

**SPARTA AREA SCHOOL DISTRICT
SPARTA, WISCONSIN**

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

Year Ended June 30, 2015

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SPARTA AREA SCHOOL DISTRICT

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SPARTA AREA SCHOOL DISTRICT

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Sparta Area School District
Sparta, Wisconsin

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Sparta Area School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Sparta Area School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Sparta Area School 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 1 to the financial statements, effective July 1, 2014, the Sparta Area School District adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 11, and the Schedule of Funding Progress for Post-Employment Benefit Plans, Wisconsin Retirement System schedules, and budgetary information on pages 54 through 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The prior year summarized information has been derived from the Sparta Area School District's June 30, 2014 financial statements, and, in our report dated November 6, 2014, we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sparta Area School District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and are also not a required part of the basic financial statements.



Other Matters (Continued)

The other supplementary information and schedules of awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 other supplementary information and the schedules of awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 24, 2015 on our consideration of the Sparta Area School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Sparta Area School District's internal control over financial reporting and compliance.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
Certified Public Accountants
Viroqua, Wisconsin
November 24, 2015

**SPARTA AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

The discussion and analysis of the Sparta Area School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

State Equalization Aid provides the largest source of revenue for the Sparta Area School District. Total revenue from State Equalization Aid was \$17,738,377 and \$17,590,977 during the 2014-15 and 2013-14 school years, respectively.

Local Property Taxes provides the second largest source of revenue for the Sparta Area School District. This revenue was \$9,735,414 and \$9,284,359 for the 2014-15 and 2013-14 school years, respectively.

The General Fund reported a fund balance of \$6,378,821. This is an increase of \$231,208 from the previous year.

Long-term debt outstanding decreased \$887,747.

FINANCIAL STATEMENTS

The financial statements consist of three parts: management discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Sparta Area School District. The first two statements are government-wide financial statements – the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the District's overall financial status.

**SPARTA AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

FINANCIAL STATEMENTS (continued)

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements. The governmental funds statements tell how, in general, the District's services were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short- and long-term financial information about the activities that the District operates like a business. For the District, this is the Food Service Fund. Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of supplementary information that further reports additional District operations not required to be part of the basic financial statements.

OVERVIEW OF FINANCIAL STATEMENTS

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities, are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indication of whether its financial health is improving or deteriorating, respectively. Other factors, such as projected student enrollment, need to be considered when assessing the overall financial status of the District.

The government-wide financial statements of the District are divided into two categories:

- Governmental activities – All of the District's basic services are included here, such as instruction, administration and community services. State Equalization aid and property taxes fund most of these activities. Additional funding is provided through state categorical aid, federal grants, and other sources.
- Business type activities – The District operates a food service operation and charges fees to staff, students and visitors to help it cover the costs of the food service operation.

**SPARTA AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

Fund Financial Statements

The District's fund financial statements provide detailed information about the most significant funds – not the District as a whole. Some funds are required by state law and by bond requirements.

- Governmental funds – Most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.
- Proprietary funds – These funds are used to account for the District's activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding is through user charges. When the District charges customers for services it provides – whether to outside customers or to other units in the District – these services are generally reported in proprietary funds. The Food Service Fund is the District's proprietary fund and is the same as the business-type activities reported in the government-wide statements, but provides more detail and additional information, such as cash flows.
- Fiduciary funds – The District is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds or student activity funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

**SPARTA AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

Table 1 summarizes the major features of the financial statements, including the portion of the program they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

Table 1 Fund Financial Statements				
	Government- Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activity of the District that is not proprietary or fiduciary, such as instructional, support services, and community services.	Activities that the District operates similar to private business – Food Services.	Assets held by the District on behalf of someone else. Student and other organizations that have funds on deposit with the District are reported here.
Required financial statements	Statement of Net Position, and Statement of Activities	Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance.	Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows.	Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.
Basis of accounting and measurement focus	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of asset and liability information	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term.
Type of inflow and outflow information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.	All additions or deductions during the year, regardless of when cash is received and paid.

**SPARTA AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 2 provides a comparative analysis of the District's net position between 2014 and 2015. At June 30, 2015, net position was \$42,054,775.

**Table 2
Analysis of District Net Position**

	Governmental Activities		Business-Type Activities		Total		% Change
	2015	2014	2015	2014	2015	2014	
Assets:							
Current Assets	\$ 10,304,233	\$ 11,701,403	\$ 91,268	\$ 154,405	\$ 10,395,501	\$ 11,855,808	-12.3%
Capital Assets	35,429,440	34,138,400	118,856	159,500	35,548,296	34,297,900	3.6%
Restricted Assets	4,481,703	-	62,178	-	4,543,881	-	0%
Total Assets	\$ 50,215,376	\$ 45,839,803	\$ 272,302	\$ 313,905	\$ 50,487,678	\$ 46,153,708	9.4%
Deferred outflows:							
Pension related outflows	\$ 2,173,450	\$ -	\$ 51,988	\$ -	\$ 2,225,438	\$ -	
Total Deferred Outflows	\$ 2,173,450	\$ -	\$ 51,988	\$ -	\$ 2,225,438	\$ -	
Liabilities:							
Current Liabilities	\$ 4,773,089	\$ 5,422,997	\$ 12,568	\$ 86,146	\$ 4,785,657	\$ 5,509,143	-13.1%
Long-term Liabilities	5,786,963	6,691,741	-	-	5,786,963	6,691,741	-13.5%
Total Liabilities	\$ 10,560,052	\$ 12,114,738	\$ 12,568	\$ 86,146	\$ 10,572,620	\$ 12,200,884	-13.3%
Deferred Inflows:							
Unearned Revenue- Food Service Deposits	\$ -	\$ -	\$ 26,500	\$ 26,523	\$ 26,500	\$ 26,523	-0.1%
Unearned Revenue- Other	58,076	7,577	1,145	-	59,221	7,577	681.6%
Total Deferred Inflows	\$ 58,076	\$ 7,577	\$ 27,645	\$ 26,523	\$ 85,721	\$ 34,100	151.4%
Net Position:							
Net Investment in Capital Assets	\$ 28,056,844	\$ 25,878,057	\$ 118,856	\$ 159,500	\$ 28,175,700	\$ 26,037,557	8.2%
Restricted	7,635,248	82,867	165,221	41,736	7,800,469	124,603	6160.3%
Unrestricted	6,078,606	7,756,564	-	-	6,078,606	7,756,564	-21.6%
Total Net Position	\$ 41,770,698	\$ 33,717,488	\$ 284,077	\$ 201,236	\$ 42,054,775	\$ 33,918,724	24.0%

Most of the District's net position is invested in capital assets (buildings, land, and equipment). The remaining net position is a combination of restricted and unrestricted amounts. Overall, liabilities decreased primarily due to continued retirement of debt without issuance of new debt. The net result was an overall increase in net position of 24.0 percent.

**SPARTA AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

Table 3, Analysis of District Activities, provides a comparison of revenue and expenditures between 2014 and 2015.

**Table 3
Analysis of District Activities**

	Governmental Activities		Business-Type Activities		Total		% Change
	2015	2014	2015	2014	2015	2014	
Revenues							
Program Revenues							
Charges for Services	\$ 60,849	\$ 53,562	\$ 630,080	\$ 615,813	\$ 690,929	\$ 669,375	3.2%
Operating Grants	4,241,867	4,292,961	1,111,990	1,064,360	5,353,857	5,357,321	-0.1%
Total Program Revenues	4,302,716	4,346,523	1,742,070	1,680,173	6,044,786	6,026,696	0.3%
General Revenues							
Property Taxes	9,735,414	9,284,359	-	-	9,735,414	9,284,359	4.9%
Grants & Entitlements	18,664,332	18,246,079	-	-	18,664,332	18,246,079	2.3%
Investment Income	13,919	5,525	-	-	13,919	5,525	151.9%
Miscellaneous	641,309	438,870	-	-	641,309	438,870	46.1%
Special item- Gain (loss) on Disposal	(203,919)	-	(948)	(1,228)	(204,867)	(1,228)	
Total General Revenues	28,851,055	27,974,833	(948)	(1,228)	28,850,107	27,973,605	3.1%
Total Revenues	\$33,153,771	\$32,321,356	\$ 1,741,122	\$ 1,678,945	\$34,894,893	\$34,000,301	2.6%
Expenses:							
Instruction	\$ 15,999,107	\$ 16,835,729	\$ -	\$ -	\$ 15,999,107	\$ 16,835,729	-5.0%
Support Services	11,748,473	11,176,133	-	-	11,748,473	11,176,133	5.1%
Community Services	53,186	33,286	-	-	53,186	33,286	59.8%
Non-Program	2,066,372	1,975,829	-	-	2,066,372	1,975,829	4.6%
Business-Type Activity	-	-	1,770,300	1,668,826	1,770,300	1,668,826	6.1%
Total Expenses	\$29,867,138	\$30,020,977	\$ 1,770,300	\$ 1,668,826	\$31,637,438	\$31,689,803	-0.2%
Change in Net Position	\$ 3,286,633	\$ 2,300,379	\$ (29,178)	\$ 10,119	\$ 3,257,455	\$ 2,310,498	41.0%
Net position - beginning of year	33,717,488	31,417,109	201,236	191,117	33,918,724	31,608,226	
Period adjustment	4,766,577	-	112,019	-	4,878,596	-	
Net position - beginning of year, restated	38,484,065	31,417,109	313,255	191,117	38,797,320	31,608,226	
Net position - end of year	\$41,770,698	\$33,717,488	\$ 284,077	\$ 201,236	\$42,054,775	\$33,918,724	

**SPARTA AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

General Fund Budget

During the fiscal year, the Board of Education authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. A schedule comparing the District's original budget, final budget, and actual revenue and expense amounts is shown as Required Supplemental Information.

The District applies for federal, state and local grants which cannot always be anticipated in the budgeting process.

The June 30, 2015 actual General Fund Balance varied from the final budgeted amount by \$753,711. Total revenues, including proceeds from the sale of capital assets, varied unfavorably from final budget by \$75,642 and total expenditures, including transfers, varied from total budget favorably by \$829,353. The most significant variance resulted from funding more capital projects with operating funds.

Capital Assets

The District has \$35,548,296 invested in capital assets net of depreciation, with \$35,429,440 attributed to governmental activities. Acquisitions for governmental activities were \$3,019,748 and depreciation was \$1,524,739.

For more detailed information regarding the District's capital assets, refer to Note 2.B. in the Notes to Financial Statements.

Debt Administration

Obligations – As of June 30, 2015 and June 30, 2014 the Sparta Area School District has outstanding obligations of \$7,372,596 and \$8,260,343, respectively. The District maintains a Standard and Poor's rating of "AA-."

Other obligations include accrued vacation pay and sick leave for specific employees of the District.

**SPARTA AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

Decisions/Factors That Will Impact the Future of the District

- The State of Wisconsin has an open enrollment law that allows students to attend the School District of their choice with few restrictions. The State adjusts each District's general state aid payment based on the number of students who transfer. The Sparta Area School District has actively encouraged attendance by non-resident students through open enrollment and strives to keep resident students by offering a varied and complete curriculum. Currently, the number of non-resident open enrollment pupils attending the Sparta School District continues to exceed the number of resident pupils attending other districts.
- As mentioned in Note 3.C., the electors of the District approved a referendum in November, 2014 to continue exceeding the state imposed revenue limits over the next four years. The additional amount approved was \$750,000 per year starting with the 2015-16 school year.
- The District health insurance plan experienced a minimal premium increase with the July 1, 2015 renewal. Future increases may be impacted by the Affordable Care Act.
- The State of Wisconsin is facing budget issues, and the state budget currently funds less than two-thirds of the cost of K-12 education. The largest portion of state funding comes through general equalization aids. Because the funding formula for general equalization aids proportionately funds the District due to treating it as less wealthy, the District could possibly be adversely impacted by any reduction in general equalization aids.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the Board of Education's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Leah Hauser, Director of Business Services.

