

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

ANNUAL FINANCIAL REPORT

JUNE 30, 2015

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
June 30, 2015

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Green Bay, Wisconsin
June 30, 2015

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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 Howard-Suamico School District, Wisconsin, ("the District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note C.7, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pension - An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the schedules relating to pensions and other post-employment benefits on pages 4 through 10 and 48 through 54 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 2014 financial statements, and our report dated October 8, 2014, 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, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2015, 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
November 27, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS



Howard Suamico School District

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Management's Discussion and Analysis June 30, 2015

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, 2015.

Financial Highlights

- The District's total net position increased by \$13.72 million. Several factors contributed to the overall increase as follows:
 - Debt was reduced by approximately \$6.8 million faster than the related assets were being consumed.
 - Cumulative change in accounting principal due to Wisconsin Retirement being reported on district audit \$7.1 million
- The 2014-15 equalized tax rate of \$9.30 is 1 cent less or 0.1% lower than the 2013-14 rate of \$9.31.
- As of June 30, 2015, the District's governmental funds reported combined ending fund balances of \$26.6 million, an increase of \$6.1 million in comparison with the prior year. Approximately 71% of this total amount, \$19.6 million is restricted or committed for specific purposes. The balance of \$7.0 million is unassigned fund balance and in compliance with the District fund balance policy.
- As of June 30, 2015, unassigned fund balance for the general fund was \$7.0 million, or approximately 12% of total general fund revenues. These resources are available to be expended at the discretion of the District. A minimum of \$3.0 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, deferred outflows and inflows of resources, and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., 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 eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, referendum debt service fund, and capital projects fund, which are considered to be major funds. Data from the other eight 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 - 47 of this report.

Required Supplementary Information. Required supplementary information for the pension benefits and 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 48 - 54.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds and pupil activity fund are presented following the required supplementary information. Combining and pupil activity fund statements and schedules can be found on pages 57 - 61.

District-wide Financial Analysis

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$65.7 million at the close of 2015. 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.

Howard-Suamico School District's Net Position						
(in thousands of dollars)						
	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 41,238	\$ 26,432	\$ 990	\$ 963	\$ 42,228	\$ 27,395
Capital assets	67,411	56,787	250	299	67,661	57,086
Total Assets	108,649	83,219	1,240	1,262	109,889	84,481
Deferred outflows of resources	6,067	719	-	-	6,067	719
Long-term liabilities outstanding	40,407	27,128	-	-	40,407	27,128
Other liabilities	9,646	5,972	107	100	9,753	6,072
Total Liabilities	50,053	33,100	107	100	50,160	33,200
Deferred inflows of resources	94	-	-	-	94	-
Net Position						
Net investment in capital assets	30,426	30,097	250	299	30,676	30,396
Restricted	16,926	1,539	-	-	16,926	1,539
Unrestricted	17,217	19,202	883	863	18,100	20,065
Total Net Position	\$ 64,569	\$ 50,838	\$ 1,133	\$ 1,162	\$ 65,702	\$ 52,000

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 \$13.7 million, thereby accounting for 100% of the total growth in net position of the District. Key elements of this increase are as follows:

- Cumulative change in accounting principal due to Wisconsin Retirement being reported on district audit \$7.1 million.
- \$.8 million increase in open enrollment tuition.
- \$.4 million increase in per pupil aid.
- \$.5 million increase in tax levy.
- Debt was reduced by approximately \$6.8 million faster than the related assets were being consumed.

Howard-Suamico School District's Change in Net Position						
(In thousands of dollars)						
	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues						
Charges for services	\$ 4,394	\$ 3,719	\$ 1,587	\$ 1,578	\$ 5,981	\$ 5,297
Operating grants and contributions	4,780	4,075	914	916	5,694	4,991
General Revenues						
Property taxes	21,724	20,999	-	-	21,724	20,999
Other taxes	-	9	-	-	-	9
Grants and contributions not restricted to specific programs	34,847	34,562	-	-	34,847	34,562
Other	427	583	-	-	427	583
Total Revenues	66,172	63,947	2,501	2,494	68,673	66,441
Expenses						
Instruction	33,087	33,807	-	-	33,087	33,807
Support services	19,723	20,547	-	-	19,723	20,547
Community service	210	229	-	-	210	229
Interest on long-term debt	1,321	1,438	-	-	1,321	1,438
Other	5,187	4,808	-	-	5,187	4,808
School food service program	-	-	2,530	2,489	2,530	2,489
Total Expenses	59,528	60,829	2,530	2,489	62,058	63,318
Change in Net Position	6,644	3,118	(29)	5	6,615	3,123
Cumulative Effect of Change in Accounting Principles	7,087	-	-	-	7,087	-
Net Position - January 1	50,838	47,720	1,162	1,157	52,000	48,877
Net Position - December 31	\$ 64,569	\$ 50,838	\$ 1,133	\$ 1,162	\$ 65,702	\$ 52,000

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, 2015, the District's governmental funds reported combined ending fund balances of \$26.6 million, an increase of \$6.1 million in comparison with the prior year. Approximately 71% 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 \$7.0 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 12% of total general fund revenues.

The fund balance of the District's general fund decreased by \$0.3 million during the year. Key factors in this are as follows:

- Reduced energy costs
- Financial controls including bidding and purchasing procedures
- Unallocated resources
- Use of allocated resources for capital improvements

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 \$883,500. The total decrease in net position was \$29,004.

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, 2015 amounts to \$67.7 million. This investment in capital assets includes land, land improvements, buildings, machinery and equipment, vehicles, and construction in progress. The total increase in the District's investment in capital assets for the current year was \$10.6 million net of depreciation.

Major capital assets acquired or constructed during the year include:

- District office building project (\$3,698,350)
- Referendum approved pool building project (\$4,611,053)
- Referendum approved capital improvements for safety and security (\$4,537,823)
- Computers and other technology purchases including (\$348,723)
- Athletic Field (\$804,736)
- Major equipment i.e. athletic equipment, instruments, food service, furniture (\$458,765)
- Purchase of maintenance equipment and other maintenance projects (\$113,252)

Howard-Suamico School District's Capital Assets						
(net of accumulated depreciation)						
	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 2,247,562	\$ 2,297,562	\$ -	\$ -	\$ 2,247,562	\$ 2,297,562
Land improvements	1,741,540	1,101,367	-	-	1,741,540	1,101,367
Buildings	57,597,154	46,886,936	-	-	57,597,154	46,886,936
Machinery and equipment	5,824,869	6,501,327	249,789	299,053	6,074,658	6,800,380
Total	\$ 67,411,125	\$ 56,787,192	\$ 249,789	\$ 299,053	\$ 67,660,914	\$ 57,086,245

Long-term debt. At the end of the current fiscal year, the District had total bonded debt outstanding of \$36,865,000. This represents 18.6% of the District's allowable debt.

Howard-Suamico School District's Outstanding Debt						
General Obligation Debt and Revenue Bonds						
	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
General Obligation Debt						
Bonds and Notes	\$ 36,865,000	\$ 26,690,000	\$ -	\$ -	\$ 36,865,000	\$ 26,690,000

The District's total debt increased by \$10,175,000 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 \$9.31 to \$9.30.

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 Matthew Spets, Assistant Superintendent of Business Services, Administrative Offices, 2706 Lineville Road, Green Bay, Wisconsin 54313.

