

**HOWARD-SUAMICO SCHOOL DISTRICT  
GREEN BAY, WISCONSIN**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2014**

# HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin

June 30, 2014

## Table of Contents

	<u>Page No.</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 9
BASIC FINANCIAL STATEMENTS	
District-wide Financial Statements	
Statement of Net Position	10
Statement of Activities	11 - 12
Fund Financial Statements	
Balance Sheet - Governmental Funds	13 - 14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	15 - 16
Statement of Net Position - Nonmajor Proprietary Fund	17
Statement of Revenues, Expenses and Changes in Net Position - Nonmajor Proprietary Fund	18
Statement of Cash Flows - Nonmajor Proprietary Fund	19
Statement of Net Position - Fiduciary Funds	20
Statement of Changes in Net Position - Fiduciary Funds	21
Notes to Basic Financial Statements	22 - 40
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund - Budgetary Basis	41
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Special Education Special Revenue Fund - Budgetary Basis	42
Schedule of Funding Progress	43
Schedule of Employer Contributions	44
Notes to Required Supplementary Information	45 - 46

**HOWARD-SUAMICO SCHOOL DISTRICT**

Green Bay, Wisconsin

June 30, 2014

Table of Contents

	<u>Page No.</u>
<b>SUPPLEMENTARY INFORMATION</b>	
Combining Balance Sheet - Nonmajor Governmental Funds	47 - 48
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	49 - 50
Schedule of Changes in Assets and Liabilities - Pupil Activity Funds	51
<b>ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS</b>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	52 - 53
<b>FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE</b>	
Independent Auditors' Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance Required by OMB Circular A-133 and the <i>State Single Audit Guidelines</i>	54 - 55
Schedule of Expenditures of Federal Awards	56 - 59
Schedule of State Financial Assistance	60 - 61
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	62
Schedule of Findings and Questioned Costs	63 - 66
Schedule of Prior Year Audit Findings and Corrective Action Plan	67

## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Howard-Suamico School District  
Green Bay, 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 Howard-Suamico School District, Wisconsin (the "District") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### *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, 2014, 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.

## **Other Matters**

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of funding progress and the schedule of employer contributions on pages 3 through 9 and 41 through 44 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines* 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 schedules 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 2013 financial statements, and our report dated September 14, 2013, 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, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Report Issued in Accordance with *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2014, 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  
October 8, 2014

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





## Howard Suamico School District

2700 Lineville Road  
Green Bay, WI 54313

Phone (920) 662-7878 FAX (920) 662-9777  
[www.hssd.k12.wi.us](http://www.hssd.k12.wi.us)

### Management's Discussion and Analysis June 30, 2014

As management of the Howard-Suamico School District ("the District"), 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, 2014.

#### **Financial Highlights**

- The District's total net position increased by \$3.12 million. Several factors contributed to the overall increase as follows:
  - Debt was reduced by approximately \$2.5 million, faster than the related assets were being consumed.
- The 2013-14 equalized tax rate of \$9.31 is 20 cents less or 2.1% lower than the 2012-13 rate of \$9.51.
- As of June 30, 2014, the District's governmental funds reported combined ending fund balances of \$20.5 million, an increase of \$399 thousand in comparison with the prior year. Approximately 67% of this total amount, \$13.8 million is restricted or committed for specific purposes. The balance of \$6.7 million is unassigned fund balance and in compliance with the District fund balance policy.
- As of June 30, 2014, unassigned fund balance for the general fund was \$6.7 million, or approximately 11% of total general fund revenues. These resources are available to be expended at the discretion of the District. A minimum of \$2.9 million is to be retained for cash flow purposes.

#### **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 and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net assets 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., health care benefits during retirement.)

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 the food service fund.

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 nine 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 and referendum debt service fund, which are considered to be major funds. Data from the other seven 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 basic governmental fund financial statements, budgetary comparison statements have 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 fund.

Proprietary funds provide the same type of information as the district-wide financial statements, only in more detail. The District's only proprietary fund is considered to be a nonmajor enterprise fund.

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



**Fiduciary funds.** The District uses the fiduciary fund to account for the employee benefit trust fund and pupil activity account balances.

The basic fiduciary fund financial statements can be found on pages 21 - 22 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 23 - 42 of this report.

**Required Supplemental Information.** Supplemental information for the Other Post-Employment Benefits Plan and the budgetary basis statements of the general fund and special education special revenue fund can be found on pages 43 - 46.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds and pupil activity fund are presented following the notes to the basic financial statements. Combining and pupil activity fund statements and schedules can be found on pages 49 - 53.

### **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 exceeded liabilities by \$52 million at the close of 2014. Capital improvements (land, land improvements, buildings, and equipment) are recorded at acquisition costs as per GASB 34 requirements. Market valuation is not considered in these statements.

<b>Howard-Suamico School District's Net Position</b> <b>(in thousands of dollars)</b>						
	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 26,432	\$ 25,750	\$ 963	\$ 891	\$ 27,395	\$ 26,641
Capital assets	56,787	57,181	299	361	57,086	57,542
Total Assets	83,219	82,931	1,262	1,252	84,481	84,183
Deferred outflows of resources	719	-	-	-	719	-
Long-term liabilities outstanding	27,128	29,594	-	-	27,128	29,594
Other liabilities	5,972	5,617	100	95	6,072	5,712
Total Liabilities	33,100	35,211	100	95	33,200	35,306
Net Position						
Net investment						
in capital assets	30,097	27,956	299	361	30,396	28,317
Restricted	1,539	1,647	-	-	1,539	1,647
Unrestricted	19,202	18,117	863	796	20,065	18,913
Total Net Position	\$ 50,838	\$ 47,720	\$ 1,162	\$ 1,157	\$ 52,000	\$ 48,877

By far the largest portion of the District's net position 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 represents resources that are subject to external restrictions on how they may be used.

**Change in net position.** Governmental activities increased the District's net position by \$3.12 million, thereby accounting for 99% of the total growth in net position of the District. Key elements of this increase are as follows:

- Favorable major fund budget variances of \$0.6 million.
- \$.5 million increase in Equalization Aid.
- \$.8 million increase in open enrollment tuition.

<b>Howard-Suamico School District's Change in Net Position</b> <b>(In thousands of dollars)</b>						
	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues						
Charges for services	\$ 3,719	\$ 2,973	\$ 1,578	\$ 1,624	\$ 5,297	\$ 4,597
Operating grants and contributions	4,075	3,890	916	913	4,991	4,803
General Revenues						
Property taxes	20,999	20,925	-	-	20,999	20,925
Other taxes	9	14	-	-	9	14
Grants and contributions not restricted to specific programs	34,562	33,972	-	-	34,562	33,972
Other	583	206	-	-	583	206
Total Revenues	63,947	61,980	2,494	2,537	66,441	64,517
Expenses						
Instruction	33,807	34,113	-	-	33,807	34,113
Support services	20,547	18,964	-	-	20,547	18,964
Community service	229	240	-	-	229	240
Interest on long-term debt	1,438	1,507	-	-	1,438	1,507
Other	4,808	4,565	-	-	4,808	4,565
School food service program	-	-	2,489	2,514	2,489	2,514
Total Expenses	60,829	59,389	2,489	2,514	63,318	61,903
Change in Net Position	3,118	2,591	5	23	3,123	2,614
Cumulative Effect of Change in Accounting Principles	-	(57)	-	-	-	(57)
Net Position - January 1	47,720	45,186	1,157	1,134	48,877	46,320
Net Position - December 31	\$ 50,838	\$ 47,720	\$ 1,162	\$ 1,157	\$ 52,000	\$ 48,877

## **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, 2014, the District's governmental funds reported combined ending fund balances of \$20.5 million, an increase of \$0.4 million in comparison with the prior year. Approximately 67% of this amount is restricted or committed. The fund balance resources have been *restricted or committed* to indicate that they are not available for new spending because they have already been committed for retirement of long-term debt and capital acquisitions.

The general fund is the main operating fund of the District. At the end of the current year, unassigned fund balance of the general fund was \$6.7 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund revenues. Unassigned fund balance represents 11% of total general fund revenues.

The fund balance of the District's general fund increased by \$0.4 million during the year. Key factors in this growth are as follows:

- Vacant staff positions
- Reduced energy costs
- Financial controls including bidding and purchasing procedures
- Unallocated resources

**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.

Restricted net position of the food service fund at the end of the year amounted to \$863,240. The total increase in net position was \$5,683.

## **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, 2014 amounts to \$57.1 million. This investment in capital assets includes land, land improvements, buildings, machinery and equipment, vehicles, and construction in progress. The total decrease in the District's investment in capital assets for the current year was \$.4 million net of depreciation.

Major capital assets acquired or constructed during the year include:

- Band equipment (\$17,052)
- Computers and other technology purchases including (\$2,472,770)
- Land purchase (\$375,690)
- Major equipment i.e. athletic equipment, food service, furniture (\$105,458)
- Purchase of maintenance equipment and other maintenance projects (\$119,549)

<b>Howard-Suamico School District's Capital Assets</b>						
(net of accumulated depreciation)						
	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 2,297,562	\$ 1,921,872		\$ -	\$ 2,297,562	\$ 1,921,872
Land improvements	1,101,367	1,248,385		-	1,101,367	1,248,385
Buildings	46,886,936	48,828,297		-	46,886,936	48,828,297
Machinery and equipment	6,501,327	5,182,621	299,053	360,435	6,800,380	5,543,056
Total	\$ 56,787,192	\$ 57,181,175	\$ 299,053	\$ 360,435	\$ 57,086,245	\$ 57,541,610

**Long-term debt.** At the end of the current fiscal year, the District had total bonded debt outstanding of \$26,690,000. This represents 11.1% of the District's allowable debt.