E-Mail: lhauser@spartan.org

Phone: 608-269-3151

Mail: Sparta Area School District, 201 East Franklin Street, Sparta WI 54656.

BASIC FINANCIAL STATEMENTS

**SPARTA AREA SCHOOL DISTRICT
DISTRICT-WIDE STATEMENT OF NET POSITION
As of June 30, 2015**

	Governmental Activities	Business- Type Activities	Total
Assets			
Cash and investments	\$ 6,366,872	\$ 34,548	\$ 6,401,420
Restricted cash and investments for debt service	14,165	-	14,165
Receivables:			
Taxes	2,561,710	-	2,561,710
Accounts	25,293	3,633	28,926
Due from agency funds	618,456	6,528	624,984
Due from other governments	679,060	14,763	693,823
Inventories and prepaid expenses	38,677	31,796	70,473
Capital assets:			
Land	728,750	-	728,750
Construction work in progress	1,130,918	-	1,130,918
Depreciable assets, net of accumulated depreciation	33,569,772	118,856	33,688,628
Restricted assets:			
Net pension asset	2,599,462	62,178	2,661,640
Net OPEB asset	1,882,241	-	1,882,241
Total assets	<u>50,215,376</u>	<u>272,302</u>	<u>50,487,678</u>
Deferred Outflows of Resources	<u>2,173,450</u>	<u>51,988</u>	<u>2,225,438</u>
Total assets and deferred outflows of resources	<u>\$ 52,388,826</u>	<u>\$ 324,290</u>	<u>\$ 52,713,116</u>
Liabilities			
Accounts payable	\$ 353,387	\$ 903	\$ 354,290
Accrued liabilities:			
Payroll, payroll taxes, insurance	2,496,037	11,665	2,507,702
Interest	25,315	-	25,315
Other deposits	235	-	235
Due to other governments	4,639	-	4,639
Long-term obligations, due within one year	1,893,476	-	1,893,476
Long-term obligations, due in more than one year	5,786,963	-	5,786,963
Total liabilities	<u>10,560,052</u>	<u>12,568</u>	<u>10,572,620</u>
Deferred Inflows of Resources			
Unearned revenue - food service deposits	-	26,500	26,500
Unearned revenue - other	58,076	1,145	59,221
Total deferred inflows of resources	<u>58,076</u>	<u>27,645</u>	<u>85,721</u>
Net Position			
Net investment in capital assets	28,056,844	118,856	28,175,700
Restricted	7,635,248	165,221	7,800,469
Unrestricted	6,078,606	-	6,078,606
Total net position	<u>41,770,698</u>	<u>284,077</u>	<u>42,054,775</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 52,388,826</u>	<u>\$ 324,290</u>	<u>\$ 52,713,116</u>

See accompanying notes to financial statements.

**SPARTA AREA SCHOOL DISTRICT
DISTRICT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental activities:						
Instruction:						
Regular instruction	\$ 11,098,193	\$ 2,439	\$ 2,055,771	\$ (9,039,983)	\$ -	\$ (9,039,983)
Vocational instruction	648,726	-	4,000	(644,726)	-	(644,726)
Physical instruction	624,801	-	-	(624,801)	-	(624,801)
Special education instruction	3,113,846	-	1,490,529	(1,623,317)	-	(1,623,317)
Other instruction	513,541	58,410	-	(455,131)	-	(455,131)
Total instruction	15,999,107	60,849	3,550,300	(12,387,958)	-	(12,387,958)
Support services:						
Pupil services	1,113,311	-	160,569	(952,742)	-	(952,742)
Instructional staff services	1,796,834	-	273,683	(1,523,151)	-	(1,523,151)
General administration services	605,459	-	-	(605,459)	-	(605,459)
Building administration services	1,395,437	-	-	(1,395,437)	-	(1,395,437)
Business services	446,291	-	147,813	(298,478)	-	(298,478)
Operation and maintenance of plant	4,035,314	-	-	(4,035,314)	-	(4,035,314)
Pupil transportation	1,407,349	-	88,753	(1,318,596)	-	(1,318,596)
Central services	595,142	-	-	(595,142)	-	(595,142)
Insurance	247,760	-	-	(247,760)	-	(247,760)
Other support services	16,227	-	-	(16,227)	-	(16,227)
Interest on debt	89,349	-	-	(89,349)	-	(89,349)
Total support services	11,748,473	-	670,818	(11,077,655)	-	(11,077,655)
Community services:						
Community services	53,186	-	-	(53,186)	-	(53,186)
Nonprogram:						
Purchased instructional service	879,252	-	-	(879,252)	-	(879,252)
Other nonprogram	257	-	20,749	20,492	-	20,492
Depreciation - unallocated*	1,186,863	-	-	(1,186,863)	-	(1,186,863)
Total nonprogram	2,066,372	-	20,749	(2,045,623)	-	(2,045,623)
Total governmental activities	29,867,138	60,849	4,241,867	(25,564,422)	-	(25,564,422)
Business-type activities:						
School food service program	1,770,300	630,080	1,111,990	-	(28,230)	(28,230)
Total school district	\$ 31,637,438	\$ 690,929	\$ 5,353,857	(25,564,422)	(28,230)	(25,592,652)
General revenues:						
Property taxes:						
General purpose				8,035,899	-	8,035,899
Debt service				1,679,515	-	1,679,515
Community service				20,000	-	20,000
State and federal aids not restricted to specific functions:						
General				18,664,332	-	18,664,332
Interest and investment earnings				13,919	-	13,919
Miscellaneous				641,309	-	641,309
Total general revenues				29,054,974	-	29,054,974
Special item - gain (loss) on disposal				(203,919)	(948)	(204,867)
Change in net position				3,286,633	(29,178)	3,257,455
Net position - beginning of year				33,717,488	201,236	33,918,724
Prior period adjustment				4,766,577	112,019	4,878,596
Net position - beginning of year, restated				38,484,065	313,255	38,797,320
Net position - end of year				\$ 41,770,698	\$ 284,077	\$ 42,054,775

* Includes depreciation on assets not directly allocable to functions. See Note 2.B.

See accompanying notes to financial statements.

**SPARTA AREA SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2015
With Comparative Totals for June 30, 2014**

	Major Funds			2015	2014
	General Fund	Debt Service Fund	Nonmajor Gov't. Funds	Total Gov't. Funds	Totals (Memorandum Only)
Assets					
Cash and investments	\$ 5,219,989	\$ -	\$ 1,146,881	\$ 6,366,870	\$ 6,349,070
Restricted cash and investments for debt service	-	14,165	-	14,165	-
Receivables:					
Taxes	2,528,465	33,245	-	2,561,710	2,493,413
Accounts	5,293	-	20,000	25,293	28,021
Prepaid expenses	38,677	-	-	38,677	59,331
Due from other funds	636,551	-	-	636,551	605,010
Due from other governments	679,060	-	-	679,060	894,679
Total assets	\$ 9,108,035	\$ 47,410	\$ 1,166,881	\$ 10,322,326	\$ 10,429,524
Liabilities					
Accounts payable	\$ 209,060	\$ -	\$ 135,117	\$ 344,177	\$ 182,674
Accrued liabilities:					
Payroll, payroll taxes, insurance	2,496,337	-	753	2,497,090	2,465,232
Other deposits payable	8,391	-	-	8,391	10,918
Due to other funds	577	-	17,517	18,094	1,466,145
Due to other governments	4,639	-	-	4,639	3,591
Total liabilities	2,719,004	-	153,387	2,872,391	4,128,560
Deferred Inflows of Resources					
Unearned revenue - other	10,210	-	-	10,210	7,577
Total deferred inflows of resources	10,210	-	-	10,210	7,577
Fund Balances					
Nonspendable	38,677	-	-	38,677	59,331
Restricted	-	47,410	1,005,866	1,053,276	82,867
Committed	62,793	-	-	62,793	658,237
Assigned	445,000	-	7,628	452,628	62,907
Unassigned	5,832,351	-	-	5,832,351	5,430,045
Total fund balances	6,378,821	47,410	1,013,494	7,439,725	6,293,387
Total liabilities, deferred inflows of resources, and fund balances	\$ 9,108,035	\$ 47,410	\$ 1,166,881	\$ 10,322,326	\$ 10,429,524

See accompanying notes to financial statements.

**SPARTA AREA SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2015**

		2015 Total Gov't. Funds
Total fund balance from previous page	\$	<u>7,439,725</u>
 Total net position reported for governmental activities in the Statement of Net Position are different from the amount reported as total governmental funds' fund balance because:		
 Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the Statement of Net Position are:		
Governmental capital assets	\$ 58,357,313	
Governmental accumulated depreciation	<u>(22,927,873)</u>	35,429,440
 The net pension and net OPEB assets are not current financial resources and therefore are not reported in the fund statements.		
Net OPEB asset	1,882,241	
Net pension asset	<u>2,599,462</u>	4,481,703
 Pension deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plan. These items are reflected in the Statement of Net Position and are being amortized with pension expense in the Statement of Activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and therefore are not reported in the fund statements.		
Deferred outflows of resources	2,173,450	
Deferred inflows of resources	<u>(47,866)</u>	2,125,584
 Long-term liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements. Long-term liabilities reported in the Statement of Net Position that are not reported in the Governmental Funds Balance Sheet are:		
General obligation debt	(7,372,596)	
Accrued interest on general obligation debt	(25,315)	
Vested employee benefits	<u>(307,843)</u>	(7,705,754)
 Total net position - governmental activities	 \$	 <u><u>41,770,698</u></u>

See accompanying notes to financial statements.

SPARTA AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015
With Comparative Totals for the Year Ended June 30, 2014

	Major Funds			2015	2014
	General Fund	Debt Service Fund	Nonmajor Gov't. Funds	Total Gov't. Funds	Totals (Memorandum Only)
Revenues:					
Property taxes	\$ 8,035,899	\$ 1,679,515	\$ 20,000	\$ 9,735,414	\$ 9,284,359
Other local sources	186,339	35,158	292,013	513,510	339,604
Interdistrict sources	279,286	-	-	279,286	210,900
Intermediate sources	10,793	-	-	10,793	-
State sources	20,739,046	-	-	20,739,046	20,313,708
Federal sources	1,851,914	-	26,482	1,878,396	2,016,115
Other sources	184,922	6,973	9,449	201,344	167,374
Total revenues	31,288,199	1,721,646	347,944	33,357,789	32,332,060
Expenditures:					
Current:					
Instruction:					
Regular instruction	11,522,569	-	45,902	11,568,471	11,813,674
Vocational instruction	686,343	-	-	686,343	640,154
Physical instruction	662,163	-	-	662,163	677,470
Special education instruction	3,300,057	-	-	3,300,057	3,309,968
Other instruction	382,355	-	163,522	545,877	384,584
Total instruction	16,553,487	-	209,424	16,762,911	16,825,850
Support services:					
Pupil services	1,179,923	-	204	1,180,127	1,153,008
Instructional staff services	1,860,946	-	325	1,861,271	1,685,270
General administration services	503,508	-	25,194	528,702	572,355
Building administration services	1,451,656	-	-	1,451,656	1,525,518
Business services	456,286	-	22,372	478,658	475,473
Operation and maintenance	4,125,707	-	134,221	4,259,928	2,809,034
Pupil transportation	1,382,176	-	20,670	1,402,846	1,393,251
Central services	629,920	-	-	629,920	651,518
Insurance	247,760	-	-	247,760	235,987
Other support services	16,227	-	-	16,227	498,727
Total support services	11,854,109	-	202,986	12,057,095	11,000,141
Community services:					
Community service	-	-	52,982	52,982	33,287
Debt service:					
Principal	-	1,852,747	-	1,852,747	1,817,284
Interest	-	95,873	-	95,873	119,873
Other fiscal charges	-	-	-	-	4,690
Total debt service	-	1,948,620	-	1,948,620	1,941,847
Nonprogram:					
Purchased instructional service	879,252	-	-	879,252	839,237
Other nonprogram	1,058	-	-	1,058	14,611
Total nonprogram	880,310	-	-	880,310	853,848
Capital outlay	1,536,517	-	22,162	1,558,679	789,406
Total expenditures	30,824,423	1,948,620	487,554	33,260,597	31,444,379
Excess (deficiency) of revenues over expenditures	463,776	(226,974)	(139,610)	97,192	887,681
Other financing sources (uses):					
Proceeds from long-term debt	-	-	965,000	965,000	-
Proceeds from sale of capital assets	750	-	-	750	650
Transfer from other funds	-	220,365	12,953	233,318	218,972
Transfer to other funds	(233,318)	-	-	(233,318)	(218,972)
Total other financing sources (uses)	(232,568)	220,365	977,953	965,750	650
Net change in fund balances	231,208	(6,609)	838,343	1,062,942	888,331
Fund balance - beginning of year	6,147,613	54,019	91,755	6,293,387	5,405,056
Prior period adjustment	-	-	83,396	83,396	-
Fund balance - beginning of year, restated	6,147,613	54,019	175,151	6,376,783	5,405,056
Fund balance - end of year	\$ 6,378,821	\$ 47,410	\$ 1,013,494	\$ 7,439,725	\$ 6,293,387

See accompanying notes to financial statements.

