

RANDOLPH SCHOOL DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2015
(AUDITED)

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

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**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

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FINANCIAL SECTION

MILLER, BRUSSELL, EBBEN AND GLAESKE LLC

CERTIFIED PUBLIC ACCOUNTANTS

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PORTAGE, WISCONSIN

53901

INDEPENDENT AUDITOR'S REPORT

Board of Education
Randolph School District
Randolph, Wisconsin

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 8 to the financial statements, the District adopted new accounting guidance, GASB statement No. 68, *Accounting and Financial Reporting for Pensions*, for the year ended June 30, 2015. 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 budgetary comparison information, the schedule of funding progress for postemployment benefit plans other than pensions and the schedules of required supplementary information for pension related items on pages 36 through 38 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The financial information listed in the table of contents as other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying schedule of expenditures of federal and state awards is also presented for purposes of additional analysis as required by the Wisconsin Department of Public Instruction, and is also not a required part of the basic financial statements.

The other supplementary information listed above and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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 25, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Miller, Brussell, Ebben and Glaeske LLC

Portage, Wisconsin
November 25, 2015

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and investments	\$ 2,819,602	\$ 8,736	\$ 2,828,338
Taxes receivable	652,407		652,407
Due from other governments	343,122	2,997	346,119
Total Current Assets	<u>3,815,131</u>	<u>11,733</u>	<u>3,826,864</u>
Noncurrent Assets			
Land	111,000		111,000
Site improvements	654,734		654,734
Buildings	3,982,355		3,982,355
Furniture and equipment	3,063,785	146,410	3,210,195
Less accumulated depreciation	<u>(5,480,501)</u>	<u>(121,604)</u>	<u>(5,602,105)</u>
Net Noncurrent Assets	<u>2,331,373</u>	<u>24,806</u>	<u>2,356,179</u>
Other Noncurrent Assets			
Net pension asset	<u>566,579</u>	<u>10,385</u>	<u>576,964</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related outflows of resources	<u>487,822</u>	<u>8,942</u>	<u>496,764</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 7,200,905</u>	<u>\$ 55,866</u>	<u>\$ 7,256,771</u>
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts payable	\$ 122,027	\$ 0	\$ 122,027
Accrued liabilities			
Payroll, payroll taxes, insurance	138,229		138,229
Unearned revenue	200,000	3,307	203,307
Total Current Liabilities	<u>460,256</u>	<u>3,307</u>	<u>463,563</u>
Total Liabilities	<u>460,256</u>	<u>3,307</u>	<u>463,563</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related inflows of resources	<u>9,510</u>	<u>174</u>	<u>9,684</u>
Net Position			
Net investment in capital assets	2,331,373	24,806	2,356,179
Restricted	1,190,155	27,579	1,217,734
Unrestricted	3,209,611		3,209,611
Total Net Position	<u>6,731,139</u>	<u>52,385</u>	<u>6,783,524</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 7,200,905</u>	<u>\$ 55,866</u>	<u>\$ 7,256,771</u>

See Accompanying Notes to the Basic Financial Statements

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Instruction						
Regular instruction	\$ 3,044,682	\$ 9,425	\$ 314,611	\$ (2,720,646)	\$ 0	\$ (2,720,646)
Vocational instruction	381,057	431	3,000	(377,626)		(377,626)
Special education instruction	571,975	7,520	161,940	(402,515)		(402,515)
Other instruction	342,273	29,063		(313,210)		(313,210)
Total Instruction	<u>4,339,987</u>	<u>46,439</u>	<u>479,551</u>	<u>(3,813,997)</u>	<u>0</u>	<u>(3,813,997)</u>
Support Services						
Pupil services	166,504	26,135	5,859	(134,510)		(134,510)
Instructional staff services	198,910	816	74,624	(123,470)		(123,470)
General administration services	276,155			(276,155)		(276,155)
Building administration services	366,783			(366,783)		(366,783)
Business services	107,829			(107,829)		(107,829)
Operations and maintenance	530,359		18,580	(511,779)		(511,779)
Pupil transportation	155,587	972	30,735	(123,880)		(123,880)
Central services	85,401	21,479	2,984	(60,938)		(60,938)
Insurance	63,542	12,734		(50,808)		(50,808)
Other support services	64,742		2,089	(62,653)		(62,653)
Depreciation - unallocated*	87,486			(87,486)		(87,486)
Total Support Services	<u>2,103,298</u>	<u>62,136</u>	<u>134,871</u>	<u>(1,906,291)</u>	<u>0</u>	<u>(1,906,291)</u>
Total Governmental Activities	<u>6,443,285</u>	<u>108,575</u>	<u>614,422</u>	<u>(5,720,288)</u>	<u>0</u>	<u>(5,720,288)</u>
Business-Type Activities						
School food service program	195,276	84,237	103,576	0	(7,463)	(7,463)
TOTAL SCHOOL DISTRICT	<u>\$ 6,638,561</u>	<u>\$ 192,812</u>	<u>\$ 717,998</u>	<u>(5,720,288)</u>	<u>(7,463)</u>	<u>(5,727,751)</u>
General Revenues						
Property taxes						
General purposes				2,179,053		2,179,053
State and federal aids not restricted to specific functions						
General				3,383,112		3,383,112
Other				291,068		291,068
Interest and investment earnings				2,346		2,346
Miscellaneous				4,500		4,500
Gain on sale of assets				9,016		9,016
Total General Revenues				<u>5,869,095</u>	<u>0</u>	<u>5,869,095</u>
Change in Net Position				148,807	(7,463)	141,344
NET POSITION - Beginning of Year, as Restated				<u>6,582,332</u>	<u>59,848</u>	<u>6,642,180</u>
NET POSITION - END OF YEAR				<u>\$ 6,731,139</u>	<u>\$ 52,385</u>	<u>\$ 6,783,524</u>

*This amount excludes the depreciation that is included in the direct expenses of the various functions. See Note 4.

FUND FINANCIAL STATEMENTS

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 2,493,084	\$ 326,518	\$ 2,819,602
Taxes receivable	652,407		652,407
Due from other governments	343,122		343,122
TOTAL ASSETS	\$ 3,488,613	\$ 326,518	\$ 3,815,131
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 122,027	\$ 0	\$ 122,027
Accrued payroll and related items	138,229		138,229
Unearned Revenue		200,000	200,000
Total Liabilities	260,256	200,000	460,256
Fund Balances			
Restricted	18,746	126,518	145,264
Unassigned	3,209,611		3,209,611
Total Fund Balances	3,228,357	126,518	3,354,875
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,488,613	\$ 326,518	\$ 3,815,131
Total fund balance reported on governmental funds balance sheet			\$ 3,354,875
Total net position reported for governmental activities in the statement of net position is different from the amount reported above as total governmental funds fund balance because:			
Capital assets used in government 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:			
Governmental capital asset		7,811,874	
Governmental accumulated depreciation		(5,480,501)	2,331,373
Pension related assets and liabilities are not financial resources and therefore, are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position:			
Net pension asset		566,579	
Pension related deferred outflows		487,822	
Pension related deferred inflows		(9,510)	1,044,891
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES			\$ 6,731,139

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 2,179,053	\$ 0	\$ 2,179,053
Other local sources	36,739	3,200	39,939
Interdistrict sources	297,908		297,908
Intermediate sources	68,793		68,793
State sources	3,656,244		3,656,244
Federal sources	303,083		303,083
Other sources	38,056		38,056
Total Revenues	<u>6,579,876</u>	<u>3,200</u>	<u>6,583,076</u>
EXPENDITURES			
Instruction			
Regular instruction	3,033,159	3,598	3,036,757
Vocational instruction	389,822		389,822
Special education instruction	564,460		564,460
Other instruction	338,395		338,395
Total Instruction	<u>4,325,836</u>	<u>3,598</u>	<u>4,329,434</u>
Support Services			
Pupil services	165,546	1,490	167,036
Instructional staff services	204,284		204,284
General administration services	271,749		271,749
Building administration services	368,201		368,201
Business services	108,892		108,892
Operations and maintenance	572,199		572,199
Pupil transportation	186,582		186,582
Other support services	64,742		64,742
Central services	85,401		85,401
Insurance	63,542		63,542
Total Support Services	<u>2,091,138</u>	<u>1,490</u>	<u>2,092,628</u>
Total Expenditures	<u>6,416,974</u>	<u>5,088</u>	<u>6,422,062</u>
OTHER FINANCING SOURCES (USES)			
Proceeds on sale of fixed assets	9,016		9,016
Total Other Financing Sources (Uses)	<u>9,016</u>	<u>0</u>	<u>9,016</u>
Net Change in Fund Balances	171,918	(1,888)	170,030
FUND BALANCES - Beginning of Year	<u>3,056,439</u>	<u>128,406</u>	<u>3,184,845</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,228,357</u>	<u>\$ 126,518</u>	<u>\$ 3,354,875</u>