<b>Howard-Suamico School District's Outstanding Debt</b>						
General Obligation Debt and Revenue Bonds						
	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
General Obligation Debt						
Bonds	\$ 26,690,000	\$ 29,225,000	\$ -	\$ -	\$ 26,690,000	\$ 29,225,000

The District's total debt decreased by \$2,535,000 during the current fiscal year.

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

- Inflationary trends in our region compare favorably to national indices.
- District full time equivalent (FTE) enrollment is stable.
- In 2004-2005 the District created the Other Post Employment Benefits (OPEB) Trust Fund and has fully funded the actuarially recommended Annual Required Contribution (ARC). The District intends to continue funding this long-term liability.
- Our Equalized tax rate decreased from \$9.51 to \$9.31.

All of these factors were considered in preparing the District's budget for the 2015 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 Betty Zimdars, Assistant Superintendent of Business Services, Administrative Offices, 2700 Lineville Road, Green Bay, Wisconsin 54313.

## **BASIC FINANCIAL STATEMENTS**



**HOWARD-SUAMICO SCHOOL DISTRICT**

Green Bay, Wisconsin

**Statement of Net Position**

June 30, 2014

(With summarized financial information as of June 30, 2013)

	Governmental Activities	Business-type Activities	Total	
			2014	2013
<b>ASSETS</b>				
Cash and investments	\$ 18,751,792	\$ 936,167	\$ 19,687,959	\$ 18,948,003
Receivables				
Taxes	5,714,112	-	5,714,112	5,757,638
Accounts	29,813	421	30,234	64,837
Due from other governments	1,060,421	26,187	1,086,608	1,225,036
Inventories and prepaid items	875,270	-	875,270	645,699
Capital assets				
Land	2,297,562	-	2,297,562	1,921,872
Buildings and improvements	88,113,556	3,550	88,117,106	88,117,106
Machinery and equipment	22,550,954	1,124,645	23,675,599	20,960,768
Less: Accumulated depreciation	(56,174,880)	(829,142)	(57,004,022)	(53,458,136)
<b>TOTAL ASSETS</b>	<b>83,218,600</b>	<b>1,261,828</b>	<b>84,480,428</b>	<b>84,182,823</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges	718,917	-	718,917	-
<b>LIABILITIES</b>				
Accounts payable	188,053	3,236	191,289	158,297
Accrued payroll liabilities	5,329,306	22,823	5,352,129	5,018,332
Accrued interest payable	453,622	-	453,622	438,610
Unearned revenues	1,154	73,476	74,630	96,814
<b>Total Current Liabilities</b>	<b>5,972,135</b>	<b>99,535</b>	<b>6,071,670</b>	<b>5,712,053</b>
Long-term obligations				
Due within one year	3,160,000	-	3,160,000	3,205,000
Due within more than one year	23,967,569	-	23,967,569	26,388,900
<b>TOTAL LIABILITIES</b>	<b>33,099,704</b>	<b>99,535</b>	<b>33,199,239</b>	<b>35,305,953</b>
<b>NET POSITION</b>				
Net investment in capital assets	30,097,192	299,053	30,396,245	28,316,610
Restricted for				
Debt service	751,196	-	751,196	885,019
TEACH program	598,169	-	598,169	597,671
Self-funded dental insurance	189,358	-	189,358	164,620
Unrestricted	19,201,898	863,240	20,065,138	18,912,950
<b>TOTAL NET POSITION</b>	<b>\$ 50,837,813</b>	<b>\$ 1,162,293</b>	<b>\$ 52,000,106</b>	<b>\$ 48,876,870</b>

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

# HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin

Statement of Activities

For the Year Ended June 30, 2014

(With summarized financial information for the year ended June 30, 2013)

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental Activities			
Instruction	\$ 33,799,581	\$ 897,967	\$ 2,699,627
Support services	20,554,577	2,701,479	1,375,408
Community services	228,969	119,021	-
Interest and fiscal charges	1,437,532	-	-
Non-program	1,351,539	-	-
Depreciation - unallocated	3,456,748	-	-
Total Governmental Activities	<u>60,828,946</u>	<u>3,718,467</u>	<u>4,075,035</u>
Business-type Activities			
School food service program	<u>2,489,155</u>	<u>1,578,488</u>	<u>916,135</u>
Total School District	<u>\$ 63,318,101</u>	<u>\$ 5,296,955</u>	<u>\$ 4,991,170</u>

## General revenues

Property taxes

Other taxes

State and federal aids not restricted to specific functions

Interest and investment earnings

Miscellaneous

## Transfers

Total General Revenues and Transfers

Change in net position

Cumulative effect of change in accounting principles

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	
		2014	2013

\$ (30,201,987)	\$ -	\$ (30,201,987)	\$ (30,741,814)
(16,477,690)	-	(16,477,690)	(15,619,306)
(109,948)	-	(109,948)	(93,328)
(1,437,532)	-	(1,437,532)	(1,507,321)
(1,351,539)	-	(1,351,539)	(1,395,827)
(3,456,748)	-	(3,456,748)	(3,169,035)
(53,035,444)	-	(53,035,444)	(52,526,631)

-	5,468	5,468	22,465
(53,035,444)	5,468	(53,029,976)	(52,504,166)

20,999,808	-	20,999,808	20,925,144
8,509	-	8,509	14,459
34,561,613	-	34,561,613	33,971,679
10,417	-	10,417	13,250
572,665	200	572,865	192,966
(15)	15	-	-
56,152,997	215	56,153,212	55,117,498

3,117,553	5,683	3,123,236	2,613,332
-----------	-------	-----------	-----------

-	-	-	(56,683)
---	---	---	----------

47,720,260	1,156,610	48,876,870	46,320,221
------------	-----------	------------	------------

\$ 50,837,813	\$ 1,162,293	\$ 52,000,106	\$ 48,876,870
---------------	--------------	---------------	---------------

# **HOWARD-SUAMICO SCHOOL DISTRICT**

Green Bay, Wisconsin

Balance Sheet

Governmental Funds

June 30, 2014

(With summarized financial information as of June 30, 2013)

	General	Referendum Debt Service Fund	Other Governmental Funds	Total Governmental Funds	
				2014	2013
<b>ASSETS</b>					
Cash and investments	\$ 16,353,413	\$ 1,178,490	\$ 1,219,889	\$ 18,751,792	\$ 18,164,772
Receivables					
Taxes	5,714,112	-	-	5,714,112	5,757,638
Accounts	20,231	-	9,582	29,813	64,612
Due from other funds	17,495	-	-	17,495	7,552
Due from other governments	1,026,958	-	33,463	1,060,421	1,117,022
Inventory	147,887	-	-	147,887	158,709
Prepaid items	298,152	-	-	298,152	434
<b>TOTAL ASSETS</b>	<b>\$ 23,578,248</b>	<b>\$ 1,178,490</b>	<b>\$ 1,262,934</b>	<b>\$ 26,019,672</b>	<b>\$ 25,270,739</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 164,324	\$ -	\$ 23,729	\$ 188,053	\$ 157,437
Accrued payroll liabilities	5,308,794	-	20,512	5,329,306	4,994,569
Due to other funds	-	-	17,495	17,495	7,552
Unearned revenues	1,154	-	-	1,154	26,142
<b>Total Liabilities</b>	<b>5,474,272</b>	<b>-</b>	<b>61,736</b>	<b>5,536,008</b>	<b>5,185,700</b>
<b>Fund Balances</b>					
Nonspendable inventory and prepaid items	446,039	-	-	446,039	159,143
Restricted	189,358	1,178,490	624,497	1,992,345	2,085,920
Committed	10,564,788	-	239,492	10,804,280	10,808,333
Assigned	206,168	-	337,209	543,377	569,751
Unassigned	6,697,623	-	-	6,697,623	6,461,892
<b>Total Fund Balances</b>	<b>18,103,976</b>	<b>1,178,490</b>	<b>1,201,198</b>	<b>20,483,664</b>	<b>20,085,039</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 23,578,248</b>	<b>\$ 1,178,490</b>	<b>\$ 1,262,934</b>	<b>\$ 26,019,672</b>	<b>\$ 25,270,739</b>

(Continued)

**HOWARD-SUAMICO SCHOOL DISTRICT**

Green Bay, Wisconsin  
Balance Sheet (Continued)  
Governmental Funds  
June 30, 2014

(With summarized financial information as of June 30, 2013)

	2014	2013
<u>Reconciliation to the Statement of Net Position</u>		
Total Fund Balances from previous page	\$ 20,483,664	\$ 20,085,039
Amounts reported for governmental activities in the statement of net position are different because:		
Prepaid other post-employment benefit obligations are not current financial resources and therefore not reported in the governmental fund statements.	429,231	486,556
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	56,787,192	57,181,175
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and notes payable	\$ (26,690,000)	
Accrued interest on long-term obligations	(453,622)	
Bond premium	(437,569)	
Deferred charges - issuance costs	718,917	(26,862,274)
		(30,032,510)
Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 10)	<u>\$ 50,837,813</u>	<u>\$ 47,720,260</u>

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

**HOWARD-SUAMICO SCHOOL DISTRICT**

Green Bay, Wisconsin

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2014

(With summarized financial information for the year ended June 30, 2013)