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

Net change in fund balances - total governmental funds		\$ 1,062,942
Amounts reported for governmental activities in the Statement of Activities are different because:		
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
Capital outlay reported in governmental fund statements	\$ 1,558,679	
Capital asset additions not included in capital outlays	1,461,069	
Depreciation expense reported in the Statement of Activities	<u>(1,524,739)</u>	
Amount by which capital outlays are greater (less) than depreciation in the current period:		1,495,009
Vested employee benefits, including early retirement benefits, are reported in the governmental funds when amounts are paid. The Statement of Activities reports the value of benefits earned during the year.		
Post employment benefits paid in current year	-	
Post employment benefits earned in current year	<u>(3,485)</u>	
Amounts paid are greater (less) than amounts earned by:		(3,485)
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the Statement of Net Position and does not affect the Statement of Activities.		
The amount of long-term debt principal payments in the current year is:		1,852,747
Debt incurred in governmental funds is reported as an other financing source, but is reported as an increase in outstanding long-term debt in the Statement of Net Position, and does not affect the Statement of Activities.		
The amount of debt incurred in the current year is:		(965,000)
The District disposed of fully depreciated assets resulting in a reduction of capital assets and recapture of prior year depreciation expense reported on the Statement of Net Position as a net loss and having no affect on the Statement of Net Position.		
The value of capital assets disposed of during the year was	(330,110)	
The amount of depreciation recapture for the year was	<u>126,141</u>	
The difference in the value of assets net of recaptured depreciation creates a gain (loss) of:		(203,969)
In governmental funds, interest payments on outstanding long-term debt are reported as an expenditure when paid. In the Statement of Activities, interest is reported as incurred.		
The amount of interest paid during the current period	95,873	
The amount of interest accrued during the current period	<u>(89,349)</u>	
Interest paid is greater (less) than interest accrued by:		6,524
Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the Statement of Activites is actuarially determined by the defined benefit pension plan as the difference between the net pension asset from the prior year to the current year, with some adjustments.		
Amount of current year required contributions into the defined benefit pension plan	1,027,391	
Actuarially determined change in net pension asset between years, with adjustments	<u>(985,526)</u>	
		<u>41,865</u>
Change in net position - governmental activities		<u>\$ 3,286,633</u>

See accompanying notes to financial statements.

**SPARTA AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION -
PROPRIETARY FUND
As of June 30, 2015
With Comparative Totals for June 30, 2014**

	2015	2014 Totals (Memorandum Only)
Assets		
Current assets:		
Cash and investments	\$ 34,548	\$ 100,712
Accounts receivable	3,633	30
Due from other funds	6,528	-
Due from other governments	14,763	13,794
Inventories and prepaid expenses	31,796	39,869
Total current assets	91,268	154,405
Noncurrent assets:		
Furniture and equipment	678,514	689,068
Less: Accumulated depreciation	(559,658)	(529,568)
Total noncurrent assets	118,856	159,500
Restricted assets:		
Net pension asset	62,178	-
Total restricted assets	62,178	-
Total assets	272,302	313,905
Deferred Outflows of Resources	51,988	-
Total assets and deferred outflows of resources	\$ 324,290	\$ 313,905
Liabilities		
Current liabilities:		
Accounts payable	\$ 903	\$ 5,390
Accrued payroll	11,665	80,756
Total liabilities	12,568	86,146
Deferred Inflows of Resources	27,645	26,523
Net Position		
Net investment in capital assets	118,856	159,500
Restricted for pensions	113,021	-
Restricted for food service	52,200	41,736
Total net position	284,077	201,236
Total liabilities, deferred inflows of resources and net position	\$ 324,290	\$ 313,905

See accompanying notes to financial statements.

SPARTA AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUND
For the Year Ended June 30, 2015
With Comparative Totals for the Year Ended June 30, 2014

	<u>2015</u>	<u>2014 Totals (Memorandum Only)</u>
Operating revenues:		
Food sales	\$ 630,080	\$ 615,813
State sources	34,787	30,866
Federal sources	970,869	945,929
Federal commodities	104,097	87,022
Other revenues	2,237	543
Total operating revenues	<u>1,742,070</u>	<u>1,680,173</u>
Operating expenses:		
Salaries and wages	505,032	482,654
Employer paid benefits	188,336	197,831
Purchased services	11,735	13,359
Supplies, food and materials	1,015,417	925,626
Other	10,084	9,936
Depreciation	39,696	39,420
Total operating expenses	<u>1,770,300</u>	<u>1,668,826</u>
Operating income (loss)	<u>(28,230)</u>	<u>11,347</u>
Other financing sources (uses):		
Special Item - gain (loss) on disposal of assets	(948)	(1,228)
Total other financing sources (uses)	<u>(948)</u>	<u>(1,228)</u>
Change in net position	<u>(29,178)</u>	<u>10,119</u>
Net position - beginning of year	201,236	191,117
Prior period adjustment	<u>112,019</u>	<u>-</u>
Net position - beginning of year, restated	<u>313,255</u>	<u>191,117</u>
Net position - end of year	<u>\$ 284,077</u>	<u>\$ 201,236</u>

See accompanying notes to financial statements.

**SPARTA AREA SCHOOL DISTRICT
STATEMENT OF CASH FLOWS -
PROPRIETARY FUND
For the Year Ended June 30, 2015
With Comparative Totals for the Year Ended June 30, 2014**

	2015	2014 Totals (Memorandum Only)
Cash flows from operating activities:		
Cash received from sales of food	\$ 629,836	\$ 617,965
Cash received from other government payments	1,004,687	1,056,764
Cash payments to employees for services	(558,124)	(491,608)
Cash payments for employer paid benefits	(205,337)	(191,354)
Cash payments for purchased services	(11,735)	(13,359)
Cash payments to suppliers for goods and services	(908,682)	(853,737)
Cash payments for other operating expenses	(16,612)	(9,936)
Net cash provided (used) by operating activities	(65,967)	114,735
Cash flows from capital and related financing activities:		
Purchase of assets	(197)	(9,031)
Net cash provided (used) by capital and related financing activities	(197)	(9,031)
Net increase in cash and investments	(66,164)	105,704
Cash and investments - beginning of year	100,712	(4,992)
Cash and investments - end of year	\$ 34,548	\$ 100,712
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (28,230)	\$ 11,347
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	39,696	39,420
Pension expense	(1,002)	-
Loss on disposal	(948)	-
Changes in assets and liabilities:		
Accounts receivable	(3,603)	1,666
Due from other funds	(6,528)	-
Due from other governments	(969)	79,969
Inventories and prepaid expenses	8,073	(17,755)
Accounts payable	(4,487)	2,622
Accrued payroll	(69,091)	(2,477)
Unearned revenue- food service deposits	1,122	(57)
Net cash provided (used) by operating activities	\$ (65,967)	\$ 114,735
Noncash noncapital financing activities:		
Donated commodities received from the U.S. Department of Agriculture	\$ 102,787	\$ 85,725

See accompanying notes to financial statements.

**SPARTA AREA SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
As of June 30, 2015
With Comparative Totals for June 30, 2014**

	Private- Purpose Trust Fund	Employee Benefit Trust Fund	Agency Fund	2015 Total Fiduciary	2014 Totals (Memorandum Only)
Assets					
Cash and investments	\$ 630,137	\$ 3,959,691	\$ 48,263	\$ 4,638,091	\$ 3,765,507
Due from other funds	-	577	-	577	861,135
Total assets	<u>\$ 630,137</u>	<u>\$ 3,960,268</u>	<u>\$ 48,263</u>	<u>\$ 4,638,668</u>	<u>\$ 4,626,642</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 577
Due to other funds	-	625,562	-	625,562	-
Due to student organizations	-	-	48,263	48,263	122,135
Total liabilities	<u>-</u>	<u>625,562</u>	<u>48,263</u>	<u>673,825</u>	<u>122,712</u>
Net Position					
Restricted	630,137	3,334,706	-	3,964,843	4,503,930
Total net position	<u>630,137</u>	<u>3,334,706</u>	<u>-</u>	<u>3,964,843</u>	<u>4,503,930</u>
Total liabilities and net position	<u>\$ 630,137</u>	<u>\$ 3,960,268</u>	<u>\$ 48,263</u>	<u>\$ 4,638,668</u>	<u>\$ 4,626,642</u>

See accompanying notes to financial statements.

**SPARTA AREA SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2015
With Comparative Totals for the Year Ended June 30, 2014**

	Private- Purpose Trust Fund	Employee Benefit Trust Fund	2015 Total Fiduciary	2014 Totals (Memorandum Only)
Additions				
Private donations	\$ 26,474	\$ -	\$ 26,474	\$ 16,970
Contributions to Employee Benefit Trust Fund	-	577	577	1,126,190
Interest income	3,073	85,791	88,864	91,390
Total additions	<u>29,547</u>	<u>86,368</u>	<u>115,915</u>	<u>1,234,550</u>
Deductions				
Scholarships awarded	29,440	-	29,440	17,900
Payments for retired employee benefits	-	625,562	625,562	597,934
Miscellaneous expense	-	-	-	2,000
Total deductions	<u>29,440</u>	<u>625,562</u>	<u>655,002</u>	<u>617,834</u>
Change in net position	107	(539,194)	(539,087)	616,716
Net position - beginning of year	630,030	3,873,900	4,503,930	3,887,214
Net position - end of year	<u>\$ 630,137</u>	<u>\$ 3,334,706</u>	<u>\$ 3,964,843</u>	<u>\$ 4,503,930</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

**SPARTA AREA SCHOOL DISTRICT
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June 30, 2015**

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**SPARTA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Sparta Area School District conform to generally accepted accounting principles as applicable to governmental units.

A. REPORTING ENTITY

The Sparta Area School District is organized as a common school district. The District, governed by a seven member elected school board, operates pre-kindergarten through grade 12 and is comprised of all or parts of fourteen taxing districts. This report includes all of the funds of the Sparta Area School District. The reporting entity for the District consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. This report does not contain any component units.

B. BASIS OF FINANCIAL STATEMENT PRESENTATION

District-Wide Financial Statements

The District-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the District. The effect of interfund activity, within the governmental and business-type activities columns, 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 or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The District does not allocate indirect expenses to functions in the Statement of Activities. Program revenues included (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 or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**SPARTA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF FINANCIAL STATEMENT PRESENTATION (Continued)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues, and expenditures.

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

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

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The District has presented the following governmental funds:

General Fund – The General Fund is the District's primary operating fund and is always classified as a major fund. It is used to account for and report all financial resources not accounted for and reported in another fund. Special education revenues and expenses are included in the General Fund.

Special Revenue Funds – Special Revenue Funds are used to account for and report the specific revenue sources comprising a substantial portion of the fund's resources on an ongoing basis that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

Debt Service Fund – The Debt Service Fund is used to account for and report the financial resources that are restricted, committed or assigned to expenditure for principal and interest.