See Accompanying Notes to the Basic Financial Statements

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Net Change in Fund Balances - Total Governmental Funds	\$ 170,030
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	183,755
Depreciation expense reported in the statement of activities	<u>(222,705)</u>
Amount by which capital outlays are greater (less) than depreciation in the current period.	(38,950)
Employer pension contributions are reported in the governmental funds when the amounts are paid but not reported in the statement of activities since they are included in the net pension asset and deferred outflows.	227,256
Pension expense is included in the statement of activities but not reported in the governmental funds since it is an actuarially determined amount for the pension plan.	<u>(209,529)</u>
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ 148,807</u>

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015 AND 2014

	Food Service Fund	
	2015	2014
ASSETS		
Current Assets		
Cash and investments	\$ 8,736	\$ 13,468
Due from other governments	2,997	
Total Current Assets	11,733	13,468
Noncurrent Assets		
Furniture and equipment	146,410	146,410
Less accumulated depreciation	(121,604)	(116,938)
Net Noncurrent Assets	24,806	29,472
Other Noncurrent Assets		
Net Pension asset	10,385	
DEFERRED OUTFLOWS OF RESOURCES		
Pension related outflows of resources	8,942	
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 55,866	\$ 42,940
LIABILITIES AND NET POSITION		
Liabilities		
Accounts payable	\$ 0	\$ 0
Unearned revenue	3,307	1,920
Total Liabilities	3,307	1,920
DEFERRED INFLOWS OF RESOURCES		
Pension related inflows of resources	174	
Net Position		
Net investment in capital assets	24,806	29,472
Restricted for food service operations	8,426	11,548
Restricted for pension related items	19,153	
Total Net Position	52,385	41,020
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 55,866	\$ 42,940

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	Food Service Fund	
	2015	2014
OPERATING REVENUES		
Food sales	\$ 84,237	\$ 90,332
State sources	6,935	4,221
Federal sources	79,640	84,740
Federal commodities	15,221	14,029
Other operating revenue	1,780	33
Total Operating Revenues	187,813	193,355
OPERATING EXPENSES		
Salaries and wages	68,373	67,485
Employer paid benefits	14,296	14,788
Purchased services	7,245	9,693
Supplies, food and materials	100,696	99,652
Depreciation	4,666	4,666
Total Operating Expenses	195,276	196,284
Change in Net Position	(7,463)	(2,929)
NET POSITION - Beginning of Year, as Restated	59,848	43,949
NET POSITION - END OF YEAR	\$ 52,385	\$ 41,020

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	Food Service Fund	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from user charges	\$ 85,624	\$ 89,672
Cash received from other government payments	83,578	90,316
Cash payments to employees for services	(82,994)	(82,273)
Cash payments for purchased services	(7,245)	(9,693)
Cash payments to suppliers for goods and services	(83,695)	(85,590)
Net Cash Provided By (Used For) Operating Activities	(4,732)	2,432
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Fixed asset purchases	0	0
Net Cash Provided By (Used For) Capital and Related Financing Activities	0	0
Net Increase (Decrease) in Cash and Cash Equivalents	(4,732)	2,432
CASH AND CASH EQUIVALENTS - Beginning of Year	13,468	11,036
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 8,736	\$ 13,468
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	\$ (7,463)	\$ (2,929)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities		
Depreciation	4,666	4,666
Net change in pension related items	(325)	
Changes in operating assets and liabilities		
Due to other funds		
Due from other governments	(2,997)	1,355
Unearned revenue	1,387	(660)
Due from other funds		
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ (4,732)	\$ 2,432
NONCASH NONCAPITAL FINANCING ACTIVITIES		
During the year the District received commodities from the U.S. Department of Agriculture in the amount of	\$ 15,221	\$ 14,029

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

STATEMENTS OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Current Assets		
Cash and investments	\$ 477,129	\$ 72,975
TOTAL ASSETS	<u>\$ 477,129</u>	<u>\$ 72,975</u>
LIABILITIES		
Due to Student Groups	\$ 0	\$ 72,975
Total Liabilities	<u>0</u>	<u>\$ 72,975</u>
NET POSITION		
Nonspendable - Corpus of permanent fund	431,668	
Restricted	45,461	
Total Net Position	<u>\$ 477,129</u>	

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - PRIVATE-PURPOSE TRUST
FOR THE YEAR ENDED JUNE 30, 2015

ADDITIONS	
Interest income	\$ 2,092
Gifts	<u>37,562</u>
Total Additions	<u>39,654</u>
DEDUCTIONS	
Trust fund disbursements	<u>10,179</u>
Total Deductions	<u>10,179</u>
Change in Net Position	29,475
NET POSITION - Beginning of Year	<u>447,654</u>
NET POSITION - END OF YEAR	<u>\$ 477,129</u>

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Randolph School District is organized as a common school district governed by an elected seven-member board. The District is comprised of all or parts of eight taxing districts.

The accompanying financial statements present the activities of the Randolph School District. The School District is not a component unit of another reporting entity nor does it have any component units.

The reporting entity for the District is based upon criteria set forth by the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. The financial reporting entity consists of (a) organizations for which the standalone government is financially accountable and (b) the standalone government that is controlled by a separately elected governing body that is legally separate and is fiscally independent. All of the accounts of the District comprise the standalone government.

B. Basis of Presentation

District-Wide Statements

The statement of net position and the statement of activities present financial information about the District's governmental and business-type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as other governmental funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal value. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

General Fund - This is the District's primary operating fund. It accounts for all financial activity that is not required to be accounted for in another fund. This includes the General Fund (Fund 10) and the Special Education Fund (Fund 27), which accounts for activities associated with providing educational programs for students with disabilities. Excess expenditures of Fund 27 are financed with a transfer from Fund 10.

The District operates one enterprise fund, the Food Service Fund. This fund accounts for the activities of the District's food service, generally school hot lunch program.

The District accounts for assets held as an agent for various student and parent organizations in an Agency Fund.

The District accounts for assets held that were accumulated from donations that are used to pay scholarships in the Private-Purpose Trust Funds.

C. Measurement Focus and Basis of Accounting

The district-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place.

Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Reports for the District's Food Service Fund are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or after November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

D. Assets and Liabilities

Cash and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. All funds share common (pooled) checking and investment accounts unless regulations require separate investment accounts.

State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, U.S. Treasury obligations, U.S. Agency issues, high-grade commercial paper, and the local government pooled investment fund administered by the state investment board. Available balances in the Debt Service Fund may be invested in municipal obligations, obligations of the United States and the local government pooled investment fund.

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 statements as increases or decreases in investment income.

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets and Liabilities (Continued)

Property Tax Levy

Under Wisconsin law, personal property taxes and first installment real estate taxes are collected by city, town, and village treasurers or clerks who then make proportional settlement with the school district and county treasurer for those taxes collected on their behalf. Second installment real estate taxes and delinquent taxes are collected by the county treasurer who then makes settlement with the city, town, village and school districts before retaining any for county purposes.

The District's property taxes are levied on or before October 31 on the equalized property valuation certified by the Department of Revenue. As permitted by a collecting municipality's ordinance, taxes may be paid in full or in two or more installments with the first installment payable the subsequent January 31st, and a final payment no later than the following July 31st. The District is paid by the collecting municipality its proportionate share of tax collections received through the last day of the preceding month on or before January 15th, and by the 20th of each subsequent month thereafter. On or before August 20th, the County Treasurer makes full settlement to the District for any remaining balance. The County assumes all responsibility for delinquent real estate property taxes.

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2014 tax levy is used to finance operations of the District's fiscal year ended June 30, 2015. All property taxes are considered due on January 1st, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30th and are available to pay current liabilities.

Accounts Receivable

All accounts receivable are shown at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since such allowance would not be material.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased. Prepaid items represent payments made by the District for which benefits extend beyond June 30.

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets and Liabilities (Continued)

A reserve for these non-liquid assets (inventories and prepaid items) when applicable, will be recognized to signify that a portion of fund balance is not available for other subsequent expenditures, except in cases where inventories are offset by deferred revenues.