BASIC FINANCIAL STATEMENTS

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Statement of Net Position
June 30, 2015
(With summarized financial information as of June 30, 2014)

	Governmental Activities	Business-type Activities	Total	
			2015	2014
ASSETS				
Cash and investments	\$ 27,779,555	\$ 990,547	\$ 28,770,102	\$ 19,687,959
Receivables				
Taxes	5,429,454	-	5,429,454	5,714,112
Accounts	1,342,287	133	1,342,420	30,234
Due from other governments	796,254	-	796,254	1,086,608
Inventories and prepaid items	859,725	-	859,725	875,270
Other assets				
Net pension asset	5,029,533	-	5,029,533	-
Capital assets				
Land	2,247,562	-	2,247,562	2,297,562
Buildings and improvements	101,765,519	3,550	101,769,069	88,117,106
Machinery and equipment	23,435,577	1,160,763	24,596,340	23,675,599
Less: Accumulated depreciation	(60,037,533)	(914,524)	(60,952,057)	(57,004,022)
TOTAL ASSETS	108,647,933	1,240,469	109,888,402	84,480,428
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges	659,828	-	659,828	718,917
Deferred outflows related to pension	5,407,452	-	5,407,452	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,067,280	-	6,067,280	718,917
LIABILITIES				
Accounts payable	3,913,563	3,086	3,916,649	191,289
Accrued payroll liabilities	5,363,337	23,994	5,387,331	5,352,129
Accrued interest payable	367,522	-	367,522	453,622
Unearned revenues	1,346	80,100	81,446	74,630
Long-term obligations				
Due within one year	3,630,000	-	3,630,000	3,160,000
Due within more than one year	36,776,938	-	36,776,938	23,967,569
TOTAL LIABILITIES	50,052,706	107,180	50,159,886	33,199,239
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	93,828	-	93,828	-
NET POSITION				
Net investment in capital assets	30,425,907	249,789	30,675,696	30,396,245
Restricted for				
Pension benefits	9,105,014	-	9,105,014	-
Capital projects	5,708,355	-	5,708,355	-
Debt service	1,326,624	-	1,326,624	751,196
TEACH program	598,783	-	598,783	598,169
Self-funded dental insurance	186,862	-	186,862	189,358
Unrestricted	17,217,134	883,500	18,100,634	20,065,138
TOTAL NET POSITION	\$ 64,568,679	\$ 1,133,289	\$ 65,701,968	\$ 52,000,106

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, 2015
(With summarized financial information for the year ended June 30, 2014)

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental Activities			
Instruction	\$ 33,086,996	\$ 763,604	\$ 2,842,638
Support services	19,722,543	3,544,295	1,775,845
Community services	210,398	86,347	-
Interest and fiscal charges	1,320,581	-	-
Non-program	1,324,128	-	161,608
Depreciation - unallocated	3,862,653	-	-
Total Governmental Activities	<u>59,527,299</u>	<u>4,394,246</u>	<u>4,780,091</u>
Business-type Activities			
School food service program	<u>2,529,817</u>	<u>1,586,539</u>	<u>914,274</u>
Total School District	<u>\$ 62,057,116</u>	<u>\$ 5,980,785</u>	<u>\$ 5,694,365</u>

General revenues
Property taxes
Other taxes
State and federal aids not restricted to specific functions
Interest and investment earnings
Gain on sale of capital assets
Miscellaneous
Total General Revenues

Change in net position

Net position - July 1, as originally reported

Cumulative effect of change in accounting principle

Net position - July 1, as restated

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	
		2015	2014
\$ (29,480,754)	\$ -	\$ (29,480,754)	\$ (30,201,987)
(14,402,403)	-	(14,402,403)	(16,477,690)
(124,051)	-	(124,051)	(109,948)
(1,320,581)	-	(1,320,581)	(1,437,532)
(1,162,520)	-	(1,162,520)	(1,351,539)
(3,862,653)	-	(3,862,653)	(3,456,748)
<u>(50,352,962)</u>	<u>-</u>	<u>(50,352,962)</u>	<u>(53,035,444)</u>
-	(29,004)	(29,004)	5,468
<u>(50,352,962)</u>	<u>(29,004)</u>	<u>(50,381,966)</u>	<u>(53,029,976)</u>
21,723,494	-	21,723,494	20,999,808
234	-	234	8,509
34,847,003	-	34,847,003	34,561,613
23,126	-	23,126	10,417
199,409	-	199,409	572,865
203,869	-	203,869	-
<u>56,997,135</u>	<u>-</u>	<u>56,997,135</u>	<u>56,153,212</u>
<u>6,644,173</u>	<u>(29,004)</u>	<u>6,615,169</u>	<u>3,123,236</u>
50,837,813	1,162,293	52,000,106	48,876,870
<u>7,086,693</u>	<u>-</u>	<u>7,086,693</u>	<u>-</u>
<u>57,924,506</u>	<u>1,162,293</u>	<u>59,086,799</u>	<u>48,876,870</u>
<u>\$ 64,568,679</u>	<u>\$ 1,133,289</u>	<u>\$ 65,701,968</u>	<u>\$ 52,000,106</u>

HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin

Balance Sheet

Governmental Funds

June 30, 2015

(With summarized financial information as of June 30, 2014)

	General	Referendum Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds	
					2015	2014
ASSETS						
Cash and investments	\$ 16,965,270	\$ 1,667,834	\$ 7,773,403	\$ 1,373,048	\$ 27,779,555	\$ 18,751,792
Receivables						
Taxes	5,429,454	-	-	-	5,429,454	5,714,112
Accounts	387,829	-	954,458	-	1,342,287	29,813
Due from other funds	3,439	-	-	-	3,439	17,495
Due from other governments	791,934	-	-	4,320	796,254	1,060,421
Inventory	130,327	-	-	-	130,327	147,887
Prepaid items	361,125	-	-	-	361,125	298,152
TOTAL ASSETS	\$ 24,069,378	\$ 1,667,834	\$ 8,727,861	\$ 1,377,368	\$ 35,842,441	\$ 26,019,672
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 873,906	\$ -	\$ 3,019,506	\$ 20,151	\$ 3,913,563	\$ 188,053
Accrued payroll liabilities	5,343,318	-	-	20,019	5,363,337	5,329,306
Due to other funds	-	-	-	3,439	3,439	17,495
Unearned revenues	1,346	-	-	-	1,346	1,154
Total Liabilities	6,218,570	-	3,019,506	43,609	9,281,685	5,536,008
Fund Balances						
Nonspendable inventory and prepaid items	491,452	-	-	-	491,452	446,039
Restricted	186,862	1,667,834	5,708,355	635,095	8,198,146	1,992,345
Committed	10,029,001	-	-	535,670	10,564,671	10,804,280
Assigned	179,502	-	-	155,954	335,456	543,377
Unassigned	6,963,991	-	-	7,040	6,971,031	6,697,623
Total Fund Balances	17,850,808	1,667,834	5,708,355	1,333,759	26,560,756	20,483,664
TOTAL LIABILITIES AND FUND BALANCES	\$ 24,069,378	\$ 1,667,834	\$ 8,727,861	\$ 1,377,368	\$ 35,842,441	\$ 26,019,672

(Continued)

HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin

Balance Sheet (Continued)

Governmental Funds

June 30, 2015

(With summarized financial information as of June 30, 2014)

	2015	2014
<u>Reconciliation to the Statement of Net Position</u>		
Total Fund Balances from previous page	\$ 26,560,756	\$ 20,483,664
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.	368,273	429,231
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	67,411,125	56,787,192
The District's proportionate share of the Wisconsin Retirement System pension plan is not an available financial resource; therefore, it is not reported in the fund financial statements:		
Net pension asset	5,029,533	-
Deferred outflows of resources	4,169,309	-
Deferred inflows of resources	(93,828)	-
The District's supplemental pension plan contributions for the current year are not an available resource; therefore, it is not reported in the fund financial statements:		
Deferred outflows of resources	1,238,143	-
Net pension liability	(2,761,892)	-
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	\$ (36,865,000)	
Accrued interest on long-term obligations	(367,522)	
Bond premium	(780,046)	
Deferred charge on advance refunding	659,828	(37,352,740)
	<u>(37,352,740)</u>	<u>(26,862,274)</u>
Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 11)	<u>\$ 64,568,679</u>	<u>\$ 50,837,813</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, 2015
(With summarized financial information for the year ended June 30, 2014)

