,650</b>	<b>-</b>	<b>6,331,650</b>	<b>1,475,378</b>
<b>NET POSITION</b>				
Net investment in capital assets	36,970,494	9,146	36,979,640	33,689,033
Restricted for debt retirement	5,875,114	-	5,875,114	5,205,337
Restricted for pension benefits	-	-	-	3,926,134
Restricted for capital improvements	200,000	-	200,000	50,000
Unrestricted	11,749,996	89,940	11,839,936	9,500,378
<b>TOTAL NET POSITION</b>	<b>\$ 54,795,604</b>	<b>\$ 99,086</b>	<b>\$ 54,894,690</b>	<b>\$ 52,370,882</b>

The notes to the basic financial statements are an integral part of this statement.



**UNIFIED SCHOOL DISTRICT OF DE PERE**  
De Pere, Wisconsin  
Statement of Activities  
For the Year Ended June 30, 2016  
(With summarized financial information for the year ended June 30, 2015)

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Governmental Activities</b>			
Instruction	\$ 26,226,151	\$ 3,257,746	\$ 1,072,689
Support services	16,027,336	136,271	674,179
Non-program	2,450,859	63,539	559,476
Interest on debt	718,554	-	-
Depreciation - unallocated	1,734,973	-	-
<b>Total Governmental Activities</b>	<b>47,157,873</b>	<b>3,457,556</b>	<b>2,306,344</b>
<b>Business-type Activities</b>			
School food service program	1,718,617	1,141,162	574,074
Community service program	83,264	90,974	-
<b>Total Business-type Activities</b>	<b>1,801,881</b>	<b>1,232,136</b>	<b>574,074</b>
<b>Total School District</b>	<b>\$ 48,959,754</b>	<b>\$ 4,689,692</b>	<b>\$ 2,880,418</b>

General revenues  
Property taxes  
Other taxes  
State and federal aids not restricted to specific functions  
Interest and investment earnings  
Miscellaneous  
Total general revenues

Change in net position

Net position - July 1

Net position - June 30

The notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities	Total	
		2016	2015

\$ (21,895,716)	\$ -	\$ (21,895,716)	\$ (20,581,191)
(15,216,886)	-	(15,216,886)	(16,797,331)
(1,827,844)	-	(1,827,844)	(1,673,931)
(718,554)	-	(718,554)	(1,000,768)
(1,734,973)	-	(1,734,973)	(1,761,401)
<u>(41,393,973)</u>	-	<u>(41,393,973)</u>	<u>(41,814,622)</u>

-	(3,381)	(3,381)	(33,741)
-	7,710	7,710	(36,190)
-	4,329	4,329	(69,931)

<u>(41,393,973)</u>	4,329	<u>(41,389,644)</u>	<u>(41,884,553)</u>
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21,227,823	22,460	21,250,283	20,000,039
1,567	-	1,567	678

21,731,368	-	21,731,368	22,269,890
28,574	-	28,574	10,696
901,660	-	901,660	2,413,418
<u>43,890,992</u>	<u>22,460</u>	<u>43,913,452</u>	<u>44,694,721</u>

2,497,019	26,789	2,523,808	2,810,168
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<u>52,298,585</u>	<u>72,297</u>	<u>52,370,882</u>	<u>49,560,714</u>
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<u>\$ 54,795,604</u>	<u>\$ 99,086</u>	<u>\$ 54,894,690</u>	<u>\$ 52,370,882</u>
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**UNIFIED SCHOOL DISTRICT OF DE PERE**  
De Pere, Wisconsin  
Balance Sheet  
Governmental Funds  
June 30, 2016  
(With summarized financial information as of June 30, 2015)

	General	Referendum Debt Service	Trust Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds	
						2016	2015
<b>ASSETS</b>							
Cash and investments	\$ 3,317,228	\$ 5,427,459	\$ 2,248,555	\$ 9,080,211	\$ 670,211	\$ 20,743,664	\$ 12,028,873
Receivables							
Taxes	5,610,533	-	-	-	-	5,610,533	5,290,533
Accounts	413,278	-	934,503	-	-	1,347,781	1,529,811
Due from other funds	-	-	-	-	150,000	150,000	52,688
Due from other governments	1,400,005	-	-	-	-	1,400,005	856,194
Prepaid items	9,708	-	-	-	-	9,708	1,195
<b>TOTAL ASSETS</b>	<b>\$ 10,750,752</b>	<b>\$ 5,427,459</b>	<b>\$ 3,183,058</b>	<b>\$ 9,080,211</b>	<b>\$ 820,211</b>	<b>\$ 29,261,691</b>	<b>\$ 19,759,294</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ 551,186	\$ -	\$ -	\$ 1,252,075	\$ -	\$ 1,803,261	\$ 907,125
Accrued payroll	1,736,236	-	-	-	-	1,736,236	2,102,674
Due to other funds	150,000	-	-	-	-	150,000	52,688
<b>Total Liabilities</b>	<b>2,437,422</b>	<b>-</b>	<b>-</b>	<b>1,252,075</b>	<b>-</b>	<b>3,689,497</b>	<b>3,062,487</b>
<b>Deferred Inflows of Resources</b>							
Donations	-	-	934,503	-	-	934,503	1,460,459
<b>Fund Balances</b>							
Nonspendable for prepaid items	9,708	-	-	-	-	9,708	1,195
Restricted for:							
Debt service	-	5,427,459	-	-	620,211	6,047,670	5,396,249
Capital improvements	-	-	-	7,828,136	200,000	8,028,136	50,000
Committed for:							
Trust fund	-	-	2,248,555	-	-	2,248,555	1,137,904
Capital improvements	-	-	-	-	-	-	426,427
Unassigned	8,303,622	-	-	-	-	8,303,622	8,224,573
<b>Total Fund Balances</b>	<b>8,313,330</b>	<b>5,427,459</b>	<b>2,248,555</b>	<b>7,828,136</b>	<b>820,211</b>	<b>24,637,691</b>	<b>15,236,348</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 10,750,752</b>	<b>\$ 5,427,459</b>	<b>\$ 3,183,058</b>	<b>\$ 9,080,211</b>	<b>\$ 820,211</b>	<b>\$ 29,261,691</b>	<b>\$ 19,759,294</b>

(Continued)

**UNIFIED SCHOOL DISTRICT OF DE PERE**  
De Pere, Wisconsin  
Balance Sheet (Continued)  
Governmental Funds  
June 30, 2016  
(With summarized financial information as of June 30, 2015)

	2016	2015
<u>Reconciliation to the Statement of Net Position</u>		
Total Fund Balances as shown from previous page	\$ 24,637,691	\$ 15,236,348
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 in the funds.	66,165,690	65,854,799
Deferred outflow of resources is reported in the statement of net position for the deferred charge on refunding.	323,179	484,771
The District's proportionate share of the Wisconsin Retirement System pension plan is not an available financial resource; therefore, it is not reported in the fund financial statements		
Deferred outflows of resources	\$ 13,554,407	
Net pension liability	(2,551,633)	
Deferred inflows of resources	<u>(5,397,147)</u>	7,231,799
Some liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	\$ (23,847,975)	
Notes payable	(12,800,000)	
Bond premium	(698,536)	
Compensated absences	(60,197)	
Post-employment benefits	(4,357,319)	
Accrued interest on long-term obligations	<u>(172,556)</u>	<u>(36,509,132)</u>
Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 11)	<u>\$ 54,795,604</u>	<u>\$ 52,298,585</u>

The notes to the basic financial statements are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT OF DE PERE**  
De Pere, Wisconsin  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2016  
(With summarized financial information for the year ended June 30, 2015)