Due To/Due From Other Funds

The amounts reported on the statement of net position for due to and due from funds represents amounts due between different fund types (governmental activities, business-type activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. See Note 7 for a detailed description of the individual interfund balances as of June 30, 2015.

Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2003. For assets acquired prior to June 30, 2003, estimated historical costs, based on appraisals conducted by an independent third-party professional appraisal firm, are used. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar valued above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$5,000	Straight-line	50 years
Site improvements	\$5,000	Straight-line	20 years
Furniture & equipment	\$5,000	Straight-line	5-20 years
Computer & related hardware*	\$5,000	Straight-line	5 years
Software	\$5,000	Straight-line	10-15 years
Library books*	\$5,000	Straight-line	10 years
Textbooks*	\$5,000	Straight-line	10 years

*For purposes of determining the capitalization threshold for these items, the District grouped all purchases for the year through June 30, 2013. After June 30, 2013 the District no longer grouped items in determining the capitalization threshold.

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets and Liabilities (Continued)

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

Net position - Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets.

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

E. Deferred Outflows/Inflows of Resources

The District reports under GASB Statement No. 65, *Items previously reports as Assets and Liabilities*. In addition to reporting assets and liabilities in the statement of net position and balance sheet the following are the provisions for reporting a separate section for deferred outflows and inflows of resources:

Deferred Outflows of Resources: The District reports decreases in net position and fund balances that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statement of net position and governmental funds balance sheet. There were deferred outflows of resources reported in this year's government-wide and proprietary funds statement of net position for pension related items, which are detailed in Note 8.

Deferred Inflows of Resources: The District's government-wide and governmental funds report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position and fund balance that relates to a future period. There were deferred inflows of resources reported in this year's government-wide and proprietary funds statement of net position for pension related items, which are detailed in Note 8.

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Fund Balance Reporting

The Randolph School District reports under provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

1. Nonspendable, such as fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),
2. Restricted fund balance classification includes amounts that can be spent only for the specific purposes stipulated by constitution, external resources providers, or through enabling legislation,
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors (the district's highest level of decision-making authority),
4. Assigned fund balance classification is intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund balance amounts are reported in conformance with generally accepted accounting principles and shall be reclassified not less than the end of each fiscal year for general purpose financial statements. The District will report inventories, prepaid expenses, long-term receivables, and amounts legally or contractually required to be maintained intact as non-spendable. The fund balance for the spendable portion of permanent funds and balance, if any, in the special revenue trust fund, debt service funds, food service fund, postemployment employee benefit trust fund, SAGE funds, and other funds established by regulatory authority will be classified as restricted.

The Board may, from time to time, commit additional amounts of fund balance to a specific purpose. Such action shall be taken in open meeting and require the approval of a majority of the Board. Commitments of fund balance, once made, can be modified only by majority vote of the Board.

The School Board may authorize and direct an individual to assign fund balances for specific purposes, to the extent such assignment does not create a negative unassigned

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Fund Balance Reporting (Continued)

fund balance. The School Board has authorized the Superintendent, or designee, with the authority to assign funds.

NOTE 2 EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the governmental fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

A. Explanation of Differences Between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown in the columns on the following page represent:

A) Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities. The long-term expenses reported below recognize the change in vested employee benefits.

B) Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording depreciation expense on those items as recorded in the statement of activities.

C) Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability, interest expense is recorded as incurred, and principal payments are recorded as a reduction of liabilities.

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 2 EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (CONTINUED)

A. Explanation of Differences Between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities (Continued)

	<u>Total</u> Governmental Funds	<u>Long-Term</u> Revenues/ Expenses	<u>Capital</u> Related Items	<u>Long-Term</u> Debt Transactions	<u>Statement</u> Of Activities Total
Revenues and Other Sources					
Property taxes	\$2,179,053	\$ 0	\$ 0	\$ 0	\$2,179,053
Other local sources					
Interest and investment earnings	2,346				2,346
Charges for services	33,093				33,093
Miscellaneous	4,500				4,500
Interdistrict sources					
Other general aid	286,617				286,617
Charges for services	11,291				11,291
Intermediate sources					
Operating grants and contributions	68,793				68,793
State sources					
General aid	3,383,112				3,383,112
Other general aid	4,451				4,451
Operating grants and contributions	268,681				268,681
Federal sources					
Operating grants and contributions	276,948				276,948
Charges for services	26,135				26,135
Other revenue sources					
Charges for services	38,056				38,056
Proceeds/Gain (loss) on sale of assets	9,016				9,016
 Total Revenues	 <u>\$6,592,092</u>	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$6,592,092</u>

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 2 EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (CONTINUED)

A. Explanation of Differences Between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities (Continued)

	Total Governmental Funds	Pension-Related Items Employer Contributions	Pension Expense	Capital-Related Items Acquisitions	Depreciation	Statement Of Activities Total
Expenditures/Expenses						
Regular instruction	\$3,036,757	\$(120,446)	\$111,051	\$ (25,388)	\$ 42,708	\$3,044,682
Vocational instruction	389,822	(18,180)	16,762	(12,836)	5,489	381,057
Special education instruction	564,460	(15,908)	14,667		8,756	571,975
Other instruction	338,395	(11,363)	10,476		4,765	342,273
Pupil services	167,036	(6,818)	6,286			166,504
Instructional staff services	204,284	(2,273)	2,095	(5,196)		198,910
General administration services	271,749	(11,363)	10,476		5,293	276,155
Building administration services	368,201	(18,180)	16,762			366,783
Business services	108,892	(13,635)	12,572			107,829
Operations and maintenance	572,199	(4,545)	4,191	(61,545)	20,059	530,359
Pupil transportation	186,582	(4,545)	4,191	(78,790)	48,149	155,587
Other support services	64,742					64,742
Central services	85,401					85,401
Insurance	63,542					63,542
Depreciation - unallocated					87,486	87,486
Total Expenditures/Expenses	<u>6,422,062</u>	<u>\$(227,256)</u>	<u>\$ 209,529</u>	<u>(183,755)</u>	<u>222,705</u>	<u>6,443,285</u>
Net Change for Year	<u>\$ 170,030</u>	<u>\$ 227,256</u>	<u>\$(209,529)</u>	<u>\$ 183,755</u>	<u>\$(222,705)</u>	<u>\$ 148,807</u>

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 3 CASH AND INVESTMENTS

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

Deposits: Deposits in banks are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 per official custodian for each ownership category. In addition, the State of Wisconsin has a State Guarantee Fund, which provides a maximum of \$400,000 per public depository above the amount provided by the FDIC. Due to the relatively small size of the Guarantee Fund in relation to the total coverage, total recovery of losses may not be available. However, since the risk that an economic event would occur of the magnitude that would deplete the fund has been assessed as minimal, this coverage has been included in computing the amounts in Category 1 below.

Investments: Wisconsin Statute 66.04(2) and 67.11(2) restrict investment of temporarily idle cash. The School Board has adopted an investment policy pursuant to these statutes, which allows the District to invest in time deposits, securities guaranteed by the U.S. Government, securities of the Wisconsin Local Government Pooled Investment Fund, the Wisconsin School District Liquid Asset Fund and commercial paper if the security has the highest or second highest rating of a nationally recognized rating agency. Investments in the private-purpose trust fund may be invested in other types of investments as authorized under Wisconsin Statute 881.01, "Uniform Prudent Investor Act".

Custodial Credit Risk

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

The District's deposits and investments are categorized into three categories of custodial credit risk:

- Category 1 - Insured or registered which are collateralized with securities held by the District or by its agent in the District's name.
- Category 2 - Uninsured and unregistered deposits and investments, which are collateralized with securities, held by the counter party's trust department or agent in the District's name.

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

- Category 3 - Uncollateralized deposits and uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent but not in the District's name.

The District's deposits and investment balances at June 30, 2015 were as follows:

	Category			Bank Balance	Carrying Amount
	1	2	3		
Deposits					
National Exchange Bank	\$ 650,000	\$1,590,030	\$ 0	\$2,240,030	\$1,833,114
Markesan State Bank	538,859			538,859	535,935
Totals	<u>\$1,188,859</u>	<u>\$1,590,030</u>	<u>\$ 0</u>	<u>\$2,778,889</u>	
United Coop Preferred Stock					120,000
Investment in local government investment pool					889,098
Petty cash					295
Investments held by fiduciary funds					(550,104)
Cash and Investments Reported on Statement of Net Position					<u>\$2,828,338</u>

Investments are stated at cost which approximates 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.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2015, the fair value of the LGIP's assets was substantially equal to the District's share as reported below. The investment in the LGIP is insured against defaults in principal payments by Financial Security Assurance Incorporated.