	General	Referendum Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds	
					2015	2014
Revenues						
Property taxes	\$ 17,005,802	\$ 4,305,532	\$ -	\$ 412,394	\$ 21,723,728	\$ 21,008,317
Other local sources	1,331,740	1,765	4,918	673,857	2,012,280	1,397,758
Interdistrict sources	3,494,849	-	-	-	3,494,849	2,690,820
Intermediate sources	100,487	-	-	-	100,487	95,111
State sources	37,086,396	-	-	-	37,086,396	36,795,512
Federal sources	1,415,362	-	-	31,519	1,446,881	1,464,656
Other sources	64,726	319,513	-	113,619	497,858	526,834
Total Revenues	60,499,362	4,626,810	4,918	1,231,389	66,362,479	63,979,008
Expenditures						
Instruction						
Regular instruction	22,880,707	-	-	85,660	22,966,367	25,510,472
Vocational instruction	1,717,468	-	-	12,437	1,729,905	1,710,285
Special education instruction	5,700,437	-	-	-	5,700,437	5,758,600
Other instruction	3,096,998	-	-	227,730	3,324,728	3,310,981
Total Instruction	33,395,610	-	-	325,827	33,721,437	36,290,338
Support Services						
Pupil services	2,366,725	-	-	31,890	2,398,615	2,633,127
Instructional staff services	3,938,788	-	-	29,115	3,967,903	3,752,245
General administration services	747,883	-	-	17,146	765,029	764,165
School administration services	2,904,271	-	-	6,775	2,911,046	2,914,592
Business services	996,181	-	-	18,657	1,014,838	988,803
Operations and maintenance of plant	10,793,761	-	7,696,563	9,093	18,499,417	5,635,888
Pupil transportation services	2,244,322	-	-	41,176	2,285,498	2,193,399
Central services	1,837,744	-	-	-	1,837,744	1,752,884
Insurance	340,297	-	-	-	340,297	353,033
Other support services	102,229	-	-	62,002	164,231	151,828
Total Support Services	26,272,201	-	7,696,563	215,854	34,184,618	21,139,964
Community Service	-	-	-	214,647	214,647	232,684
Debt Service						
Principal of debt	-	2,960,000	-	230,000	3,190,000	3,205,000
Interest	-	991,534	-	122,500	1,114,034	1,373,815
Total Debt Service	-	3,951,534	-	352,500	4,304,034	4,578,815
Non-program						
General tuition payments	1,113,776	-	-	-	1,113,776	1,143,717
Special education tuition payments	202,808	-	-	-	202,808	183,807
Revenue transits to others	-	-	-	-	-	23,913
Adjustments and refunds	7,544	-	-	-	7,544	102
Total Non-program	1,324,128	-	-	-	1,324,128	1,351,539
Total Expenditures	60,991,939	3,951,534	7,696,563	1,108,828	73,748,864	63,593,340
Excess of Revenues Over (Under) Expenditures	(492,577)	675,276	(7,691,645)	122,561	(7,386,385)	385,668
Other Financing Sources (Uses)						
Long-term debt issued	-	4,265,000	13,400,000	-	17,665,000	6,460,000
Premium and accrued interest from debt refinancing	-	82,627	-	-	82,627	97,622
Payment to escrow agent	-	(4,533,559)	-	-	(4,533,559)	(6,557,622)
Sale of capital assets	249,409	-	-	-	249,409	12,972
Transfers in	-	-	-	230,000	230,000	-
Transfers out	(10,000)	-	-	(220,000)	(230,000)	(15)
Total Other Financing Sources (Uses)	239,409	(185,932)	13,400,000	10,000	13,463,477	12,957
Net Change in Fund Balances	(253,168)	489,344	5,708,355	132,561	6,077,092	398,625
Fund Balances - July 1	18,103,976	1,178,490	-	1,201,198	20,483,664	20,085,039
Fund Balances - June 30	\$ 17,850,808	\$ 1,667,834	\$ 5,708,355	\$ 1,333,759	\$ 26,560,756	\$ 20,483,664

(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, 2015
(With summarized financial information for the year ended June 30, 2014)

<u>Reconciliation to the Statement of Activities</u>	2015	2014
Net Change in Fund Balances from previous page	\$ 6,077,092	\$ 398,625
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	\$ 14,536,586	
Depreciation expense reported in the statement of activities	<u>(3,862,653)</u>	
Amount in which depreciation is (greater) less than capital outlays	10,673,933	(393,983)
In governmental funds the entire proceeds, if any, from the disposal of capital assets is reported as an other financing source. In the statement of activities only the gain (or loss) on the disposal is reported.		
Proceeds from the disposition of capital assets as reported on the governmental funds operating statement, less book value of the asset.	(50,000)	-
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:		
	(60,958)	(57,325)
The issuance of long-term debt (e.g., notes) 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 issuance costs, premium, discounts, losses 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	\$ (17,665,000)	
Amortization of deferred charges	(59,089)	
Principal paid on long-term debt	7,490,000	
Change in interest accrued on long-term debt	86,100	
Change in premium received on long-term debt	<u>(342,477)</u>	
	(10,490,466)	3,170,236
Change in the net pension asset, liability, and related deferred inflows outflows of resources as a result of employer contributions, changes in assumptions and proportionate share and the difference between the expected and actual experience of the pension plan		
	<u>494,572</u>	-
Change in Net Position of Governmental Activities as Reported on the Statement of Activities (see pages 12 - 13)	<u>\$ 6,644,173</u>	<u>\$ 3,117,553</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, 2015

(With summarized financial information as of June 30, 2014)

	Nonmajor Fund Food Service	
	2015	2014
ASSETS		
Current Assets		
Cash and investments	\$ 990,547	\$ 936,167
Accounts receivable	133	421
Due from other governments	-	26,187
Total Current Assets	<u>990,680</u>	<u>962,775</u>
Capital Assets		
Land improvements	3,550	3,550
Machinery and equipment	1,160,763	1,124,645
Less accumulated depreciation	(914,524)	(829,142)
Total Capital Assets	<u>249,789</u>	<u>299,053</u>
TOTAL ASSETS	<u>1,240,469</u>	<u>1,261,828</u>
LIABILITIES		
Current Liabilities		
Accounts payable	3,086	3,236
Accrued payroll liabilities	23,994	22,823
Unearned revenues	80,100	73,476
TOTAL LIABILITIES	<u>107,180</u>	<u>99,535</u>
NET POSITION		
Net investment in capital assets	249,789	299,053
Restricted	883,500	863,240
TOTAL NET POSITION	<u>\$ 1,133,289</u>	<u>\$ 1,162,293</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, 2015
(With summarized financial information for the year ended June 30, 2014)

	Nonmajor Fund Food Service	
	2015	2014
Operating Revenues		
Food sales	\$ 1,585,562	\$ 1,577,699
Local sources	977	789
State sources	35,045	35,351
Federal sources	879,229	880,784
Total Operating Revenues	<u>2,500,813</u>	<u>2,494,623</u>
Operating Expenses		
Salaries, wages and benefits	1,098,170	1,075,974
Operations and maintenance of plant	15,342	-
Purchased services	71,999	83,687
Supplies and materials	1,253,138	1,232,132
Other	5,786	8,224
Depreciation	85,382	89,138
Total Operating Expenses	<u>2,529,817</u>	<u>2,489,155</u>
Operating Income (Loss)	<u>(29,004)</u>	<u>5,468</u>
Nonoperating Revenues		
Transfers	-	15
Gain on sale of capital assets	-	200
Total nonoperating revenues	<u>-</u>	<u>215</u>
Change in Net Position	(29,004)	5,683
Net Position - July 1	<u>1,162,293</u>	<u>1,156,610</u>
Net Position - June 30	<u>\$ 1,133,289</u>	<u>\$ 1,162,293</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, 2015
(With summarized financial information for the year ended June 30, 2014)

	Nonmajor Fund Food Service	
	2015	2014
Cash Flows from Operating Activities		
Cash received from user charges	\$ 1,593,451	\$ 1,581,096
Cash received from other government payments	940,461	997,962
Cash payments to employees	(1,096,999)	(1,076,914)
Cash payments to suppliers	(1,346,415)	(1,321,667)
Net Cash Provided by Operating Activities	90,498	180,477
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	(36,118)	(27,756)
Sale of capital assets	-	200
Net Cash Used in Capital and Related Financing Activities	(36,118)	(27,556)
Cash Flows from Investing Activities		
Transfer In	-	15
Net Increase in Cash and Investments	54,380	152,936
Cash and Cash Investments - July 1	936,167	783,231
Cash and Cash Investments - June 30	\$ 990,547	\$ 936,167
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating income (loss)	\$ (29,004)	\$ 5,468
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	85,382	89,138
Changes in assets and liabilities		
Accounts receivable	288	(196)
Due from other governments	26,187	81,827
Accounts payable	(150)	2,376
Accrued payroll liabilities	1,171	(940)
Unearned revenues	6,624	2,804
Net Cash Provided by Operating Activities	\$ 90,498	\$ 180,477
Noncash Noncapital Financing Activities:		
Commodities Received From U.S. Department of Agriculture	\$ 178,328	\$ 172,674

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, 2015

(With summarized financial information as of June 30, 2014)