	General	Referendum Debt Service	Trust Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds	
						2016	2015
<b>Revenues</b>							
Property taxes	\$ 15,326,595	\$ 5,519,675	\$ -	\$ -	\$ 381,553	\$ 21,227,823	\$ 19,977,579
Other local sources	213,402	30	845,378	-	-	1,058,810	1,206,484
Interdistrict sources	3,144,429	-	-	-	-	3,144,429	2,619,467
Intermediate sources	127,372	-	-	-	-	127,372	143,939
State sources	22,865,619	-	-	-	-	22,865,619	23,513,435
Federal sources	1,150,088	-	-	-	-	1,150,088	988,974
Other sources	63,315	-	-	-	17,416	80,731	1,427,337
<b>Total Revenues</b>	<b>42,890,820</b>	<b>5,519,705</b>	<b>845,378</b>	<b>-</b>	<b>398,969</b>	<b>49,654,872</b>	<b>49,877,215</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Regular instruction	18,525,104	-	16,584	-	-	18,541,688	17,697,040
Vocational instruction	1,311,907	-	260	-	-	1,312,167	1,413,310
Special education instruction	2,703,528	-	-	-	-	2,703,528	2,604,099
Other instruction	1,938,920	-	14,914	-	-	1,953,834	2,022,834
<b>Total Instruction</b>	<b>24,479,459</b>	<b>-</b>	<b>31,758</b>	<b>-</b>	<b>-</b>	<b>24,511,217</b>	<b>23,737,283</b>
<b>Support Services</b>							
Pupil services	2,177,571	-	5,141	-	-	2,182,712	2,159,793
Instructional staff services	2,109,650	-	-	-	-	2,109,650	1,912,872
General administration services	407,820	-	44,707	-	-	452,527	420,790
School administration services	2,277,544	-	25,914	36,400	-	2,339,858	2,242,237
Business services	657,909	-	-	-	-	657,909	626,687
Operations and maintenance	4,621,127	-	18,476	1,732,776	-	6,372,379	7,082,306
Pupil transportation services	1,161,086	-	-	-	-	1,161,086	1,184,348
Central services	1,444,990	-	37,846	-	-	1,482,836	1,763,746
Insurance	361,610	-	-	-	-	361,610	369,376
Other support services	278,305	-	-	-	-	278,305	237,498
<b>Total Support Services</b>	<b>15,497,612</b>	<b>-</b>	<b>132,084</b>	<b>1,769,176</b>	<b>-</b>	<b>17,398,872</b>	<b>17,999,653</b>
<b>Debt Service</b>							
Principal	-	4,735,000	-	-	285,516	5,020,516	6,597,283
Interest and fiscal charges	348	638,552	-	-	125,935	764,835	876,703
<b>Total Debt Service</b>	<b>348</b>	<b>5,373,552</b>	<b>-</b>	<b>-</b>	<b>411,451</b>	<b>5,785,351</b>	<b>7,473,986</b>
<b>Non-program</b>							
General tuition payments	1,373,711	-	-	-	-	1,373,711	1,301,960
Special education tuition payments	1,031,223	-	-	-	-	1,031,223	999,989
Private school voucher payments	44,576	-	-	-	-	44,576	-
Adjustments and refunds	1,349	-	-	-	-	1,349	1,567
<b>Total Non-program</b>	<b>2,450,859</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,450,859</b>	<b>2,303,516</b>
<b>Total Expenditures</b>	<b>42,428,278</b>	<b>5,373,552</b>	<b>163,842</b>	<b>1,769,176</b>	<b>411,451</b>	<b>50,146,299</b>	<b>51,514,438</b>
<b>Excess of Revenues Over (Under)</b>							
Expenditures	462,542	146,153	681,536	(1,769,176)	(12,482)	(491,427)	(1,637,223)
<b>Other Financing Sources (Uses)</b>							
Payment to bond escrow agent	-	-	-	-	-	-	(5,213,749)
Long-term debt issued	-	-	-	9,600,000	-	9,600,000	8,785,000
Premium and accrued interest from debt refinancing	-	195,207	-	-	97,543	292,750	215,229
Sale of capital assets	20	-	-	-	-	20	200
Transfers in	-	-	429,115	-	375,000	804,115	50,000
Transfers out	(375,000)	-	-	(429,115)	-	(804,115)	(80,112)
<b>Total Other Financing Sources (Uses)</b>	<b>(374,980)</b>	<b>195,207</b>	<b>429,115</b>	<b>9,170,885</b>	<b>472,543</b>	<b>9,892,770</b>	<b>3,756,568</b>
<b>Net Change in Fund Balances</b>	<b>87,562</b>	<b>341,360</b>	<b>1,110,651</b>	<b>7,401,709</b>	<b>460,061</b>	<b>9,401,343</b>	<b>2,119,345</b>
<b>Fund Balances - July 1</b>	<b>8,225,768</b>	<b>5,086,099</b>	<b>1,137,904</b>	<b>426,427</b>	<b>360,150</b>	<b>15,236,348</b>	<b>13,117,003</b>
<b>Fund Balances - June 30</b>	<b>\$ 8,313,330</b>	<b>\$ 5,427,459</b>	<b>\$ 2,248,555</b>	<b>\$ 7,828,136</b>	<b>\$ 820,211</b>	<b>\$ 24,637,691</b>	<b>\$ 15,236,348</b>

(Continued)

**UNIFIED SCHOOL DISTRICT OF DE PERE**  
De Pere, Wisconsin  
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)  
Governmental Funds  
For the Year Ended June 30, 2016  
(With summarized financial information for the year ended June 30, 2015)

<u>Reconciliation to the Statement of Activities</u>	2016	2015
Net Change in Fund Balances from previous page	\$ 9,401,343	\$ 2,119,345
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay reported in governmental fund statements	\$ 2,045,864	
Depreciation expense reported in the statement of activities	<u>(1,734,973)</u>	
Amount by which depreciation is less (greater) than capital outlays	310,891	(1,108,516)
Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. The accrual of these benefits increased by:	(763,090)	(884,055)
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt principal payments is:	5,020,516	11,712,283
Certain assets acquired during the year were financed with a new debt issue. The amount of the debt is reported in the governmental funds as a source of financing. In the statement of net position, however, debt constitutes a long term liability. The amount of debt reported in the governmental funds statement is:	(9,600,000)	(8,785,000)
Interest payments on outstanding debt are reported in the governmental funds as an expenditures when paid. In the statement of activities interest is reported as it accrues.	18,356	48,839
Change in the net pension asset and related deferred inflows and outflows of resources as a result of employer contributions, changes in assumptions and proportionate share and the difference between the expected and actual experience of the pension plan:	(1,626,172)	14,015
Bond premiums and charges on refunding are reported in the governmental fund as revenues and expenditure. In the statement of activities, these credits and costs are capitalized and amortized over the life of the bonds.	<u>(264,825)</u>	<u>(289,384)</u>
Change in Net Position of Governmental Activities as Reported on the Statement of Activities (see pages 12 - 13)	<u>\$ 2,497,019</u>	<u>\$ 2,827,527</u>

The notes to the basic financial statements are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT OF DE PERE**

De Pere, Wisconsin

Statement of Net Position

Nonmajor Proprietary Funds

June 30, 2016

(With summarized financial information as of June 30, 2015)

	Nonmajor Funds		Total Nonmajor Proprietary Funds	
	Food Service	General Community Service	2016	2015
<b>ASSETS</b>				
Cash and investments	\$ 17,398	\$ 95,956	\$ 113,354	\$ 101,538
Accounts receivable	-	813	813	1,367
Due from other governments	12,491	-	12,491	-
Inventories	20,830	-	20,830	20,546
Capital assets				
Machinery and equipment	723,106	3,375	726,481	726,481
Less accumulated depreciation	(715,889)	(1,446)	(717,335)	(713,224)
<b>TOTAL ASSETS</b>	<b>57,936</b>	<b>98,698</b>	<b>156,634</b>	<b>136,708</b>
<b>LIABILITIES</b>				
Accounts payable	1,146	4,727	5,873	20,681
Unearned revenues	49,325	2,350	51,675	43,730
<b>TOTAL LIABILITIES</b>	<b>50,471</b>	<b>7,077</b>	<b>57,548</b>	<b>64,411</b>
<b>NET POSITION</b>				
Net investment in capital assets	7,217	1,929	9,146	13,257
Unrestricted	248	89,692	89,940	59,040
<b>TOTAL NET POSITION</b>	<b>\$ 7,465</b>	<b>\$ 91,621</b>	<b>\$ 99,086</b>	<b>\$ 72,297</b>

The notes to the basic financial statements are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT OF DE PERE**  
De Pere, Wisconsin  
Statement of Revenues, Expenses and Changes in Net Position  
Nonmajor Proprietary Funds  
For the Year Ended June 30, 2016  
(With summarized financial information for the year ended June 30, 2015)

	Nonmajor Funds		Total Nonmajor Proprietary Funds	
	Food Service	General Community Service	2016	2015
<b>Operating Revenues</b>				
Food sales	\$ 1,141,162	\$ -	\$ 1,141,162	\$ 1,074,044
Local sources	-	90,974	90,974	40,430
State sources	19,386	-	19,386	20,132
Federal sources	554,688	-	554,688	558,437
<b>Total Operating Revenues</b>	<b>1,715,236</b>	<b>90,974</b>	<b>1,806,210</b>	<b>1,693,043</b>
<b>Operating Expenses</b>				
Salaries, wages and benefits	775,912	6,882	782,794	808,061
Purchased services	23,658	1,044	24,702	30,292
Supplies and materials	915,358	20,536	935,894	869,833
Other	60	54,320	54,380	50,677
Depreciation	3,629	482	4,111	4,111
<b>Total Operating Expenses</b>	<b>1,718,617</b>	<b>83,264</b>	<b>1,801,881</b>	<b>1,762,974</b>
<b>Operating Gain (Loss)</b>	<b>(3,381)</b>	<b>7,710</b>	<b>4,329</b>	<b>(69,931)</b>
<b>Nonoperating Revenues</b>				
Property taxes	-	22,460	22,460	22,460
<b>Other Financing Sources</b>				
Transfers in	-	-	-	30,112
<b>Change in Net Position</b>	<b>(3,381)</b>	<b>30,170</b>	<b>26,789</b>	<b>(17,359)</b>
<b>Net Position - July 1</b>	<b>10,846</b>	<b>61,451</b>	<b>72,297</b>	<b>89,656</b>
<b>Net Position - June 30</b>	<b>\$ 7,465</b>	<b>\$ 91,621</b>	<b>\$ 99,086</b>	<b>\$ 72,297</b>

The notes to the basic financial statements are an integral part of this statement.



**UNIFIED SCHOOL DISTRICT OF DE PERE**  
De Pere, Wisconsin  
Statement of Cash Flows  
Nonmajor Proprietary Funds  
For the Year Ended June 30, 2016  
(With summarized financial information for the year ended June 30, 2015)

	Nonmajor Funds		Total Nonmajor Proprietary Funds	
	Food Service	General Community Service	2016	2015
<b>Cash Flows from Operating Activities</b>				
Cash received from user charges	\$ 1,136,983	\$ 90,161	\$ 1,227,144	\$ 1,111,952
Cash received from other government payments	574,074	-	574,074	578,569
Cash payments to employees	(775,912)	(6,882)	(782,794)	(808,061)
Cash payments to suppliers	(958,832)	(70,236)	(1,029,068)	(989,767)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(23,687)</u>	<u>13,043</u>	<u>(10,644)</u>	<u>(107,307)</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Property taxes	-	22,460	22,460	22,460
Transfers in	-	-	-	30,112
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>-</u>	<u>22,460</u>	<u>22,460</u>	<u>52,572</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(23,687)	35,503	11,816	(54,735)
<b>Cash and investments - July 1</b>	<u>41,085</u>	<u>60,453</u>	<u>101,538</u>	<u>156,273</u>
<b>Cash and investments - June 30</b>	<u>\$ 17,398</u>	<u>\$ 95,956</u>	<u>\$ 113,354</u>	<u>\$ 101,538</u>
<b>Reconciliation of Change in Net Position to Net Cash Used by Operating Activities:</b>				
Operating gain (loss)	\$ (3,381)	\$ 7,710	\$ 4,329	\$ (69,931)
Adjustments to reconcile change in net position to net cash used by operating activities				
Depreciation	3,629	482	4,111	4,111
Changes in assets and liabilities				
Accounts receivable	1,367	(813)	554	(1,243)
Inventories	(284)	-	(284)	(112)
Due from other governments	(12,491)	-	(12,491)	-
Accounts payable	(19,472)	4,664	(14,808)	(38,903)
Unearned revenue	6,945	1,000	7,945	(1,229)
<b>Net Cash Used by Operating Activities</b>	<u>\$ (23,687)</u>	<u>\$ 13,043</u>	<u>\$ (10,644)</u>	<u>\$ (107,307)</u>
<b>Noncash Noncapital Financing Activities:</b>				
Commodities Received From U.S. Department of Agriculture	<u>\$ 126,340</u>	<u>\$ -</u>	<u>\$ 126,340</u>	<u>\$ 133,998</u>

The notes to the basic financial statements are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT OF DE PERE**

De Pere, Wisconsin  
Statement of Net Position  
Fiduciary Funds  
June 30, 2016

	Agency Funds
<b>ASSETS</b>	
Cash and investments	<u>\$ 311,129</u>
<b>LIABILITIES</b>	
Due to student organizations	<u>\$ 311,129</u>

The notes to the basic financial statements are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT OF DE PERE**  
De Pere, Wisconsin  
Notes to Basic Financial Statements  
June 30, 2016

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

1. Reporting Entity

The Unified School District of De Pere is organized as a unified school district. The District, governed by a seven member elected school board, operates grades K through 12 and is comprised of all or parts of seven taxing districts.