	General	Referendum Debt Service Fund	Other Governmental Funds	Total Governmental Funds	
				2014	2013
<b>Revenues</b>					
Property taxes	\$ 16,487,478	\$ 4,146,303	\$ 374,536	\$ 21,008,317	\$ 20,939,603
Other local sources	665,907	249	731,602	1,397,758	1,319,353
Interdistrict sources	2,690,820	-	-	2,690,820	1,898,562
Intermediate sources	95,111	-	-	95,111	87,605
State sources	36,770,512	-	25,000	36,795,512	36,125,619
Federal sources	1,429,420	-	35,236	1,464,656	1,539,557
Other sources	414,073	-	112,761	526,834	139,543
<b>Total Revenues</b>	<b>58,553,321</b>	<b>4,146,552</b>	<b>1,279,135</b>	<b>63,979,008</b>	<b>62,049,842</b>
<b>Expenditures</b>					
<b>Instruction</b>					
Regular instruction	25,415,420	-	95,052	25,510,472	24,874,904
Vocational instruction	1,706,371	-	3,914	1,710,285	1,640,506
Special education instruction	5,758,600	-	-	5,758,600	5,933,546
Other instruction	3,097,823	-	213,158	3,310,981	3,248,504
<b>Total Instruction</b>	<b>35,978,214</b>	<b>-</b>	<b>312,124</b>	<b>36,290,338</b>	<b>35,697,460</b>
<b>Support Services</b>					
Pupil services	2,597,526	-	35,601	2,633,127	2,299,228
Instructional staff services	3,725,665	-	26,580	3,752,245	3,552,969
General administration services	764,165	-	-	764,165	671,524
School administration services	2,906,756	-	7,836	2,914,592	2,940,397
Business services	982,406	-	6,397	988,803	852,473
Operations and maintenance of plant	5,597,464	-	38,424	5,635,888	6,512,055
Pupil transportation services	2,106,629	-	86,770	2,193,399	2,079,242
Central services	1,752,884	-	-	1,752,884	1,778,370
Insurance	353,033	-	-	353,033	235,320
Other support services	-	-	151,828	151,828	146,061
<b>Total Support Services</b>	<b>20,786,528</b>	<b>-</b>	<b>353,436</b>	<b>21,139,964</b>	<b>21,067,639</b>
<b>Community Service</b>	<b>-</b>	<b>-</b>	<b>232,684</b>	<b>232,684</b>	<b>244,454</b>
<b>Debt Service</b>					
Principal of debt	-	3,015,000	190,000	3,205,000	3,000,000
Interest	-	1,251,315	122,500	1,373,815	1,429,781
<b>Total Debt Service</b>	<b>-</b>	<b>4,266,315</b>	<b>312,500</b>	<b>4,578,815</b>	<b>4,429,781</b>
<b>Non-program</b>					
General tuition payments	1,143,717	-	-	1,143,717	938,004
Special education tuition payments	183,807	-	-	183,807	449,314
Revenue transits to others	13,363	-	10,550	23,913	-
Adjustments and refunds	102	-	-	102	8,509
<b>Total Non-program</b>	<b>1,340,989</b>	<b>-</b>	<b>10,550</b>	<b>1,351,539</b>	<b>1,395,827</b>
<b>Total Expenditures</b>	<b>58,105,731</b>	<b>4,266,315</b>	<b>1,221,294</b>	<b>63,593,340</b>	<b>62,835,161</b>
<b>Excess of Revenues Over (Under)</b>					
Expenditures	447,590	(119,763)	57,841	385,668	(785,319)
<b>Other Financing Sources (Uses)</b>					
Long-term debt issued	-	6,460,000	-	6,460,000	-
Premium and accrued interest from debt refinancing	-	97,622	-	97,622	-
Payment to escrow agent	-	(6,557,622)	-	(6,557,622)	-
Sale of capital assets	12,972	-	-	12,972	3,508
Transfers out	-	-	(15)	(15)	-
<b>Total Other Financing Sources (Uses)</b>	<b>12,972</b>	<b>-</b>	<b>(15)</b>	<b>12,957</b>	<b>3,508</b>
<b>Net Change in Fund Balances</b>	<b>460,562</b>	<b>(119,763)</b>	<b>57,826</b>	<b>398,625</b>	<b>(781,811)</b>
<b>Fund Balances - July 1</b>	<b>17,643,414</b>	<b>1,298,253</b>	<b>1,143,372</b>	<b>20,085,039</b>	<b>20,866,850</b>
<b>Fund Balances - June 30</b>	<b>\$ 18,103,976</b>	<b>\$ 1,178,490</b>	<b>\$ 1,201,198</b>	<b>\$ 20,483,664</b>	<b>\$ 20,085,039</b>

(Continued)



**HOWARD-SUAMICO SCHOOL DISTRICT**  
Green Bay, Wisconsin  
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)  
Governmental Funds  
For the Year Ended June 30, 2014  
(With summarized financial information for the year ended June 30, 2013)

	2014	2013
<u>Reconciliation to the Statement of Activities</u>		
Net Change in Fund Balances from previous page	\$ 398,625	\$ (781,811)
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	\$ 3,062,765	
Depreciation expense reported in the statement of activities	<u>(3,456,748)</u>	
Amount in which depreciation is (greater) less than capital outlays	(393,983)	514,591
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 prepayment of these benefits decreased by:	(57,325)	(90,723)
The issuance of long-term debt (e.g., bonds) provide current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premium, discounts, charges on advance refundings, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Long-term debt issued	\$ (6,460,000)	
Charges on advance refunding of long-term debt	718,917	
Principal paid on long-term debt	8,995,000	
Decrease in interest accrued on long-term debt	(15,012)	
Increase in premium received on long-term debt	<u>(68,669)</u>	
	3,170,236	2,948,810
Change in Net Position of Governmental Activities as Reported on the Statement of Activities (see pages 11 - 12)	<u>\$ 3,117,553</u>	<u>\$ 2,590,867</u>

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

**HOWARD-SUAMICO SCHOOL DISTRICT**

Green Bay, Wisconsin  
Statement of Net Position  
Nonmajor Proprietary Fund  
June 30, 2014

(With summarized financial information as of June 30, 2013)

		Nonmajor Fund Food Service	
		2014	2013
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$	936,167	\$ 783,231
Accounts receivable		421	225
Due from other governments		26,187	108,014
Total Current Assets		<u>962,775</u>	<u>891,470</u>
Capital Assets			
Land improvements		3,550	3,550
Machinery and equipment		1,124,645	1,096,889
Less accumulated depreciation		(829,142)	(740,004)
Total Capital Assets		<u>299,053</u>	<u>360,435</u>
<b>TOTAL ASSETS</b>		<u>1,261,828</u>	<u>1,251,905</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable		3,236	860
Accrued payroll liabilities		22,823	23,763
Unearned revenues		<u>73,476</u>	<u>70,672</u>
<b>TOTAL LIABILITIES</b>		<u>99,535</u>	<u>95,295</u>
<b>NET POSITION</b>			
Net investment in capital assets		299,053	360,435
Restricted		<u>863,240</u>	<u>796,175</u>
<b>TOTAL NET POSITION</b>	\$	<u>1,162,293</u>	\$ <u>1,156,610</u>

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

**HOWARD-SUAMICO SCHOOL DISTRICT**  
Green Bay, Wisconsin  
Statement of Revenues, Expenses and Changes in Net Position  
Nonmajor Proprietary Fund  
For the Year Ended June 30, 2014  
(With summarized financial information for the year ended June 30, 2013)

		Nonmajor Fund Food Service	
		2014	2013
Operating Revenues			
Food sales	\$	1,577,699	\$ 1,622,534
Local sources		789	1,265
State sources		35,351	36,334
Federal sources		880,784	876,428
Total Operating Revenues		<u>2,494,623</u>	<u>2,536,561</u>
Operating Expenses			
Salaries, wages and benefits		1,075,974	1,072,165
Purchased services		83,687	69,496
Supplies and materials		1,232,132	1,280,266
Other		8,224	3,564
Depreciation		89,138	88,605
Total Operating Expenses		<u>2,489,155</u>	<u>2,514,096</u>
Operating Income		<u>5,468</u>	<u>22,465</u>
Nonoperating Revenues			
Gain on sale of capital assets		<u>200</u>	<u>-</u>
Transfers		<u>15</u>	<u>-</u>
Change in Net Position		5,683	22,465
Net Position - July 1		<u>1,156,610</u>	<u>1,134,145</u>
Net Position- June 30	\$	<u><u>1,162,293</u></u>	<u><u>\$ 1,156,610</u></u>

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

# HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin

Statement of Cash Flows

Nonmajor Proprietary Fund

For the Year Ended June 30, 2014

(With summarized financial information for the year ended June 30, 2013)

	Nonmajor Fund Food Service	
	2014	2013
Cash Flows from Operating Activities		
Cash received from user charges	\$ 1,581,096	\$ 1,627,391
Cash received from other government payments	997,962	909,133
Cash payments to employees	(1,076,914)	(1,063,463)
Cash payments to suppliers	(1,321,667)	(1,355,323)
Net Cash Provided by Operating Activities	<u>180,477</u>	<u>117,738</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	(27,756)	(7,196)
Sale of capital assets	200	-
Net Cash Used in Capital and Related Financing Activities	<u>(27,556)</u>	<u>(7,196)</u>
Cash Flows from Investing Activities		
Transfer In	<u>15</u>	<u>-</u>
Net Increase in Cash and Investments	152,936	110,542
Cash and Cash Investments - July 1	<u>783,231</u>	<u>672,689</u>
Cash and Cash Investments - June 30	<u>\$ 936,167</u>	<u>\$ 783,231</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Change in net assets	\$ 5,468	\$ 22,465
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	89,138	88,605
Changes in assets and liabilities		
Accounts receivable	(196)	(225)
Due from other governments	81,827	(3,629)
Accounts payable	2,376	(291)
Accrued payroll liabilities	(940)	6,996
Unearned revenues	2,804	3,817
Net Cash Provided by Operating Activities	<u>\$ 180,477</u>	<u>\$ 117,738</u>
Noncash Noncapital Financing Activities:		
Commodities Received From U.S. Department of Agriculture	<u>\$ 172,674</u>	<u>\$ 170,869</u>