	Employee Benefit Trust Fund	Agency Funds	Total Fiduciary Funds	
			2015	2014
ASSETS				
Cash and investments	\$ 14,708,595	\$ 262,277	\$ 14,970,872	\$ 14,514,385
LIABILITIES				
Due to student organizations	-	262,277	262,277	236,982
NET POSITION				
Restricted	14,708,595	-	14,708,595	14,277,403
TOTAL NET POSITION	<u>\$ 14,708,595</u>	<u>\$ -</u>	<u>\$ 14,708,595</u>	<u>\$ 14,277,403</u>

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, 2015
(With summarized financial information for the year ended June 30, 2014)

	Employee Benefit Trust Fund	
	2015	2014
ADDITIONS		
Other local sources	\$ 60,508	\$ 59,878
Other	2,255,557	3,202,360
Total Additions	<u>2,316,065</u>	<u>3,262,238</u>
DEDUCTIONS		
Trust fund disbursements	<u>1,884,873</u>	<u>1,912,300</u>
Change in Net Position	431,192	1,349,938
Net Position- July 1	<u>14,277,403</u>	<u>12,927,465</u>
Net Position - June 30	<u>\$ 14,708,595</u>	<u>\$ 14,277,403</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, 2015

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, 2015

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.

CAPITAL PROJECTS FUND

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

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, 2015

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.

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.

HOWARD-SUAMICO SCHOOL DISTRICT
 Green Bay, Wisconsin
 Notes to Basic Financial Statements
 June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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	Business-type
	Activities	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) until then. The District has two items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the district-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is related to the District's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category on the statement of net position. The item is related to the District's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants.

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Notes to Basic Financial Statements
June 30, 2015

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. Pensions

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

k. 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, 2015

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, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- Restricted net position - Amount of net position that 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, 2014, 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, 2015

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

The carrying amount of the District's cash and investments totaled \$43,740,974 on June 30, 2015 as summarized below:

Petty cash funds	\$ 950
Deposits with financial institutions	30,025,428
Investments	
Wisconsin investment series cooperative	13,168,159
Wisconsin local government investment pool	206,437
Municipal bond	340,000
	\$ 43,740,974

Reconciliation to the basic financial statements:

District-wide Statement of Net Position	
Cash and investments	\$ 28,770,102
Fiduciary Funds Statement of Net Position	
Employee benefit trust fund	14,708,595
Agency funds	262,277
	\$ 43,740,974

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, 2015, \$1,771,287 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, 2015

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
Municipal bonds	\$ 340,000	\$ -	\$ -	\$ 340,000	\$ -
Wisconsin investment series cooperative	13,168,159	-	13,168,159	-	-
Wisconsin local government investment pool	206,437	-	-	-	206,437
Totals	\$ 13,714,596	\$ -	\$ 13,168,159	\$ 340,000	\$ 206,437

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
Municipal bonds	\$ 340,000	\$ 110,000	\$ 110,000	\$ 120,000	\$ -
Wisconsin investment series cooperative	13,168,159	13,168,159	-	-	-
Wisconsin local government investment pool	206,437	206,437	-	-	-
Totals	\$ 13,714,596	\$ 13,484,596	\$ 110,000	\$ 120,000	\$ -

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Notes to Basic Financial Statements
June 30, 2015

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

Investment in Wisconsin Investment Series Cooperative

The District has investments in the Wisconsin Investment Series Cooperative (WISC) of \$13,168,159 at year end consisting of \$12,947,311 invested in the Cash Management Series and \$220,848 invested in the Investment Series. The Cash Management Series has no minimum investment period, allows check writing privileges, and the average dollar weighted maturity is ninety (90) days or less. The Investment Series requires a 14 day minimum investment period and one business day withdrawal notice, and the average dollar weighted maturity is one hundred twenty (120) days or less.

WISC is organized by and operated exclusively for Wisconsin public schools, technical colleges, and municipal entities. WISC is not registered with the Securities and Exchange Commission, but operates under Wisconsin Intergovernmental Cooperation 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 \$206,437 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, 2015, 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, 2015

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

3. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,297,562	\$ -	\$ 50,000	\$ 2,247,562
Capital assets, being depreciated:				
Land improvements	3,776,459	804,736	-	4,581,195
Buildings	84,337,097	12,847,227	-	97,184,324
Machinery and equipment	22,550,954	884,623	-	23,435,577
Subtotals	110,664,510	14,536,586	-	125,201,096
Less accumulated depreciation for:				
Land improvements	2,675,092	164,561	-	2,839,653
Buildings	37,450,161	2,137,009	-	39,587,170
Machinery and equipment	16,049,627	1,561,083	-	17,610,710
Subtotals	56,174,880	3,862,653	-	60,037,533
Total capital assets, being depreciated, net	54,489,630	10,673,933	-	65,163,563
Governmental activities capital assets, net	<u>\$ 56,787,192</u>	<u>\$ 10,673,933</u>	<u>\$ 50,000</u>	67,411,125
Less related long-term debt outstanding				<u>36,985,218</u>
Net investment in capital assets				<u>\$ 30,425,907</u>
Business-type activities:				
Capital assets, being depreciated:				
Land improvements	\$ 3,550	\$ -	\$ -	\$ 3,550
Machinery and equipment	1,124,645	36,118	-	1,160,763
Subtotals	1,128,195	36,118	-	1,164,313
Less accumulated depreciation for:				
Land improvements	3,550	-	-	3,550
Machinery and equipment	825,592	85,382	-	910,974
Subtotals	829,142	85,382	-	914,524
Business-type activities capital assets, net	<u>\$ 299,053</u>	<u>\$ (49,264)</u>	<u>\$ -</u>	<u>\$ 249,789</u>

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Notes to Basic Financial Statements
June 30, 2015

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

Depreciation expense was charged to functions of the District as follows:

Governmental activities	
Depreciation expense - unallocated	<u>\$ 3,862,653</u>

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

Business-type activities	
Food service	<u>\$ 85,382</u>

4. Interfund Transfers

Interfund transfers for the year ended June 30, 2015 were as follows:

	Transfer to:	
	Trust Fund	Long-term Capital Improvement
Transfer from:		
Community Service Fund - District	\$ 220,000	\$ -
General Fund	-	10,000
	<u>\$ 220,000</u>	<u>\$ 10,000</u>

Transfers are used to move revenues from the collection fund to the fund that is required or allowed to expend them.

5. Long-term Obligations

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2015:

	Outstanding 7/1/14	Issued	Retired	Outstanding 6/30/15	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$ 24,680,000	\$ 7,805,000	\$ 7,260,000	\$ 25,225,000	\$ 3,350,000
Notes	2,010,000	9,860,000	230,000	11,640,000	280,000
Bond premium	437,569	402,139	59,662	780,046	-
Net pension liability	3,121,051	-	359,159	2,761,892	-
Governmental activities					
Long-term obligations	<u>\$ 30,248,620</u>	<u>\$ 18,067,139</u>	<u>\$ 7,908,821</u>	<u>\$ 40,406,938</u>	<u>\$ 3,630,000</u>

Total interest paid during the year on long-term debt totaled \$1,114,034.