The difference between carrying amounts and bank balances is due to outstanding checks and deposits in transit.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of year end for each investment type.

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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. Presented below are the maturities for each investment type.

The District's investments at June 30, 2015 and credit and interest rate risks are as follows:

	<u>Credit Quality Rating</u>	<u>Credit Exposure As a Percentage of Total Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
Wisconsin Local Government Investment Pool	Unrated	88%	80 days average	\$ 889,098
United Coop Preferred Stock	Unrated	<u>12%</u>	N/A	<u>120,000</u>
Total		<u>100%</u>		<u>\$1,009,098</u>

NOTE 4 CAPITAL ASSETS

Capital asset balances and activities for the year ended June 30, 2015 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated				
Sites (land)	\$ 111,000	\$ 0	\$ 0	\$ 111,000
Capital assets being depreciated				
Site improvements	635,011	19,723		654,734
Buildings	3,962,977	19,378		3,982,355
Furniture and equipment	<u>2,919,131</u>	<u>144,654</u>	<u>0</u>	<u>3,063,785</u>
Total Capital Assets Being Depreciated	<u>7,517,119</u>	<u>183,755</u>	<u>0</u>	<u>7,700,874</u>
Less accumulated depreciation for				
Site improvements	(468,531)	(19,057)		(487,588)
Buildings	(2,345,407)	(78,938)		(2,424,345)
Furniture and equipment	<u>(2,443,858)</u>	<u>(124,710)</u>	<u>0</u>	<u>(2,568,568)</u>
Total Accumulated Depreciation	<u>(5,257,796)</u>	<u>(222,705)</u>	<u>0</u>	<u>(5,480,501)</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>2,259,323</u>	<u>(38,950)</u>	<u>0</u>	<u>2,220,373</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 2,370,323</u>	<u>\$ (38,950)</u>	<u>\$ 0</u>	<u>\$ 2,331,373</u>

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 4 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital assets being depreciated				
Furniture and equipment	\$ 146,410	\$ 0	\$ 0	\$ 146,410
Less accumulated depreciation	<u>(116,938)</u>	<u>(4,666)</u>	<u> </u>	<u>(121,604)</u>
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 29,472</u>	<u>\$ (4,666)</u>	<u>\$ 0</u>	<u>\$ 24,806</u>

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 42,708
Vocational instruction	5,489
Special education instruction	8,756
Other instruction	4,765
General administration services	5,293
Operations and maintenance	20,059
Pupil transportation services	48,149
Depreciation - unallocated	<u>87,486</u>
 Total Depreciation for Governmental Activities	 <u>\$222,705</u>

NOTE 5 LONG-TERM LIABILITIES

The School District does not currently have any long-term liabilities for governmental and business-type activities.

The legal debt limit and margin of indebtedness is set at 10% of equalized value by Section 67.03(1)(b), Wisconsin Statutes. The margin of indebtedness at June 30, 2015 is:

Equalized value certified by Wisconsin Department of Revenue for 2014	<u>\$208,806,100</u>
Margin of indebtedness at 10% of equalized value	20,880,610
*Deduct long-term debt applicable to debt margin	<u> </u>
 Margin of Indebtedness	 <u>\$ 20,880,610</u>

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 6 OPERATING LEASES

The District, as lessee, has several lease agreements with total monthly payments of \$1,254. The monthly payments range from \$173 to \$632 and all existing leases will expire by 2018.

The total amount of minimum future lease payments for each of the next four fiscal years is shown below:

2016	\$11,568
2017	8,017
2018	<u>3,792</u>
Total	<u>\$23,377</u>

NOTE 7 INTERFUND BALANCES AND ACTIVITY

There were no interfund receivable and payable balances in the fund financial statements or interfund transfers on June 30, 2015.

NOTE 8 EMPLOYEE RETIREMENT PLANS

Summary of Significant Accounting Policies

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.

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.

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 8 EMPLOYEE RETIREMENT PLANS (CONTINUED)

General Information about the 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

**RANDOLPH SCHOOL DISTRICT
RANDOLH, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 8 EMPLOYEE RETIREMENT PLANS (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 \$231,422 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 Randolph School District reported a liability (asset) of \$(576,964) for its proportionate share of the net pension liability. The net pension liability 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 Randolph School District's proportion of the net pension liability (asset) was based on the Randolph's School District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the Randolph's School District's proportion was 0.02348941%, which was a decrease of 0.00035016% from its proportion measured as of December 31, 2013.

For the year ended June 30, 2015, the Randolph School District recognized pension expense of \$213,370.

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 8 EMPLOYEE RETIREMENT PLANS (CONTINUED)

At June 30, 2015, the Randolph School 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	\$ 83,642	\$ 0
Changes in assumptions	0	0
Net differences between projected and actual earnings on pension plan investments	279,394	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	0	(9,684)
Employer contributions subsequent to the measurement date	<u>133,728</u>	<u>0</u>
Total	<u>\$496,764</u>	<u>\$ (9,684)</u>

\$133,728 reported as deferred outflows related to pension resulting from the WRS Employer'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 and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflow of Resources	Deferred Inflows of Resources
2015	\$ 71,408	\$(1,798)
2016	\$ 71,408	\$(1,798)
2017	\$ 71,408	\$(1,798)
2018	\$ 71,408	\$(1,798)
2019	\$ 71,408	\$(1,798)
Thereafter	\$ 5,997	\$ (694)

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%

**RANDOLPH SCHOOL DISTRICT
RANOLPH, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 8 EMPLOYEE RETIREMENT PLANS (CONTINUED)

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

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

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

<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.

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 8 EMPLOYEE RETIREMENT PLANS (CONTINUED)

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

	1% Decrease to Discount Rate <u>(6.20%)</u>	Current Discount Rate <u>(7.20%)</u>	1% Increase To Discount Rate <u>(8.20%)</u>
Randolph School District's proportionate share of the net pension liability (asset)	1,627,715	(576,964)	(2,318,131)

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

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District manages these risks through the purchase of various forms of commercial insurance. Certain of the commercial insurance policies have established deductible amounts whereby the district would be responsible for the portion of claims, losses and damages under the deductible limits. All funds participate in the coverages provided by the commercial insurance carriers. Each fund would be responsible for its share of losses either below the deductible amounts or for losses exceeding the coverage limits of the commercial policies. There was no significant reduction in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage for the past three years.

NOTE 10 CONTINGENCIES AND COMMITMENTS

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 that the likelihood is remote that any such claims or proceedings will have a material effect on the District's financial position or results of operations.

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 10 CONTINGENCIES AND COMMITMENTS (CONTINUED)

The District participates in a number of state and federally assisted grant programs. These programs are subject to program compliance audits by grantors or their representatives. The audits of these programs for or including the year ended June 30, 2015 have not been conducted. Accordingly the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

NOTE 11 EXCESS OF ACTUAL EXPENDITURE OVER BUDGET

The following individual funds had an excess of actual expenditures over budget for the year ended June 30, 2015:

	Governmental Activities (Expenditures)
Special Revenue Trust Fund	<u>\$ 5,088</u>

NOTE 12 FUND BALANCES

Portions of fund balances are nonspendable, restricted, committed, assigned, or unassigned and not available for current expenses or expenditures. Details of these fund classifications are as follows:

	Governmental Activities		Business-Type Activities
	General Fund	Other Governmental Funds	Food Service Fund
Restricted for:			
SAGE	\$ 18,746	\$ 0	\$ 0
Food service operations			8,426
Pension related items			19,153
Special revenue trust fund expenditures		126,518	
Unassigned	<u>3,209,611</u>	<u> </u>	<u> </u>
Total fund balances	<u>\$3,228,357</u>	<u>\$126,518</u>	<u>\$27,579</u>

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 12 FUND BALANCES (CONTINUED)

Restricted net position balances in the district-wide statement of net position consist of the following:

Governmental activities:	
SAGE	\$ 18,746
Special revenue trust fund expenditures	126,518
Pension related items	<u>1,044,891</u>
Total	<u>\$1,190,155</u>
Business-type activities:	
Food service operations	\$ 8,426
Pension related items	<u>19,153</u>
Total	<u>\$ 27,579</u>

NOTE 13 LIMITATION OF SCHOOL DISTRICT REVENUES

Wisconsin statutes limit the amount of revenues school districts are permitted to derive from general state aids and property taxes unless a higher amount is approved by a referendum of the taxpayers. This limitation does not apply to revenues needed for the repayment of any general obligation debt (including refinanced debt) authorized by either of the following: (a) a resolution of the School Board or a referendum prior to August 12, 1993, (b) a referendum on or after August 12, 1993.