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

**HOWARD-SUAMICO SCHOOL DISTRICT**

Green Bay, Wisconsin  
Statement of Net Position  
Fiduciary Funds  
June 30, 2014

(With summarized financial information as of June 30, 2013)

	Employee Benefit Trust Fund	Agency Funds	Total Fiduciary Funds	
			2014	2013
ASSETS				
Cash and investments	\$ 14,277,403	\$ 236,982	\$ 14,514,385	\$ 13,137,162
LIABILITIES				
Due to student organizations	-	236,982	236,982	209,697
NET POSITION				
Restricted	\$ 14,277,403	\$ -	\$ 14,277,403	\$ 12,927,465

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

**HOWARD-SUAMICO SCHOOL DISTRICT**  
Green Bay, Wisconsin  
Statement of Changes in Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2014  
(With summarized financial information for the year ended June 30, 2013)

		Employee Benefit Trust Fund	
		2014	2013
<b>ADDITIONS</b>			
Other local sources		\$ 59,878	\$ 56,960
Other		3,202,360	3,878,099
Total Additions		<u>3,262,238</u>	<u>3,935,059</u>
<b>DEDUCTIONS</b>			
Trust fund disbursements		<u>1,912,300</u>	<u>2,054,348</u>
Change in Net Position		1,349,938	1,880,711
Net Position- July 1		<u>12,927,465</u>	<u>11,046,754</u>
Net Position - June 30		<u>\$ 14,277,403</u>	<u>\$ 12,927,465</u>

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



## HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin  
Notes to Basic Financial Statements  
June 30, 2014

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Howard-Suamico School District ("the District"), Green Bay, 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 governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below:

#### 1. Reporting Entity

The Howard-Suamico School District is organized as a common 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 three 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 normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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 and reports all financial resources not accounted for and reported in another fund.

**HOWARD-SUAMICO SCHOOL DISTRICT**  
Green Bay, Wisconsin  
Notes to Basic Financial Statements  
June 30, 2014

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

REFERENDUM DEBT SERVICE FUND

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

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

Additionally, the government reports the following fund types:

The District accounts for assets held for future payment of post-employment health benefits and supplemental pension plan in an *employee benefit trust fund*.

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 fund 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 compensated absences and 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.

## HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin

Notes to Basic Financial Statements

June 30, 2014

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

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.

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 amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. 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 from date of acquisition 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. 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 financial statements.

##### d. 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.

## HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin

Notes to Basic Financial Statements

June 30, 2014

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

e. 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.

f. Capital Assets

Capital assets, which include property, plant, machinery and equipment, 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 \$500 or higher and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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 Activities	Business-type Activities
	Years	
<u>Assets</u>		
Land improvements	10 - 20	10 - 20
Buildings	45	-
Machinery and equipment	5 - 20	5 - 20

g. Compensated Absences

The District's policy does not allow accumulated employee benefits to vest. Unused accumulated employee benefits are forfeited upon retirement or termination of employment. Accumulated benefits are recorded as an expenditure in the year used. No accumulated amount is recorded in the Statement of Net Position.

h. 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/expenditure) until then. The District currently reports deferred charges resulting from debt transactions in this category.

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 currently does not have any items that qualify for reporting in this category.

**HOWARD-SUAMICO SCHOOL DISTRICT**  
Green Bay, Wisconsin  
Notes to Basic Financial Statements  
June 30, 2014

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

i. 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 bonds. 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.

j. Fund Equity

**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 purpose 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 superintendent 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.

**HOWARD-SUAMICO SCHOOL DISTRICT**  
Green Bay, Wisconsin  
Notes to Basic Financial Statements  
June 30, 2014

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

**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, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position - Amount of net position that is 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 is neither classified as restricted nor as net investment in capital assets.

**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, 2013, from which the summarized information was derived.

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

**1. Cash and Investments**

The 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 fiduciary funds use 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; the Wisconsin local government investment pool; and the Wisconsin investment series cooperative. Investments in the private-purpose trust fund and employee benefit trust fund may be invested in other types of investments as authorized under Wisconsin Statute 881.01, "Uniform Prudent Investor Act".



**HOWARD-SUAMICO SCHOOL DISTRICT**  
Green Bay, Wisconsin  
Notes to Basic Financial Statements  
June 30, 2014

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

The carrying amount of the District's cash and investments totaled \$34,202,344 on June 30, 2014 as summarized below:

Petty cash funds	\$ 950
Deposits with financial institutions	15,336,217
Investments	
Wisconsin investment series cooperative	18,658,949
Wisconsin local government investment pool	206,228
	<u>\$ 34,202,344</u>

Reconciliation to the basic financial statements:

District-wide Statement of Net Position	
Cash and investments	\$ 19,687,959
Fiduciary funds Statement of Net Position	
Employee benefit trust fund	14,277,403
Agency funds	236,982
	<u>\$ 34,202,344</u>

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 deposits 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 deposits 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.

On June 30, 2014, \$489,496 of the District's deposits with financial institutions were in excess of federal and state depository insurance limits and uncollateralized.

**HOWARD-SUAMICO SCHOOL DISTRICT**

Green Bay, Wisconsin

Notes to Basic Financial Statements

June 30, 2014

**NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)**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. Presented below is the actual rating as of year-end for each investment type.

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Not Rated
Wisconsin investment series cooperative	\$ 18,658,949	\$ -	\$ 18,658,949	\$ -	\$ -
Wisconsin local government investment pool	206,228	-	-	-	206,228
Totals	<u>\$ 18,865,177</u>	<u>\$ -</u>	<u>\$ 18,658,949</u>	<u>\$ -</u>	<u>\$ 206,228</u>

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. There were no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments.

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
Wisconsin investment series cooperative	\$ 18,658,949	\$ 18,658,949	\$ -	\$ -	\$ -
Wisconsin local government investment pool	206,228	206,228	-	-	-
Totals	<u>\$ 18,865,177</u>	<u>\$ 18,865,177</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Investment in Wisconsin Investment Series Cooperative

The District has investments in the Wisconsin Investment Series Cooperative (WISC) of \$18,658,949 at year end consisting of \$18,337,710 invested in the Cash Management Series and \$321,239 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.

## HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin  
Notes to Basic Financial Statements  
June 30, 2014

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

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 Statutes, 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.

#### Investment in Wisconsin Local Government Investment Pool

The District has investments in the Wisconsin local government investment pool of \$206,228 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2014, the fair value of the District's share of the LGIP's assets was substantially equal to the carrying value.

#### 2. 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. On or before January 15, and by the 20th of each subsequent month thereafter, 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.

# HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin  
Notes to Basic Financial Statements  
June 30, 2014

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

### 3. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,921,872	\$ 375,690	\$ -	\$ 2,297,562
Capital assets, being depreciated:				
Land improvements	3,776,459	-	-	3,776,459
Buildings	84,337,097	-	-	84,337,097
Machinery and equipment	19,863,879	2,687,075	-	22,550,954
Subtotals	107,977,435	2,687,075	-	110,664,510
Less accumulated depreciation for:				
Land improvements	2,528,074	147,018	-	2,675,092
Buildings	35,508,800	1,941,361	-	37,450,161
Machinery and equipment	14,681,258	1,368,369	-	16,049,627
Subtotals	52,718,132	3,456,748	-	56,174,880
Total capital assets, being depreciated, net	55,259,303	(769,673)	-	54,489,630
Governmental activities capital assets, net	\$ 57,181,175	\$ (393,983)	\$ -	56,787,192
Less related long-term debt outstanding				26,690,000
Net investment in capital assets				<u>\$ 30,097,192</u>
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Land improvements	\$ 3,550	\$ -	\$ -	\$ 3,550
Machinery and equipment	1,096,889	27,756	-	1,124,645
Subtotals	1,100,439	27,756	-	1,128,195
Less accumulated depreciation for:				
Land improvements	3,550	-	-	3,550
Machinery and equipment	736,454	89,138	-	825,592
Subtotals	740,004	89,138	-	829,142
Business-type activities capital assets, net	\$ 360,435	\$ (61,382)	\$ -	<u>\$ 299,053</u>
Depreciation expense was charged to functions of the District as follows:				
Governmental activities				
Depreciation expense - unallocated				<u>\$ 3,456,748</u>
Business-type activities				
Food service				<u>\$ 89,138</u>

# HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin  
Notes to Basic Financial Statements  
June 30, 2014

## 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, 2014:

	Outstanding 7/1/13	Issued	Retired	Outstanding 6/30/14	Due Within One Year
<b>Governmental activities:</b>					
General Obligation Debt					
Bonds	\$ 27,025,000	\$ 6,460,000	\$ 8,805,000	\$ 24,680,000	\$ 2,930,000
Notes	2,200,000	-	190,000	2,010,000	230,000
Bond premium	368,900	97,622	28,953	437,569	-
Governmental activities					
Long-term obligations	<u>\$ 29,593,900</u>	<u>\$ 6,557,622</u>	<u>\$ 9,023,953</u>	<u>\$ 27,127,569</u>	<u>\$ 3,160,000</u>

Total interest paid during the year on long-term debt totaled \$1,315,831.