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Notes to Basic Financial Statements
June 30, 2015

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Bonds

\$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%	5,210,000
\$6,460,000 issued 3/4/14; \$70,000 to \$1,210,000 due annually through 2027; interest 2.00% to 3.00%	6,390,000
\$4,265,000 issued 12/3/14; \$1,400,000 to \$1,435,000 due annually through 2018; interest 1.25% to 1.75%	4,235,000
\$3,540,000 issued 12/3/14; \$190,000 to \$295,000 due annually from 2020 through 2034; interest 2.50% to 4.00%	3,540,000

Notes

\$2,500,000 issued 5/2/11; \$150,000 to \$300,000 due annually through 2021; interest 4.90%	1,780,000
\$9,860,000 issued 4/14/15; \$1,560,000 to \$1,740,000 due annually from 2020 through 2025; interest 2.00%	<u>9,860,000</u>

Total Outstanding General Obligation Debt \$ 36,865,000

Annual principal and interest maturities of the outstanding general obligation debt of \$36,865,000 on June 30, 2015 are detailed below:

Year Ended June 30	Governmental Activities		
	Principal	Interest	Total
2016	\$ 3,630,000	\$ 1,131,508	\$ 4,761,508
2017	3,780,000	1,052,363	4,832,363
2018	3,900,000	946,613	4,846,613
2019	2,825,000	797,213	3,622,213
2020	3,005,000	721,663	3,726,663
2021-2025	15,020,000	1,925,938	16,945,938
2026-2030	3,585,000	420,031	4,005,031
2031-2034	1,120,000	104,988	1,224,988
	<u>\$ 36,865,000</u>	<u>\$ 7,100,317</u>	<u>\$ 43,965,317</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, 2015

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, 2015 was \$198,117,668 as follows:

Equalized valuation of the District		\$ 2,336,560,435
Statutory limitation percentage		(x) 10%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		233,656,044
Total outstanding general obligation debt applicable to debt limitation	\$ 36,865,000	
Less: Amounts available for financing general obligation debt		
Debt service fund	(1,326,624)	
Net outstanding general obligation debt applicable to debt limitation		35,538,376
Legal Margin for New Debt		\$ 198,117,668

Current Refunding

During 2015, the District currently refunded a general obligation bond issue from 2005. The District issued \$4,265,000 of general obligation refunding bonds to call the refunded debt. This current refunding was undertaken to reduce total debt service payments over the next 3 years by \$224,562 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$218,492.

At June 30, 2015, \$9,865,000 of outstanding general obligation bonds are now considered defeased.

6. Pension Plan

a. Plan Description

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

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

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

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

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Notes to Basic Financial Statements
June 30, 2015

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

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

The WRS also provides death and disability benefits for employees.

b. Post-Retirement Adjustments

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

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

c. Contributions

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

During the reporting period, the WRS recognized \$1,995,233 in contributions from the District.

Contribution rates as of June 30, 2015 are:

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

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Notes to Basic Financial Statements
June 30, 2015

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

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

At June 30, 2015, the District reported an asset of \$5,029,533 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the District's proportion was 0.20476274%, which was an increase of 0.0027843% from its proportion measured as of December 31, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$1,952,300.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 729,126	\$ -
Net differences between projected and actual earnings on pension plan investments	2,435,543	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	93,828
Employer contributions subsequent to the measurement date	1,004,640	-
Total	\$ 4,169,309	\$ 93,828

The \$1,004,640 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31	Deferred Outflow of Resources	Deferred Inflows of Resources
2015	\$ 721,506	\$ 21,392
2016	721,506	21,392
2017	721,506	21,392
2018	721,506	21,392
2019	278,645	8,260

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Notes to Basic Financial Statements
June 30, 2015

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

e. Actuarial Assumption

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

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

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

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

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

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

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Notes to Basic Financial Statements
June 30, 2015

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

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

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

	1% Decrease to Discount Rate (6.2%)	Current Discount Rate (7.2%)	1% Increase to Discount Rate (8.2%)
District's proportionate share of the net pension asset (liability)	\$ (14,189,179)	\$ 5,029,533	\$ 20,207,695

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

f. Payable to the WRS

At June 30, 2015 the District reported a payable of \$350,340 for the outstanding amount of contributions to the pension plan for the year ended June 30, 2015.

7. Fund Statements

In the fund financial statements, portions of governmental fund balances are restricted by externally enforceable legal restrictions. At June 30, 2015, fund balance was restricted as follows:

General Fund	
Restricted for self-funded dental	\$ 186,862
Special Revenue Fund	
Restricted for TEACH fund expenditures	598,783
Debt Service Funds	
Restricted for debt retirement	1,694,146
Capital Projects Funds	
Restricted for capital improvements	5,718,355
	<u>\$ 8,198,146</u>

HOWARD-SUAMICO SCHOOL DISTRICT
 Green Bay, Wisconsin
 Notes to Basic Financial Statements
 June 30, 2015

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, 2015, fund balance was committed as follows:

General Fund	
Committed for early retirement	\$ 3,240,915
Committed for capital improvements	5,655,107
Committed for digital transformation	1,000,000
Committed for tax rate stability	132,979
Special Revenue Funds	
Committed for trust fund expenditures	535,670
	\$ 10,564,671

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, 2015, fund balance was assigned as follows:

General Fund	
Assigned for subsequent year's budget	\$ 179,502
Special Revenue Funds	
Assigned for community service	107,891
Assigned for The Giving Tree community service	48,063
	\$ 335,456

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 2014-2015 General Fund Revenues	\$ 60,499,362
Minimum Fund Balance %	5%
Minimum Fund Balance Amount	\$ 3,024,968

The District's unassigned general fund balance of \$6,963,991 exceeds the above minimum fund balance amount.

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Notes to Basic Financial Statements
June 30, 2015

NOTE C - OTHER INFORMATION

1. 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, 2014 used for the latest actuarial valuation:

	Active Employees	Retirees Receiving Benefits	Total
Teachers	289	74	363
Administrative	22	4	26
Pupil Services	16	-	16
Total	327	78	405

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, 2015

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, 2015 and related actuarial assumptions used for the current year are as follows:

Annual required contribution	
Normal cost	\$ 433,793
Amortization of UAAL over 7 years	552,873
Interest on net pension obligation	-
Adjustment to annual requirement	-
Annual pension cost	986,666
Contributions made	986,666
Change in net pension obligation	-
Net pension obligation (asset) beginning of year	-
Net pension obligation (asset) end of year	\$ -

The annual required contribution for the current year was determined as part of the July 1, 2014 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, 2015 was 3 years.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/15	\$ 986,666	100%	\$ -
6/30/14	\$ 1,233,721	100%	-
6/30/13	\$ 1,476,942	100%	-

d. Funding Status and Funding Progress

As of July 1, 2014 the actuarial accrued liability for benefits was \$9,320,690. With plan assets of \$6,558,798, the unfunded actuarial accrued liability was \$2,761,892.

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

At June 30, 2015, the District reported a liability of \$2,761,892 representing the net pension liability.

For the year ended June 30, 2015, the District recognized pension expense of \$623,085.

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Notes to Basic Financial Statements
June 30, 2015

NOTE C - OTHER INFORMATION (Continued)

At June 30, 2015, the District reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on pension plan investments	\$ 251,477	\$ -
District contributions subsequent to the measurement date	986,666	-
Total	\$ 1,238,143	\$ -

The \$986,666 deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Deferred Outflows of Resources
2015	\$ 62,869
2016	62,869
2017	62,869
2018	62,870

f. Actuarial Assumptions

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

Actuarial Valuation Date:	July 1, 2014
Measurement Date of Net Pension Liability	June 30, 2015
Actuarial Cost Method:	Unit Credit
Asset Valuation Method:	Fair Market Value
Discount Rate:	5.5%%
Salary Increases:	
Inflation	4.0%

Single Discount rate. A single discount rate of 5.50% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investment.

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Notes to Basic Financial Statements
June 30, 2015

NOTE C - OTHER INFORMATION (Continued)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the District's net pension liability calculated using the discount rate of 5.5 percent, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.50 percent) or 1-percentage-point higher (6.50 percent) than the current rate:

	1% Decrease to Discount Rate (4.5%)	Current Discount Rate (5.5%)	1% Increase to Discount Rate (6.5%)
District's proportionate share of the net pension (liability)	\$ (3,512,167)	\$ (2,761,892)	\$ (2,071,788)

2. 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, 2014, the date of the latest actuarial valuation:

	Active Employees	Retirees Receiving Benefits	Total
Teachers	365	74	439
Administrative	22	4	26
Pupil Services	15	-	15
Support Staff	89	-	89
Total	491	78	569

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

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Notes to Basic Financial Statements
June 30, 2015

NOTE C - OTHER INFORMATION (Continued)

b. Annual OPEB Cost and Net OPEB Obligation

The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), and the amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 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	\$ 1,254,633
Interest on net OPEB	(23,608)
Adjustment to annual required contribution	84,566
Annual OPEB cost (expense)	<u>1,315,591</u>
Contributions made	<u>1,254,633</u>
Change in net OPEB obligation	60,958
OPEB obligation, (prepaid) - beginning of year	<u>(429,231)</u>
OPEB obligation, (prepaid) - end of year	<u><u>\$ (368,273)</u></u>

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

Valuation date	July 1, 2014
Actuarial cost method	Entry Age Normal - Level % of Salary
Amortization method	6 year open level dollar and level percent
Remaining amortization period	6 years
Actuarial assumptions:	
Investment rate of return	5.50%
Level percent increases	3.00%
Projected salary increases	3%

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

Fiscal Year Ended	Annual OPEB Cost	Annual Required Contribution (ARC)	Percentage of Annual OPEB Cost Contributed	Percentage of ARC Contributed	Net OPEB Prepaid Item
6/30/2015	\$ 1,315,591	\$ 1,254,633	95%	100%	\$ (368,273)
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)

HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin

Notes to Basic Financial Statements

June 30, 2015

NOTE C - OTHER INFORMATION (Continued)

c. Funded Status and Funding Progress

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2014	\$ 7,718,605	\$ 10,968,888	\$ 3,250,283	70.37%	\$ 28,874,385	11.26%

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.