NOTE 14 SUBSEQUENT EVENTS

Subsequent events are evaluated through November 25, 2015, which is the date the financial statements were available to be issued. On July 13, 2015, took out a \$10,000,000 general obligation bond for a new school building and improvements. After the first year there will be another \$7,500,000 borrowed to complete the project. There were no other material subsequent events noted as of November 25, 2015

NOTE 15 PRIOR YEAR RESTATEMENT

Changes to the reporting requirements for pensions detailed in Note 8 require a restatement to the beginning net position as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net Position-Beginning of Year	\$5,555,168	\$41,020
Prior Year Net Pension Liability	<u>1,027,164</u>	<u>18,828</u>
Net Position-Beginning of Year, As Restated	<u>\$6,582,332</u>	<u>\$59,848</u>

REQUIRED SUPPLEMENTARY INFORMATION

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
BUDGET AND ACTUAL
GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2015

	Original Budgeted Amounts			Final Budgeted Amounts			Actual Amounts			Variance With Final Budget Favorable (Unfavorable)
	Special Education	General Fund	Total General Fund	Special Education	General Fund	Total General Fund	Special Education	General Fund	Total General Fund	
REVENUES										
Property taxes	\$ 0	\$ 2,179,097	\$ 2,179,097	\$ 0	\$ 2,179,097	\$ 2,179,097	\$ 0	\$ 2,179,053	\$ 2,179,053	\$ (44)
Other local sources	1,100	33,075	34,175	1,100	33,075	34,175	1,183	35,556	36,739	2,564
Interdistrict sources	4,800	294,225	299,025	4,800	294,225	299,025	6,896	291,012	297,908	(1,117)
Intermediate sources	32,000	3,000	35,000	32,000	3,000	35,000	60,323	8,470	68,793	33,793
State sources	78,900	3,577,320	3,656,220	78,900	3,577,320	3,656,220	78,854	3,577,390	3,656,244	24
Federal sources	128,800	156,316	285,116	128,800	156,316	285,116	137,925	165,158	303,083	17,967
Other sources	2,000	7,900	9,900	2,000	7,900	9,900	3,843	34,213	38,056	28,156
Total Revenues	247,600	6,250,933	6,498,533	247,600	6,250,933	6,498,533	289,024	6,290,852	6,579,876	81,343
EXPENDITURES										
Instruction										
Regular instruction		3,102,529	3,102,529		3,102,529	3,102,529		3,033,159	3,033,159	69,370
Vocational instruction		383,716	383,716		383,716	383,716		389,822	389,822	(6,106)
Special education instruction	657,462	1,812	659,274	657,462	1,812	659,274	564,460		564,460	94,814
Other instruction		333,457	333,457		333,457	333,457		338,395	338,395	(4,938)
Total Instruction	657,462	3,821,514	4,478,976	657,462	3,821,514	4,478,976	564,460	3,761,376	4,325,836	153,140
Support Services										
Pupil services	5,836	173,795	179,631	5,836	173,795	179,631		165,546	165,546	14,085
Instructional staff services	22,007	90,398	112,405	22,007	90,398	112,405	23,577	160,707	204,284	(91,879)
General administration services		268,412	268,412		268,412	268,412		271,749	271,749	(3,337)
Building administration services		369,950	369,950		369,950	369,950		368,201	368,201	1,749
Business services		111,758	111,758		111,758	111,758		108,892	108,892	2,866
Operations and maintenance		683,235	683,235		683,235	683,235		572,199	572,199	111,036
Pupil transportation	25,747	187,569	213,316	25,747	187,569	213,316	22,978	163,604	186,582	26,734
Other support	29,600	32,222	61,822	29,600	32,222	61,822	26,481	38,261	64,742	(2,920)
Central services	11,077	73,978	85,055	11,077	73,978	85,055	3,487	81,914	85,401	(346)
Insurance		65,149	65,149		65,149	65,149		63,542	63,542	1,607
Total Support Services	94,267	2,056,466	2,150,733	94,267	2,056,466	2,150,733	76,523	2,014,615	2,091,138	59,595
Total Expenditures	751,729	5,877,980	6,629,709	751,729	5,877,980	6,629,709	640,983	5,775,991	6,416,974	212,735
Excess (Deficiency) of Revenues Over Expenditures	(504,129)	372,953	(131,176)	(504,129)	372,953	(131,176)	(351,959)	514,861	162,902	294,078
OTHER FINANCING SOURCES (USES)										
Proceeds on sale of fixed assets		4,000	4,000		4,000	4,000		9,016	9,016	5,016
Transfer to other funds	504,129	(504,129)		504,129	(504,129)		351,959	(351,959)		
Net Other Financing Sources (Uses)	504,129	(500,129)	4,000	504,129	(500,129)	4,000	351,959	(342,943)	9,016	5,016
Net Change in Fund Balances	0	(127,176)	(127,176)	0	(127,176)	(127,176)	0	171,918	171,918	299,094
FUND BALANCES - Beginning of Year	0	3,056,439	3,056,439	0	3,056,439	3,056,439	0	3,056,439	3,056,439	0
FUND BALANCES - END OF YEAR	0	2,929,263	2,929,263	0	2,929,263	2,929,263	0	3,228,357	3,228,357	299,094

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
FOR THE YEAR ENDED JUNE 30, 2015**

Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction, which is in accordance with accounting principles generally accepted in the United States of America. The legally adopted budget and budgetary expenditure control is exercised at the two-digit sub-function level in the general fund and at the function level for all other funds. Reported budget amounts are as originally adopted or as amended by the School Board resolution.

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

- Based upon requests from district staff, district administration recommends budget proposals to the School Board.
- The School Board prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
- Pursuant to the public budget hearing, the School Board may alter the proposed budget.
- After the School Board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire School Board.
- Appropriations lapse at year end unless authorized as a carryover by the School Board. The portion of fund balance representing carryover appropriations is reported as a reserve of fund balance.

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
FOR PENSION RELATED ITEMS
FOR THE YEAR ENDED JUNE 30, 2015**

**SCHEDULE OF RANDOLPH SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE PENSION LIABILITY
(ASSET)**

Wisconsin Retirement System
Last 10 Fiscal Years*

	2015
Randolph School District's proportion of the net pension liability (asset)	.023489412%
Randolph School District's proportionate share of the net pension liability (asset)	\$ (576,964)
Randolph School District's covered-employee payroll	\$3,306,422
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

SCHEDULE OF RANDOLPH SCHOOL DISTRICT'S CONTRIBUTIONS

Wisconsin Retirement System
Last 10 Fiscal Years*

Contractually required contributions	\$ 231,422
Contributions in relation to contractually required contributions	\$ (231,422)
Randolph School District's covered-employee payroll	\$3,306,422
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

**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 the assumptions.

OTHER SUPPLEMENTARY INFORMATION

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

COMPARATIVE BALANCE SHEETS
GENERAL FUND
JUNE 30, 2015 AND 2014

	2015		2014			
	Special Education	General Fund	Total General Fund	Special Education	General Fund	Total General Fund
ASSETS						
Cash and investments	\$ (77,566)	\$ 2,570,650	\$ 2,493,084	\$ (104,154)	\$ 2,420,434	\$ 2,316,280
Taxes receivable		652,407	652,407		609,759	609,759
Accounts receivable					344	344
Due from other governments	77,926	265,196	343,122	104,154	231,825	335,979
Prepaid expenditures					3,975	3,975
TOTAL ASSETS	\$ 360	\$ 3,488,253	\$ 3,488,613	\$ 0	\$ 3,266,337	\$ 3,266,337
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 0	\$ 122,027	\$ 122,027	\$ 0	\$ 67,725	\$ 67,725
Accrued payroll and related items	360	137,869	138,229		142,173	142,173
Total Liabilities	360	259,896	260,256	0	209,898	209,898
Fund Balances						
Nonspendable					3,975	3,975
Restricted		18,746	18,746		17,955	17,955
Assigned					210,000	210,000
Unassigned		3,209,611	3,209,611		2,824,509	2,824,509
Total Fund Balances	0	3,228,357	3,228,357	0	3,056,439	3,056,439
TOTAL LIABILITIES AND FUND BALANCES	\$ 360	\$ 3,488,253	\$ 3,488,613	\$ 0	\$ 3,266,337	\$ 3,266,337