In accordance with GAAP, the basic financial statements are required to include the District (the primary government) and any separate component units that have a significant operational or financial relationship with the District. The District has not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement No. 61.

2. District-Wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise funds. The District has no internal service funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

**GENERAL FUND**

This is the District's main operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

**REFERENDUM DEBT SERVICE FUND**

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

UNIFIED SCHOOL DISTRICT OF DE PERE

De Pere, Wisconsin

Notes to Basic Financial Statements

June 30, 2016

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

SPECIAL REVENUE TRUST FUND

This fund accounts for trust funds that can be used for District operations. The primary revenue source is through donations made to the District.

CAPITAL PROJECTS FUND

This fund is for the District's capital expenditures related to its buildings and sites.

The District reports no major proprietary funds. The District uses enterprise funds to account for transactions of the food service and community service funds.

Additionally, the government reports the following fund type:

The District accounts for assets held as an agent for various student and parent organizations in an *agency fund*.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The district-wide financial statements are reported using the *economic resources measurement focus* and the accrual *basis of accounting*, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as 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. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes are recognized as revenue in the fiscal year for which taxes have been levied. Tuition, grants, fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the District.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

**UNIFIED SCHOOL DISTRICT OF DE PERE**  
De Pere, Wisconsin  
Notes to Basic Financial Statements  
June 30, 2016

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

4. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance

a. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less are considered to be cash equivalents.

b. Accounts Receivable

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

c. Property Taxes

The aggregate District tax levy is apportioned and certified in November of the current fiscal year for collection to comprising municipalities based on the immediate past October 1 full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes must be paid in full or in two or more installments with the first installment payable the subsequent January 31 and a final payment no later than the following July 31. By the 20th of February, the District is paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance.

Property taxes are recognized as revenue in the fiscal year levied as they are considered due as of January 1, the date from which interest and penalties accrue for non-payment of a scheduled installment, and full receipt of the entire levy is assured within sixty days of fiscal year end, meeting the availability criteria necessary for property tax revenue recognition by accounting principles generally accepted in the United States of America.

d. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements.

**UNIFIED SCHOOL DISTRICT OF DE PERE**  
De Pere, Wisconsin  
Notes to Basic Financial Statements  
June 30, 2016

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

e. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental fund types in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

f. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

Prepaid items of governmental fund types in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

g. Capital Assets

Capital assets, which include property, plant, and machinery and equipment assets, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or higher. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

	Governmental	Business-type
	Activities	Activities
	Years	
<u>Assets</u>		
Land improvements	20 - 30	-
Buildings	20 - 50	-
Machinery and equipment	5 - 20	5 - 20

h. Compensated Absences

The District's policy allows unlimited accumulation of sick days. However, unused accumulated sick time is forfeited upon retirement or termination of employment. Accumulated vacation time is prorated and paid to employees upon retirement or termination of employment during the fiscal year.

**UNIFIED SCHOOL DISTRICT OF DE PERE**  
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June 30, 2016

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

i. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District has two items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is related to the District's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents 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 two types of items that qualify for this category. Pledged donations will be recognized as an inflow of resources in the year which they are received. The second is related to the District's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants.

j. Pensions

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.

k. Long-term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond. Issuance costs are expensed during the current period.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received 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.

**UNIFIED SCHOOL DISTRICT OF DE PERE**

De Pere, Wisconsin

Notes to Basic Financial Statements

June 30, 2016

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

I. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- Restricted fund balance - Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- Committed fund balance - Amounts that are constrained for specific purposes by action of the Board of Education. These constraints can only be removed or changed by the Board of Education using the same action that was used to create them.
- Assigned fund balance - Amounts that are constrained for specific purposes by action of District management. The Board of Education has authorized the District administrator to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- Unassigned fund balance - Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The District has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

DISTRICT-WIDE AND PROPRIETARY FUND STATEMENTS

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

- Net investment in capital assets - Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- Restricted net position - Amount of net position that are subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net position - Net position that are neither classified as restricted nor as net investment in capital assets.



**UNIFIED SCHOOL DISTRICT OF DE PERE**  
De Pere, Wisconsin  
Notes to Basic Financial Statements  
June 30, 2016

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

5. Use of Estimates

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

6. Summarized Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

7. Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements with no change in previously reported net position, changes in net position, fund balance or changes in fund balance.

**NOTE B - DETAILED NOTES ON ALL FUNDS**

1. Cash and Investments

The trust, debt service, and capital projects funds account for their transactions through separate and distinct bank and investment accounts as required by State Statutes. In addition, the agency fund uses separate and distinct accounts. All other funds share in common bank and investment accounts.

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool. Investments in the employee benefit trust fund may be invested in other types of investments as authorized under Wisconsin Statute 881.01, "Uniform Prudent Investor Act".

The carrying amount of the District's cash and investments totaled \$21,168,147 on June 30, 2016 as summarized below:

Petty cash and cash on hand	\$	12,030
Deposits with financial institutions		10,235,481
Investments		
Wisconsin Investment Series Cooperative (WISC)		9,334,572
Greater Green Bay Community Foundation, Inc		1,586,064
		\$ 21,168,147

Reconciliation to the basic financial statements:

District-wide Statement of Net Position		
Cash and investments	\$	20,857,018
Fiduciary funds Statement of Net Position		
Agency funds		311,129
		\$ 21,168,147

**UNIFIED SCHOOL DISTRICT OF DE PERE**  
De Pere, Wisconsin  
Notes to Basic Financial Statements  
June 30, 2016

**NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)**

Fair Value Measurements

The District implemented GASB Statement No. 72, *Fair Value Measurement and Application*, for the year ending June 30, 2016. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following fair value measurements as of June 30, 2016:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments			
Beneficial interest in investments held by Green Bay Community Foundation	\$ -	\$ -	\$ 1,586,064

Deposits and investments of the District are subject to various risks. Presented below is a discussion of the specific risks and the District's policy related to the risk.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will 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 credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The District does not have an additional custodial credit risk policy.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings accounts and \$250,000 for the combined amount of all interest-bearing and noninterest-bearing demand deposit accounts per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of June 30, 2016, \$9,880,901 of the District's deposits with financial institutions were in excess of federal and state depository insurance limits. The entire amount was collateralized by the pledging financial institution or its trust department or agent but not in the District's name.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The District does not have an additional credit risk policy.

**UNIFIED SCHOOL DISTRICT OF DE PERE**  
De Pere, Wisconsin  
Notes to Basic Financial Statements  
June 30, 2016

**NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)**

Presented below is the actual rating as of year-end for each investment type.

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Not Rated
WISC	\$ 9,334,572	\$ -	\$ -	\$ -	\$ 9,334,572
Greater Green Bay Community Foundation, Inc	1,586,064	-	-	-	1,586,064
<b>Totals</b>	<b>\$ 10,920,636</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,920,636</b>

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer.

Interest Rate Risk

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

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

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
WISC	\$ 9,334,572	\$ 9,334,572	\$ -	\$ -	\$ -
Greater Green Bay Community Foundation, Inc	1,586,064	1,586,064	-	-	-
<b>Totals</b>	<b>\$ 10,920,636</b>	<b>\$ 10,920,636</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Investment in Wisconsin Investment Series Cooperative

The District has investments in the Wisconsin Investment Series Cooperative (WISC) of \$9,334,572 at year end, \$8,829,731 of which is invested in the Cash Management Series and \$504,841 invested in the Investment Series. The Cash Management Series has no minimum investment period, allows check writing privileges, and the average dollar weighted maturity is ninety (90) days or less. The Investment Series requires a 14 day minimum investment period and one business day withdrawal notice, and the average dollar weighted maturity is one hundred twenty (120) days or less.

WISC is organized by and operated exclusively for Wisconsin public schools, technical colleges, and municipal entities. WISC is not registered with the Securities and Exchange Commission, but operates under Wisconsin Intergovernmental Cooperation Statute, Wisconsin Statutes, Section 66.0301. WISC is governed by the Wisconsin Investment Series Cooperative Commission in accordance with the terms of the Intergovernmental Cooperation Agreement. WISC invests District funds in accordance with Wisconsin law. WISC investments are valued at amortized cost, which approximates market value.

**UNIFIED SCHOOL DISTRICT OF DE PERE**  
De Pere, Wisconsin  
Notes to Basic Financial Statements  
June 30, 2016

**NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)**

Beneficial Interest in Assets Held by Community Foundation

Beneficial interest in assets held by community foundation represents amounts held at Greater Green Bay Community Foundation, Inc. (the Foundation). In 2013, the District entered into an agreement with the Foundation whereby they transferred their athletic field donations to the Foundation. These amounts are the legal assets of the Foundation with the restriction that the Foundation makes distributions to the District as needed. The agreement governing the assets includes a variance power allowing the Foundation to modify the restrictions on distributions from the funds.

2. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 3,962,278	\$ -	\$ -	\$ 3,962,278
Construction work in progress	-	1,571,417	-	1,571,417
Subtotals	3,962,278	1,571,417	-	5,533,695
Capital assets, being depreciated:				
Land improvements	4,433,595	23,790	2,300	4,455,085
Buildings	82,205,347	166,717	41,600	82,330,464
Machinery and equipment	11,879,337	283,940	3,300	12,159,977
Subtotals	98,518,279	474,447	47,200	98,945,526
Less accumulated depreciation for:				
Land improvements	1,976,488	215,307	2,300	2,189,495
Buildings	23,553,917	1,286,587	41,600	24,798,904
Machinery and equipment	11,095,353	233,079	3,300	11,325,132
Subtotals	36,625,758	1,734,973	47,200	38,313,531
Total capital assets, being depreciated, net	61,892,521	(1,260,526)	-	60,631,995
Governmental activities capital assets, net	<u>\$ 65,854,799</u>	<u>\$ 310,891</u>	<u>\$ -</u>	66,165,690
Less related long-term debt outstanding				<u>29,195,196</u>
Net investment in capital assets				<u>\$ 36,970,494</u>

The District's capital assets are shared by many governmental functions. Accordingly, it was not considered practical to allocate depreciation expense.

**UNIFIED SCHOOL DISTRICT OF DE PERE**

De Pere, Wisconsin

Notes to Basic Financial Statements

June 30, 2016

**NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Machinery and equipment	\$ 726,481	\$ -	\$ -	\$ 726,481
Less accumulated depreciation for:				
Machinery and equipment	713,224	4,111	-	717,335
<b>Business-type activities capital assets, net</b>	<b>\$ 13,257</b>	<b>\$ (4,111)</b>	<b>\$ -</b>	<b>\$ 9,146</b>

3. Interfund Receivable, Payables, Transfers

Interfund receivables and payables between individual funds of the district, as reported in the fund financial statements, as of June 30, 2016 are detailed below:

	Interfund Receivables	Interfund Payables
General fund	\$ -	\$ 150,000
Long-term capital projects trust fund	150,000	-
<b>Totals</b>	<b>\$ 150,000</b>	<b>\$ 150,000</b>

Interfund receivables and payable is to record the transfer to the long term capital projects trust fund that occurred after June 30, 2016.

Interfund transfers, as reported in the fund financial statements, for the year ended June 30, 2016 were as follows:

	Transfer to:			Totals
	Capital Projects Fund	Long-term Capital Projects Trust Fund	Non-Referendum Debt Service Fund	
Transfers from:				
General fund	\$ -	\$ 150,000	\$ 225,000	\$ 375,000
Trust fund	429,115	-	-	429,115
<b>Totals</b>	<b>\$ 429,115</b>	<b>\$ 150,000</b>	<b>\$ 225,000</b>	<b>\$ 804,115</b>

The transfers are funding the long term capital projects and non-referendum debt service funds, respectively.

**UNIFIED SCHOOL DISTRICT OF DE PERE**  
De Pere, Wisconsin  
Notes to Basic Financial Statements  
June 30, 2016

**NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)**

4. Long-term Obligations

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2016:

	Outstanding 7/1/15	Issued	Retired	Outstanding 6/30/16	Due Within One Year
<b>Governmental activities:</b>					
General Obligation Debt					
Bonds	\$ 28,868,491	\$ -	\$ 5,020,516	\$ 23,847,975	\$ 5,318,989
Notes	3,200,000	9,600,000	-	12,800,000	1,450,000
Total General Obligation Debt	32,068,491	9,600,000	5,020,516	36,647,975	6,768,989
Bond premium	595,303	292,750	189,517	698,536	189,515
Compensated absences	65,339	-	5,142	60,197	-
Other post-employment:					
Health care benefits	1,963,727	364,940	4,908	2,323,759	-
Supplemental pension	1,625,360	573,522	165,322	2,033,560	-
Governmental activities					
Long-term obligations	<u>\$ 36,318,220</u>	<u>\$ 10,831,212</u>	<u>\$ 5,385,405</u>	<u>\$ 41,764,027</u>	<u>\$ 6,958,504</u>

Total interest paid during the year on long-term debt totaled \$657,549.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

<b>Bonds</b>		
\$6,600,000 issued 10/20/10; \$110,000 due in 2018; interest 2.5%		\$ 110,000
\$718,000 issued 10/27/10; \$83,989 to \$95,148 due annually from 2017 through 2020; interest 4.25%		357,975
\$9,310,000 issued 9/1/11; \$3,175,000 to \$4,700,000 due annually from 2016 through 2017; interest 2.25% to 2.5%		7,875,000
\$1,040,000 issued 9/1/11; \$205,000 to \$210,000 due annually from 2016 through 2017; interest 2.0% to 2.5%		415,000
\$9,655,000 issued 7/10/12; \$950,000 to \$5,915,000 due annually from 2018 through 2021; interest 2.00%		9,655,000
\$5,585,000 issued 7/8/14; \$330,000 to \$4,505,000 due annually from 2016 through 2018; interest 2.00%		<u>5,435,000</u>
Total Bonds		<u>23,847,975</u>
<b>Notes</b>		
\$3,200,000 issued 7/8/14; \$3,200,000 due 2020; interest 2.125%		3,200,000
\$9,600,000 issued 5/10/16; \$280,000 to \$1,450,000 due annually 2017 through 2026; interest 0.7% to 2.0%		<u>9,600,000</u>
Total Notes		<u>12,800,000</u>
Total Outstanding General Obligation Debt		<u>\$ 36,647,975</u>

**UNIFIED SCHOOL DISTRICT OF DE PERE**

De Pere, Wisconsin

Notes to Basic Financial Statements

June 30, 2016

**NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)**

Annual principal and interest maturities of the outstanding general obligation debt of \$36,647,975 on June 30, 2016 are detailed below:

Year Ended June 30	Governmental Activities		
	Principal	Interest	Total
2017	\$ 6,768,989	\$ 664,177	\$ 7,433,166
2018	4,462,559	559,574	5,022,133
2019	5,546,280	449,236	5,995,516
2020	10,065,147	331,667	10,396,814
2021	4,055,000	161,875	4,216,875
2022-26	5,750,000	312,200	6,062,200
	<u>\$ 36,647,975</u>	<u>\$ 2,478,729</u>	<u>\$ 39,126,704</u>

For the governmental activities, the other long-term liabilities are generally liquidated by the general fund.

Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2016 was \$170,760,623 as follows:

Equalized valuation of the District		\$ 2,015,334,835
Statutory limitation percentage		<u>(x) 10%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		201,533,484
Total outstanding general obligation debt applicable to debt limitation	\$ 36,647,975	
Less: Amounts available in debt service funds (1)	<u>5,875,114</u>	
Net outstanding general obligation debt applicable to debt limitation		<u>30,772,861</u>
Legal Margin for New Debt		<u><u>\$ 170,760,623</u></u>

5. Fund Equity

Minimum Fund Balance Policy

The Board of Education has adopted a policy that fund balance in the amount of 15% to 20% of general fund expenditures be maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Actual 2015-2016 General Fund Expenditures	\$42,428,278
Minimum Fund Balance %	15% - 20%
Minimum Fund Balance Amount	<u><u>\$6,364,242 to \$8,485,656</u></u>

The District's unassigned general fund balance of \$8,303,622 is in compliance with the range of the above minimum fund balance amount.

**UNIFIED SCHOOL DISTRICT OF DE PERE**

De Pere, Wisconsin

Notes to Basic Financial Statements

June 30, 2016

**NOTE C - OTHER INFORMATION**

1. Pension Plan

a. 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.

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.

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.



**UNIFIED SCHOOL DISTRICT OF DE PERE**

De Pere, Wisconsin

Notes to Basic Financial Statements

June 30, 2016

**NOTE C - OTHER INFORMATION (Continued)**

**b. Post-Retirement Adjustments**

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

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

**c. 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 \$1,474,404 in contributions from the District.

Contribution rates as of June 30, 2016 are:

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

**UNIFIED SCHOOL DISTRICT OF DE PERE**

De Pere, Wisconsin

Notes to Basic Financial Statements

June 30, 2016

**NOTE C - OTHER INFORMATION (Continued)**

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

At June 30, 2016, the District reported a liability of \$2,551,633 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the District's proportion was 0.15702545%, which was a decrease of 0.00281562% from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$3,069,200.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 439,404	\$ 5,369,868
Changes in assumptions	1,785,234	-
Net differences between projected and actual earnings on pension plan investments	10,472,246	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	27,279
Employer contributions subsequent to the measurement date	857,523	-
<b>Total</b>	<b>\$ 13,554,407</b>	<b>\$ 5,397,147</b>

The \$857,523 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30	Deferred Outflow of Resources	Deferred Inflows of Resources
2016	\$ 3,298,735	\$ 1,306,734
2017	3,298,735	1,306,734
2018	3,298,735	1,306,734
2019	2,743,564	1,304,646
2020	57,115	172,299
<b>Total</b>	<b>\$ 12,696,884</b>	<b>\$ 5,397,147</b>

**UNIFIED SCHOOL DISTRICT OF DE PERE**

De Pere, Wisconsin

Notes to Basic Financial Statements

June 30, 2016

**NOTE C - OTHER INFORMATION (Continued)**

e. Actuarial Assumption

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

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

\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. The 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, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 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:

	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
<b>Core Fund Asset Class</b>				
U.S. Equities	27%	23%	7.6%	4.7%
International Equities	24.5%	22%	8.5%	5.6%
Fixed Income	27.5%	37%	4.4%	1.6%
Inflation Sensitive Assets	10%	20%	4.2%	1.4%
Real Estate	7%	7%	6.5%	3.6%
Private Equity/Debt	7%	7%	9.4%	6.5%
Multi-Asset	4%	4%	6.7%	3.8%
Total Core Fund	107%	120%	7.4%	4.5%
<b>Variable Fund Asset Class</b>				
U.S. Equities	70%	70%	7.6%	4.7%
International Equities	30%	30%	8.5%	5.6%
Total Variable Fund	100%	100%	7.9%	5.0%

**UNIFIED SCHOOL DISTRICT OF DE PERE**

De Pere, Wisconsin

Notes to Basic Financial Statements

June 30, 2016

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

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

	1% Decrease to Discount Rate (6.2%)	Current Discount Rate (7.2%)	1% Increase to Discount Rate (8.2%)
District's proportionate share of the net pension liability (asset)	\$ 17,897,203	\$ 2,551,633	\$ (9,433,531)

*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://eft.wi.gov/publications/cafr.htm>.

f. Payable to the WRS

At June 30, 2016 the District reported a payable of \$313,204 for the outstanding amount of contributions to the pension plan for the year ended June 30, 2016.