Capital Projects Fund – The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays (other than those financed by proprietary funds and trust funds).

**SPARTA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF FINANCIAL STATEMENT PRESENTATION (Continued)

Governmental Funds (Continued)

The District reports the following major governmental funds:

General Fund
Debt Service Fund

The District reports the following nonmajor funds:

Special Revenue Funds:
Special Revenue Trust Fund
Community Service Fund
Package Cooperative Fund
Capital Projects Fund

Proprietary Funds

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. The District operates one enterprise fund, the Food Service Fund. This fund accounts for the activities of the District's food service, generally the school lunch program.

Fiduciary Funds (Not included in District-Wide Statements)

Employee Benefit Trust Fund – This is a separate accounting fund for reporting resources set aside and held in a trust arrangement for post employment benefits. The District established this fund in the 2006-2007 school year.

Private-Purpose Trust Fund – The Private-Purpose Trust Fund is used to account for resources legally held in trust for student scholarships.

Agency Fund – The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations, and/or other governmental units. The District reports its Student Activity Fund as an agency fund.

**SPARTA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized at the time the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Deferred outflows of resources represents a consumption of resources that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represents an acquisition of resources that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Unbilled receivables are recorded as revenues when services are provided.

The proprietary funds distinguish operating revenues and expenses from nonoperating 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 Food Service Fund are charges for nutritional services. Operating expenses for proprietary funds include the cost of providing nutritional services and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property tax revenues are recognized as revenue in the fiscal year levied as the District considers the property taxes as due prior to June 30. The District considers the taxes as due on January 1, the date from which interest and penalties accrue for non-payment of a scheduled installment. Full receipt of the entire levy is assured within sixty days of the school's fiscal year end. Receipt of the balance of taxes levied within sixty days meets the requirements for availability in accordance with generally accepted accounting principles applicable to governmental entities.

**SPARTA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING (Continued)

Property taxes are collected by local taxing districts until January 31. Real estate tax collections after that date are made by the county, which assumes all responsibility for delinquent real estate taxes.

The aggregate amount of property taxes to be levied for district purposes is determined according to provisions of Chapter 120 of the Wisconsin Statutes. Property taxes levied by the District are certified to local taxing districts for collection. Property taxes attach as an enforceable lien as of January 1. Taxes are levied in December on the assessed value as of the prior January 1.

Property tax calendar – 2014 tax roll:

Lien date and levy date	December, 2014
Tax bills mailed	December, 2014
Payment in full or first installment due	January 31, 2015
Second installment due	July 31, 2015

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

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

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

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

**SPARTA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING (Continued)

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. MEASUREMENT FOCUS

On the District-Wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus. Under this concept, revenues and expenses are matched using the accrual basis of accounting.

The measurement focus of all governmental funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred inflows or nonspendable fund equity. Liabilities for claims, judgments, compensated absences and pension contributions which will not be currently liquidated using expendable available financial resources are included as liabilities in the District-wide financial statements but are excluded from the governmental fund financial statements. The related expenditures are recognized in the governmental fund financial statements when the liabilities are liquidated.

E. CASH AND INVESTMENTS

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Fair value of investments in the Local Government Investment Pool (LGIP) is based on information provided by the State of Wisconsin Investment Board.

**SPARTA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. INVENTORIES

Governmental fund inventories are recorded at cost based on the FIFO (first-in, first-out) method using the consumption method of accounting.

G. LONG-TERM OBLIGATIONS

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the District-wide or fund financial statements.

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

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

H. CAPITAL ASSETS

District-Wide Statements

In the District-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. The District maintains a threshold level of a unit cost of \$1,500 (\$250 for iPads, laptops, and computers) or more for capitalizing capital assets.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Land improvements	8 - 50 years
Buildings and improvements	7 - 50 years
Furniture and equipment	5 - 20 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

**SPARTA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds". Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

J. BUDGETS

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.C.

The budgeted amounts presented include amendments adopted during the year. Transfers between functions and changes to the overall budget must be approved by a two-thirds board action. There were no supplemental appropriations during the year. Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the function level in the General Fund and at the fund level for all other funds.

K. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

L. COMPENSATED ABSENCES AND OTHER EMPLOYEE BENEFIT AMOUNTS

The District's policy allows classified employees to receive paid vacation time based on the work hours stated on their letter of intent and on their number of years of employment with the District. Middle Management employees are granted twelve vacation days per year, to increase based on years of service, up to a maximum of twenty-two days. Administrators contracted to work 260 days are entitled to twenty-two days of paid vacation per year, to increase based on years of service, up to a maximum of six weeks per year. Administrators contracted to work less than 260 days are entitled to five days of paid vacation per year, to increase based on years of service, up to a maximum of ten days. A maximum of sixty-four hours may be carried over from one employment year into the next. The sixty-four hours carried over must be used in that employment year or they will be forfeited. Upon accumulation above the maximum days or termination of employment, any unused vacation days will be paid out at the employee's normal hourly rate. The District is liable for \$59,544 of accrued vacation as of June 30, 2015.

School year employees earn twelve paid leave days annually, accumulative to a maximum of 105 days. Employees who are contracted beyond 220 days will be granted fourteen paid leave days, accumulative to 115 days. Upon accumulation above the maximum days or termination of employment, any unused paid leave days will be paid at the rate of \$2.00 per hour for Classified Staff and \$20.00 per day for Certified Staff. The District is liable for \$248,299 of unused personal paid leave as of June 30, 2015.

**SPARTA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. COMPENSATED ABSENCES AND OTHER EMPLOYEE BENEFIT AMOUNTS (Continued)

As provided in the District's Employee Handbook, qualified employees meeting minimum age and length of service requirements may be eligible for certain other post-employment benefits directly from the District (See Note 2.F.).

M. CLAIMS AND JUDGMENTS

Claims and judgments are recorded as liabilities if all the conditions of GASB pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statement. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the District-wide financial statements as expense when the related liabilities are incurred. There were no significant claims or judgments at year end.

N. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

O. PENSIONS

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

P. CHANGE IN ACCOUNTING PRINCIPLE

Effective July 1, 2014, the District adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Implementation of GASB Statement No. 68 required net position in the governmental activities to be increased by \$4,683,181, and net position in the business type activities to be increased by \$112,019. A prior period adjustment was made to reflect the January 1, 2014 beginning net pension asset of \$4,218,742 and beginning deferred outflows of resources of \$576,458 for District contributions to the WRS after the December 31, 2013 measurement date through June 30, 2014.

**SPARTA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure) until then. The District has one item that qualifies for reporting in this category. The deferred outflows of resources in the amount of \$2,225,438 are for the WRS pension system.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The District has items that qualify for reporting in this category. The deferred inflows of resources are related to the WRS pension system in the amount of \$49,011, food service unearned revenues in the amount of \$26,500, and other unearned revenues in the amount of \$10,210.

R. EQUITY CLASSIFICATIONS

District-Wide Statements

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.
- b. Restricted assets – Consists of net positions with constraints placed on the use either 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.
- c. Unrestricted net position – All other net positions that do not meet the definition of "restricted" or "net investment in capital assets".

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.

Fund Statements

Governmental fund equity is reported as fund balance and is classified as follows:

- a. Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – amounts with externally imposed constraints placed on the use of resources by constitution, external resource providers, or through enabling legislation.

**SPARTA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. EQUITY CLASSIFICATIONS (Continued)

Fund Statements (Continued)

- c. Committed – amounts that can only be spent for specific purposes pursuant to constraints imposed by formal action by the Board of Education. A formal resolution by the Board of Education is required to establish, modify, or rescind a fund balance commitment.

- d. Assigned – amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Education has designated the Director of Business Services as the official authorized to assign amounts to a specific purpose.

- e. Unassigned – the residual classification for the General Fund representing amounts not restricted, committed, or assigned to specific purposes. Included in this classification is an amount established for minimum funding. The District has adopted a minimum fund balance policy which states, "The Board of Education shall continually strive to develop operating budgets, which will add sufficient funds each year to maintain a minimum of 10 percent of total operating expenses in the fund balance with the long-term goal of obtaining a fund balance of 15 percent."

When the District incurs an expenditure for purposes for which various fund balance classifications can be used, it is the District's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

S. SUMMARIZED COMPARATIVE INFORMATION

The basic financial statements include certain prior year summarized comparative information in total, but not at the level of detail for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

T. RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to the current year presentation.

**SPARTA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

Investment of District funds is restricted by State Statutes. Available investments are limited to:

1. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in the State of Wisconsin, if the time deposits mature in not more than three years.
2. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, local cultural arts district, or by the University of Wisconsin Hospitals and Clinics Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The Local Government Investment Pool (LGIP).
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

The carrying amount of the District's cash and investments totaled \$11,053,676 on June 30, 2015 and is summarized below:

Deposits with financial institutions	\$	280,654
Investments:		
Local Government Investment Pool		6,800,275
Fixed annuities		13,047
MidAmerica Trust		3,959,691
Wisconsin Investment Series Cooperative		9
	<u>\$</u>	<u>11,053,676</u>

Reconciliation to the basic financial statements:

District-Wide Statement of Net Position:		
Cash and investments	\$	6,401,420
Restricted cash and investments for debt service		14,165
Fiduciary funds:		
Employee Benefit Trust Fund		3,959,691
Private-Purpose Trust Fund		630,137
Agency Fund		48,263
	<u>\$</u>	<u>11,053,676</u>

**SPARTA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

A. CASH AND INVESTMENTS (Continued)

Deposits and investments of the District are subject to various risks. Following 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, the District would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the District would not be able to recover the value of its investment of collateral securities that are in the possession of another party. The District does not have a deposit policy for custodial credit risk. Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and saving bearing accounts and \$250,000 for demand accounts. Bank accounts and the Local Government Investment Pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000.

As of June 30, 2015, the District had deposits with financial institutions that were exposed to custodial credit risk as follows:

Insured by FDIC and State Deposit Guarantee Fund	\$ 985,490
Uninsured and collateralized	946,293
	<u>\$ 1,931,783</u>

The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

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. Wisconsin State Statute limits the maturity of commercial paper and corporate bonds to not more than seven years. As of June 30, 2015, the LGIP had an average maturity of 80 days and a fair value of \$6,800,275. As of June 30, 2015, the Wisconsin Investment Series Cooperative (WISC) had an average maturity of 0 days and a fair value of \$9. The investments of the Employee Benefit Trust Fund had an average maturity of 0 days and a fair value of \$3,959,691.

**SPARTA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

A. CASH AND INVESTMENTS (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 Statute limits investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations.

The 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 LGIP was not rated as of June 30, 2015.

The WISC was established pursuant to an intergovernmental cooperation agreement under the Wisconsin inter-governmental cooperation statute. The WISC is governed by a commission, made up of superintendents and business officials of participating public entities, in accordance with the terms of the Intergovernmental Cooperation Agreement. The WISC's portfolios' investments at all times consist solely of securities and instruments in which public entities are permitted to invest. The WISC was given a rating of "AAAm" by Standard & Poor's as of June 30, 2015.

The District has established an Employee Benefit Trust Fund to pay retirees post-employment benefits. This trust currently has invested in fixed interest annuities that have a Standard & Poor's rating of AA-. All other investments were not rated.