3. 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.

4. Self-Insurance

On October 1, 2007, the District established a self-funded dental benefit plan for its employees. The Claims Administrator, Delta Dental is responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District is responsible for monthly administrative and stop loss insurance fees. The Plans report on a fiscal year ending June 30. Accounting and budgeting requirements for the Plans are established by the Wisconsin Department of Public Instruction. The Plans are accounted for in the General Fund of the District.

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Notes to Basic Financial Statements
June 30, 2015

NOTE C - OTHER INFORMATION (Continued)

The aggregate annual claim limit was \$1,200 per person annually for 2015. The District has no stop-loss coverage for dental care coverage of the Plan. At June 30, 2015, the District has reported a liability of \$39,725, which represents reported and unreported dental claims which were incurred on or before June 30, 2015, but were not paid by the District as of that date. This amount is based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. Changes in the claims liability amount in 2015 and 2014 were:

Year	Balance Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance End of Fiscal Year
2014	\$ 36,487	\$ 537,303	\$ 535,829	\$ 37,961
2015	37,961	572,003	570,239	39,725

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. Cumulative Effect of Change in Accounting Principle

The District has adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, which revised and established new financial reporting requirements for governments that provide their employees with pension benefits. The new standards recognize pension costs as employment services are provided, rather than when the pensions are funded. Financial statements for the year ended June 30, 2014, have not been restated. The cumulative effect of this change was to increase the June 30, 2015 net position of the governmental activities by \$7,086,693.

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 17,005,802	\$ 17,005,802	\$ 17,005,802	\$ -
Other local sources	1,249,919	1,249,919	1,331,740	81,821
Interdistrict sources	3,423,185	3,423,185	3,494,849	71,664
Intermediate sources	22,229	22,229	23,101	872
State sources	35,325,262	35,325,262	35,365,521	40,259
Federal sources	482,603	482,603	502,296	19,693
Other sources	-	15,000	64,726	49,726
Total Revenues	57,509,000	57,524,000	57,788,035	264,035
Expenditures				
Instruction				
Regular instruction	24,600,419	23,770,784	22,880,707	890,077
Vocational instruction	1,722,472	1,722,472	1,717,468	5,004
Other instruction	3,117,686	3,117,686	3,096,998	20,688
Total Instruction	29,440,577	28,610,942	27,695,173	915,769
Support Services				
Pupil services	1,618,832	1,614,655	1,465,517	149,138
Instructional staff services	3,624,936	3,624,936	3,521,914	103,022
General administration services	798,637	798,637	747,883	50,754
School administration services	2,944,617	2,944,617	2,904,271	40,346
Business services	919,813	919,357	984,181	(64,824)
Operations and maintenance of plant	12,196,487	12,376,487	10,792,849	1,583,638
Pupil transportation services	1,957,460	1,957,460	1,992,534	(35,074)
Central services	1,907,351	1,907,351	1,837,744	69,607
Insurance	493,492	393,492	340,297	53,195
Other support services	115,249	115,249	102,229	13,020
Total Support Services	26,576,874	26,652,241	24,689,419	1,962,822
Non-program				
General tuition payments	1,182,680	1,182,680	1,113,776	68,904
Adjustments and refunds	7,600	7,600	7,544	56
Total Non-program	1,190,280	1,190,280	1,121,320	68,960
Total Expenditures	57,207,731	56,453,463	53,505,912	2,947,551
Excess of Revenues Over Expenditures	301,269	1,070,537	4,282,123	3,211,586
Other Financing Sources (Uses)				
Sale of capital assets	125,000	370,000	249,409	(120,591)
Indirect cost payments from another fund	-	-	32,203	32,203
Transfers out	(5,031,465)	(5,009,561)	(4,816,903)	192,658
Total Other Financing Sources (Uses)	(4,906,465)	(4,639,561)	(4,535,291)	104,270
Net Change in Fund Balance	(4,605,196)	(3,569,024)	(253,168)	3,315,856
Fund Balance - July 1	18,103,976	18,103,976	18,103,976	-
Fund Balance - June 30	\$ 13,498,780	\$ 14,534,952	\$ 17,850,808	\$ 3,315,856

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Interdistrict sources	\$ 53,600	\$ 53,600	\$ -	\$ (53,600)
Intermediate sources	-	65,000	77,386	12,386
State sources	1,650,000	1,714,000	1,720,875	6,875
Federal sources	1,179,174	1,179,174	913,066	(266,108)
Total Revenues	2,882,774	3,011,774	2,711,327	(300,447)
Expenditures				
Instruction				
Special education instruction	5,869,481	5,872,911	5,700,437	172,474
Support Services				
Pupil services	975,649	976,311	901,208	75,103
Instructional staff services	435,895	435,895	416,874	19,021
Business services	-	-	12,000	(12,000)
Operations and maintenance of plant	2,000	2,000	912	1,088
Pupil transportation services	366,758	364,166	251,788	112,378
Total Support Services	1,780,302	1,778,372	1,582,782	195,590
Non-program				
Special education tuition payments	212,888	212,888	202,808	10,080
Total Expenditures	7,862,671	7,864,171	7,486,027	378,144
Excess of Revenues Over (Under) Expenditures	(4,979,897)	(4,852,397)	(4,774,700)	77,697
Other Financing Sources				
Indirect cost payments to another fund	(41,568)	(41,568)	(32,203)	9,365
Transfers in	5,021,465	4,893,965	4,806,903	(87,062)
Total Other Financing Sources (Uses)	4,979,897	4,852,397	4,774,700	(77,697)
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1	-	-	-	-
Fund Balance - June 30	\$ -	\$ -	\$ -	\$ -

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, 2015

Year Ended June 30,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
Supplemental Pension			
2013	\$ 1,476,942	\$ 1,476,942	100%
2014	1,233,721	1,233,721	100%
2015	986,666	986,666	100%
Other Post-Employment Benefits			
2013	\$ 2,401,157	\$ 2,401,157	100%
2014	1,966,257	1,966,257	100%
2015	1,254,633	1,254,633	100%

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, 2015

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)
Supplemental Pension						
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%
July 1, 2014	6,558,798	9,320,690	70.37%	2,761,892	28,874,385	9.57%
Other Post-Employment Benefits						
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%
July 1, 2014	7,718,605	10,968,888	70.37%	3,250,283	28,874,385	11.26%

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

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Schedule of Proportionate Share of the Net Pension Asset
Wisconsin Retirement System
Last 10 Fiscal Years*

	2015
Proportion of the net pension asset	0.205%
Proportionate share of the net pension asset	\$ 5,029,533
Covered-employee payroll	\$ 28,478,506
Plan fiduciary net position as a percentage of the total pension asset	102.74%

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

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

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Schedule of Contributions
Wisconsin Retirement System
Last 10 Fiscal Years*

	2015
Contractually required contributions	\$ 1,995,233
Contributions in relation to the contractually required contributions	\$ 1,995,233
Contribution deficiency (excess)	\$ -
Covered-employee payroll	\$ 28,478,506
Contributions as a percentage of covered-employee payroll	7.01%

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

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

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Schedule of Contributions
Supplemental Pension Benefit
Last 10 Fiscal Years*

	2015
Contractually required contributions	\$ 1,233,721
Contributions in relation to the contractually required contributions	\$ 1,233,721
Contribution deficiency (excess)	\$ -
Covered-employee payroll	\$ 18,947,310
Contributions as a percentage of covered-employee payroll	6.51%

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

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, 2015

NOTE A - GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NOS. 68 AND 71

The District implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions - *An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68* for the fiscal year ended June 30, 2015. 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, 2015.