2. Supplemental Pension Plan

a. Plan Description

The plan, a single-employer pension plan, is a defined benefit pension plan established to provide benefits after early retirement. The plan is administered by the District. Membership of the Plan at July 1, 2015, the date of the latest actuarial valuation:

	Active Employees	Retirees Receiving Benefits	Total
All	303	26	329

**UNIFIED SCHOOL DISTRICT OF DE PERE**

De Pere, Wisconsin

Notes to Basic Financial Statements

June 30, 2016

**NOTE C - OTHER INFORMATION (Continued)**

All employees of the District are eligible for the Plan if they meet the following age and service requirements:

	Eligibility Requirement		Benefit
	Age	Service	
Administrators	55	15 years (minimum 10 with District)	<u>Contributions to a 403(b)</u> : Upon retirement, the District shall make a contribution into the retiree's 403(b). The amount of this contribution is equivalent to 2.5% of the administrative base rate times 60.
Teachers	55	20 years	Teachers may choose, via an annual Section 125 election, to receive upon their retirement the cash equivalent of the medical benefits.

The plan does not issue separate financial statements.

b. Funding Policy

These benefits are funded on a pay-as-you-go basis.

c. Annual Pension Cost and Net Pension Obligation

The District's annual pension costs for the year ended June 30, 2016 and related actuarial assumptions used for the current year are as follows:

Component	Amount
Annual required contribution	
Normal cost	\$ 379,172
Amortization of UAAL over 30 years	195,722
Interest on net pension obligation	60,951
Adjustment to annual requirement	(62,323)
Annual pension cost	<u>573,522</u>
Contributions made	165,322
Change in net pension obligation	<u>408,200</u>
Net pension obligation - beginning of year	1,625,360
Net pension obligation - end of year	<u>\$ 2,033,560</u>

The annual required contribution for the current year was determined as part of the July 1, 2015 actuarial valuation using the unit credit cost method. The actuarial assumptions included a 3.75% investment rate of return (net of administrative expenses). It was assumed that employees would not have any other service within the WRS prior to hire by the District. The unfunded actuarial accrued liability is being amortized, as a level percentage of payroll, on an open basis.

**UNIFIED SCHOOL DISTRICT OF DE PERE**

De Pere, Wisconsin

Notes to Basic Financial Statements

June 30, 2016

**NOTE C - OTHER INFORMATION (Continued)**

**Trend Information**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/14	\$ 598,503	44.09%	\$ 1,166,531
6/30/15	623,228	26.38%	1,625,360
6/30/16	573,522	28.83%	2,033,560

d. Funding Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$5,104,363. With no plan assets, the unfunded actuarial accrued liability was also \$5,104,363.

3. Post-Employment Health Care Benefits

The District has established the Unified School District of De Pere Trust Fund for Post-employment Benefits (the "Plan") which provides eligible employees and former employees of the District (the "Participants") health and dental benefits. The Plan is reported as a fiduciary fund of the District and the significant accounting policies of the Plan are consistent with the District's significant accounting policies discussed in Note A. The Plan financial statements are prepared on the accrual basis of accounting.

a. Plan Description

Membership of the Plan at July 1, 2015, the date of the latest actuarial valuation:

	Active Employees	Retirees Receiving Benefits	Total
All	303	16	319

The Plan is a single-employer defined benefit postemployment health and dental plan that covers retired employees of the District. Eligible retired employees have access to group medical and dental coverage through the District's self-insured group plans. The District contributes to a pool for each retiree based upon a percentage of their salary and years of service. This pool is used for payment of the retiree's medical and dental premiums until its exhaustion. All employees of the District are eligible for the Plan if they meet the following age and service requirements:

Administrators	Age 55 and 15 years of service (minimum 10 with District)
Teachers	Age 55 and 20 years of service

**UNIFIED SCHOOL DISTRICT OF DE PERE**

De Pere, Wisconsin

Notes to Basic Financial Statements

June 30, 2016

**NOTE C - OTHER INFORMATION (Continued)**

b. Annual OPEB Cost and Net OPEB Obligation

The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), and the 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 cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation.

Component	Amount
Annual required contribution	\$ 366,597
Interest on net OPEB	73,640
Adjustment to annual required contribution	(75,297)
Annual OPEB cost (expense)	<u>364,940</u>
Contributions made	4,908
Change in net OPEB obligation	<u>360,032</u>
OPEB obligation - beginning of year	1,963,727
OPEB obligation - end of year	<u>\$ 2,323,759</u>

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with a long-term perspective of the calculations. Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2015
Actuarial cost method	Unit Credit
Amortization method	Open level dollar and level percent
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	3.75%
Healthcare cost trend rate	7.50% initial, decreasing by 0.50% per year to 6.50%, then by 0.10% per year down to 5.0%
Projected salary increases	3%

*Trend Information* - The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
6/30/14	\$ 408,377	\$ 406,383	0.00%	\$ 1,523,852
6/30/15	439,875	406,383	0.00%	1,963,727
6/30/16	364,940	366,597	1.34%	2,323,759

**UNIFIED SCHOOL DISTRICT OF DE PERE**

De Pere, Wisconsin

Notes to Basic Financial Statements

June 30, 2016

**NOTE C - OTHER INFORMATION (Continued)**

c. Funded Status and Funding Progress

The funded status of the plan as of the most recent actuarial valuation date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded Actuarial Accrued Liability (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
7/1/2015	\$ -	\$ 3,169,011	\$ 3,169,011	0.00%	n/a	n/a

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. 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 the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

4. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The District completes an annual review of its insurance coverage to ensure adequate coverage. The District has chosen to retain a portion of the risks through a self-insurance program as follows:

The District has established a self-funded health and dental benefit plan for its employees. The Plan administrator, Auxiant, is responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The Plan reports on a fiscal year ended June 30. Accounting and budgeting requirements for the Plan are established by the Wisconsin Department of Public Instruction. The Plan is accounted for in the general fund of the District.

As part of the health care coverage of the Plan, the District purchases stop-loss coverage which pays claims in excess of \$75,000 per individual or 125% of the annual estimated claims as provided by Auxiant. The District has no stop-loss coverage for dental care coverage of the Plan.

At June 30, 2016, the District reported a liability of \$1,052,971, which represents reported and unreported claims which were incurred on or before June 30, 2016, but were not paid by the District as of that date. The amounts not reported to the District were estimated using data provided by the plan administrators. Changes in the program's claim liability amount for the year ended June 30, 2016 with comparative totals for the prior year follows:

	Liability July 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability June 30
2015	\$ 1,665,261	\$ 7,407,330	\$ 7,616,638	\$ 1,455,953
2016	1,455,953	6,509,479	6,912,461	1,052,971



**UNIFIED SCHOOL DISTRICT OF DE PERE**

De Pere, Wisconsin

Notes to Basic Financial Statements

June 30, 2016

**NOTE C - OTHER INFORMATION (Continued)**

5. Contingencies

- a. The District participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.
- b. From time to time, the District is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the District's financial position or results of operations.

6. Limitation on School District Revenues

Wisconsin Statutes limit the amount of revenues a school district may derive from general school aids and property taxes unless a higher amount is approved by a referendum.

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

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

7. Upcoming Accounting Pronouncements

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68*. Statement No. 73 requires governments providing defined benefit pension plans not administered through a trust or equivalent arrangement to recognize their unfunded pension benefit obligation as a liability, similar to the provisions of Statement No. 68. Statement No. 73 is effective for fiscal years beginning after June 15, 2016. The District is currently evaluating the impact this standard will have on the financial statements when adopted.

In June 2015, the GASB issued two new standards addressing accounting and financial reporting for postemployment benefits other than pensions (OPEB). GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans whereas GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. The District will, after adoption of GASB No. 75, recognize on the face of the financial statements its net OPEB liability. GASB No. 74 is effective for fiscal years beginning after June 15, 2016 whereas GASB No. 75 is effective one year later. The District is currently evaluating the impact these standards will have on the financial statements when adopted.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**UNIFIED SCHOOL DISTRICT OF DE PERE**  
De Pere, Wisconsin  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
General Fund - Budgetary Basis  
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 15,042,369	\$ 15,326,595	\$ 15,326,595	\$ -
Other local sources	221,914	213,779	213,402	(377)
Interdistrict sources	2,813,382	3,130,374	3,130,374	-
Intermediate sources	24,250	17,182	18,353	1,171
State sources	22,172,210	22,001,635	22,035,281	33,646
Federal sources	182,150	445,441	413,197	(32,244)
Other sources	12,950	61,038	63,315	2,277
<b>Total Revenues</b>	<b>40,469,225</b>	<b>41,196,044</b>	<b>41,200,517</b>	<b>4,473</b>
<b>Expenditures</b>				
<b>Instruction</b>				
Regular instruction	18,208,932	18,577,730	18,525,104	52,626
Vocational instruction	1,474,911	1,303,699	1,311,907	(8,208)
Other instruction	1,946,211	1,944,042	1,938,920	5,122
<b>Total Instruction</b>	<b>21,630,054</b>	<b>21,825,471</b>	<b>21,775,931</b>	<b>49,540</b>
<b>Support Services</b>				
Pupil services	1,788,695	1,775,034	1,752,608	22,426
Instructional staff services	1,684,271	1,863,056	1,794,634	68,422
General administration services	449,349	430,181	407,820	22,361
School administration services	2,297,619	2,297,066	2,277,544	19,522
Business services	719,787	762,933	657,909	105,024
Operations and maintenance of plant	4,435,660	4,377,477	4,620,812	(243,335)
Pupil transportation services	1,255,688	1,146,824	1,126,791	20,033
Central services	1,478,671	1,348,763	1,444,990	(96,227)
Insurance	427,000	391,000	361,610	29,390
Other support services	262,021	286,908	278,305	8,603
<b>Total Support Services</b>	<b>14,798,761</b>	<b>14,679,242</b>	<b>14,723,023</b>	<b>(43,781)</b>
<b>Debt Service</b>				
Interest	-	500	348	152
<b>Non-program</b>				
General tuition payments	1,350,791	1,431,937	1,373,711	58,226
Special education tuition payments	-	-	2,480	(2,480)
Private school voucher payments	-	-	44,576	(44,576)
Adjustments and refunds	2,000	2,000	1,349	651
<b>Total Non-program</b>	<b>1,352,791</b>	<b>1,433,937</b>	<b>1,422,116</b>	<b>11,821</b>
<b>Total Expenditures</b>	<b>37,781,606</b>	<b>37,939,150</b>	<b>37,921,418</b>	<b>17,732</b>
<b>Excess of Revenues Over Expenditures</b>	<b>2,687,619</b>	<b>3,256,894</b>	<b>3,279,099</b>	<b>22,205</b>
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	-	-	20	20
Indirect cost payments from another fund	-	8,312	23,607	15,295
Transfers in	22,000	-	-	-
Transfers out	(2,972,490)	(3,122,490)	(3,215,164)	(92,674)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,950,490)</b>	<b>(3,114,178)</b>	<b>(3,191,537)</b>	<b>(77,359)</b>
<b>Net Change in Fund Balance</b>	<b>(262,871)</b>	<b>142,716</b>	<b>87,562</b>	<b>(55,154)</b>
<b>Fund Balance - July 1</b>	<b>8,225,768</b>	<b>8,225,768</b>	<b>8,225,768</b>	<b>-</b>
<b>Fund Balance - June 30</b>	<b>\$ 7,962,897</b>	<b>\$ 8,368,484</b>	<b>\$ 8,313,330</b>	<b>\$ (55,154)</b>