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

**SPARTA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

B. CAPITAL ASSETS

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

	Balance 7/1/2014	Additions	Deletions	Balance 6/30/2015
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 728,750	\$ -	\$ -	\$ 728,750
Construction work in progress	361,341	1,940,059	1,170,482	1,130,918
Total capital assets not being depreciated	<u>1,090,091</u>	<u>1,940,059</u>	<u>1,170,482</u>	<u>1,859,668</u>
Capital assets being depreciated:				
Land improvements	1,962,417	439,419	-	2,401,836
Buildings and improvements	45,487,671	803,650	11,976	46,279,345
Furniture and equipment	7,127,496	1,007,102	318,134	7,816,464
Total capital assets being depreciated	<u>54,577,584</u>	<u>2,250,171</u>	<u>330,110</u>	<u>56,497,645</u>
Less: Accumulated depreciation for:				
Land improvements	(1,159,609)	(126,603)	-	(1,286,212)
Buildings and improvements	(15,024,040)	(985,623)	(7,280)	(16,002,383)
Furniture and equipment	(5,345,626)	(412,513)	(118,861)	(5,639,278)
Total accumulated depreciation	<u>(21,529,275)</u>	<u>(1,524,739)</u>	<u>(126,141)</u>	<u>(22,927,873)</u>
Net capital assets	<u>\$ 34,138,400</u>	<u>\$ 2,665,491</u>	<u>\$ 1,374,451</u>	<u>\$ 35,429,440</u>
Business-type activities:				
Capital assets being depreciated:				
Furniture and equipment	\$ 689,068	\$ -	\$ 10,554	\$ 678,514
Less: Accumulated depreciation	(529,568)	(39,696)	(9,606)	(559,658)
Net capital assets	<u>\$ 159,500</u>	<u>\$ (39,696)</u>	<u>\$ 948</u>	<u>\$ 118,856</u>

**SPARTA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

B. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

Governmental activities:

Instruction:		
Regular	\$	172,638
Support services:		
General administration services		128,616
Operation and maintenance		30,865
Pupil transportation		5,757
Unallocated depreciation expense		1,186,863
Governmental activities depreciation expense		<u>1,524,739</u>

Business-type activities:

Food service		39,696
Business-type activities depreciation expense		<u>39,696</u>
Total depreciation expense	\$	<u><u>1,564,435</u></u>

C. INTERFUND BALANCES AND ACTIVITY

Interfund receivable and payable balances on June 30, 2015 are as follows:

	Due From Other Funds	Due To Other Funds
Governmental funds:		
General Fund	\$ 636,551	\$ 577
Food Service	6,528	-
Community Service	-	17,517
Fiduciary Funds:		
Employee Benefit Trust Fund	577	625,562
Total	<u>\$ 643,656</u>	<u>\$ 643,656</u>

The principle purpose of these interfunds is due to commingled cash. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All amounts are due within one year.

**SPARTA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

C. INTERFUND BALANCES AND ACTIVITY (Continued)

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

Transfer from:	Transfer to:	Purpose:	Amounts
General Fund	Debt Service Fund	Payment of long-term liabilities	\$ 220,365
General Fund	Package Cooperative Fund	Cover operating deficit	12,953
			<u>\$ 233,318</u>

D. LONG-TERM OBLIGATIONS

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

Governmental Activities	Balance 7/1/2014	Increases	Decreases	Balance 6/30/2015	Amounts Due Within One Year
Bonds, notes and loans payable:					
General obligation debt	\$ 8,195,000	\$ 965,000	\$ 1,820,000	\$ 7,340,000	\$ 1,815,000
State Trust Fund Loans	65,343	-	32,747	32,596	18,932
Total bonds, notes and loans payable	<u>8,260,343</u>	<u>965,000</u>	<u>1,852,747</u>	<u>7,372,596</u>	<u>1,833,932</u>
Other liabilities:					
Vested employee benefits	299,006	8,837	-	307,843	59,544
Other post employment benefits (asset)	<u>(1,876,889)</u>	<u>(5,352)</u>	<u>-</u>	<u>(1,882,241)</u>	<u>-</u>
Total other liabilities	<u>(1,577,883)</u>	<u>3,485</u>	<u>-</u>	<u>(1,574,398)</u>	<u>59,544</u>
Total long-term liabilities	<u>\$ 6,682,460</u>	<u>\$ 968,485</u>	<u>\$ 1,852,747</u>	<u>\$ 5,798,198</u>	<u>\$ 1,893,476</u>

**SPARTA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

D. LONG-TERM OBLIGATIONS (Continued)

General Obligation Debt

All general obligation bonds, notes and loans payable are backed by the full faith and credit of the District. Bonds, notes and loans in the governmental funds will be retired by future property tax levies. All of the debt relates to governmental activities.

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

Type	Issue Date	Final Maturity	Interest Rate	Original Indebtedness	Balance Outstanding 6/30/2015
General obligation debt:					
Refunding bonds	12/2/2011	3/1/2018	.80 - 1.7%	\$ 2,835,000	\$ 1,210,000
State trust fund loans	11/29/2011	3/15/2018	3.75%	150,000	32,596
Refunding bonds	12/3/2012	3/1/2019	.80-1.0%	7,570,000	5,165,000
Promissory note	5/14/2015	3/1/2020	2.0-3.0%	965,000	965,000
Total bonds, notes, and loans payable					<u><u>\$ 7,372,596</u></u>

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

Year Ending June 30,	Principal	Interest	Total
2016	\$ 1,833,932	\$ 85,733	\$ 1,919,665
2017	1,863,664	68,662	1,932,326
2018	1,885,000	46,030	1,931,030
2019	1,690,000	24,500	1,714,500
2020	100,000	3,000	103,000
	<u><u>\$ 7,372,596</u></u>	<u><u>\$ 227,925</u></u>	<u><u>\$ 7,600,521</u></u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the District may not exceed ten percent of the equalized value of taxable property within the District's jurisdiction. The debt limit as of June 30, 2015, was \$104,854,300. Total general obligation debt outstanding at year end was \$7,372,596, leaving a margin of indebtedness of \$97,481,704.

**SPARTA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

E. LEASE DISCLOSURES

Lessee – Capital Leases

The District has no material capital leases with a remaining noncancellable term exceeding one year. In June 2015, the Board approved a capital lease agreement for computer hardware equipment. The lease is in effect from July 1, 2015 through July 15, 2018. Payments over the term are expected to total \$530,060.

The District also entered into a capital lease agreement for new ESAB welders. The lease is in effect from July 1, 2015 through July 1, 2019. The amount of the lease is \$77,685 with an interest rate of 4.9%. The lease includes a \$1 purchase option at the end of the lease.

Lessee – Operating Leases

The District has no material operating leases with a remaining noncancellable term exceeding one year.

Lessor – Capital Leases

The District has no material outstanding sales-type or direct financing leases.

Lessor – Operating Leases

The District does not receive material lease payments from property rented to others.

F. OTHER POST-EMPLOYMENT BENEFITS

The Sparta Area School District prospectively implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions" for the fiscal year ended June 30, 2009. This implementation allows the District to report its liability for other post-employment benefits consistent with newly established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements. In the 2006-2007 fiscal year, the District established the Employee Benefit Trust Fund to set aside for post-employment benefits.

Plan Description

The Sparta Area School District operates a single-employer retiree benefit plan that provides post-employment medical benefits for retirees and their dependents. There are 242 active and 20 retired members in the plan as of July 1, 2014, the most recent actuarial valuation date. Benefits and eligibility for teachers and administrators are established and amended through collective bargaining with the recognized bargaining agent for each group; and include post-employment medical benefits. The plan does not issue stand-alone financial statements.

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), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

**SPARTA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

F. OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

	Governmental Activities
Annual OPEB Cost	
Annual required contribution	\$ -
Interest on OPEB obligation	(84,460)
Adjustment to the annual required contribution	79,108
Annual OPEB cost (expense)	(5,352)
Net OPEB contributions made	-
Change in net OPEB obligation	(5,352)
Net OPEB obligation (asset) at beginning of year	(1,876,889)
Net OPEB obligation (asset) at end of year	\$ (1,882,241)

The net OPEB obligation (asset) was restated to include actual contributions. In previous years, the contributions reflected payments made to retirees rather than contributions to the trust.

Trend Information

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ (5,352)	0%	\$ (1,882,241)
6/30/2014	663,894	0%	(1,876,889)
6/30/2013	683,072	113%	(1,417,660)

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, for the period July 1, 2014 through June 30, 2015, the District's unfunded actuarial accrued liability (asset) (UAAL) was \$(1,798,370). The annual payroll for active employees covered by the plan in the actuarial valuation for the 2014-2015 fiscal year was not able to be determined.

**SPARTA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

F. OTHER POST-EMPLOYMENT BENEFITS (Continued)

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, such as assumptions about future terminations, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actuarial results are compared with past experience and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

Actuarial Methods and Assumptions (Continued)

In the July 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a rate of 4.5% to discount expected liabilities to the valuation date. The initial healthcare trend rate was 8.5% for medical and varies from that percent to an ultimate rate of 5.5% for medical after 12 years. Mortality, disability and retirement rates are based on those used to value the Wisconsin Retirement System pension plan for public schools. The UAAL is being amortized as a level percent of projected payrolls over a period of twenty-four years.

G. PENSION PLAN

General Information about the Pension Plan

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

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

**SPARTA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

G. PENSION PLAN (Continued)

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

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

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

The WRS also provides death and disability benefits for employees.

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
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

**SPARTA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

G. PENSION PLAN (Continued)

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

During the reporting period, the WRS recognized \$1,051,966 in contributions from the employer.

Contribution rates as of June 30, 2015 are:

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

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

At June 30, 2015, the District reported a liability (asset) of \$(2,661,640) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability (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 liability (asset) was based on a projection of 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 0.11%, which was an increase of 0.001% from its proportion measured as of December 31, 2013.

**SPARTA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

G. PENSION PLAN (Continued)

For the year ended June 30, 2015, the District recognized pension expense of \$1,033,308. 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	\$ 385,855	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,288,895	-
Changes in proportion and difference between District contributions and proportionate share of contributions	-	(49,011)
District contributions subsequent to the measurement date	550,688	-
Total	\$ 2,225,438	\$ (49,011)

\$550,688 reported as deferred outflows of resources related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$ 329,417	\$ (9,099)
2017	329,417	(9,099)
2018	329,417	(9,099)
2019	329,417	(9,099)
2020	329,417	(9,099)
Thereafter	27,665	(3,516)

**SPARTA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

G. PENSION PLAN (Continued)

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

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

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

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

**SPARTA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

G. PENSION PLAN (Continued)

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

<u>Asset Class</u>	<u>Long-Term Real Rate of Return</u>	<u>Target Allocation</u>
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%

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.

**SPARTA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

G. PENSION PLAN (Continued)

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
District's proportionate share of the net pension liability (asset)	\$ 7,508,946	\$ (2,661,640)	\$ (10,693,958)

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

Payables to the Pension Plan

At June 30, 2015, the District has outstanding contributions due to the pension plan of \$298,974.

H. GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the District-Wide Statement of Net Position at June 30, 2015 include the following:

Net investment in capital assets:	
Capital assets, net of accumulated depreciation	\$ 35,429,440
Less: related long-term debt outstanding	(7,372,596)
Total net investment in capital assets	28,056,844
Restricted for:	
Debt Service funds	22,095
Capital Projects fund	830,950
Community Service fund	2,416
Special Revenue Trust fund	172,500
Pensions	6,607,287
Total restricted	7,635,248
Unrestricted	6,078,606
Total governmental activities net position	\$ 41,770,698

**SPARTA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

I. BUSINESS-TYPE ACTIVITIES NET POSITION

Business-type activities net position reported on the District-Wide Statement of Net Position at June 30, 2015 include the following:

Net investment in capital assets:	
Capital assets, net of accumulated depreciation	\$ 118,856
Restricted for pensions	113,021
Restricted for food service	52,200
Total business-type activities net position	\$ 284,077

J. GOVERNMENTAL FUND BALANCES

Governmental fund balances reported in the fund financial statements at June 30, 2015 include the following:

Nonspendable	
Major fund:	
Prepaid items	\$ 38,677
Total nonspendable fund balances	38,677
Restricted	
Major fund:	
Restricted for debt service	47,410
Nonmajor funds:	
Restricted for community service	2,416
Restricted for capital projects	830,950
Restricted for special revenue trust	172,500
Total restricted fund balances	1,053,276
Committed	
Major fund:	
High School Parking Lot	1,531
High School Restroom Renovations	11,262
Lawrence Lawson Roofing	50,000
Total committed fund balances	62,793

**SPARTA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

J. GOVERNMENTAL FUND BALANCES (Continued)

Assigned

Major fund:

High School Boiler	\$ 30,000
AEC Restroom Renovations	250,000
Cataract Restroom Renovations	55,000
Maplewood Restroom Renovations	110,000

Nonmajor fund:

Assigned for special revenue trust	7,628
Total assigned fund balances	<u>452,628</u>

Unassigned

Major fund:

General Fund	5,832,351
Total unassigned fund balances	<u>5,832,351</u>
Total governmental fund balances	<u><u>\$ 7,439,725</u></u>

K. EXCESS OF ACTUAL EXPENDITURES OVER BUDGET

The District did not have any expenditure functions with an excess of actual expenditures over budget for the year ended June 30, 2015.