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Notes to Required Supplemental Information (Continued)
For the Year Ended June 30, 2015

NOTE C - BUDGETS AND BUDGETARY ACCOUNTING (Continued)

Budgetary information is derived from the annual operating budget and is presented in accordance with

	General Fund	Special Education Fund
Revenues		
Actual amounts (budgetary basis)	\$ 57,788,035	\$ 2,711,327
Reclassification of special education	2,711,327	(2,711,327)
Total Revenues	<u>60,499,362</u>	<u>-</u>
Expenditures		
Actual amounts (budgetary basis)	53,505,912	7,486,027
Reclassification of special education	7,486,027	(7,486,027)
Total Expenditures	<u>60,991,939</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures		
Actual amounts (budgetary basis)	4,282,123	(4,774,700)
Reclassification of special education	(4,774,700)	4,774,700
Excess of Revenues Over (Under) Expenditures	<u>(492,577)</u>	<u>-</u>
Other Financing Sources (Uses)		
Actual amounts (budgetary basis)	(4,535,291)	4,774,700
Reclassification of special education	4,774,700	(4,774,700)
Total Other Financing Sources (Uses)	<u>239,409</u>	<u>-</u>
Net Change in Fund Balance		
Actual amounts (budgetary basis)	(253,168)	-
Fund Balance - July 1		
Actual amounts (budgetary basis)	<u>18,103,976</u>	<u>-</u>
Fund Balance - June 30		
Actual amounts (budgetary basis)	<u>\$ 17,850,808</u>	<u>\$ -</u>

SUPPLEMENTARY INFORMATION

HOWARD-SUAMICO SCHOOL DISTRICT

Green Bay, Wisconsin

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2015

(With summarized financial information as of June 30, 2014)

	Special Revenue Funds		
	Trust Fund	TEACH Fund	Other Special Projects Fund
ASSETS			
Cash and investments	\$ 555,902	\$ 598,783	\$ -
Receivables			
Accounts	-	-	-
Due from other governments	-	-	4,320
TOTAL ASSETS	<u>\$ 555,902</u>	<u>\$ 598,783</u>	<u>\$ 4,320</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 18,118	\$ -	\$ -
Accrued payroll liabilities	2,114	-	881
Due to other funds	-	-	3,439
Total Liabilities	<u>20,232</u>	<u>-</u>	<u>4,320</u>
Fund Balances			
Restricted	-	598,783	-
Committed	535,670	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total Fund Balances	<u>535,670</u>	<u>598,783</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 555,902</u>	<u>\$ 598,783</u>	<u>\$ 4,320</u>

Special Revenue Funds (Continued)			Debt Service	Capital Projects	Total Nonmajor Governmental Funds	
Community Service Funds			Non-Referendum Debt Service Fund	Long-term Capital Improvement Fund		
District	The Giving Tree	Summer Athletics			2015	2014
\$ 65,087	\$ 109,924	\$ 7,040	\$ 26,312	\$ 10,000	\$ 1,373,048	\$ 1,219,889
-	-	-	-	-	-	9,582
-	-	-	-	-	4,320	33,463
<u>\$ 65,087</u>	<u>\$ 109,924</u>	<u>\$ 7,040</u>	<u>\$ 26,312</u>	<u>\$ 10,000</u>	<u>\$ 1,377,368</u>	<u>\$ 1,262,934</u>
\$ -	\$ 2,033	\$ -	\$ -	\$ -	\$ 20,151	\$ 23,729
17,024	-	-	-	-	20,019	20,512
-	-	-	-	-	3,439	17,495
<u>17,024</u>	<u>2,033</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,609</u>	<u>61,736</u>
-	-	-	26,312	10,000	635,095	624,497
-	-	-	-	-	535,670	239,492
48,063	107,891	-	-	-	155,954	337,209
-	-	7,040	-	-	7,040	-
<u>48,063</u>	<u>107,891</u>	<u>7,040</u>	<u>26,312</u>	<u>10,000</u>	<u>1,333,759</u>	<u>1,201,198</u>
<u>\$ 65,087</u>	<u>\$ 109,924</u>	<u>\$ 7,040</u>	<u>\$ 26,312</u>	<u>\$ 10,000</u>	<u>\$ 1,377,368</u>	<u>\$ 1,262,934</u>

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, 2015

(With summarized financial information for the year ended June 30, 2014)

	Special Revenue Funds		
	Trust Fund	TEACH Fund	Other Special Projects Fund
Revenues			
Property taxes	\$ -	\$ -	\$ -
Other local sources	493,015	614	-
State sources	-	-	-
Federal sources	-	-	31,519
Other sources	-	-	-
Total Revenues	493,015	614	31,519
Expenditures			
Instruction			
Regular instruction	85,660	-	-
Vocational instruction	12,437	-	-
Other instruction	227,730	-	-
Total Instruction	325,827	-	-
Support Services			
Pupil services	371	-	31,519
Instructional staff services	29,115	-	-
General administration services	-	-	-
School administration services	6,775	-	-
Business services	18,657	-	-
Operations and maintenance of plant	9,093	-	-
Pupil transportation services	26,999	-	-
Other support services	-	-	-
Community Services	-	-	-
Debt Service			
Principal	-	-	-
Interest	-	-	-
Total Support Services	91,010	-	31,519
Non-program			
Revenue transits to others	-	-	-
Total Expenditures	416,837	-	31,519
Excess of Revenues Over (Under) Expenditures	76,178	614	-
Other Financing Sources (Uses)			
Transfers in	220,000	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	220,000	-	-
Net Change in Fund Balances	296,178	614	-
Fund Balances - July 1	239,492	598,169	-
Fund Balances - June 30	\$ 535,670	\$ 598,783	\$ -

Special Revenue Funds (Continued)			Debt Service	Capital Projects	Total Nonmajor Governmental Funds	
Community Service Funds			Non-Referendum Debt Service Fund	Long Term Capital Improvement Fund		
District	The Giving Tree	Summer Athletics			2015	2014
\$ 173,574	\$ -	\$ -	\$ 238,820	\$ -	\$ 412,394	\$ 374,536
56,705	116,438	7,040	45	-	673,857	731,602
-	-	-	-	-	-	25,000
-	-	-	-	-	31,519	35,236
-	-	-	113,619	-	113,619	112,761
230,279	116,438	7,040	352,484	-	1,231,389	1,279,135
-	-	-	-	-	85,660	95,052
-	-	-	-	-	12,437	3,914
-	-	-	-	-	227,730	213,158
-	-	-	-	-	325,827	312,124
-	-	-	-	-	31,890	35,601
-	-	-	-	-	29,115	26,580
17,146	-	-	-	-	17,146	-
-	-	-	-	-	6,775	7,836
-	-	-	-	-	18,657	6,397
-	-	-	-	-	9,093	38,424
2,050	12,127	-	-	-	41,176	86,770
62,002	-	-	-	-	62,002	151,828
121,351	93,296	-	-	-	214,647	232,684
-	-	-	230,000	-	230,000	190,000
-	-	-	122,500	-	122,500	122,500
202,549	105,423	-	352,500	-	783,001	898,620
-	-	-	-	-	-	10,550
202,549	105,423	-	352,500	-	1,108,828	1,221,294
27,730	11,015	7,040	(16)	-	122,561	57,841
-	-	-	-	10,000	230,000	-
(220,000)	-	-	-	-	(220,000)	(15)
(220,000)	-	-	-	10,000	10,000	(15)
(192,270)	11,015	7,040	(16)	10,000	132,561	57,826
240,333	96,876	-	26,328	-	1,201,198	1,143,372
\$ 48,063	\$ 107,891	\$ 7,040	\$ 26,312	\$ 10,000	\$ 1,333,759	\$ 1,201,198

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Pupil Activity Fund
Schedule of Changes in Assets and Liabilities
For the Year Ended June 30, 2015

	Balance 7/1/14	Receipts	Disbursements	Balance 6/30/15
ASSETS				
Cash	\$ 236,982	\$ 987,303	\$ 962,008	\$ 262,277
LIABILITIES				
Due to student organizations				
Forest Glen Elementary School	\$ 5,989	\$ 20,620	\$ 24,492	\$ 2,117
Bay Harbor Elementary School	6,410	21,121	17,973	9,558
Howard Elementary School	1,691	9,449	9,423	1,717
Meadowbrook Elementary School	1,993	12,580	11,448	3,125
Suamico Elementary School	4,376	7,271	6,362	5,285
Lineville Intermediate School	8,625	22,757	22,030	9,352
Bay View Middle School	3,628	48,637	47,766	4,499
Bay Port High School	204,270	844,868	822,514	226,624
TOTAL LIABILITIES	\$ 236,982	\$ 987,303	\$ 962,008	\$ 262,277

**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, 2015, 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 which included an emphasis of matter paragraph as indicated on page 2 dated November 27, 2015.