See Notes to Required Supplementary Information.

**UNIFIED SCHOOL DISTRICT OF DE PERE**  
De Pere, Wisconsin  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Special Education Special Revenue Fund - Budgetary Basis  
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interdistrict sources	\$ 12,675	\$ 12,675	\$ 14,055	\$ 1,380
Intermediate sources	134,610	114,037	109,019	(5,018)
State sources	845,010	826,700	830,338	3,638
Federal sources	25,000	893,570	736,891	(156,679)
<b>Total Revenues</b>	<b>1,017,295</b>	<b>1,846,982</b>	<b>1,690,303</b>	<b>(156,679)</b>
<b>Expenditures</b>				
Instruction				
Special education instruction	2,588,252	2,711,592	2,703,528	8,064
Support Services				
Pupil services	458,714	447,427	424,963	22,464
Instructional staff services	226,620	345,904	315,016	30,888
Operations and maintenance of plant	-	1,000	315	685
Pupil transportation services	22,500	36,500	34,295	2,205
<b>Total Support Services</b>	<b>707,834</b>	<b>830,831</b>	<b>774,589</b>	<b>56,242</b>
Non-program				
Special education tuition payments	643,699	1,176,049	1,028,743	147,306
<b>Total Expenditures</b>	<b>3,939,785</b>	<b>4,718,472</b>	<b>4,506,860</b>	<b>211,612</b>
<b>Excess of Revenues Under Expenditures</b>	<b>(2,922,490)</b>	<b>(2,871,490)</b>	<b>(2,816,557)</b>	<b>54,933</b>
<b>Other Financing Sources (Uses)</b>				
Indirect cost payments to another fund	-	(28,000)	(23,607)	4,393
Transfers in	2,922,490	2,922,490	2,840,164	(82,326)
<b>Total Other Financing Sources (Uses)</b>	<b>2,922,490</b>	<b>2,894,490</b>	<b>2,816,557</b>	<b>(77,933)</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>23,000</b>	<b>-</b>	<b>(23,000)</b>
<b>Fund Balance - July 1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - June 30</b>	<b>\$ -</b>	<b>\$ 23,000</b>	<b>\$ -</b>	<b>\$ (23,000)</b>

See Notes to Required Supplementary Information.

**UNIFIED SCHOOL DISTRICT OF DE PERE**

De Pere, Wisconsin

Schedule of Employer Contributions

For the Year Ended June 30, 2016

Year Ended June 30,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
<b>Supplemental Pension</b>			
2014	\$ 263,862	\$ 597,016	44.20%
2015	164,399	609,854	26.96%
2016	165,322	574,894	28.76%
<b>Other Post-Employment Benefits</b>			
2014	\$ -	\$ 406,383	0.00%
2015	-	406,383	0.00%
2016	4,908	366,597	1.34%

See Notes to Required Supplementary Information.

**UNIFIED SCHOOL DISTRICT OF DE PERE**

De Pere, Wisconsin

Schedule of Funding Progress

For the Year Ended June 30, 2016

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
<b>Supplemental Pension</b>						
July 1, 2011	-	4,244,769	N/A	4,244,769	N/A	N/A
July 1, 2013	-	5,355,608	N/A	5,355,608	N/A	N/A
July 1, 2015	-	5,104,363	N/A	5,104,363	N/A	N/A
<b>Other Post-Employment Benefits</b>						
July 1, 2011	20	2,013,186	N/A	2,013,166	N/A	N/A
July 1, 2013	20	3,509,925	N/A	3,509,905	N/A	N/A
July 1, 2015	-	3,169,011	N/A	3,169,011	N/A	N/A

See Notes to Required Supplementary Information.

**UNIFIED SCHOOL DISTRICT OF DE PERE**  
De Pere, Wisconsin  
Schedule of Proportionate Share of the Net Pension Liability (Asset)  
Wisconsin Retirement System  
Last 10 Fiscal Years\*

	2015	2016
Proportion of the net pension liability (asset)	0.15984107%	0.15702545%
Proportionate share of the net pension liability (asset)	\$ (3,926,134)	\$ 2,551,633
Covered-employee payroll	\$ 21,538,802	\$ 21,682,409
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%	98.20%

\* The District implemented GASB Statement Nos. 68 and 71 for the year ended June 30, 2015. Information for prior years is not available. The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

See Notes to Required Supplementary Information.

**UNIFIED SCHOOL DISTRICT OF DE PERE**  
De Pere, Wisconsin  
Schedule of Contributions  
Wisconsin Retirement System  
Last 10 Fiscal Years\*

	2015	2016
Contractually required contributions	\$ 1,507,716	\$ 1,474,404
Contributions in relation to the contractually required contributions	\$ 1,507,716	\$ 1,474,404
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	\$ 21,538,802	\$ 21,682,409
Contributions as a percentage of covered-employee payroll	7.00%	6.80%

\* The District implemented GASB Statement Nos. 68 and 71 for the year ended June 30, 2015. Information for prior years is not available. The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

See Notes to Required Supplementary Information.



**UNIFIED SCHOOL DISTRICT OF DE PERE**  
De Pere, Wisconsin  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2016

**NOTE A - SCHEDULE OF FUNDING PROGRESS**

There have been no changes in actuarial assumptions that have a significant effect on the amounts presented in the schedule of funding progress for one year compared to the information presented for prior years.

**NOTE B - BUDGETS AND BUDGETARY ACCOUNTING**

Operating budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes using the budgetary accounting procedures prescribed by the Wisconsin Department of Public Instruction (DPI). The DPI requires the District to separate special education revenues and expenditures from other general fund amounts. The legally adopted budget and budgetary expenditure control is exercised at the function level. Reported budget amounts are as originally adopted or as amended by Board of Education resolution.

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

- Based upon requests from District staff, District administration recommends budget proposals to the Board of Education.
- The Board of Education prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
- Pursuant to the public budget hearing, the Board of Education may make alterations to the proposed budget.
- Once the Board of Education (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire Board of Education.
- Appropriations lapse at year end unless authorized as a carryover by the Board of Education. The portion of fund balance representing carryover appropriations is reported as a committed or assigned fund balance in the fund financial statements.
- Encumbrance accounting is used by the District as an extension of formal budgetary control during the year. Encumbrances outstanding at year end were not material to the financial statements.

The District did not have any material violation of legal or contractual provisions for the fiscal year ended June 30, 2016.

**UNIFIED SCHOOL DISTRICT OF DE PERE**  
De Pere, Wisconsin  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2016

**NOTE B - BUDGETS AND BUDGETARY ACCOUNTING (Continued)**

Budgetary information is derived from the annual operating budget and is presented in accordance with generally accepted accounting principles, except, the District adopts a separate budget for the special education special revenue fund. An explanation of the differences between Revenues, Expenditures, and Other Financing Sources (Uses) for budgetary funds on budgetary fund basis and a GAAP general fund basis is summarized below:

	General Fund	Special Education Fund
<b>Revenues</b>		
Actual amounts (budgetary basis)	\$ 41,200,517	\$ 1,690,303
Reclassification of special education	1,690,303	(1,690,303)
<b>Total Revenues</b>	<u>42,890,820</u>	<u>-</u>
<b>Expenditures</b>		
Actual amounts (budgetary basis)	37,921,418	4,506,860
Reclassification of special education	4,506,860	(4,506,860)
<b>Total Expenditures</b>	<u>42,428,278</u>	<u>-</u>
<b>Excess of Revenues Over (Under) Expenditures</b>		
Actual amounts (budgetary basis)	3,279,099	(2,816,557)
Reclassification of special education	(2,816,557)	2,816,557
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>462,542</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>		
Actual amounts (budgetary basis)	(3,191,537)	2,816,557
Reclassification of special education	2,816,557	(2,816,557)
<b>Total Other Financing Sources (Uses)</b>	<u>(374,980)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>		
Actual amounts (budgetary basis)	87,562	-
<b>Fund Balance - July 1</b>		
Actual amounts (budgetary basis)	<u>8,225,768</u>	<u>-</u>
<b>Fund Balance - June 30</b>		
Actual amounts (budgetary basis)	<u>\$ 8,313,330</u>	<u>-</u>

**NOTE C - WRS NET PENSION LIABILITY (ASSET)**

*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.