### General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

#### Bonds

\$6,000,000 issued 5/15/05; \$250,000 to \$1,455,000 due annually through 2018; interest 3.25% to 4.00%	\$ 5,670,000
\$5,850,000 issued 6/15/06; \$1,300,000 to \$1,615,000 due annually through 2019; interest 4.00% to 4.25%	5,850,000
\$15,810,000 issued 5/09/07; \$415,000 to \$925,000 due annually through 2022; interest 4.00% to 5.00%	5,630,000
\$7,425,000 issued 5/09/07; \$1,070,000 to \$2,460,000 due annually through 2015; interest 4.00% to 4.13%	1,070,000
\$6,460,000 issued 3/4/14; \$70,000 to \$1,210,000 due annually through 2027; interest 2.00% to 3.00%	6,460,000

#### Notes

\$2,500,000 issued 5/2/11; \$150,000 to \$300,000 due annually through 2021; interest 4.90%	<u>2,010,000</u>
--	------------------

Total Outstanding General Obligation Debt

\$ 26,690,000

Annual principal and interest maturities of the outstanding general obligation debt of \$26,690,000 on June 30, 2014 are detailed below:

Year Ended June 30	Principal	Interest	Total
2015	\$ 3,160,000	\$ 1,071,367	\$ 4,231,367
2016	3,620,000	953,550	4,573,550
2017	3,800,000	817,513	4,617,513
2018	3,955,000	675,963	4,630,963
2019	2,825,000	525,163	3,350,163
2020-2024	5,805,000	1,274,519	7,079,519
2025-2027	3,525,000	207,813	3,732,813
	<u>\$ 26,690,000</u>	<u>\$ 5,525,888</u>	<u>\$ 32,215,888</u>

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

**HOWARD-SUAMICO SCHOOL DISTRICT**  
Green Bay, Wisconsin  
Notes to Basic Financial Statements  
June 30, 2014

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

Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2014 was \$213,992,112 as follows:

Equalized valuation of the District	\$ 2,399,309,164
Statutory limitation percentage	(x) 10%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	239,930,916
Total outstanding general obligation debt applicable to debt limitation	\$ 26,690,000
Less: Amounts available for financing general obligation debt	
Debt service fund, less accrued interest	(751,196)
Net outstanding general obligation debt applicable to debt limitation	25,938,804
Legal Margin for New Debt	<u>\$ 213,992,112</u>

Advance Refunding

During 2013-2014, the District advance refunded a portion of the general obligation bond issue from 2007. The District issued \$6,460,000 of general obligation refunding bonds to provide resources to purchase U.S. Government and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements. This advance refunding was undertaken to reduce total debt service payments by \$645,963 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$534,776.

At June 30, 2014, \$5,790,000 of outstanding general obligation bonds are considered defeased.

5. Fund Statements

In the fund financial statements, portions of governmental fund balances are restricted by externally enforceable legal restrictions. At June 30, 2014, fund balance was restricted as follows:

General Fund	
Restricted for self-funded dental	\$ 189,358
Special Revenue Fund	
Restricted for TEACH fund expenditures	598,169
Debt Service Funds	
Restricted for debt retirement	1,204,818
	<u>\$ 1,992,345</u>

**HOWARD-SUAMICO SCHOOL DISTRICT**  
Green Bay, Wisconsin  
Notes to Basic Financial Statements  
June 30, 2014

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

In the fund financial statements, portions of governmental fund balances are committed by Board of Education action. At June 30, 2014, fund balance was committed as follows:

General Fund	
Committed for early retirement	\$ 3,240,915
Committed for capital improvements	7,190,894
Committed for tax rate stability	132,979
Special Revenue Funds	
Committed for trust fund expenditures	239,492
	<u>\$ 10,804,280</u>

Also in the fund financial statements, portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At June 30, 2014, fund balance was assigned as follows:

General Fund	
Assigned for subsequent year's budget	\$ 206,168
Special Revenue Funds	
Assigned for community service	240,333
Assigned for The Giving Tree community service	96,876
	<u>\$ 543,377</u>

Minimum Fund Balance Policy

The Board of Education has adopted a policy that fund balance in the amount of at least 5% of general fund revenues be maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Actual 2013-2014 General Fund Revenues	\$ 58,553,321
Minimum Fund Balance %	5%
Minimum Fund Balance Amount	<u>\$ 2,927,666</u>

The District's unassigned general fund balance of \$6,665,497 exceeds the above minimum fund balance amount.



## HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin  
Notes to Basic Financial Statements  
June 30, 2014

### NOTE C - OTHER INFORMATION

#### 1. Retirement Commitments

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

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for employees in the General Employment category 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. Contribution rates are as follows:

	2013		2014	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	6.65%	6.65%	7.0%	7.0%
Executives & Elected Officials	7.0%	7.0%	7.75%	7.75%
Protective with Social Security	6.65%	9.75%	7.0%	10.1%
Protective without Social Security	6.65%	12.35%	7.0%	13.7%

The payroll for District employees covered by the WRS for the year ended June 30, 2014 was \$28,192,586; the employer's total payroll was \$29,795,538. The total required contribution for the year ended June 30, 2014 was \$3,850,520, which consisted of \$1,925,260 or 6.65% of covered payroll from the employer for July 1, 2013 through December 31, 2013 and 7.00% of payroll from the employer for January 1, 2014 through June 30, 2014, and \$1,925,260, or 6.65% of payroll from employees for July 1, 2013 through December 31, 2013 and 7.00% of payroll from the employees for January 1, 2014 through June 30, 2014. Total contributions for the years ended June 30, 2013 and 2012 were \$3,476,735 and \$3,119,232, respectively, equal to the required contributions for each year.

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

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes.

The WRS issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.



**HOWARD-SUAMICO SCHOOL DISTRICT**

Green Bay, Wisconsin

Notes to Basic Financial Statements

June 30, 2014

**NOTE C - OTHER INFORMATION (Continued)****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, 2013 used for the latest actuarial valuation:

	Active Employees	Retirees Receiving Benefits	Total
Teachers	394	90	484
Administrative	20	4	24
Pupil Services	17	0	17
Total	431	94	525

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

	Eligibility Requirement		Benefit
	Age	Service	
Teachers	55	15 years	Credit/benefit under a Cafeteria Plan determined by the final contracted salary multiplied by a factor derived by years of service and step level
Administrative	N/A	10 - 14 years	80% of final year's salary contributed to a Tax Sheltered Annuity (TSA) over 5 years
	N/A	15 years	100% of final year's salary contributed to a TSA over 5 years
Pupil Services	N/A	15 years	100% of final year's salary contributed to a TSA over 5 years

The plan does not issue separate financial statements.

**b. Funding Policy**

For fiscal years prior to 2007-08, these benefits were funded on a pay-as-you-go basis. Subsequent to the 2007-08 year, these benefits were funded based upon an actuarial valuation and recorded in the District's Employee Benefit Trust Fund. The plan does not issue separate financial statements.

**HOWARD-SUAMICO SCHOOL DISTRICT**

Green Bay, Wisconsin

Notes to Basic Financial Statements

June 30, 2014

**NOTE C - OTHER INFORMATION (Continued)**c. Annual Pension Cost and Net Pension Obligation

The District's annual pension costs for the year ended June 30, 2014 and related actuarial assumptions used for the current year are as follows:

Annual required contribution	
Normal cost	\$ 493,271
Amortization of UAAL over 7 years	740,450
Interest on net pension obligation	-
Adjustment to annual requirement	-
Annual pension cost	<u>1,233,721</u>
Contributions made	<u>1,233,721</u>
Change in net pension obligation	-
Net pension obligation (asset) beginning of year	-
Net pension obligation (asset) end of year	<u>\$ -</u>

The annual required contribution for the current year was determined as part of the July 1, 2013 actuarial valuation using the unit credit cost method. The actuarial assumptions included a 5.5% investment rate of return (net of administrative expenses). It was assumed that employees would not have any other service prior to hire by the District. The unfunded actuarial accrued liability is being amortized, as a level dollar amortization, on an open basis. The remaining amortization period at June 30, 2014 was 7 years.

**Trend Information**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/14	\$ 1,233,721	100%	\$ -
6/30/13	1,476,942	100%	-
6/30/12	2,098,094	100%	-

d. Funding Status and Funding Progress

As of July 1, 2013 the actuarial accrued liability for benefits was \$9,371,839. With plan assets of \$5,163,888, the unfunded actuarial accrued liability was \$4,207,951.

**HOWARD-SUAMICO SCHOOL DISTRICT**

Green Bay, Wisconsin  
Notes to Basic Financial Statements  
June 30, 2014

**NOTE C - OTHER INFORMATION (Continued)****3. Post-Employment Health Care Benefits**

The District has established the Howard-Suamico School District 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 Descriptions and Contribution Information**

Membership of the Plan at July 1, 2013, the date of the latest actuarial valuation:

	Active Employees	Retirees Receiving Benefits	Total
Teachers	394	90	484
Administrative	20	4	24
Pupil Services	17	-	17
Total	431	94	525

Plan Description. 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 coverage through the District's group plans. District paid medical benefits last until the retiree reaches age 65 while coverage for the spouse lasts until the retiree reaches age 65. Eligible employees of the District will receive the following:

Teachers	95% Single or 50% Family until Medicare eligible
Administrative	100% Single or Family for a period of 8 years not to exceed Medicare eligible
Pupil Services	95% Single or 80% Family for a period of 8 years not to exceed Medicare eligible

**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 four 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	\$ 1,966,257
Interest on net OPEB	(26,761)
Adjustment to annual required contribution	84,086
Annual OPEB cost (expense)	2,023,582
Contributions made	1,966,257
Change in net OPEB obligation	57,325
OPEB obligation - beginning of year	(486,556)
OPEB obligation - end of year	\$ (429,231)

**HOWARD-SUAMICO SCHOOL DISTRICT**

Green Bay, Wisconsin

Notes to Basic Financial Statements

June 30, 2014

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

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, 2013
Actuarial cost method	Unit Credit
Amortization method	7 year open level dollar of payroll
Remaining amortization period	7 years
Actuarial assumptions:	
Investment rate of return	5.50%
Level percent increases	3.00%
Projected salary increases	4%

*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 Annual OPEB Cost Contributed	Percentage of ARC Contributed	Net OPEB Obligation (Asset)
6/30/2014	\$ 2,023,582	\$ 1,966,257	97%	100%	\$ (429,231)
6/30/2013	2,491,880	2,401,157	96%	100%	(486,556)
6/30/2012	3,539,668	3,366,947	95%	100%	(577,279)

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	Actuarial Accrued Liability (AAL) - Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2013	\$ 7,763,577	\$ 14,089,965	\$ 6,326,388	55.10%	\$ 29,795,538	21.23%

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.

## HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin

Notes to Basic Financial Statements

June 30, 2014

### NOTE C - OTHER INFORMATION (Continued)

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.

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. Subsequent Event

In 2014, a referendum was passed that authorized the issuance of \$13,400,000 of General Obligation Bonds. The bonds are being issued for the purpose of paying the cost of capital projects.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**HOWARD-SUAMICO SCHOOL DISTRICT**  
Green Bay, Wisconsin  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
General Fund - Budgetary Basis  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 16,487,478	\$ 16,487,478	\$ 16,487,478	\$ -
Other local sources	640,159	640,159	665,907	25,748
Interdistrict sources	2,613,455	2,613,455	2,655,552	42,097
Intermediate sources	22,000	22,230	19,539	(2,691)
State sources	35,006,202	35,006,202	35,001,711	(4,491)
Federal sources	480,706	504,890	553,864	48,974
Other sources	-	368,217	414,073	45,856
<b>Total Revenues</b>	<b>55,250,000</b>	<b>55,642,631</b>	<b>55,798,124</b>	<b>155,493</b>
<b>Expenditures</b>				
Instruction				
Regular instruction	25,233,066	25,491,574	25,415,420	76,154
Vocational instruction	1,632,697	1,667,862	1,663,571	4,291
Other instruction	3,053,336	3,129,643	3,097,823	31,820
<b>Total Instruction</b>	<b>29,919,099</b>	<b>30,289,079</b>	<b>30,176,814</b>	<b>112,265</b>
Support Services				
Pupil services	1,602,966	1,529,311	1,515,956	13,355
Instructional staff services	3,633,376	3,502,729	3,452,060	50,669
General administration services	765,820	794,508	764,165	30,343
School administration services	2,894,553	2,886,945	2,906,756	(19,811)
Business services	889,930	858,538	970,406	(111,868)
Operations and maintenance of plant	5,502,119	5,776,865	5,596,714	180,151
Pupil transportation services	1,838,014	1,856,910	1,871,475	(14,565)
Central services	1,842,164	1,778,594	1,752,884	25,710
Insurance	398,357	358,357	353,033	5,324
<b>Total Support Services</b>	<b>19,367,299</b>	<b>19,342,757</b>	<b>19,183,449</b>	<b>159,308</b>
Non-program				
General tuition payments	1,337,800	1,203,452	1,143,717	59,735
Adjustments and refunds	8,510	110	102	8
<b>Total Non-program</b>	<b>1,346,310</b>	<b>1,203,562</b>	<b>1,143,819</b>	<b>59,743</b>
<b>Total Expenditures</b>	<b>50,632,708</b>	<b>50,835,398</b>	<b>50,504,082</b>	<b>331,316</b>
<b>Excess of Revenues Over Expenditures</b>	<b>4,617,292</b>	<b>4,807,233</b>	<b>5,294,042</b>	<b>486,809</b>
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	-	5,313	12,972	7,659
Indirect cost payments from another fund	-	-	31,895	31,895
Transfers out	(4,964,627)	(4,964,627)	(4,878,347)	86,280
<b>Total Other Financing Sources (Uses)</b>	<b>(4,964,627)</b>	<b>(4,959,314)</b>	<b>(4,833,480)</b>	<b>125,834</b>
<b>Net Change in Fund Balance</b>	<b>(347,335)</b>	<b>(152,081)</b>	<b>460,562</b>	<b>612,643</b>
<b>Fund Balance - July 1</b>	<b>17,643,414</b>	<b>17,643,414</b>	<b>17,643,414</b>	<b>-</b>
<b>Fund Balance - June 30</b>	<b>\$ 17,296,079</b>	<b>\$ 17,491,333</b>	<b>\$ 18,103,976</b>	<b>\$ 612,643</b>

The notes to the required supplementary information are an integral part of this schedule.

# HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, 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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interdistrict sources	\$ 53,600	\$ 53,600	\$ 35,268	\$ (18,332)
Intermediate sources	-	73,978	75,572	1,594
State sources	1,650,000	1,782,500	1,768,801	(13,699)
Federal sources	1,063,494	1,076,845	875,556	(201,289)
<b>Total Revenues</b>	<b>2,767,094</b>	<b>2,986,923</b>	<b>2,755,197</b>	<b>(231,726)</b>
<b>Expenditures</b>				
Instruction				
Vocational instruction	44,134	48,534	42,800	5,734
Special education instruction	5,940,194	5,906,314	5,758,600	147,714
<b>Total Instruction</b>	<b>5,984,328</b>	<b>5,954,848</b>	<b>5,801,400</b>	<b>153,448</b>
Support Services				
Pupil services	602,715	1,152,097	1,081,570	70,527
Instructional staff services	313,333	331,033	273,605	57,428
Business services	-	-	12,000	(12,000)
Operations and maintenance of plant	2,000	2,000	750	1,250
Pupil transportation services	338,230	316,057	235,154	80,903
<b>Total Support Services</b>	<b>1,256,278</b>	<b>1,801,187</b>	<b>1,603,079</b>	<b>198,108</b>
Non-program				
Special education tuition payments	491,115	182,115	183,807	(1,692)
Revenue transits to others	-	13,400	13,363	37
<b>Total Non-program</b>	<b>491,115</b>	<b>195,515</b>	<b>197,170</b>	<b>(1,655)</b>
<b>Total Expenditures</b>	<b>7,731,721</b>	<b>7,951,550</b>	<b>7,601,649</b>	<b>349,901</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(4,964,627)</b>	<b>(4,964,627)</b>	<b>(4,846,452)</b>	<b>118,175</b>
<b>Other Financing Sources</b>				
Transfers in	4,964,627	4,964,627	4,878,347	(86,280)
Indirect cost payments from another fund	-	-	(31,895)	(31,895)
<b>Total Other Financing Sources (Uses)</b>	<b>4,964,627</b>	<b>4,964,627</b>	<b>4,846,452</b>	<b>(118,175)</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - July 1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - June 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The notes to the required supplementary information are an integral part of this schedule.



**HOWARD-SUAMICO SCHOOL DISTRICT**

Green Bay, Wisconsin

Schedule of Funding Progress

Other Post-Employment Benefits Plan

For the Year Ended June 30, 2014

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>						
January 1, 2010	\$ 1,936,106	\$ 8,370,539	23.13%	\$ 6,434,433	\$ 25,959,352	24.79%
July 1, 2011	2,949,355	8,630,787	34.17%	5,681,432	28,427,611	19.99%
July 1, 2013	5,163,888	9,371,839	55.10%	4,207,951	29,795,538	14.12%
<b>Other Post-Employment Benefits</b>						
January 1, 2010	3,339,356	14,377,340	23.23%	11,037,984	25,959,352	42.52%
July 1, 2011	4,585,769	13,419,478	34.17%	8,833,709	28,427,611	31.07%
July 1, 2013	7,763,577	14,089,965	55.10%	6,326,388	29,795,538	21.23%

The notes to the required supplementary information are an integral part of this schedule.

**HOWARD-SUAMICO SCHOOL DISTRICT**

Green Bay, Wisconsin

Schedule of Employer Contributions

Other Post-Employment Benefits Plan

For the Year Ended June 30, 2014

Year Ended June 30,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
------------------------	---------------------------	--	---------------------------

## Supplemental Pension

2012	\$ 2,098,094	\$ 2,098,094	100%
2013	1,476,942	1,476,942	100%
2014	1,233,721	1,233,721	100%

## Other Post-Employment Benefits

2012	3,366,947	3,366,947	100%
2013	2,401,157	2,401,157	100%
2014	1,966,257	1,966,257	100%

The notes to the required supplementary information are an integral part of this schedule.

**HOWARD-SUAMICO SCHOOL DISTRICT**  
Green Bay, Wisconsin  
Notes to Required Supplemental Information  
For the Year Ended June 30, 2014

**NOTE A - GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 45**

The District implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions" for the fiscal year ended June 30, 2008. Information for prior years is not available.

**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.

The District did not have any material violation of legal or contractual provisions for the fiscal year ended June 30, 2014.

