

RANDOLPH SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2016

(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

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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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the schedules of required supplementary information for pension related items on pages 37 through 41 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 opinions 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 schedule of expenditures of federal and state awards is 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 January 3, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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
January 3, 2017

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and investments	\$ 17,867,793	\$ 0	\$ 17,867,793
Taxes receivable	842,777		842,777
Due from other funds	2,093		2,093
Due from other governments	370,710	5,924	376,634
Total Current Assets	<u>19,083,373</u>	<u>5,924</u>	<u>19,089,297</u>
Noncurrent Assets			
Land	105,200		105,200
Construction in progress	3,527,565		3,527,565
Site improvements	816,933		816,933
Buildings	4,060,451		4,060,451
Furniture and equipment	3,136,036	146,410	3,282,446
Less accumulated depreciation	<u>(5,668,533)</u>	<u>(130,371)</u>	<u>(5,798,904)</u>
Net Noncurrent Assets	<u>5,977,652</u>	<u>16,039</u>	<u>5,993,691</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related outflows of resources	<u>2,005,355</u>	<u>39,927</u>	<u>2,045,282</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 27,066,380</u>	<u>\$ 61,890</u>	<u>\$ 27,128,270</u>
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts payable	\$ 1,341,186	\$ 65	\$ 1,341,251
Accrued liabilities			
Payroll, payroll taxes, insurance	288,269	519	288,788
Interest	140,795		140,795
Due to other funds		2,093	2,093
Unearned revenue		3,247	3,247
Current portion of long-term liabilities	444,664		444,664
Total Current Liabilities	<u>2,214,914</u>	<u>5,924</u>	<u>2,220,838</u>
Long-term liabilities			
Bonds payable	9,615,000		9,615,000
Notes payable	7,570,000		7,570,000
Bond Premium	16,171		16,171
Other long-term liabilities	108,408		108,408
Less: current portion	<u>(444,664)</u>		<u>(444,664)</u>
Total Long-term liabilities	<u>16,864,915</u>	<u>0</u>	<u>16,864,915</u>
Other Noncurrent Liabilities			
Net pension liability	<u>378,873</u>	<u>7,543</u>	<u>386,416</u>
Total Liabilities	<u>19,458,702</u>	<u>13,467</u>	<u>19,472,169</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related inflows of resources	<u>808,900</u>	<u>16,105</u>	<u>825,005</u>
NET POSITION			
Net investment in capital assets	2,450,087	16,039	2,466,126
Restricted	1,544,250	16,279	1,560,529
Unrestricted	2,804,441		2,804,441
Total Net Position	<u>6,798,778</u>	<u>32,318</u>	<u>6,831,096</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 27,066,380</u>	<u>\$ 61,890</u>	<u>\$ 27,128,270</u>

See Accompanying Notes to the Basic Financial Statements

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

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	\$ 3,181,199	\$ 11,040	\$ 288,471	\$ (2,881,688)	\$ 0	\$ (2,881,688)
Vocational instruction	416,774	383	3,000	(413,391)		(413,391)
Special education instruction	823,145	7,953	156,218	(658,974)		(658,974)
Other instruction	332,711	19,578		(313,133)		(313,133)
Total Instruction	<u>4,753,829</u>	<u>38,954</u>	<u>447,689</u>	<u>(4,267,186)</u>	<u>0</u>	<u>(4,267,186)</u>
Support Services						
Pupil services	183,662	81,405	355	(101,902)		(101,902)
Instructional staff services	165,355	639	72,578	(92,138)		(92,138)
General administration services	275,045			(275,045)		(275,045)
Building administration services	397,440			(397,440)		(397,440)
Business services	105,315			(105,315)		(105,315)
Operations and maintenance	525,319		6,706	(518,613)		(518,613)
Pupil transportation	232,817	493	29,037	(203,287)		(203,287)
Central services	72,638	7,448	2,727	(62,463)		(62,463)
Interest	331,901			(331,901)		(331,901)
Insurance	77,881	7,266		(70,615)		(70,615)
Other support services	190,439		1,909	(188,530)		(188,530)
Depreciation - unallocated*	102,854			(102,854)		(102,854)
Total Support Services	<u>2,660,666</u>	<u>97,251</u>	<u>113,312</u>	<u>(2,450,103)</u>	<u>0</u>	<u>(2,450,103)</u>
Total Governmental Activities	<u>7,414,495</u>	<u>136,205</u>	<u>561,001</u>	<u>(6,717,289)</u>	<u>0</u>	<u>(6,717,289)</u>
Business-Type Activities						
School food service program	<u>219,927</u>	<u>79,471</u>	<u>105,680</u>	<u>0</u>	<u>(34,776)</u>	<u>(34,776)</u>
TOTAL SCHOOL DISTRICT	<u>\$ 7,634,422</u>	<u>\$ 215,676</u>	<u>\$ 666,681</u>	<u>(6,717,289)</u>	<u>(34,776)</u>	<u>(6,752,065)</u>
General Revenues						
Property taxes						
General purposes				2,761,869		2,761,869
State and federal aids not restricted to specific functions						
General				3,576,522		3,576,522
Other				332,546		332,546
Interest and investment earnings				52,694		52,694
Miscellaneous				38,992		38,992
Gain on sale of assets				37,014		37,014
Total General Revenues				<u>6,799,637</u>	<u>0</u>	<u>6,799,637</u>
Transfers from (to) other funds				<u>(14,709)</u>	<u>14,709</u>	<u>0</u>
Change in Net Position				<u>67,639</u>	<u>(20,067)</u>	<u>47,572</u>
NET POSITION - Beginning of Year				<u>6,731,139</u>	<u>52,385</u>	<u>6,783,524</u>
NET POSITION - END OF YEAR				<u>\$ 6,798,778</u>	<u>\$ 32,318</u>	<u>\$ 6,831,096</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, 2016