## **SUPPLEMENTARY INFORMATION**

**UNIFIED SCHOOL DISTRICT OF DE PERE**

De Pere, Wisconsin

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2016

	Debt Service Fund	Capital Projects Fund	
	Non-Referendum Debt Service Fund	Long-Term Capital Projects Trust Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 620,211	\$ 50,000	\$ 670,211
Due from other funds	-	150,000	150,000
<b>TOTAL ASSETS</b>	<b>\$ 620,211</b>	<b>\$ 200,000</b>	<b>\$ 820,211</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities	\$ -	\$ -	\$ -
Fund Balances			
Restricted for:			
Debt service	620,211	-	620,211
Capital improvements	-	200,000	200,000
<b>Total Fund Balances</b>	<b>620,211</b>	<b>200,000</b>	<b>820,211</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 620,211</b>	<b>\$ 200,000</b>	<b>\$ 820,211</b>

**UNIFIED SCHOOL DISTRICT OF DE PERE**  
De Pere, Wisconsin  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2016

	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Non-Referendum Debt Service Fund	Long-Term Capital Projects Trust Fund	
Revenues			
Property taxes	\$ 381,553	\$ -	\$ 381,553
Other sources	17,416	-	17,416
Total Revenues	<u>398,969</u>	<u>-</u>	<u>398,969</u>
Expenditures			
Debt Service			
Principal	285,516	-	285,516
Interest	125,935	-	125,935
Total Debt Service	<u>411,451</u>	<u>-</u>	<u>411,451</u>
Excess of Revenues Under Expenditures	<u>(12,482)</u>	<u>-</u>	<u>(12,482)</u>
Other Financing Sources			
Premium and accrued interest from debt refinancing	97,543	-	97,543
Transfers in	225,000	150,000	375,000
Total Other Financing Sources	<u>322,543</u>	<u>150,000</u>	<u>472,543</u>
Net Change in Fund Balances	310,061	150,000	460,061
Fund Balances - July 1	<u>310,150</u>	<u>50,000</u>	<u>360,150</u>
Fund Balances - June 30	<u>\$ 620,211</u>	<u>\$ 200,000</u>	<u>\$ 820,211</u>

**UNIFIED SCHOOL DISTRICT OF DE PERE**  
De Pere, Wisconsin  
Pupil Activity Fund  
Schedule of Changes in Assets and Liabilities  
For the Year Ended June 30, 2016

	Balance 7/1/15	Additions	Deletions	Balance 6/30/16
<b>ASSETS</b>				
Cash	\$ 234,069	\$ 676,694	\$ 599,634	\$ 311,129
<b>LIABILITIES</b>				
Due to student organizations				
High School	\$ 211,783	\$ 621,212	\$ 544,279	\$ 288,716
Middle School	17,225	39,889	41,750	15,364
Foxview Intermediate	852	8,846	8,793	905
Altmayer Elementary School	599	-	-	599
Dickinson Elementary School	2,999	342	409	2,932
Heritage Elementary School	611	2,190	2,241	560
District	-	4,215	2,162	2,053
<b>TOTAL LIABILITIES</b>	<b>\$ 234,069</b>	<b>\$ 676,694</b>	<b>\$ 599,634</b>	<b>\$ 311,129</b>

**ADDITIONAL INDEPENDENT AUDITORS' REPORT  
FOR BASIC FINANCIAL STATEMENTS**

**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  
Unified School District of De Pere  
De Pere, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Unified School District of De Pere, Wisconsin, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Unified School District of De Pere's basic financial statements, and have issued our report thereon which included an emphasis of matter paragraph as indicated on page 2 dated January 6, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Unified School District of De Pere'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 Unified School District of De Pere's internal control. Accordingly, we do not express an opinion on the effectiveness of the Unified School District of De Pere'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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be a significant deficiency.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Unified School District of De Pere'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*.

### **Unified School District of De Pere's Response to Finding**

The Unified School District of De Pere's response to the finding identified in our audit is described in the accompanying schedule of prior year audit findings and corrective action plan. The Unified School District of De Pere's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Unified School District of De Pere'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 Unified School District of De Pere's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants  
Green Bay, Wisconsin  
January 6, 2017

## **FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT GUIDELINES**

To the Board of Education  
Unified School District of De Pere  
De Pere, Wisconsin

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

We have audited Unified School District of De Pere's compliance with the types of compliance requirements described in *U. S. Office of Management and Budget (OMB) Compliance Supplement* and the *State Single Audit Guidelines* issued by the State of Wisconsin that could have a direct and material effect on each of the Unified School District of De Pere's major federal and state programs for the year ended June 30, 2016. The Unified School District of De Pere's major federal and state programs are identified in the summary of auditors' 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Unified School District of De Pere's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit 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 state program occurred. An audit includes examining, on a test basis, evidence about Unified School District of De Pere's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

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

## Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *State Single Audit Guidelines* and which is described in the accompanying schedule of findings and questioned costs as item 2016-001.

The Unified School District of De Pere's response to the noncompliance finding identified in our audit is described in the accompanying schedule of prior year audit findings and corrective action plan. The Unified School District of De Pere's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control Over Compliance

Management of the Unified School District of De Pere is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Unified School District of De Pere's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance 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 the Unified School District of De Pere's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-002 to be a significant deficiency.

The Unified School District of De Pere's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of prior year audit findings and corrective action plan. The Unified School District of De Pere's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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 the Uniform Guidance and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants  
Green Bay, Wisconsin  
January 6, 2017

**UNIFIED SCHOOL DISTRICT OF DE PERE**  
De Pere, Wisconsin  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2016

Grantor Agency/Federal Program Title	Pass-through Agency	Federal Catalog Number	Pass-through Agency Identifying Number
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**U.S. DEPARTMENT OF AGRICULTURE**

*Child Nutrition Cluster*

National School Breakfast Program July 1, 2015 - June 30, 2016	Wisconsin Department of Public Instruction	10.553	A546-00000-051414
National School Lunch Program July 1, 2015 - June 30, 2016	Wisconsin Department of Public Instruction	10.555	A547-00000-051414
Donated Commodities	Wisconsin Department of Public Instruction		A001-00000-051414
<i>Total Child Nutrition Cluster and U.S. Department of Agriculture</i>			

**U.S. DEPARTMENT OF EDUCATION**

*Title I, Part A*

Title I-A July 1, 2014 - June 30, 2015 July 1, 2015 - June 30, 2016	Wisconsin Department of Public Instruction	84.010	A141-00000-051414
<i>Total Title I, Part A</i>			

Career and Technical Education -

Basic Grants to States July 1, 2015 - June 30, 2016	Cooperative Educational Services Agency (CESA) #7	84.048	None
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*Special Education Cluster*

Individuals with Disabilities Education Act (IDEA) Flow-Through July 1, 2014 - June 30, 2015 July 1, 2015 - June 30, 2016	Wisconsin Department of Public Instruction	84.027	A341-00000-051414
IDEA Preschool Entitlement July 1, 2015 - June 30, 2016	Wisconsin Department of Public Instruction	84.173	A347-00000-051414
<i>Total Special Education Cluster</i>			

(Continued)

Revenues				Total Expenditures	Subrecipient Expenditures
(Accrued Receivable) Deferred Revenue 7/1/15	Value or Cash Received	Accrued Receivable (Deferred Revenue) 6/30/16	Total Revenues		

\$ -	\$ 5,350	\$ 374	\$ 5,724	\$ 5,724	\$ -
-	410,507	12,117	422,624	422,624	-
-	126,340	-	126,340	126,340	-
-	542,197	12,491	554,688	554,688	-
(24,815)	24,815	-	-	-	-
-	229,134	16,282	245,416	245,416	-
(24,815)	253,949	16,282	245,416	245,416	-
-	17,182	-	17,182	17,182	-
(102,306)	102,306	-	-	-	-
-	577,149	129,837	706,986	706,986	20,629
-	11,061	-	11,061	11,061	11,061
(102,306)	690,516	129,837	718,047	718,047	31,690

**UNIFIED SCHOOL DISTRICT OF DE PERE**  
 De Pere, Wisconsin  
 Schedule of Expenditures of Federal Awards (Continued)  
 For the Year Ended June 30, 2016

Grantor Agency/Federal Program Title	Pass-through Agency	Federal Catalog Number	Pass-through Agency Identifying Number
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U.S. DEPARTMENT OF EDUCATION (Continued)

Title III-A English Language Acquisition July 1, 2014 - June 30, 2015 July 1, 2015 - June 30, 2016	Wisconsin Department of Public Instruction	84.365	A391-00000-051414
Title II-A Teacher/Principal July 1, 2014 - June 30, 2015 July 1, 2015 - June 30, 2016	Wisconsin Department of Public Instruction	84.367	A365-00000-051414
Total U.S. Department of Education			

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

*Medicaid Cluster*

Medical Assistance Program (School Based Services)	Wisconsin Department of Health Services	93.778	44224200
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**TOTAL FEDERAL AWARDS**

See notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance.

Revenues				Total Expenditures	Subrecipient Payments
(Accrued Receivable) Deferred Revenue 7/1/15	Value or Cash Received	Accrued Receivable (Deferred Revenue) 6/30/16	Total Revenues		
(4,250)	4,250	-	-	-	-
-	9,091	3,587	12,678	12,678	-
(2,183)	2,183	-	-	-	-
-	64,481	5,559	70,040	70,040	-
<u>(133,554)</u>	<u>1,041,652</u>	<u>155,265</u>	<u>1,063,363</u>	<u>1,063,363</u>	<u>31,690</u>
(26,290)	130,196	-	103,906	103,906	-
<u>\$ (159,844)</u>	<u>\$ 1,714,045</u>	<u>\$ 167,756</u>	<u>\$ 1,721,957</u>	<u>\$ 1,721,957</u>	<u>\$ 31,690</u>



**UNIFIED SCHOOL DISTRICT OF DE PERE**

De Pere, Wisconsin

Schedule of State Financial Assistance

For the Year Ended June 30, 2016

Grantor Agency/State Program Title	Pass-through Agency	State I.D. Number	Pass-through Agency Identifying Number
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**WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION**

Special Education and School Age Parents:

Internal district programs	Direct Program	255.101	051414-100
State lunch	Direct Program	255.102	051414-107
Common School Fund Library Aid	Direct Program	255.103	051414-104
Pupil Transportation	Direct Program	255.107	051414-102
General Equalization Aid	Direct Program	255.201	051414-116
July 1, 2014 - June 30, 2015			
July 1, 2015 - June 30, 2016			
Peer Review and Mentoring	Direct Program	255.301	051414-141
AODA Program Grants	Direct Program	255.321	051414-142
Wisconsin's Movin Schools	Direct Program	255.345	051414-123
Educator Effective Evaluation System Grants	Direct Program	255.940	051414-154
Per Pupil Aid	Direct Program	255.945	051414-113
Career and Technical Education Incentive Grants	Direct Program	255.950	051414-151

**TOTAL STATE FINANCIAL ASSISTANCE**

See notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance.