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015						2014						Variance Favorable (Unfavorable)
	Final Budget			Actual			Final Budget			Actual			
	Special Education	General Fund	Total General Fund	Special Education	General Fund	Total General Fund	Special Education	General Fund	Total General Fund	Special Education	General Fund	Total General Fund	
REVENUES													
Property taxes	0	\$ 2,179,097	\$ 2,179,097	0	\$ 2,179,053	\$ 2,179,053	0	\$ 2,001,722	\$ 2,001,722	0	\$ 2,001,722	\$ 2,001,722	0
Other local sources	1,100	33,075	34,175	1,183	35,556	36,739	33,876	33,876	33,876	43,600	43,600	43,600	9,724
Interdistrict sources	4,800	284,225	299,025	6,896	291,012	297,908	7,200	351,765	358,965	7,624	358,203	365,827	6,862
Intermediate sources	32,000	3,000	35,000	60,323	8,470	68,793	26,600	3,000	29,600	51,899	7,043	58,942	29,342
State sources	78,900	3,577,320	3,656,220	78,854	3,577,390	3,656,244	77,100	3,585,068	3,662,168	80,368	3,606,409	3,686,777	24,609
Federal sources	128,800	156,316	285,116	137,925	165,158	303,083	117,907	148,457	266,364	170,872	143,556	314,428	48,064
Other sources	2,000	7,900	9,900	3,843	34,213	38,056	4,487	12,735	17,222	4,487	12,735	17,222	5,732
Total Revenues	247,600	6,250,933	6,498,533	289,024	6,290,852	6,579,876	228,807	6,135,388	6,364,195	315,260	6,173,268	6,488,528	124,333
EXPENDITURES													
Instruction													
Regular instruction		3,102,529	3,102,529		3,033,159	3,033,159		3,094,015	3,094,015		2,994,608	2,994,608	99,407
Vocational instruction		383,716	383,716		389,822	389,822		394,568	394,568		374,606	374,606	19,962
Special education instruction	657,462	1,812	659,274	564,460	564,460	564,460	552,671	968	553,639	606,245	1,195	607,440	(53,801)
Other instruction		333,457	333,457		338,395	338,395		331,603	331,603		308,657	308,657	22,946
Total Instruction	657,462	3,821,514	4,478,976	564,460	3,761,376	4,323,836	552,671	3,821,154	4,373,825	606,245	3,679,066	4,285,311	88,514
Support Services													
Pupil services	5,836	173,795	179,631		165,546	165,546		175,021	183,406		175,652	178,117	5,289
Instructional staff services	22,007	90,398	112,405		180,707	204,284		113,820	136,038		127,870	149,952	(13,914)
General administration services		288,412	288,412		271,749	271,749		259,516	259,516		270,206	270,206	(10,690)
Building administration services		369,950	369,950		368,201	368,201		355,557	355,557		351,118	351,118	4,439
Business services		111,758	111,758		108,892	108,892		110,013	110,013		109,750	109,750	263
Operations and maintenance		683,235	683,235		572,199	572,199		528,284	528,284		513,735	513,735	14,549
Pupil transportation	25,747	187,569	213,316		163,604	186,582		178,768	226,570		184,450	224,046	2,524
Other support services	29,600	32,222	61,822		38,261	64,742		45,670	80,361		28,625	32,880	18,856
Central services	11,077	73,978	85,055		81,914	85,401		79,168	90,568		75,693	89,885	683
Insurance		65,149	65,149		63,542	63,542		64,197	64,197		56,607	56,607	7,590
Total Support Services	94,267	2,056,466	2,150,733	76,523	2,014,615	2,091,138	124,496	1,910,014	2,034,510	106,960	1,897,961	2,004,921	29,589
Total Expenditures	751,729	5,877,980	6,629,709	640,983	5,775,991	6,416,974	677,167	5,731,168	6,408,335	713,205	5,577,027	6,290,232	118,103
Excess (Deficiency) of Revenues Over Expenditures	(504,129)	372,953	(131,176)	(351,959)	514,861	162,902	(448,360)	404,220	(44,140)	(397,945)	596,241	198,296	242,436
OTHER FINANCING SOURCES (USES)													
Proceeds on sale of fixed assets		4,000	4,000		9,016	9,016		(448,360)	(448,360)		397,945	(397,945)	0
Transfer to/from other funds	504,129	(504,129)	4,000	351,959	(351,959)	9,016	448,360	(448,360)	0	397,945	(397,945)	0	0
Net Other Financing Sources (Uses)													
Net Change in Fund Balance	0	(127,176)	(127,176)	0	171,918	171,918	0	(44,140)	(44,140)	0	198,296	198,296	242,436
FUND BALANCE - Beginning of Year	0	3,056,439	3,056,439	0	3,056,439	3,056,439	0	2,858,143	2,858,143	0	2,858,143	2,858,143	0
FUND BALANCE - END OF YEAR	0	\$ 2,929,263	\$ 2,929,263	0	\$ 3,228,357	\$ 3,228,357	0	\$ 2,814,003	\$ 2,814,003	0	\$ 3,056,439	\$ 3,056,439	\$ 242,436

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2015

	Special Revenue Trust Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash and investments	\$ 126,518	\$ 200,000	\$ 326,518
TOTAL ASSETS	\$ 126,518	\$ 200,000	\$ 326,518
LIABILITIES AND FUND BALANCES			
Liabilities			
Unearned Revenue	\$ 0	\$ 200,000	\$ 200,000
Fund Balances			
Restricted	126,518	0	126,518
TOTAL LIABILITIES AND FUND BALANCES	\$ 126,518	\$ 200,000	\$ 126,518

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Trust Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
Property taxes	0	0	0
Other local sources	3,200		3,200
Total Revenues	<u>3,200</u>		<u>3,200</u>
EXPENDITURES			
Instruction			
Regular instruction	3,598		3,598
Vocational instruction			
Total Instruction	<u>3,598</u>	<u>0</u>	<u>3,598</u>
Support Services			
Pupil services	1,490		1,490
Total Support Services Expenditures	<u>1,490</u>	<u>0</u>	<u>1,490</u>
Total Expenditures	<u>5,088</u>	<u>0</u>	<u>5,088</u>
Net Change in Fund Balance	(1,888)		(1,888)
FUND BALANCE - Beginning of Year	<u>128,406</u>	<u>0</u>	<u>128,406</u>
FUND BALANCE - END OF YEAR	<u>\$ 126,518</u>	<u>\$ 0</u>	<u>\$ 126,518</u>

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

COMPARATIVE BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUND
SPECIAL REVENUE TRUST FUND
AS OF JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and investments	\$ 126,518	\$ 128,406
TOTAL ASSETS	<u>\$ 126,518</u>	<u>\$ 128,406</u>
LIABILITIES AND FUND BALANCES		
Liabilities	\$ 0	\$ 0
Fund Balances		
Restricted	<u>126,518</u>	<u>128,406</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 126,518</u>	<u>\$ 128,406</u>

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUND
BUDGET TO ACTUAL - SPECIAL REVENUE TRUST FUND
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015			2014		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Other local sources	\$ 2,900	\$ 3,200	\$ 300	\$ 2,200	\$ 3,883	\$ 1,683
Total Revenues	<u>2,900</u>	<u>3,200</u>	<u>300</u>	<u>2,200</u>	<u>3,883</u>	<u>1,683</u>
EXPENDITURES						
Instruction						
Regular instruction		3,598	(3,598)		1,625	(1,625)
Vocational instruction						
Total Instruction	<u>0</u>	<u>3,598</u>	<u>(3,598)</u>	<u>0</u>	<u>1,625</u>	<u>(1,625)</u>
Support Services						
Pupil Services		1,490	(1,490)		520	(520)
Total Support Services	<u>0</u>	<u>1,490</u>	<u>(1,490)</u>	<u>0</u>	<u>520</u>	<u>(520)</u>
Total Expenditures	<u>0</u>	<u>5,088</u>	<u>(5,088)</u>	<u>0</u>	<u>2,145</u>	<u>(2,145)</u>
Net Change in Fund Balance	2,900	(1,888)	(4,788)	2,200	1,738	(462)
FUND BALANCE - Beginning of Year	<u>128,406</u>	<u>128,406</u>	<u>0</u>	<u>126,668</u>	<u>126,668</u>	<u>0</u>
FUND BALANCE - END OF YEAR	<u>\$ 131,306</u>	<u>\$ 126,518</u>	<u>\$ (4,788)</u>	<u>\$ 128,868</u>	<u>\$ 128,406</u>	<u>\$ (462)</u>