NOTE 3. OTHER INFORMATION

A. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded insurance coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

B. CONTINGENCIES

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

**SPARTA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 3. OTHER INFORMATION (Continued)

B. CONTINGENCIES (Continued)

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

C. LIMITATION OF SCHOOL DISTRICT REVENUES

Wisconsin statutes limit the amount of revenues that school districts may derive from general school aids and property taxes. The annual revenue increase from these sources is limited to an allowable per member increase which is determined by the legislature.

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

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

The electors of the District approved a \$2,250,000 referendum in February 2012 which authorized the District to exceed the revenue limit specified in state statutes by \$750,000 a year for the 2012-13 school year through the 2014-15 school year. They also approved a \$3,000,000 referendum on November 4, 2014, which authorized the District to exceed the revenue limit specified in state statutes by \$750,000 a year for the 2015-16 school year through the 2018-19 school year, for non-recurring purposes consisting of community learning centers, technology, instructional materials, and safety and security.

D. EFFECT OF NEW ACCOUNTING STANDARD ON CURRENT PERIOD FINANCIAL STATEMENTS

The Government Accounting Standards Board (GASB) has approved Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Application of this standard may restate portions of these financial statements.

E. PRIOR PERIOD ADJUSTMENTS

Prior period adjustments have been recorded effective July 1, 2014, as follows:

	Governmental Activities	Business-type Activities	Special Revenue Trust Fund
Total net position as previously reported	\$ 33,717,488	\$ 201,236	\$ 62,907
Reclassification of fundraising accounts	83,396	-	83,396
Implementation of GASB No. 68	4,683,181	112,019	-
	<u>\$ 38,484,065</u>	<u>\$ 313,255</u>	<u>\$ 146,303</u>
Net position as restated			

REQUIRED SUPPLEMENTARY INFORMATION

**SPARTA AREA SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR
POST-EMPLOYMENT BENEFIT PLANS
June 30, 2015**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
7/1/2014	\$ 3,873,900	\$ 2,075,530	\$ (1,798,370)	186.6%	\$ 11,363,191	-16%
7/1/2012	\$ 2,904,159	\$ 5,994,815	\$ 3,090,656	48.4%	\$ 10,797,702	28.6%
7/1/2010	\$ 1,160,157	\$ 7,373,866	\$ 6,213,709	15.7%	\$ 10,655,964	58.3%

SPARTA AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2015
With Comparative Totals for the Year Ended June 30, 2014

	2015		Actual	Variance with Final Budget Favorable (Unfavorable)	2014 Actual Totals (Memorandum Only)
	Budgeted Amounts				
	Original	Final			
Revenues:					
Property taxes	\$ 8,085,755	\$ 8,035,899	\$ 8,035,899	\$ -	\$ 7,584,659
Other local sources	158,155	161,082	186,339	25,257	169,566
Interdistrict sources	270,155	263,150	263,150	-	209,670
Intermediate sources	-	-	6,152	6,152	-
State sources	19,582,623	19,761,373	19,702,250	(59,123)	19,299,611
Federal sources	760,035	1,322,466	1,281,698	(40,768)	1,412,394
Other sources	143,000	192,832	184,922	(7,910)	164,509
Total revenues	28,999,723	29,736,802	29,660,410	(76,392)	28,840,409
Expenditures:					
Current:					
Instruction:					
Regular instruction	11,746,533	11,598,112	11,522,569	75,543	11,778,801
Vocational instruction	695,469	738,729	685,849	52,880	639,520
Physical instruction	706,458	672,074	662,163	9,911	677,470
Other instruction	373,480	377,308	382,355	(5,047)	348,857
Total instruction	13,521,940	13,386,223	13,252,936	133,287	13,444,648
Support services:					
Pupil services	742,387	738,764	714,266	24,498	695,568
Instructional staff services	1,399,471	1,817,764	1,672,218	145,546	1,495,629
General administration services	529,786	516,090	503,508	12,582	535,666
Building administration services	1,523,647	1,471,643	1,451,656	19,987	1,525,518
Business services	466,290	465,595	456,286	9,309	453,423
Operation and maintenance	4,197,934	4,358,300	4,125,707	232,593	2,807,834
Pupil transportation	1,194,316	1,088,691	1,107,934	(19,243)	1,099,648
Central services	581,322	643,157	628,695	14,462	651,518
Insurance	201,608	252,904	247,760	5,144	235,987
Other support services	14,500	17,305	16,227	1,078	498,727
Total support services	10,851,261	11,370,213	10,924,257	445,956	9,999,518
Debt service:					
Interest	5,000	-	-	-	3,847
Total debt service	5,000	-	-	-	3,847
Nonprogram:					
Purchased instructional service	751,107	733,732	717,173	16,559	682,662
Other nonprogram	5,000	-	1,058	(1,058)	6,362
Total nonprogram	756,107	733,732	718,231	15,501	689,024
Capital outlay	1,110,777	1,686,996	1,512,542	174,454	725,356
Total expenditures	26,245,085	27,177,164	26,407,966	769,198	24,862,393
Excess (deficiency) of revenues over expenditures	2,754,638	2,559,638	3,252,444	692,806	3,978,016
Other financing sources (uses):					
Proceeds from sale of capital assets	-	-	750	750	650
Transfer to other funds	(3,231,541)	(3,082,141)	(3,021,986)	60,155	(3,075,340)
Total other financing sources (uses)	(3,231,541)	(3,082,141)	(3,021,236)	60,905	(3,074,690)
Net change in fund balances	(476,903)	(522,503)	231,208	753,711	903,326
Fund balance - beginning of year	6,147,613	6,147,613	6,147,613	-	5,244,287
Fund balance - end of year	\$ 5,670,710	\$ 5,625,110	\$ 6,378,821	\$ 753,711	\$ 6,147,613

SPARTA AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - SPECIAL EDUCATION FUND
For the Year Ended June 30, 2015
With Comparative Totals for the Year Ended June 30, 2014

	2015		Actual	Variance with Final Budget Favorable (Unfavorable)	2014 Actual Totals (Memorandum Only)
	Budgeted Amounts				
	Original	Final			
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 103
Interdistrict sources	6,000	27,505	16,136	(11,369)	1,230
Intermediate sources	-	-	4,641	4,641	-
State sources	1,000,000	1,036,796	1,036,796	-	1,014,097
Federal sources	272,267	745,838	570,216	(175,622)	553,247
Total revenues	<u>1,278,267</u>	<u>1,810,139</u>	<u>1,627,789</u>	<u>(182,350)</u>	<u>1,568,677</u>
Expenditures:					
Current:					
Instruction:					
Vocational instruction	-	2,800	494	2,306	376
Special education instruction	3,319,951	3,383,264	3,300,057	83,207	3,309,968
Total instruction	<u>3,319,951</u>	<u>3,386,064</u>	<u>3,300,551</u>	<u>85,513</u>	<u>3,310,344</u>
Support services:					
Pupil services	451,430	496,035	465,657	30,378	457,347
Instructional staff services	149,312	232,332	188,728	43,604	188,369
Pupil transportation	246,150	304,450	274,242	30,208	291,501
Central services	-	8,000	1,225	6,775	-
Total support services	<u>846,892</u>	<u>1,040,817</u>	<u>929,852</u>	<u>110,965</u>	<u>937,217</u>
Nonprogram:					
Purchased instructional service	122,600	195,303	162,079	33,224	156,575
Other nonprogram	-	-	-	-	8,249
Total nonprogram	<u>122,600</u>	<u>195,303</u>	<u>162,079</u>	<u>33,224</u>	<u>164,824</u>
Capital outlay	<u>-</u>	<u>34,298</u>	<u>23,975</u>	<u>10,323</u>	<u>12,660</u>
Total expenditures	<u>4,289,443</u>	<u>4,656,482</u>	<u>4,416,457</u>	<u>240,025</u>	<u>4,425,045</u>
Excess (deficiency) of revenues over expenditures	<u>(3,011,176)</u>	<u>(2,846,343)</u>	<u>(2,788,668)</u>	<u>57,675</u>	<u>(2,856,368)</u>
Other financing sources (uses):					
Transfer from other funds	3,011,176	2,846,343	2,788,668	(57,675)	2,856,368
Total other financing sources (uses)	<u>3,011,176</u>	<u>2,846,343</u>	<u>2,788,668</u>	<u>(57,675)</u>	<u>2,856,368</u>
Net change in fund balances	-	-	-	-	-
Fund balance - beginning of year	-	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SPARTA AREA SCHOOL DISTRICT
EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS
AND GAAP REVENUES AND EXPENDITURES
For the Year Ended June 30, 2015

	General Fund	Special Education Fund
A) Sources/Inflows of Resources:		
Actual amounts of total revenues from the budgetary comparison schedules	\$ 29,660,410	\$ 1,627,789
Reclassification: Special Education Fund revenues are reclassified to the General Fund, required for GAAP reporting	<u>1,627,789</u>	<u>(1,627,789)</u>
General Fund revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 31,288,199</u>	<u>\$ -</u>
	General Fund	Special Education Fund
B) Uses/Outflows of Resources:		
Actual amounts of total expenditures from the budgetary comparison schedules	\$ 26,407,966	\$ 4,416,457
Reclassification: Special Education Fund expenditures are reclassified to the General Fund, required for GAAP reporting	<u>4,416,457</u>	<u>(4,416,457)</u>
General Fund expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 30,824,423</u>	<u>\$ -</u>

**SPARTA AREA SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
 WISCONSIN RETIREMENT SYSTEM
 For the Year Ended June 30, 2015**

	2015
District's proportion of the net pension liability (asset)	0.108%
District's proportionate share of the net pension liability (asset)	\$ (2,661,640)
District's covered-employee payroll	\$ 15,028,048
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%

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

**SPARTA AREA SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS
 WISCONSIN RETIREMENT SYSTEM
 For the Year Ended June 30, 2015**

		2015
Contractually required contributions	\$	1,051,966
Contributions in relation to the contractually required contributions	\$	1,051,966
Contribution deficiency (excess)	\$	-
District's covered-employee payroll	\$	15,028,048
Contributions as a percentage of covered-employee payroll		7.00%

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

**SPARTA AREA SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015**

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

Changes of Assumptions. There were no changes in assumptions.