**HOWARD-SUAMICO SCHOOL DISTRICT**  
Green Bay, Wisconsin  
Notes to Required Supplemental Information (Continued)  
For the Year Ended June 30, 2014

**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 which is reported with the general fund in accordance with generally accepted accounting principles. An explanation of the differences between Revenues, Expenditures, and Other Financing Sources (Uses) for funds on a budgetary fund basis and a GAAP general fund basis is summarized below:

	General Fund	Special Education Fund
Revenues		
Actual amounts (budgetary basis)	\$ 55,798,124	\$ 2,755,197
Reclassification of special education	2,755,197	(2,755,197)
Total Revenues	58,553,321	-
Expenditures		
Actual amounts (budgetary basis)	50,504,082	7,601,649
Reclassification of special education	7,601,649	(7,601,649)
Total Expenditures	58,105,731	-
Excess of Revenues Over (Under) Expenditures		
Actual amounts (budgetary basis)	5,294,042	(4,846,452)
Reclassification of special education	(4,846,452)	4,846,452
Excess of Revenues Over (Under) Expenditures	447,590	-
Other Financing Sources (Uses)		
Actual amounts (budgetary basis)	(4,833,480)	4,846,452
Reclassification of special education	4,846,452	(4,846,452)
Total Other Financing Sources (Uses)	12,972	-
Net Change in Fund Balance		
Actual amounts (budgetary basis)	460,562	-
Fund Balance - January 1		
Actual amounts (budgetary basis)	17,643,414	-
Fund Balance - December 31		
Actual amounts (budgetary basis)	\$ 18,103,976	\$ -

## **SUPPLEMENTARY INFORMATION**

# HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2014

(With summarized financial information as of June 30, 2013)

	Special Revenue Funds				
	Trust Fund	TEACH Fund	Other Special Projects Fund	Community Service Funds	
				District	The Giving Tree
<b>ASSETS</b>					
Cash and investments	\$ 250,832	\$ 598,169	\$ -	\$ 246,093	\$ 98,467
Receivables					
Accounts	56	-	-	9,526	-
Due from other governments	-	-	8,463	-	-
<b>TOTAL ASSETS</b>	<b>\$ 250,888</b>	<b>\$ 598,169</b>	<b>\$ 8,463</b>	<b>\$ 255,619</b>	<b>\$ 98,467</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 11,396	\$ -	\$ 192	\$ -	\$ 1,591
Accrued payroll liabilities	-	-	1,434	15,286	-
Due to other funds	-	-	6,837	-	-
Total Liabilities	11,396	-	8,463	15,286	1,591
Fund Balances					
Restricted	-	598,169	-	-	-
Committed	239,492	-	-	-	-
Assigned	-	-	-	240,333	96,876
Total Fund Balances	239,492	598,169	-	240,333	96,876
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 250,888</b>	<b>\$ 598,169</b>	<b>\$ 8,463</b>	<b>\$ 255,619</b>	<b>\$ 98,467</b>

Other Package & Coop Funds	Debt Service		Total Nonmajor Governmental Funds	
	Non- Referendum Debt Service Fund			
			2014	2013
\$ -	\$ 26,328	\$ 1,219,889	\$ 1,153,476	
-	-	9,582	6,317	
25,000	-	33,463	8,015	
\$ 25,000	\$ 26,328	\$ 1,262,934	\$ 1,167,808	

\$ 10,550	\$ -	\$ 23,729	\$ 13,424	
3,792	-	20,512	3,460	
10,658	-	17,495	7,552	
25,000	-	61,736	24,436	

-	26,328	624,497	623,047	
-	-	239,492	226,030	
-	-	337,209	294,295	
-	26,328	1,201,198	1,143,372	

\$ 25,000	\$ 26,328	\$ 1,262,934	\$ 1,167,808	
-----------	-----------	--------------	--------------	--

# HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2014

(With summarized financial information for the year ended June 30, 2013)

	Special Revenue Funds				
	Trust Fund	TEACH Fund	Other Special Projects Fund	Community Service Funds	
				District	The Giving Tree
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ 173,878	\$ -
Other local sources	438,257	498	-	230,117	62,697
State sources	-	-	-	-	-
Federal sources	-	-	35,236	-	-
Other sources	-	-	-	-	-
Total Revenues	438,257	498	35,236	403,995	62,697
Expenditures					
Instruction					
Regular instruction	95,052	-	-	-	-
Vocational instruction	3,914	-	-	-	-
Other instruction	213,158	-	-	-	-
Total Instruction	312,124	-	-	-	-
Support Services					
Pupil services	365	-	35,236	-	-
Instructional staff services	12,130	-	-	-	-
School administration services	7,836	-	-	-	-
Business services	6,397	-	-	-	-
Operations and maintenance of plant	8,636	-	-	29,788	-
Pupil transportation services	77,307	-	-	-	9,463
Other support services	-	-	-	151,828	-
Community Services	-	-	-	178,329	54,355
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Support Services	112,671	-	35,236	359,945	63,818
Non-program					
Revenue transits to others	-	-	-	-	-
Total Expenditures	424,795	-	35,236	359,945	63,818
Excess of Revenues Over (Under) Expenditures	13,462	498	-	44,050	(1,121)
Other Financing Uses					
Transfers out	-	-	-	(15)	-
Net Change in Fund Balances	13,462	498	-	44,035	(1,121)
Fund Balances - July 1	226,030	597,671	-	196,298	97,997
Fund Balances - June 30	\$ 239,492	\$ 598,169	\$ -	\$ 240,333	\$ 96,876



Other Package & Coop Funds	Debt Service		Total Nonmajor Governmental Funds	
	Non- Referendum Debt Service Fund			
			2014	2013
\$ -	\$ 200,658	\$ 374,536	\$ 323,878	
-	33	731,602	711,905	
25,000	-	25,000	-	
-	-	35,236	33,317	
-	112,761	112,761	122,500	
25,000	313,452	1,279,135	1,191,600	
-	-	95,052	107,916	
-	-	3,914	5,123	
-	-	213,158	200,237	
-	-	312,124	313,276	
-	-	35,601	33,412	
14,450	-	26,580	14,886	
-	-	7,836	6,247	
-	-	6,397	1,751	
-	-	38,424	1,473,604	
-	-	86,770	22,004	
-	-	151,828	146,061	
-	-	232,684	244,454	
	190,000	190,000	150,000	
-	122,500	122,500	122,500	
14,450	312,500	898,620	2,214,919	
10,550	-	10,550	-	
25,000	312,500	1,221,294	2,528,195	
-	952	57,841	(1,336,595)	
-	-	(15)	-	
-	952	57,826	(1,336,595)	
-	25,376	1,143,372	2,479,967	
\$ -	\$ 26,328	\$ 1,201,198	\$ 1,143,372	

**HOWARD-SUAMICO SCHOOL DISTRICT**  
Green Bay, Wisconsin  
Pupil Activity Fund  
Schedule of Changes in Assets and Liabilities  
For the Year Ended June 30, 2014

	Balance 7/1/13	Receipts	Disbursements	Balance 6/30/14
<b>ASSETS</b>				
Cash	\$ 209,697	\$ 1,004,901	\$ 977,616	\$ 236,982
<b>LIABILITIES</b>				
Due to student organizations				
Forest Glen Elementary School	\$ 3,476	\$ 21,594	\$ 19,081	\$ 5,989
Bay Harbor Elementary School	4,779	23,830	22,199	6,410
Howard Elementary School	1,685	6,128	6,122	1,691
Meadowbrook Elementary School	3,387	14,831	16,225	1,993
Suamico Elementary School	3,933	11,031	10,588	4,376
Lineville Intermediate School	6,107	49,304	46,786	8,625
Bay View Middle School	5,951	61,803	64,126	3,628
Bay Port High School	180,379	816,380	792,489	204,270
<b>TOTAL LIABILITIES</b>	<u>\$ 209,697</u>	<u>\$ 1,004,901</u>	<u>\$ 977,616</u>	<u>\$ 236,982</u>

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

**INDEPENDENT AUDITORS' 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  
Howard-Suamico School District  
Green Bay, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Howard-Suamico School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Howard-Suamico School District's basic financial statements, and have issued our report thereon dated October 8, 2014.

**Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2014-001 that we consider to be a significant deficiency.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Howard-Suamico School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not 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*.

### **Howard-Suamico School District's Response to Finding**

Howard-Suamico School District's response to the finding identified in our audit is described in the accompanying schedule of prior year audit findings and corrective action plan. Howard-Suamico School District'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 result of that testing, and not to provide an opinion on the effectiveness of Howard-Suamico School District'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 Howard-Suamico School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants  
Green Bay, Wisconsin  
October 8, 2014

## **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 OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT GUIDELINES**

To the Board of Education  
Howard-Suamico School District  
Green Bay, Wisconsin

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

We have audited Howard-Suamico School District's compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 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 Howard-Suamico School District's major federal and state programs for the year ended June 30, 2014. Howard-Suamico School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. The District's major state programs are identified on the accompanying schedule of state financial assistance.

***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 Howard-Suamico School District'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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines* issued by the State of Wisconsin. Those standards, OMB Circular A-133 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 Howard-Suamico School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, Howard-Suamico School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2014.



## Report on Internal Control Over Compliance

Management of the Howard-Suamico School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Howard-Suamico School District'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 OMB Circular A-133 and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Howard-Suamico School District'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 2014-002 to be a significant deficiency.

Howard-Suamico School District'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. Howard-Suamico School District'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants  
Green Bay, Wisconsin  
October 8, 2014



**HOWARD-SUAMICO SCHOOL DISTRICT**  
Green Bay, Wisconsin  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014

Grantor Agency/Federal Program Title	Pass-through Agency	Federal Catalog Number
--------------------------------------	---------------------	------------------------

**U.S. DEPARTMENT OF AGRICULTURE**

*Child Nutrition Cluster*

School Breakfast Program

Wisconsin Department of Public Instruction

10.553

July 1, 2012 - June 30, 2013

July 1, 2013 - June 30, 2014

National School Lunch Program

Wisconsin Department of Public Instruction

10.555

July 1, 2012 - June 30, 2013

July 1, 2013 - June 30, 2014

Donated Commodities

*Total Child Nutrition Cluster and  
U.S. Department of Agriculture*

**U.S. DEPARTMENT OF EDUCATION**

*Title I, Part A Cluster*

Title I

Wisconsin Department of Public Instruction

84.010

July 1, 2012 - June 30, 2013

July 1, 2013 - June 30, 2014

*Total Title I, Part A Cluster*

*Special Education Cluster*

Individuals with Disabilities Education Act (IDEA)

Wisconsin Department of Public Instruction

84.027

Flow-Through Project #98-2604-10

July 1, 2012 - June 30, 2013

July 1, 2013 - June 30, 2014

Flow-Through - CESA

July 1, 2013 - June 30, 2014

Seclusion and Restraint

July 1, 2012 - June 30, 2013

IDEA Preschool Entitlement

Wisconsin Department of Public Instruction

84.173

July 1, 2012 - June 30, 2013

July 1, 2013 - June 30, 2014

*Total Special Education Cluster*

(Continued)