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

COMPARATIVE BALANCE SHEETS
CAPITAL PROJECTS FUND
JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and investments	\$ 200,000	\$ 0
TOTAL ASSETS	<u>\$ 200,000</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Unearned revenue	\$ 200,000	\$ 0
Fund Balances		
Restricted for capital projects	<u>0</u>	<u>0</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 200,000</u>	<u>\$ 0</u>

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - CAPITAL PROJECTS FUND
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015			2014		
	Final Budget	Actual	Variance Favorable/ (Unfavorable)	Final Budget	Actual	Variance Favorable/ (Unfavorable)
REVENUES						
Other local sources	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
EXPENDITURES						
Support Services						
Net Change in Fund Balance	0	0	0	0	0	0
FUND BALANCE - Beginning of Year	0	0	0	0	0	0
FUND BALANCE - END OF YEAR	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

PUPIL ACTIVITY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2015

	Balance 07/01/14	Additions	Deductions	Balance 6/30/15
ASSETS				
Cash	\$ 58,942	\$ 213,958	\$ 199,925	\$ 72,975
TOTAL ASSETS	\$ 58,942	\$ 213,958	\$ 199,925	\$ 72,975
LIABILITIES				
Elementary and Middle School	\$ 7,063	\$ 29,867	\$ 21,879	\$ 15,051
High School	51,879	184,091	178,046	57,924
TOTAL LIABILITIES	\$ 58,942	\$ 213,958	\$ 199,925	\$ 72,975

FEDERAL AND STATE COMPLIANCE AUDIT AND GOVERNMENT AUDITING STANDARDS
REPORTS AND SCHEDULES

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Administering Agency Pass-Through Agency Award Description	Federal Catalog Number	Program or Award Amount	Accrued Receivable (Deferred Revenue) July 1, 2014	Revenues		Accrued Receivable (Deferred Revenue) June 30, 2015
				Grantor Reimbursement	Local Share	
U.S. DEPARTMENT OF AGRICULTURE						
Wisconsin Department of Public Instruction Food Distribution July 1, 2014 - June 30, 2015	10.555	\$ 0	\$ 0	\$ 15,221	\$ 0	\$ 15,221
School Breakfast Program July 1, 2014 - June 30, 2015	10.553			5,123		5,123
National School Lunch Program July 1, 2014 - June 30, 2015	10.555			74,517		74,517
Total U.S. Department of Agriculture		0	0	94,861	0	94,861
U.S. DEPARTMENT OF EDUCATION						
Rural Education Achievement Program July 1, 2013 - June 30, 2014 July 1, 2014 - June 30, 2015	84.358A	47,935 46,583	27,137	27,137		46,583
Wisconsin Department of Public Instruction						
ESEA Title I-A July 1, 2013 - June 30, 2014 July 1, 2014 - June 30, 2015	84.010	69,454 63,016	69,454	69,454		62,331
ESEA Title II-A July 1, 2014 - June 30, 2015	84.367	32,275				32,011
ESEA Title I-C Migrant (LEA) July 1, 2013 - June 30, 2014 July 1, 2014 - June 30, 2015	84.011	7,000 6,000	7,000	7,000		5,653

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

Administering Agency Pass-Through Agency Award Description	Federal Catalog Number	Program or Award Amount	Accrued Receivable (Deferred Revenue) July 1, 2014	Revenues		Expenditures	Accrued Receivable (Deferred Revenue) June 30, 2015
				Grantor Reimbursement	Local Share		
U.S. DEPARTMENT OF EDUCATION (CONTINUED)							
Wisconsin Department of Public Instruction (Continued)							
IDEA Preschool Entitlement	84.173	4,609 \$	2,846 \$	2,846 \$	0 \$	0 \$	0
July 1, 2013 - June 30, 2014		4,609		3,182		4,341	1,159
July 1, 2014 - June 30, 2015							
IDEA Flow Through Entitlement	84.027	120,794	58,329	58,277	(52)		
July 1, 2013 - June 30, 2014		121,731		37,630		107,501	69,871
July 1, 2014 - June 30, 2015							
Improved Access for Students with Disabilities	84.027	17,550	17,354	17,354			
February 1, 2014 - June 30, 2014			78,529	119,289		111,790	71,030
Total Special Education Cluster					0		
Pass-through CESA #5	84.048	3,000		3,000		3,000	
Tech prep/school-to-work grant							
July 1, 2014 - March 6, 2015							
Total U.S. Department of Education			182,120	225,880	0	261,368	217,608
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Medicaid							
93.778							
July 1, 2013 - June 30, 2014		N/A	18,001	18,001			
July 1, 2014 - June 30, 2015		N/A		44,715		44,715	(18,001)
Total U.S. Department of Health and Human Services			18,001	62,716	0	44,715	(18,001)
TOTAL FEDERAL AWARDS			\$ 200,121	\$ 383,457	\$ 0	\$ 400,944	\$ 199,607

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Administering Agency Pass-Through Agency Award Description	State I.D. Number	Receivable (Fund Balance) July 1, 2014	Revenues		Expenditures	Receivable (Fund Balance) June 30, 2015
			Grantor Reimbursement	Local Share		
WI DEPARTMENT OF PUBLIC INSTRUCTION						
Entitlement Programs						
Major State Program	255.101					
Special Education and School Age Parents			\$ 78,854	\$ 0	\$ 78,854	\$ 0
Internal District Programs			60,323		60,323	
Transit of Aid CESA #5					6,896	6,896
Transit of Aid Cambria-Friesland						
Total Special Education and School Age Parents		0	139,177	0	146,073	6,896
Equalization Aids	255.201	58,098	3,183,130		3,180,879	55,847
Sparsity Aid	255.212		123,033		123,033	
Total Major Programs		58,098	3,445,340		3,449,985	62,743
Nonmajor State Entitlement and Grant Programs						
State School Lunch Aid	255.102		2,206		2,206	
Common School Fund Library Aids	255.103		23,683		23,683	
Pupil Transportation Aid	255.107		8,187		8,187	
WI School Day Milk Program	255.109		1,310		4,307	2,997
Transit of Aid CESA #5						
Peer review and mentoring	255.301		6,432		5,470	
Alcohol and Other Drug Abuse	255.306		2,000			
School Breakfast Program	255.344		422		422	
SAGE Grant	255.504		142,794		142,794	
Educator Effectiveness	255.940		4,240		4,240	4,240
Per Pupil Aid	255.945		79,200		79,200	
Career and Technical Educ Incentive Grant	255.950		5,000		5,000	
Wisconsin Teaching and Learning Collaboratory	N/A		5,923		5,923	
DNR Land	N/A		3,922		3,922	
Exempt Computer Aid	N/A	555	555		529	529
Total Nonmajor Entitlement and Grant Programs		7,757	285,874	0	285,883	7,766
TOTAL STATE AWARDS		\$ 65,855	\$ 3,731,214	\$ 0	\$ 3,735,868	\$ 70,509

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards include the federal and state grant activity of the Randolph School District and are presented on the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements as prescribed by the Wisconsin Department of Public Instruction. 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 SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

2014-2015 eligible costs under the State Special Education Program are \$317,935.

MILLER, BRUSSELL, EBBEN AND GLAESKE LLC
CERTIFIED PUBLIC ACCOUNTANTS
611 E WISCONSIN ST
PORTAGE, WISCONSIN
53901

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*

Board of Education
Randolph School District
Randolph, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Randolph School District (the "District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 25, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying summary of auditor's results as items 2015-001 and 2015-002 to be significant deficiencies.

Compliance and Other Matters

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

Randolph School District's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying summary of auditor's results. 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

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

Miller, Brussell, Ebben and Glaeske LLC

Portage, Wisconsin
November 25, 2015

MILLER, BRUSSELL, EBBEN AND GLAESKE LLC

CERTIFIED PUBLIC ACCOUNTANTS

611 E WISCONSIN ST

PORTAGE, WISCONSIN

53901

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION**

Board of Education
Randolph School District
Randolph, Wisconsin

Report on Compliance for Each Major State Program

We have audited the Randolph School District's (the "District") compliance with the types of compliance requirements described in the *Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction, that could have a direct and material effect on each of the District's designated state major aid programs for the year ended June 30, 2015. The District's designated state major aid programs are identified in the accompanying summary of auditors' results.