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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as items 2015-001 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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
November 27, 2015

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, 2015. 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 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, 2015.

Report on Internal Control Over Compliance

Management of 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 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 2015-002 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
November 27, 2015

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Grantor Agency/Federal Program Title	Pass-through Agency	Federal Catalog Number
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
<i>Child Nutrition Cluster</i>		
School Breakfast Program July 1, 2013 - June 30, 2014 July 1, 2014 - June 30, 2015	Wisconsin Department of Public Instruction	10.553
National School Lunch Program July 1, 2013 - June 30, 2014 July 1, 2014 - June 30, 2015 Donated Commodities	Wisconsin Department of Public Instruction	10.555
<i>Total Child Nutrition Cluster and U.S. Department of Agriculture</i>		
<u>U.S. DEPARTMENT OF EDUCATION</u>		
<i>Title I, Part A Cluster</i>		
Title I Grants to Local Educational Agencies July 1, 2013 - June 30, 2014 July 1, 2014 - June 30, 2015	Wisconsin Department of Public Instruction	84.010
<i>Total Title I, Part A Cluster</i>		
<i>Special Education Cluster</i>		
Individuals with Disabilities Education Act (IDEA) Flow-Through Project #98-2604-10 July 1, 2013 - June 30, 2014 July 1, 2014 - June 30, 2015 Flow-Through - CESA July 1, 2014 - June 30, 2015	Wisconsin Department of Public Instruction	84.027
IDEA Preschool Entitlement July 1, 2013 - June 30, 2014 July 1, 2014 - June 30, 2015	Wisconsin Department of Public Instruction	84.173
<i>Total Special Education Cluster</i>		

(Continued)

Revenues				Total Expenditures
(Accrued) or Deferred Revenue 7/1/14	Value or Cash Received	Accrued or (Deferred) Revenue 6/30/15	Total Revenues	

\$ (4,017)	\$ 4,017	\$ -	\$ -	\$ -
-	94,291	-	94,291	94,291
(22,170)	22,170	-	-	-
-	606,610	-	606,610	606,610
-	178,328	-	178,328	178,328
<u>(26,187)</u>	<u>905,416</u>	<u>-</u>	<u>879,229</u>	<u>879,229</u>

(34,018)	34,018	-	-	-
-	286,037	37,990	324,027	324,027
<u>(34,018)</u>	<u>320,055</u>	<u>37,990</u>	<u>324,027</u>	<u>324,027</u>

(148,514)	148,514	-	-	-
-	732,845	78,472	811,317	811,317
-	7,500	-	7,500	7,500
(5,640)	5,640	-	-	-
-	30,719	4,709	35,428	35,428
<u>(154,154)</u>	<u>925,218</u>	<u>83,181</u>	<u>854,245</u>	<u>854,245</u>

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2015

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

Carl Perkins July 1, 2013 - June 30, 2014 July 1, 2014 - June 30, 2015	Wisconsin Department of Public Instruction	84.048
Indian Education Act - Part A July 1, 2013 - June 30, 2014 July 1, 2014 - June 30, 2015	Direct Program	84.060A
Title III-A English as a Second Language July 1, 2013 - June 30, 2014 July 1, 2014 - June 30, 2015	Wisconsin Department of Public Instruction	84.365
ESEA - Title II-A Teacher & Principal Training July 1, 2013 - June 30, 2014 July 1, 2014 - June 30, 2015	Wisconsin Department of Public Instruction	84.367
Total U.S. Department of Education		

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<i>Medicaid Cluster</i> Medicaid School Based Services July 1, 2014 - June 30, 2015	Wisconsin Department of Health Services	93.778
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TOTAL FEDERAL AWARDS

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

Revenues				Total Expenditures
(Accrued) or Deferred Revenue 7/1/14	Value or Cash Received	Accrued or (Deferred) Revenue 6/30/15	Total Revenues	
(2,941)	2,941	-	-	-
-	23,086	-	23,086	23,086
(8,463)	8,463	-	-	-
-	27,198	4,320	31,518	31,518
(13,350)	13,350	-	-	-
-	16,173	986	17,159	17,159
(1,607)	1,607	-	-	-
-	85,991	19,470	105,461	105,461
(214,533)	1,424,082	145,947	1,355,496	1,355,496
-	126,235	-	126,235	126,235
<u>\$ (240,720)</u>	<u>\$ 2,455,733</u>	<u>\$ 145,947</u>	<u>\$ 2,360,960</u>	<u>\$ 2,360,960</u>

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Schedule of State Financial Assistance
For the Year Ended June 30, 2015

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

WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION

MAJOR STATE PROGRAMS

Handicapped Pupils and School Age Parents Internal District Programs	Direct Program	255.101
General Equalization Aids July 1, 2013 - June 30, 2014 July 1, 2014 - June 30, 2015	Direct Program	255.201
Per Pupil Adjustment Aid July 1, 2014 - June 30, 2015	Direct Program	255.945

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
Wisconsin's Movin' Schools	Direct Program	255.345
Educator Effective Eval Sys	Direct Program	255.940
Career and Technical Educ Incentive Grants	Direct Program	255.950

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 7/1/14	Cash Received	Accrued or (Deferred) Revenue 6/30/15	Total Revenues	
\$ -	\$ 1,713,450	\$ -	\$ 1,713,450	\$ 1,713,450
(613,578)	613,578	-	-	-
-	33,401,770	597,012	33,998,782	33,998,782
-	828,825	-	828,825	828,825
(613,578)	36,557,623	597,012	36,541,057	36,541,057
-	27,666	-	27,666	27,666
-	254,000	-	254,000	254,000
-	7,540	-	7,540	7,540
-	150,234	-	150,234	150,234
-	90	-	90	90
-	7,425	-	7,425	7,425
(25,000)	25,000	-	-	-
-	7,289	-	7,289	7,289
-	750	-	750	750
-	34,800	-	34,800	34,800
-	33,000	-	33,000	33,000
(25,000)	547,794	-	522,794	522,794
(638,578)	37,105,417	597,012	37,063,851	37,063,851
\$ (638,578)	\$ 37,105,417	\$ 597,012	\$ 37,063,851	\$ 37,063,851

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, 2015

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 2014-2015 eligible costs under the State Special Education Program as reported by the District are \$6,253,654.

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, 2015

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>Child Nutrition Cluster</i>
10.553	School Breakfast Program
10.555	National School Lunch Program
	<i>Medicaid Cluster</i>
93.778	Medicaid School Based Services

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
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HOWARD-SUAMICO SCHOOL DISTRICT
 Green Bay, Wisconsin
 Schedule of Findings and Questioned Costs (Continued)
 For the Year Ended June 30, 2015

Section II - Financial Statement Findings

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

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

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

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

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

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

HOWARD-SUAMICO SCHOOL DISTRICT
 Green Bay, Wisconsin
 Schedule of Findings and Questioned Costs (Continued)
 For the Year Ended June 30, 2015

Section III - Federal Award and State Financial Assistance Findings

Finding No.	Internal Control Deficiencies
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2015-002 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* require 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 prepare 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 prepared by Schenck. 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, 2015

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

November 27, 2015

HOWARD-SUAMICO SCHOOL DISTRICT
Green Bay, Wisconsin
Schedule of Prior Year Audit Findings and Corrective Action Plan
For the Year Ended June 30, 2015

Status of Prior Year Audit Finding

The findings noted in the 2014 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 2014-001 and 2014-002 outweigh the benefits to be received. Management reviews the financial report and the single audit report prior to issuance.

Corrective Action Plan for Audit Findings

2015-001 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.

2015-002 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 and approve the information prepared by Schenck prior to issuance.

Additional Response

Matt Spets, Assistant Superintendent of Business Services is the contact person for the District. Matt performs the following mitigating controls:

1. Reviews and approves all adjusting entries proposed by the auditors.
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