Revenues				Total Expenditures
(Accrued) or Deferred Revenue 7/1/13	Value or Cash Received	Accrued or (Deferred) Revenue 6/30/14	Total Revenues	

\$ (15,869)	\$ 15,869	\$ -	\$ -	\$ -
-	92,358	4,017	96,375	96,375

(87,737)	87,737	-	-	-
-	589,565	22,170	611,735	611,735
-	172,674	-	172,674	172,674

(103,606)	958,203	26,187	880,784	880,784
-----------	---------	--------	---------	---------

(81,065)	81,065	-	-	-
-	309,419	34,018	343,437	343,437
(81,065)	390,484	34,018	343,437	343,437

(256,415)	256,415	-	-	-
-	652,561	148,514	801,075	801,075

-	7,500	-	7,500	7,500
---	-------	---	-------	-------

(2,016)	2,016	-	-	-
---------	-------	---	---	---

(6,712)	6,712	-	-	-
-	21,567	5,640	27,207	27,207

(265,143)	946,771	154,154	835,782	835,782
-----------	---------	---------	---------	---------

**HOWARD-SUAMICO SCHOOL DISTRICT**  
Green Bay, Wisconsin  
Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2014

Grantor Agency/Federal Program Title	Pass-through Agency	Federal Catalog Number
--------------------------------------	---------------------	------------------------

U.S. DEPARTMENT OF EDUCATION (Continued)

Carl Perkins July 1, 2012 - June 30, 2013 July 1, 2013 - June 30, 2014	Wisconsin Department of Public Instruction	84.048
Indian Education Act - Part A July 1, 2012 - June 30, 2013 July 1, 2013 - June 30, 2014	Direct Program	84.060A
Title III-A English as a Second Language July 1, 2012 - June 30, 2013 July 1, 2013 - June 30, 2014	Wisconsin Department of Public Instruction	84.365
ESEA - Title II-A Teacher & Principal Training July 1, 2012 - June 30, 2013 July 1, 2013 - June 30, 2014	Wisconsin Department of Public Instruction	84.367
Total U.S. Department of Education		

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Head Start July 1, 2012 - June 30, 2013	Wisconsin Department of Public Instruction	93.600
School Based Services July 1, 2013 - June 30, 2014	Wisconsin Department of Health Services	93.778
CDC - Basic July 1, 2013 - June 30, 2014	Wisconsin Department of Public Instruction	93.938
Total U.S. Department of Health and Human Services		

**TOTAL FEDERAL AWARDS**

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

Revenues				Total Expenditures
(Accrued) or Deferred Revenue 7/1/13	Value or Cash Received	Accrued or (Deferred) Revenue 6/30/14	Total Revenues	
(5,183)	5,183	-	-	-
-	19,289	-	19,289	19,289
(8,015)	8,015	-	-	-
-	26,772	8,463	35,235	35,235
(3,219)	3,219	-	-	-
-	-	13,350	13,350	13,350
(18,021)	18,021	-	-	-
-	72,391	1,607	73,998	73,998
(380,646)	1,490,145	211,592	1,321,091	1,321,091
(4,408)	4,408	-	-	-
-	152,513	-	152,513	152,513
-	750	-	750	750
(4,408)	157,671	-	153,263	153,263
\$ (488,660)	\$ 2,600,452	\$ 240,720	\$ 2,352,512	\$ 2,352,512

**HOWARD-SUAMICO SCHOOL DISTRICT**

Green Bay, Wisconsin

Schedule of State Financial Assistance

For the Year Ended June 30, 2014

Grantor Agency/State Program Title	Pass-through Agency	State I.D. Number
------------------------------------	---------------------	-------------------------

**ENTITLEMENT PROGRAMS****WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION****MAJOR STATE PROGRAMS**

Handicapped Pupils and School Age Parents	Direct Program	255.101
Internal District Programs		
General Equalization	Direct Program	255.201
July 1, 2012 - June 30, 2013		
July 1, 2013 - June 30, 2014		
Per Pupil Adjustment Aid	Direct Program	
July 1, 2013 - June 30, 2014		255.925

**TOTAL MAJOR ENTITLEMENT PROGRAMS****NONMAJOR STATE PROGRAMS**

State Lunch	Direct Program	255.102
Common School Fund Library Aid	Direct Program	255.103
Bilingual/Bicultural Aid	Direct Program	255.106
Pupil Transportation Aid	Direct Program	255.107
Nutrition Improvement Elderly	Direct Program	255.108
High Cost Special Education Aid	Direct Program	255.210
Peer Review Mentoring Grant	Direct Program	255.301
State Breakfast	Direct Program	255.344
DFI Financial Literacy School Projects	Direct Program	255.350
Educator Effective Eval Sys	Direct Program	255.940

**TOTAL NONMAJOR ENTITLEMENT PROGRAMS****TOTAL STATE ENTITLEMENT PROGRAMS****TOTAL STATE FINANCIAL ASSISTANCE**

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

Revenues				Total Expenditures
(Accrued) or Deferred Revenue 7/1/13	Cash Received	Accrued or (Deferred) Revenue 6/30/14	Total Revenues	

\$ -	\$ 1,761,444	\$ -	\$ 1,761,444	\$ 1,761,444
(612,937)	612,937	-	-	-
-	33,512,004	613,578	34,125,582	34,125,582
-	416,100	-	416,100	416,100
(612,937)	36,302,485	613,578	36,303,126	36,303,126
-	27,455	-	27,455	27,455
-	222,427	-	222,427	222,427
-	7,626	-	7,626	7,626
-	136,844	-	136,844	136,844
-	141	-	141	141
-	7,357	-	7,357	7,357
-	-	25,000	25,000	25,000
-	7,755	-	7,755	7,755
(4,599)	4,599	-	-	-
-	35,040	-	35,040	35,040
(4,599)	449,244	25,000	469,645	469,645
(617,536)	36,751,729	638,578	36,772,771	36,772,771
\$ (617,536)	\$ 36,751,729	\$ 638,578	\$ 36,772,771	\$ 36,772,771

## **HOWARD-SUAMICO SCHOOL DISTRICT**

Green Bay, Wisconsin

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance  
For the Year Ended June 30, 2014

### **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 Howard-Suamico School District and are presented on the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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 - SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM**

The 2013-2014 eligible costs under the State Special Education Program as reported by the District are \$6,396,282.

### **NOTE C - 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.

**HOWARD-SUAMICO SCHOOL DISTRICT**  
Green Bay, Wisconsin  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2014

**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 deficiency(ies) 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 deficiency(ies) 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 Section 510(a) of Circular A-133?	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 Program
	<i>Special Education Cluster</i>
84.027	IDEA Flow Through
84.173	Preschool Entitlement

Audit threshold used to determine between Type A and Type B programs:	
Federal	\$300,000
State	\$100,000
Auditee qualified as low-risk auditee	Yes



**HOWARD-SUAMICO SCHOOL DISTRICT**  
Green Bay, Wisconsin  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2014

**Section II - Financial Statement Findings**

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

**2014-001      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.

**HOWARD-SUAMICO SCHOOL DISTRICT**  
Green Bay, Wisconsin  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2014

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

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

**2014-002      Financial Reporting for Federal and State Financial Assistance**

CFDA #: All federal programs

State IDs: All state programs

Condition: OMB Circular A-133 and the *State Single Audit Guidelines* requires the District to prepare appropriate financial statements, including the schedules of expenditures of federal awards and state financial assistance. While the current staff of the District maintain financial records supporting amounts reported in the schedules of expenditures of federal awards and state financial assistance, the District contracts with Schenck to compile the data from these records and assist with preparation of the single audit report for the District.

Criteria: Having staff with expertise in federal and state financial reporting prepare the District's single audit report is an internal control intended to prevent, detect and correct a potential misstatement in the schedules of expenditures of federal awards and state financial assistance, or accompanying notes to the schedule.

Cause: The additional costs associated with hiring staff sufficiently experienced to prepare the District's single audit report, including the 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 District personnel continue reviewing the District's single audit report. 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 ensure all federal and state financial assistance programs are properly reported in the District's single audit report.

**HOWARD-SUAMICO SCHOOL DISTRICT**  
Green Bay, Wisconsin  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2014

**Section IV - Other Issues**

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

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

Wisconsin Department of Public Instruction Yes  
Wisconsin Department of Health Services 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

October 8, 2014

**HOWARD-SUAMICO SCHOOL DISTRICT**  
Green Bay, Wisconsin  
Schedule of Prior Year Audit Findings and Corrective Action Plan  
For the Year Ended June 30, 2014

**Status of Prior Year Audit Finding**

The findings noted in the 2013 Schedule of Findings and Questioned Costs have been reported to the proper federal and state agencies. Management continues to believe the cost to hire additional staff to eliminate the control deficiencies identified as 2013-01 and 2013-02 outweigh the benefits to be received. Management reviews the financial report and the single audit report prepared by Schenck.

**Corrective Action Plan for Audit Findings**

**2014-001 Preparation of Annual Financial Report**

Management believes the cost of additional staff time and training to prepare year-end closing entries and reports outweigh the benefits to be received.

**2014-002 Financial Reporting for Federal and State Financial Assistance**

Management believes that the cost of hiring additional staff to compile and prepare the schedule of federal awards and state financial assistance outweigh the benefits to be received. Management will continue to review financial statements and other information prior to issuance.

**Additional Response**

Betty Zimdars, Assistant Superintendent of Business and Information Services, is the contact person for the District. Betty 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