Revenues				Total Expenditures	Subrecipient Expenditures
(Accrued Receivable) Deferred Revenue 7/1/15	Cash Received	Accrued Receivable (Deferred Revenue) 6/30/16	Total Revenues		
\$ -	\$ 830,338	\$ -	\$ 830,338	\$ 830,338	\$ -
-	19,386	-	19,386	19,386	-
-	180,575	-	180,575	180,575	-
-	77,002	-	77,002	77,002	-
(379,749)	379,749	-	-	-	-
-	20,719,176	363,387	21,082,563	21,082,563	-
-	-	8,333	8,333	8,333	-
-	275	-	275	275	-
-	200	-	200	200	-
-	-	25,440	25,440	25,440	-
-	-	577,200	577,200	577,200	-
-	7,626	-	7,626	7,626	-
<b>\$ (379,749)</b>	<b>\$ 22,214,327</b>	<b>\$ 974,360</b>	<b>\$ 22,808,938</b>	<b>\$ 22,808,938</b>	<b>\$ -</b>

**UNIFIED SCHOOL DISTRICT OF DE PERE**  
De Pere, Wisconsin  
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance  
For the Year Ended June 30, 2016

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the Unified School District of De Pere and are presented on the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *State Single Audit Guidelines*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE B - SIGNIFICANT ACCOUNTING POLICIES**

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the District's 2016 basic financial statements. Accrued revenue at year end consists of state program expenditures scheduled for reimbursement to the District in the succeeding year while deferred revenue represents advances for state programs that exceed recorded District expenditures. The District has not elected to charge a de minimis indirect rate of 10% of modified total direct costs.

**NOTE C - SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM**

The 2015-2016 eligible costs under the State Special Education Program as reported by the District are \$3,234,908.

**NOTE D - OVERSIGHT AGENCIES**

The U.S. Department of Education has been designated the federal oversight agency for the District. The Wisconsin Department of Public Instruction is the state oversight agency for the District.

**UNIFIED SCHOOL DISTRICT OF DE PERE**  
De Pere, Wisconsin  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2016

**Section I - Summary of Auditors' Results**

**Basic Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiencies identified?	Yes
Noncompliance material to basic financial statements noted?	No

**Federal Awards and State Financial Assistance**

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiencies identified?	Yes
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	Yes
Any audit findings disclosed that are required to be reported in accordance with the <i>State Single Audit Guidelines</i> ?	Yes

Identification of major federal programs:

CFDA Number	Name of Federal Programs
	<i>Special Education Cluster</i>
84.027	IDEA Flow Through
84.173	IDEA Preschool Entitlement

State ID Number	Name of State Programs
255.201	Equalization Aids

Audit threshold used to determine between Type A and Type B programs:

Federal	\$750,000
State	\$250,000

Auditee qualified as low-risk auditee Yes

**UNIFIED SCHOOL DISTRICT OF DE PERE**  
 De Pere, Wisconsin  
 Schedule of Findings and Questioned Costs (Continued)  
 For the Year Ended June 30, 2016

**Section II - Financial Statement Findings**

Finding No.	Control Deficiencies
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**2015-001      Preparation of Annual Financial Report**

**Condition:** Current District staff maintains accounting records which reflect the District's financial transactions; however, preparing the District's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The District contracts with us and our knowledge of applicable accounting principles, financial statement formats, and note disclosures to assist in the preparation of the annual financial report in an efficient manner.

**Criteria:** The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes.

**Cause:** District management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.

**Effect:** Without our involvement, the District may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.

**Recommendation:** We recommend the District continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the District is necessary to obtain a complete and adequate understanding of the District's annual financial report.

**UNIFIED SCHOOL DISTRICT OF DE PERE**  
 De Pere, Wisconsin  
 Schedule of Findings and Questioned Costs (Continued)  
 For the Year Ended June 30, 2016

**Section III - Federal Award and State Financial Assistance Findings and Questioned Costs**

Finding No.	Control Deficiencies
-------------	----------------------

**2015-002      Financial Reporting for Federal and State Financial Assistance**

Federal CFDA #: All federal programs.

State IDs #: All state programs.

Condition: While the current staff of the District maintains financial records which accurately report federal and state revenues and expenditures throughout the year, preparing year end schedule of expenditures of federal awards and schedule of state financial assistance, including the related notes, require additional expertise that would entail additional training and staff time to develop. The District contracts with Schenck and their knowledge of current accounting principles and regulatory requirements to assist in the preparation of federal and state financial reports for the District in an efficient manner.

Criteria: The review of federal and state financial assistance reports by staff with expertise in federal and state financial reporting is an internal control intended to prevent, detect and correct a potential misstatement in the schedule of expenditure of federal awards, schedule of state financial assistance or notes.

Cause: The additional costs associated with hiring staff experienced in preparing these schedules and notes, including additional training time, outweigh the derived benefits.

Effect: The District could receive federal or state grant awards which are not included in the accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance.

Recommendation: We recommend the District continue reviewing the federal and state financial assistance reports. While it may not be cost beneficial to hire additional staff to prepare these items, a thorough review of this information by appropriate staff of the District is necessary to obtain an adequate understanding of the District's financial report.

**UNIFIED SCHOOL DISTRICT OF DE PERE**  
 De Pere, Wisconsin  
 Schedule of Findings and Questioned Costs (Continued)  
 For the Year Ended June 30, 2016

**Section III - Federal Award and State Financial Assistance Findings and Questioned Costs (Continued)**

Finding No.	Control Deficiencies
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**2016-001 Special Education Aid Allowable Costs**

State ID #: 255.101

Condition: In 2015-16, the district had one educator appear on the "Educators Without Valid Licenses" list.

Criteria: The *State Single Audit Guidelines* requires educators and contractors must be appropriately licensed for a special education work assignment in order for their salary and benefits to be eligible for aid. In addition *State Single Audit Guidelines* require a finding for any District that has educators that appear on the "Educators Without Valid Licenses" list.

Cause: The District did not review throughout the year the teaching position of the one educator to ensure he/she had an appropriate valid license for the position he/she was teaching.

Effect: The District may receive special education reimbursement for employees not appropriately licensed or in positions not directly related to the special education program.

Questioned Costs: Questioned costs of \$78,036 were reported to the Wisconsin Department of Public Instruction. The District reported \$77,560 as aidable under project 011 and reported \$476 to IDEA Flow-Through funding when filing its annual special education report. The District submitted an appeal letter to the Wisconsin Department of Public Instruction which was subsequently denied.

Recommendation: We recommend the District's human resources department develop procedures to ensure only employees with valid licenses and approval of the special education department are coded to special education positions. We also recommend the District consider creating an additional procedure to have a District employee familiar with the program, such as the special education director, review annually all employees coded to special education positions to evaluate their proper assignment.

**UNIFIED SCHOOL DISTRICT OF DE PERE**  
De Pere, Wisconsin  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2016

**Section IV - Other Issues**

Does the auditors' 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*?

Wisconsin Department of Public Instruction Yes

Was a Management Letter or other document conveying audit comments issued as a result of this audit? Yes

Name and signature of Shareholder

  
\_\_\_\_\_  
Paul G. Denis, CPA

Date of report

January 6, 2017



**UNIFIED SCHOOL DISTRICT OF DE PERE**  
 De Pere, Wisconsin  
 Schedule of Prior Year Audit Findings and Corrective Action Plan  
 For the Year Ended June 30, 2016

**Status of Prior Year Audit Findings**

The findings noted in the 2015 Schedule of Findings and Questioned Costs has been reported to the proper state agencies. Management continues to believe the cost to hire additional staff to eliminate the control deficiency identified as 2015-001 and 2015-002 outweigh the benefits to be received. Management reviews the annual financial report.

**Corrective Action Plan for Audit Findings**

Finding No.	Internal Control Deficiencies
<b>2015-001</b>	<p><b>Preparation of Annual Financial Report</b></p> <p>Management believes that the cost of hiring additional staff to prepare financial reports outweighs the benefits to be received.</p>
<b>2015-002</b>	<p><b>Financial Reporting for Federal and State Financial Assistance</b></p> <p>Management believes that the cost of hiring additional staff to prepare year end adjusting and closing entries and to prepare financial reports outweighs the benefits to be received.</p>
<b>2016-001</b>	<p><b>Special Education Aid Allowable Costs</b></p> <p>Each year, the District receives a report from DPI on staff due for license renewal. All staff members on that list receive an email from the District notifying them that their license is up for renewal and instructing them to renew their license prior to expiration.</p> <p>In addition, the District receives an Audit Error Report from DPI each year advising the District of any staff members who are not licensed for their assignment. The District's Human Resources Director follows up individually with staff members and their Administrator to address any licensing issues identified on the DPI Audit Error Report and continues to follow up with staff members and Administrators until the licensing issue is resolved. In this particular case, both the Human Resources Director and Pupil Services Director had regular follow up with the staff member in question to resolve the licensing issue. Unfortunately, while the staff member ultimately obtained the license, the staff member did not complete the licensing requirements to be licensed for the 2015-16 school year.</p>

**Additional Response**

Dawn Foeller, Director of Business Services is the contact person for the District. Dawn performs the following mitigating controls:

1. Reviews and approves all adjusting entries proposed by the auditor.
2. Compares final adjusted trial balance with audited financial statements.
3. Compares the schedule of expenditures of federal awards and state financial assistance to:
  - a. Final adjusted trial balance
  - b. Submitted final reimbursement claims
  - c. State payment register and DPI website