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Fund	Total Governmental Funds
ASSETS					
Cash and investments	\$ 2,195,764	\$ 166,164	\$ 15,377,765	\$ 128,100	\$ 17,867,793
Taxes receivable	842,777				842,777
Due from other funds	2,093	1,901			3,994
Due from other governments	370,710				370,710
TOTAL ASSETS	\$ 3,411,344	\$ 168,065	\$ 15,377,765	\$ 128,100	\$ 19,085,274
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 46,359	\$ 0	\$ 1,294,827	\$ 0	\$ 1,341,186
Accrued payroll and related items	288,269				288,269
Due to other funds			1,901		1,901
Total Liabilities	334,628	0	1,296,728	0	1,631,356
Fund Balances					
Restricted		168,065	14,081,037	128,100	14,377,202
Unassigned	3,076,716				3,076,716
Total Fund Balances	3,076,716	168,065	14,081,037	128,100	17,453,918
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,411,344	\$ 168,065	\$ 15,377,765	\$ 128,100	\$ 19,085,274
Total fund balance reported on governmental funds balance sheet					\$ 17,453,918
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:					
Non-depreciable fixed assets				3,632,765	
Governmental capital asset				8,013,420	
Governmental accumulated depreciation				(5,668,533)	5,977,652
Long-term debt proceeds are current financial resources recognized as revenue, and interest and principal payments are recorded as expenditures in the fund financial statements. The proceeds are recorded as a long-term liability with principal payments recognized as a reduction of long-term liabilities in the statements of net position:					
Bonds and notes payable				(17,185,000)	
Accrued interest				(140,795)	
Premium on bonds and notes payable				(16,171)	(17,341,966)
Termination benefits are not liquidated with expendable available financial resources and, therefore, are not recognized in the fund financial statements. The amount accrued and reported in the statement of net position:					
Termination benefits					(108,408)
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 (liability)				(378,873)	
Pension related deferred outflows				2,005,355	
Pension related deferred inflows				(808,900)	817,582
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES					\$ 6,798,778

See Accompanying Notes to the Basic Financial Statements

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Fund	Total Governmental Funds
REVENUES					
Property taxes	\$ 2,033,869	\$ 728,000	\$ 0	\$ 0	\$ 2,761,869
Other local sources	63,612		45,503	1,582	110,697
Interdistrict sources	334,855				334,855
Intermediate sources	61,444				61,444
State sources	3,870,967				3,870,967
Federal sources	298,592				298,592
Other sources	21,405				21,405
Total Revenues	<u>6,684,744</u>	<u>728,000</u>	<u>45,503</u>	<u>1,582</u>	<u>7,459,829</u>
EXPENDITURES					
Instruction					
Regular instruction	3,032,768				3,032,768
Vocational instruction	395,437				395,437
Special education instruction	801,804				801,804
Other instruction	334,766				334,766
Total Instruction	<u>4,564,775</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,564,775</u>
Support Services					
Pupil services	176,342				176,342
Instructional staff services	161,945				161,945
General administration services	260,291				260,291
Building administration services	380,392				380,392
Business services	101,451				101,451
Operations and maintenance	810,325		3,534,466		4,344,791
Pupil transportation	207,554				207,554
Other support services	81,576				81,576
Central services	72,638				72,638
Principal		385,000			385,000
Interest		194,212			194,212
Insurance	77,881				77,881
Total Support Services	<u>2,330,395</u>	<u>579,212</u>	<u>3,534,466</u>	<u>0</u>	<u>6,444,073</u>
Total Expenditures	<u>6,895,170</u>	<u>579,212</u>	<u>3,534,466</u>	<u>0</u>	<u>11,008,848</u>
OTHER FINANCING SOURCES (USES)					
Proceeds on sale of fixed assets	73,494				73,494
Proceeds from bond premium		19,277			19,277
Transfer to other funds	(14,709)				(14,709)
Proceeds from long term bonds			17,570,000		17,570,000
Net Other Financing Sources (Uses)	<u>58,785</u>	<u>19,277</u>	<u>17,570,000</u>	<u>0</u>	<u>17,648,062</u>
Net Change in Fund Balances	(151,641)	168,065	14,081,037	1,582	14,099,043
FUND BALANCES - Beginning of Year	<u>3,228,357</u>	<u>0</u>	<u>0</u>	<u>126,518</u>	<u>3,354,875</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,076,716</u>	<u>\$ 168,065</u>	<u>\$ 14,081,037</u>	<u>\$ 128,100</u>	<u>\$ 17,453,918</u>