OTHER SUPPLEMENTARY INFORMATION

**SPARTA AREA SCHOOL DISTRICT
COMBINING BALANCE SHEET
GENERAL FUND
As of June 30, 2015
With Comparative Totals for June 30, 2014**

	General Fund	Special Education Fund	2015 Total Combined General Fund	2014 Totals (Memorandum Only)
Assets				
Cash and investments	\$ 4,949,061	\$ 270,928	\$ 5,219,989	\$ 6,277,300
Receivables:				
Taxes	2,528,465	-	2,528,465	1,834,384
Accounts	5,293	-	5,293	8,021
Prepaid expenses	36,543	2,134	38,677	59,331
Due from other funds	603,464	33,087	636,551	605,010
Due from other governments	588,914	90,146	679,060	887,357
Total assets	<u>\$ 8,711,740</u>	<u>\$ 396,295</u>	<u>\$ 9,108,035</u>	<u>\$ 9,671,403</u>
Liabilities				
Accounts payable	\$ 196,637	\$ 12,423	\$ 209,060	\$ 175,337
Accrued liabilities:				
Payroll, payroll taxes, insurance	2,112,465	383,872	2,496,337	2,465,232
Other deposits payable	8,391	-	8,391	10,918
Due to other funds	577	-	577	861,135
Due to other governments	4,639	-	4,639	3,591
Total liabilities	<u>2,322,709</u>	<u>396,295</u>	<u>2,719,004</u>	<u>3,516,213</u>
Deferred Inflows of Resources				
Unearned revenue - other	10,210	-	10,210	7,577
Total deferred inflows of resources	<u>10,210</u>	<u>-</u>	<u>10,210</u>	<u>7,577</u>
Fund Balances				
Nonspendable	36,543	2,134	38,677	59,331
Committed	62,793	-	62,793	658,237
Assigned	445,000		445,000	-
Unassigned	5,834,485	(2,134)	5,832,351	5,430,045
Total fund balances	<u>6,378,821</u>	<u>-</u>	<u>6,378,821</u>	<u>6,147,613</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,711,740</u>	<u>\$ 396,295</u>	<u>\$ 9,108,035</u>	<u>\$ 9,671,403</u>

SPARTA AREA SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GENERAL FUND
For the Year Ended June 30, 2015
With Comparative Totals for the Year Ended June 30, 2014

	General Fund	Special Education Fund	Elimination	2015 Total Combined General Fund	2014 Totals (Memorandum Only)
Revenues:					
Property taxes	\$ 8,035,899	\$ -	\$ -	\$ 8,035,899	\$ 7,584,659
Other local sources	186,339	-	-	186,339	169,669
Interdistrict sources	263,150	16,136	-	279,286	210,900
Intermediate sources	6,152	4,641	-	10,793	-
State sources	19,702,250	1,036,796	-	20,739,046	20,313,708
Federal sources	1,281,698	570,216	-	1,851,914	1,965,641
Other sources	184,922	-	-	184,922	164,509
Total revenues	29,660,410	1,627,789	-	31,288,199	30,409,086
Expenditures:					
Current:					
Instruction:					
Regular instruction	11,522,569	-	-	11,522,569	11,778,801
Vocational instruction	685,849	494	-	686,343	639,896
Physical instruction	662,163	-	-	662,163	677,470
Special education instruction	-	3,300,057	-	3,300,057	3,309,968
Other instruction	382,355	-	-	382,355	348,857
Total instruction	13,252,936	3,300,551	-	16,553,487	16,754,992
Support services:					
Pupil services	714,266	465,657	-	1,179,923	1,152,915
Instructional staff services	1,672,218	188,728	-	1,860,946	1,683,998
General administration services	503,508	-	-	503,508	535,666
Building administration services	1,451,656	-	-	1,451,656	1,525,518
Business services	456,286	-	-	456,286	453,423
Operation and maintenance	4,125,707	-	-	4,125,707	2,807,834
Pupil transportation	1,107,934	274,242	-	1,382,176	1,391,149
Central services	628,695	1,225	-	629,920	651,518
Insurance	247,760	-	-	247,760	235,987
Other support services	16,227	-	-	16,227	498,727
Total support services	10,924,257	929,852	-	11,854,109	10,936,735
Debt service:					
Interest	-	-	-	-	3,847
Total debt service	-	-	-	-	3,847
Nonprogram:					
Purchased instructional service	717,173	162,079	-	879,252	839,237
Other nonprogram	1,058	-	-	1,058	14,611
Total nonprogram	718,231	162,079	-	880,310	853,848
Capital outlay	1,512,542	23,975	-	1,536,517	738,016
Total expenditures	26,407,966	4,416,457	-	30,824,423	29,287,438
Excess (deficiency) of revenues over expenditures	3,252,444	(2,788,668)	-	463,776	1,121,648
Other financing sources (uses):					
Proceeds from sale of capital assets	750	-	-	750	650
Transfer from other funds	-	2,788,668	(2,788,668)	-	-
Transfer to other funds	(3,021,986)	-	2,788,668	(233,318)	(218,972)
Total other financing sources (uses)	(3,021,236)	2,788,668	-	(232,568)	(218,322)
Net change in fund balances	231,208	-	-	231,208	903,326
Fund balance - beginning of year	6,147,613	-	-	6,147,613	5,244,287
Fund balance - end of year	\$ 6,378,821	\$ -	\$ -	\$ 6,378,821	\$ 6,147,613

**SPARTA AREA SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of June 30, 2015
With Comparative Totals for June 30, 2014**

	Special Revenue Trust Fund	Community Service Fund	Package Cooperative Fund	Capital Projects Fund	2015 Total Nonmajor Gov't. Funds	2014 Totals (Memorandum Only)
Assets						
Cash and investments	\$ 181,544	\$ -	\$ 166	\$ 965,171	\$ 1,146,881	\$ 71,770
Accounts receivable	-	20,000	-	-	20,000	20,000
Due from other governments	-	-	-	-	-	7,322
Total assets	\$ 181,544	\$ 20,000	\$ 166	\$ 965,171	\$ 1,166,881	\$ 99,092
Liabilities						
Accounts payable	\$ 829	\$ 67	\$ -	\$ 134,221	\$ 135,117	\$ 7,337
Accrued liabilities:						
Payroll, payroll taxes, and insurance	587	-	166	-	753	-
Due to other funds	-	17,517	-	-	17,517	-
Total liabilities	1,416	17,584	166	134,221	153,387	7,337
Fund balances						
Restricted	172,500	2,416	-	830,950	1,005,866	28,848
Assigned	7,628	-	-	-	7,628	62,907
Total fund balances	180,128	2,416	-	830,950	1,013,494	91,755
Total liabilities and fund balances	\$ 181,544	\$ 20,000	\$ 166	\$ 965,171	\$ 1,166,881	\$ 99,092

SPARTA AREA SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015
With Comparative Totals for the Year Ended June 30, 2014

	Special Revenue Trust Fund	Community Service Fund	Package Cooperative Fund	Capital Projects Fund	2015 Total Nonmajor Gov't. Funds	2014 Totals (Memorandum Only)
Revenues:						
Property taxes	\$ -	\$ 20,000	\$ -	\$ -	\$ 20,000	\$ 20,000
Other local sources	285,815	6,198	-	-	292,013	139,777
Federal sources	-	-	26,482	-	26,482	50,474
Other sources	-	-	9,278	171	9,449	2,865
Total revenues	285,815	26,198	35,760	171	347,944	213,116
Expenditures:						
Current:						
Instruction:						
Regular instruction	45,902	-	-	-	45,902	34,873
Vocational Instruction	-	-	-	-	-	258
Other instruction	163,522	-	-	-	163,522	35,727
Total instruction	209,424	-	-	-	209,424	70,858
Support services:						
Pupil services	-	204	-	-	204	93
Instructional staff services	325	-	-	-	325	1,272
General administration services	-	-	25,194	-	25,194	36,689
Business services	-	-	22,372	-	22,372	22,050
Operation and maintenance	-	-	-	134,221	134,221	1,200
Pupil transportation	20,670	-	-	-	20,670	2,102
Total support services	20,995	204	47,566	134,221	202,986	63,406
Community services:						
Community service	556	52,426	-	-	52,982	33,287
Total community services	556	52,426	-	-	52,982	33,287
Capital outlay	21,015	-	1,147	-	22,162	51,390
Total expenditures	251,990	52,630	48,713	134,221	487,554	218,941
Excess (deficiency) of revenues over expenditures	33,825	(26,432)	(12,953)	(134,050)	(139,610)	(5,825)
Other financing sources (uses):						
Proceeds from long-term debt	-	-	-	965,000	965,000	-
Transfer from other funds	-	-	12,953	-	12,953	3,020
Total other financing sources (uses)	-	-	12,953	965,000	977,953	3,020
Net change in fund balances	33,825	(26,432)	-	830,950	838,343	(2,805)
Fund balance - beginning of year	62,907	28,848	-	-	91,755	94,560
Prior period adjustment	83,396	-	-	-	83,396	-
Fund Balance - beginning of year, restated	146,303	28,848	-	-	175,151	94,560
Fund balance - end of year	\$ 180,128	\$ 2,416	\$ -	\$ 830,950	\$ 1,013,494	\$ 91,755

**SPARTA AREA SCHOOL DISTRICT
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
Year Ended June 30, 2015**

	Balance 7/1/2014	Additions	Deductions	Balance 6/30/2015
Assets				
Cash	\$ 112,135	\$ 162,647	\$ 226,519	\$ 48,263
Investments	10,000	-	10,000	-
Total assets	<u>\$ 122,135</u>	<u>\$ 162,647</u>	<u>\$ 236,519</u>	<u>\$ 48,263</u>
Liabilities				
Due to student organizations:				
Pre-school	\$ 556	\$ -	\$ 556	\$ -
Intermediate school	12,403	241	12,644	-
Middle school	27,178	34,250	51,559	9,869
High school	76,144	127,897	165,647	38,394
High Point	3,498	-	3,498	-
Sails	2,356	259	2,615	-
Total liabilities	<u>\$ 122,135</u>	<u>\$ 162,647</u>	<u>\$ 236,519</u>	<u>\$ 48,263</u>

**REPORTS AND SCHEDULES ISSUED UNDER
CIRCULAR A-133 AND GOVERNMENT AUDITING STANDARDS**

**SPARTA AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015**

Administering Agency/Pass-Through Agency/Award Description	Federal CFDA Number	Accrued Receivable at July 1, 2014	Receipts- Grantor Reimbursement	Total Expenditures	Accrued Receivable at June 30, 2015
<u>U.S. Department of Agriculture</u>					
Wisconsin Department of Public Instruction:					
Child Nutrition Cluster:					
School Breakfast Program	10.553	\$ -	\$ 284,003	\$ 284,003	\$ -
National School Lunch Program	10.555	-	637,712	637,712	-
Summer Food Service Program	10.559	13,794	48,185	49,154	14,763
Commodity Supplemental Food Program	10.555	-	102,787	102,787	-
Cash in Lieu of Commodities	10.555	-	1,310	1,310	-
Total Child Nutrition Cluster		13,794	1,073,997	1,074,966	14,763
Farm to School	10.575	-	15,050	15,050	-
Passed through Tomah School District:					
Farm to School	10.575	7,322	18,754	11,432	-
Total Farm to School		7,322	33,804	26,482	-
Total U.S. Department of Agriculture		21,116	1,107,801	1,101,448	14,763
<u>U.S. Department of Defense</u>					
Direct Program:					
Education Activity Program	12.556	15,215	72,849	56,541	(1,093)
Total U.S. Department of Defense		15,215	72,849	56,541	(1,093)
<u>U.S. Department of Education</u>					
Direct Program:					
Federal Impact Aid	84.041	-	21,541	21,541	-
Wisconsin Department of Public Instruction:					
ESEA Title I - Basic Grant	84.010	160,866	628,174	554,652	87,344
ESEA Title I - State Program Improvement	84.010	15,909	37,952	24,988	2,945

(Continued)

See notes to schedules of expenditures of financial awards.