Management's Responsibility

Compliance with the requirements of laws, regulations, contracts, and grants applicable to its designated major state aid programs is the responsibility of the District's management.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the compliance requirements of the Wisconsin Department of Public Instruction in the *Wisconsin Public School District Audit Manual*. Those standards and compliance requirements 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 the designated state major aid programs 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 designated major state program. However, our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its designated state major aid programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to the designated state major aid programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on the designated state major aid programs to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the *Wisconsin Public School District Audit Manual*, 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.

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 designated state major aid program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 the type of compliance requirement of a designated state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying summary of auditor's results as items 2015-002 and 2015-003 to be significant deficiencies.

This District's response to the internal control over compliance findings identified in our audit is described in the accompanying summary of auditor's results. The District's response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

The purpose of this report is intended solely to describe the scope of our testing of internal control over compliance and the results of testing based on requirements of the Wisconsin Department of Public Instruction. Accordingly, this report is not suitable for any other purpose.

Miller, Brussell, Ebben and Glaeske LLC

Portage, Wisconsin
November 25, 2015

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2015**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified?	_____ Yes	_____ <u>X</u> No
Significant deficiencies identified not considered to be material weaknesses?	_____ <u>X</u> Yes	_____ None reported
Noncompliance material to the financial statements?	_____ Yes	_____ <u>X</u> No

State Awards

Internal control over compliance:

Material weakness identified?	_____ Yes	_____ <u>X</u> No
Significant deficiencies identified not considered to be material weaknesses?	_____ <u>X</u> Yes	_____ None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with *Wisconsin Public School District Audit Manual*? _____ Yes X No

Identification of major state programs:

<u>State ID Number</u>	<u>Name of State Program</u>
255.101	Special Education and School Age Parents
255.201	Equalization Aids

SECTION II - FINANCIAL STATEMENT FINDINGS

Financial Statement Significant Deficiencies

2015-001 Preparation of the District's Financial Statements

Condition: The District does not have management personnel with necessary expertise to prepare the financial statements, related notes, and GASB 34 conversion entries necessary to report in accordance with generally accepted accounting principles. Due to limited resources, management has decided to accept certain risks relevant to financial reporting and relies on the auditor to assist with the preparation of the District's financial statements.

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**SUMMARY OF AUDITOR'S RESULTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

Financial Statement Significant Deficiencies (Continued)

2015-001 Preparation of the District's Financial Statements (Continued)

Criteria: Internal controls over preparation of the financial statements, including footnote disclosures, should be in place to provide reasonable assurance that a misstatement in the financial statements would be prevented or detected.

Cause: The additional cost associated with hiring staff experienced in preparation of the District's financial statements, including additional training, outweighs the derived benefits.

Effect: Because management relies on the auditor to assist with preparation of the financial statements, the District's system of internal control may not prevent, detect, or correct misstatements in the financial statements.

Recommendation: We recommend the District personnel to continue reviewing the financial statements by competent staff and approve them before issuance. We will continue to work with the District, providing information and training where needed, to make the District's personnel more knowledgeable about its responsibility for the financial statements.

Management Views and Corrective Action Plan: See corrective action plan 2015-001.

2015-002 Segregation of Duties

Condition: The size of the office staff precludes a proper segregation of functions to assure adequate internal control.

Criteria: Lack of segregation of duties.

Cause: The limited number of office staff results in incompatible functions being performed by the same individuals.

Effect: There may be inappropriate transactions recorded and assets may not be adequately safeguarded.

Recommendation: This is not unusual for Districts your size, but the Board of Education and management should continue to be aware of this condition and to realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable for an effective system of internal control. Under these conditions, the most effective controls lie in the Board of Education's and management's knowledge of matters relating to the District's operations.

Management Views and Corrective Action Plan: See corrective action plan 2015-002.

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**SUMMARY OF AUDITOR'S RESULTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

SECTION III -STATE AWARD FINDINGS AND QUESTIONED COSTS

State Awards Significant Deficiencies

Same as 2015-002 above.

2015-003 Financial Reporting for State Assistance

Condition: The Wisconsin Public School District Audit Manual requires the District to prepare appropriate financial statements, including the schedules of expenditures of federal and state awards. While the current staff of the District maintains financial records supporting amounts reported in the schedules of expenditures of federal and state awards, the District contracts with its auditor to compile the data from these records and prepare the state programs audit reports for the District.

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

Cause: The additional cost associated with hiring staff sufficiently experienced to prepare the District's state programs audit reports, including the additional training time, outweigh the derived benefits.

Effect: Because management relies on its auditor to assist with the preparation of the financial statements, including state program audit reports, the District's system of internal control may not prevent, detect, or correct misstatements in these financial statements.

Recommendation: We recommend District personnel continue reviewing the District's state programs audit reports prepared by its auditor. While it may not be cost beneficial to hire additional staff to prepare these items, a thorough review of this information by appropriate staff of the District is necessary to ensure all state programs are properly reported in the District's state programs audit reports.

Management Views and Corrective Action Plan: See corrective action plan 2015-003.

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015**

2014-001 Preparation of the District's Financial Statements

- Condition:** The District does not have management personnel with necessary expertise to prepare the financial statements, related notes, and GASB 34 conversion entries necessary to report in accordance with generally accepted accounting principles. Due to limited resources, management has decided to accept certain risks relevant to financial reporting and relies on the auditor to assist with preparation of the District's financial statements.
- Recommendation:** We recommended District personnel continue reviewing the financial statements by competent staff and approve them before issuance. We will continue to work with the District providing information and training where needed, to make the District's personnel more knowledgeable about its responsibility for the financial statements.
- Current Status:** Management and the Board continue to believe that cost to hire additional staff to eliminate the control deficiency outweighs the benefits to be received. Competent staff will continue to be designated to oversee and review the financial reports and approve them before issuance.

2014-002 Segregation of Duties

- Condition:** The size of the office staff precludes a proper segregation of functions to assure adequate internal control.
- Recommendation:** This is not unusual for districts your size, but the Board of Education and management should continue to be aware of this conditions and to realize that the concentration of duties and responsibilities of a limited number of individuals is not desirable for an effective system of internal control. Under these conditions, the most effective controls lie in the Board of Education's and management's knowledge of matters relating to the District's operations.
- Current Status:** Management and the Board will continue to be aware of this condition and continue to be involved in the matters relating to the District's operations. However, they continue to believe it is not feasible or cost effective to add staff to achieve the desired level of internal control.

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

2014-003 Financial Reporting for State Assistance

Condition: The Wisconsin Public School District Audit Manual requires the District to prepare appropriate financial statements, including the schedules of expenditures of federal and state awards. While the current staff of the District maintains financial records supporting amounts reported in the schedules of expenditures of federal and state awards, the District contracts with its auditor to compile the data from these records and prepare the state programs audit reports for the District.

Recommendation: We recommend District personnel continue reviewing the District's state programs audit reports prepared by its auditor. While it may not be cost beneficial to hire additional staff to prepare these items, a thorough review of this information by appropriate staff of the District is necessary to ensure all state programs are properly reported in the District's state programs audit reports.

Current Status: Management and the Board will continue to designate competent staff to oversee and review the financial reports and approve them before issuance. However, they continue to believe it is not feasible or cost effective to add staff to achieve the competence to prepare these reports.

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2015**

Significant Deficiency 2015-001 Preparation of the District's Financial Statements

Management Views - Management agrees with the finding and the recommendation.

Corrective Action Planned - Management and the Board will continue to designate competent staff to oversee and review the financial reports and approve them before issuance. However, it is not feasible or cost effective to add staff with the competence to prepare these reports.

Anticipated Completion Date - This action will be ongoing.

Significant Deficiency 2015-002 Segregation of Duties

Management Views - Management agrees with the finding and the recommendation.

Corrective Action Planned - Management and the Board will continue to be aware of this condition and continue to be involved in the matters relating to the District's operations. However, it is not feasible or cost effective to add staff to achieve the desired level of internal control.

Anticipated Completion Date - This action will be ongoing.

Significant Deficiency 2015-003 Financial Reporting for State Assistance

Management Views - Management agrees with the finding and the recommendation.

Corrective Action Planned - Management and the Board will continue to designate competent staff to oversee and review the financial reports and approve them before issuance. However, it is not feasible or cost effective to add staff with the competence to prepare these reports.

Anticipated Completion Date - This action will be ongoing.