**SPARTA AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)
For the Year Ended June 30, 2015**

Administering Agency/Pass-Through Agency/Award Description	Federal CFDA Number	Accrued Receivable at July 1, 2014	Receipts- Grantor Reimbursement	Total Expenditures	Accrued Receivable at June 30, 2015
<u>U.S. Department of Education (Continued)</u>					
Wisconsin Department of Public Instruction (Continued):					
Special Education Cluster (IDEA):					
PL 94-142 IDEA Flow Through	84.027	\$ 69,599	\$ 453,510	\$ 440,319	\$ 56,408
IDEA Preschool Entitlement	84.173	3,096	13,189	13,413	3,320
Total Special Education Cluster (IDEA)		<u>72,695</u>	<u>466,699</u>	<u>453,732</u>	<u>59,728</u>
ESEA Title IV-B 21st Century Community Learning	84.287	88,043	223,525	161,285	25,803
Carl Perkins Act Formula Allocation	84.048	11,302	28,273	21,454	4,483
Title IIA - Teacher/Principal Training	84.367	69,136	148,636	113,175	33,675
ESEA V B Charter Schools Federal Aid	84.282	81,945	171,976	143,464	53,433
Passed through CESA 4:					
Title IIIA - English Language Acquisition	84.365	-	3,515	3,515	-
Total U.S. Department of Education		<u>499,896</u>	<u>1,730,291</u>	<u>1,497,806</u>	<u>267,411</u>
<u>U.S. Department of Health and Human Services</u>					
Wisconsin Department of Health Services:					
Medical Assistance	93.778	1,785	235,663	264,296	30,418
Total U.S. Department of Health and Human Services		<u>1,785</u>	<u>235,663</u>	<u>264,296</u>	<u>30,418</u>
TOTAL FEDERAL AWARDS		<u>\$ 538,012</u>	<u>\$ 3,146,604</u>	<u>\$ 2,920,091</u>	<u>\$ 311,499</u>

See notes to schedules of expenditures of financial awards.

**SPARTA AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended June 30, 2015**

Administering Agency/Pass-Through Agency/Award Description	State I.D. Number	Accrued Receivable at July 1, 2014	State Reimbursements	Total Expenditures	Accrued Receivable at June 30, 2015
<u>Wisconsin Department of Public Instruction:</u>					
Cost Reimbursement Programs:					
State Lunch	255.102	\$ -	\$ 14,912	\$ 14,912	\$ -
School Breakfast Program	255.344	-	19,875	19,875	-
Total Cost Reimbursement Programs		\$ -	\$ 34,787	\$ 34,787	\$ -
Entitlement Programs:					
Special Education and School Age Parents: Internal District Program	255.101	\$ -	\$ 1,036,796	\$ 1,036,796	\$ -
SAGE	255.504	-	960,241	960,241	-
Total Entitlement Programs		\$ -	\$ 1,997,037	\$ 1,997,037	\$ -
Other Aids:					
General Equalization Aid	255.201	\$ 315,636	\$ 17,742,629	\$ 17,738,377	\$ 311,384
Per Pupil Aid	255.945	-	412,050	412,050	-
Pupil Transportation	255.107	-	88,753	88,753	-
Common School Fund Library Aids	255.103	-	112,398	112,398	-
Tuition Payments by State	255.401	-	190,578	190,578	-
Aid for High Poverty School District	255.926	-	158,542	158,542	-
Career and Technical Education Incentive Grants	255.950	-	4,000	4,000	-
Educator Effectiveness	255.940	19,120	38,400	19,280	-
Total Other Aids		\$ 334,756	\$ 18,747,350	\$ 18,723,978	\$ 311,384
Total Wisconsin Department of Public Instruction		\$ 334,756	\$ 20,779,174	\$ 20,755,802	\$ 311,384
<u>Wisconsin Department of Workforce Development:</u>					
Blueprint for Prosperity Grant	455.109	\$ -	\$ 7,397	\$ 7,397	\$ -
Total Wisconsin Department of Workforce Development		\$ -	\$ 7,397	\$ 7,397	\$ -
Total State Awards		\$ 334,756	\$ 20,786,571	\$ 20,763,199	\$ 311,384

See notes to schedules of expenditures of financial awards.

SPARTA AREA SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FINANCIAL AWARDS
For the Year Ended June 30, 2015

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State Awards include the federal and state grant activity of the Sparta Area 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 2. FEDERAL AND STATE AGENCIES

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

NOTE 3. SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

2014-2015 aidable costs under the State Special Education Program are \$3,932,939.

NOTE 4. FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed.

NOTE 5. MEDICAL ASSISTANCE

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

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

To the Board of Education
Sparta Area School District
Sparta, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sparta Area School District (District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Sparta Area School District's basic financial statements and have issued our report thereon dated November 24, 2015.

Internal Control Over Financial Reporting

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

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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as 2015-001 to be a material weakness.



Compliance and Other Matters

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

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The 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

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
Certified Public Accountants
Viroqua, Wisconsin
November 24, 2015

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

To the Board of Education
Sparta Area School District
Sparta, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited the Sparta Area School District's (District) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement, and the State Single Audit Guidelines issued by the Wisconsin Department of Administration (DOA) that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2015. The District's major federal and state programs are identified in the summary of audit results section of the accompanying Schedule of Findings and Questioned Costs.

Management Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 and 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 Wisconsin Department of Administration (DOA). 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 the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Program

In our opinion, the 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.



Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and State Single Audit Guidelines and which are described in the accompanying Schedule of Findings and Questioned Costs as Items 2015-002 and 2015-003. Our opinion on each major federal and state program is not modified with respect to this matter.

The District's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

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

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

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 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 to those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs at Items 2015-002 and 2015-003 to be significant deficiencies.



Report on Internal Control Over Compliance (Continued)

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

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

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
Certified Public Accountants
Viroqua, Wisconsin
November 24, 2015

**SPARTA AREA SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2015**

There were no findings in the previous year.

**SPARTA AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the Sparta Area School District.
2. One material weakness (2015-001) was noted in the audit of the financial statements. Management's response to the deficiency was not audited, and accordingly, no opinion is expressed on it.

2015-001

Condition: Year-end reconciliations of balance sheet accounts were not completed timely after year-end due to staff turnover and transition of staff into a new position.

Criteria: Year-end processes should be in place to prevent, detect, and correct misstatements to ensure that financial statements are prepared in accordance with generally accepted accounting principles and are free from material misstatements. Timely reconciliations help provide assurance that all transactions are captured and prevent errors from accumulating.

Effect: The following were a result of year-end reconciliations not being completed timely:

- Numerous entries identified by the client were made to the trial balance after audit fieldwork began including material entries to payroll liability accounts and district cash account
- Lack of a timely and accurate general pooled bank reconciliation resulted in the initial bank reconciliation completed after audit fieldwork with final revised copy received November 2015
- The DPI Annual Report prepared by the District was submitted 11 days after the deadline with approval from DPI
- The DPI PI-1506-AC certification completed by the auditor was submitted 18 days after the deadline with approval from DPI

Auditor Recommendation: We recommend that the District ensure that processes are in place to perform timely year-end reconciliations, including during times of staff turnover and transition.

Grantee Response:

As mentioned, the Sparta Area School District encountered major turnover in the Business Services office in the summer of 2015. There was a new Director of Business Services, a vacant District Accountant position, and a new Administrative Assistant to the Director of Business Services. In prior years, these three positions all worked together to complete the audit tasks. For the 2014-15 audit, one employee was left with the responsibility, in addition to the day-to-day tasks of running the District's business office.

**SPARTA AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
For the Year Ended June 30, 2015**

A. SUMMARY OF AUDIT RESULTS (Continued)

Grantee Response (Continued):

The District contacted the audit firm prior to fieldwork and notified them of the changes in personnel and also of the concern that the audit would not be ready in time for fieldwork. This was mutually understood between the two parties with the conclusion that post fieldwork entries and reconciliations would be needed. DPI was also notified by the District, and gave approval to extend the deadline of required reporting.

The District did have processes in place in lieu of turnover, having three positions all capable of pulling information together for the audit. However, with the turnover of all three occurring simultaneously, some inefficiencies were experienced. This situation has already been corrected with the addition of a new District Accountant who has several years of experience, in addition to the Director of Business Services years of experience.

The District is confident that this was an isolated incident due to timing and understaffing and does not anticipate similar concerns in the future.

3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. Two significant deficiencies relative to the audit of major federal programs were disclosed in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133 and the State Single Audit Guidelines. The federal significant deficiencies were not determined to be material weaknesses. No significant deficiencies relative to the audit of major state programs were disclosed.
5. The auditor's report on compliance for the major federal and state awards programs expresses an unmodified opinion.
6. There were two audit findings relative to major federal awards programs. There were no audit findings relative to major state awards programs.
7. The programs tested as major programs included:

a. Federal		
	<u>Program ID#</u>	<u>Name</u>
	Child Nutrition Cluster	
	10.553	School Breakfast Program
	10.555	National School Lunch Program
	10.559	Summer Food Service Program
	10.555	Commodity Supplemental Food Program
	10.555	Cash in Lieu of Commodities
	84.367	Title IIA – Teacher/Principal Training

**SPARTA AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
For the Year Ended June 30, 2015**

A. SUMMARY OF AUDIT RESULTS (Continued)

b. State		
	<u>Program ID#</u>	<u>Name</u>
	255.101	Special Education and School Age Parents
	255.201	General Equalization Aid
	255.103	Common School Fund Library Aids

8. The threshold for distinguishing Type A and B programs was \$300,000 for federal programs and \$100,000 for state programs. Additionally, the Department of Health Services has determined that medical assistance under the school based services program is a program of higher risk and established a \$100,000 threshold for the program being a Type A program.
9. The Sparta Area School District was determined to be a low risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

Other than the material weakness listed as 2015-001, no findings were reported.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS

There were two findings without questioned costs required to be reported under Circular A-133.

2015-002 - Child Nutrition Cluster – Verification of Free and Reduced Price Applications

Condition: Examination of documentation revealed that three of five verifications completed by the District were not appropriately completed or the District had not obtained sufficient supporting documentation.

Criteria: By November 15th of each school year, the District must verify the current free and reduced price eligibility of households selected from a sample of applications that it has approved for free and reduced price meals. Supporting documentation must be obtained to verify that the application appropriately qualifies for free or reduced meals. Upon review, the District must make any changes to the eligibility status.

Effect: It appears that two of the three exceptions would have resulted in applicant status changes from reduced to paid. The other exception required additional documentation from the applicant's employer. Without obtaining the documentation, it appears the District should have changed the applicant's status from free to reduced.

Auditor's Recommendation: The District should review the federal requirements for completing verification of applications to ensure that future verifications completed by the District are complete and appropriate.

**SPARTA AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
For the Year Ended June 30, 2015**

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS (Continued)

Grantee Response:

The Director of Nutrition Services will be attending training administered by DPI that review the requirements for Verification of Free and Reduced Price Applications. The Nutrition Services Administrative Assistant will perform the original verification, and all work will be reviewed by the Director of Nutrition Services. After the Director's review is complete, the selected files will also be reviewed by the District Accountant.

In addition, the District will now select a larger sample size in future years, to help ensure that applications are being verified properly.

2015-003 - Child Nutrition Cluster – Subrecipient Reporting

Condition: Examination of monthly claim forms noted three errors in the four months selected for review.

Criteria: To receive reimbursement for meals, the District must submit claims for reimbursement. All claims must be supported by accurate meal counts.

Effect: Two monthly claim forms overreported meals, resulting in additional reimbursement to the District.

Auditor's Recommendation: The District should implement a level of review by an individual (someone other than the individual completing the form) of monthly claim forms to ensure meal counts are appropriately reported for reimbursement.

Grantee Response:

All monthly claim forms prepared by the Nutrition Services Administrative Assistant will now be reviewed by the Director of Nutrition Services prior to the monthly meal counts being claimed.

D. FINDINGS AND QUESTIONED COSTS - MAJOR STATE PROGRAMS

There were no findings and questioned costs required to be reported under Circular A-133 or State Single Audit Guidelines.

**SPARTA AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
For the Year Ended June 30, 2015**

E. OTHER ISSUES

- | | | |
|----|---|--|
| 1. | Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? | No |
| 2. | Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned costs, material weakness, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the State Single Audit Guidelines: | |
| | Department of Corrections | N/A |
| | Department of Health Services | No |
| | Department of Workforce Development | No |
| | Department of Public Instruction | Yes |
| | Department of Administration | No |
| 3. | Was a Management Letter or other document conveying audit comments issued as a result of this audit? | Yes
An Audit
Communication
Letter was submitted
to the oversight body |
| 4. | Name and signature of partner | 
<hr style="width: 100%; border: 0.5px solid black;"/> Kevin Krysinski, CPA |
| 5. | Date of report: | November 24, 2015 |