**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, 2016

Net Change in Fund Balances - Total Governmental Funds		\$ 14,099,043
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	3,892,111	
Depreciation expense reported in the statement of activities	<u>(209,352)</u>	
Amount by which capital outlays are greater (less) than depreciation in the current period.		3,682,759
In governmental funds the entire proceeds, if any, from the disposal of capital assets are reported as an other financing source. In the statement of activities only the gain (or loss) on the disposal is reported. The difference between the two is the original cost of the asset.		
Proceeds from the disposition of capital assets as reported on the governmental funds operating statement	(73,494)	
Gain (loss) on disposition reported on the statement of activities	<u>37,014</u>	
Book value of assets disposed of		(36,480)
Governmental funds report the effect of debt premiums and discounts when debt is first issued. However in the statement of net position, they are deferred and amortized over the life of the debt and reported as revenue or expense in the statement of activities.		
Bond premium on new debt issue		(19,277)
Amortization of bond premium		3,106
Bond proceeds on long-term debt are reported in the governmental funds as a revenue, but is reported as an increase in long-term debt in the statement of net assets and does not affect the statement of activities.		
The amount of bond proceeds in the current year is:		(17,570,000)
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.		
The amount of long-term debt principal payments in the current year is:		385,000
In governmental funds, interest payments on outstanding long-term debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.		
The amount of interest paid during the current period on long-term debt	194,212	
The amount of interest expensed during the current period on long-term debt	<u>(335,007)</u>	
Interest paid is greater (less) than interest expensed by:		(140,795)
Termination benefits are recognized in the fund financial statements when the benefits are paid. Termination benefits are expensed ratably over the periods earned in the statements of activities		
		(108,408)
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.		
		220,134
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.		
		(447,443)
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ 67,639</u>

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016 AND 2015

	Food Service Fund	
	2016	2015
ASSETS		
Current Assets		
Cash and investments	\$ 0	\$ 8,736
Due from other governments	5,924	2,997
Total Current Assets	5,924	11,733
Noncurrent Assets		
Furniture and equipment	146,410	146,410
Less accumulated depreciation	(130,371)	(121,604)
Net Noncurrent Assets	16,039	24,806
Other Noncurrent Assets		
Net pension asset	0	10,385
DEFERRED OUTFLOWS OF RESOURCES		
Pension related outflows of resources	39,927	8,942
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 61,890	\$ 55,866
LIABILITIES AND NET POSITION		
Liabilities		
Accounts payable	\$ 65	\$ 0
Accrued liabilities	519	
Due to other funds	2,093	
Unearned revenue	3,247	3,307
Total Current Liabilities	5,924	3,307
Other Noncurrent Liabilities		
Net pension liability	7,543	0
DEFERRED INFLOWS OF RESOURCES		
Pension related inflows of resources	16,105	174
NET POSITION		
Net investment in capital assets	16,039	24,806
Restricted for food service operations		8,426
Restricted for pension related items	16,279	19,153
Total Net Position	32,318	52,385
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 61,890	\$ 55,866

See Accompanying Notes to the Basic Financial Statements

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	Food Service Fund	
	2016	2015
OPERATING REVENUES		
Food sales	\$ 79,471	\$ 84,237
State sources	6,695	6,935
Federal sources	85,745	79,640
Federal commodities	13,214	15,221
Other operating revenue	26	1,780
Total Operating Revenues	185,151	187,813
OPERATING EXPENSES		
Salaries and wages	72,429	68,373
Employer paid benefits	25,362	14,296
Purchased services	10,488	7,245
Supplies, food and materials	102,881	100,696
Depreciation	8,767	4,666
Total Operating Expenses	219,927	195,276
Excess (Deficit) revenues over expenses	(34,776)	(7,463)
Other Financing sources		
Transfer from General Fund	14,709	0
Change in Net Position	(20,067)	(7,463)
NET POSITION - Beginning of Year	52,385	59,848
NET POSITION - END OF YEAR	\$ 32,318	\$ 52,385

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	Food Service Fund	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from user charges	\$ 79,411	\$ 85,624
Cash received from other government payments	89,513	83,578
Cash payments to employees for services	(94,333)	(82,994)
Cash payments for purchased services	(10,488)	(7,245)
Cash payments to suppliers for goods and services	(87,548)	(83,695)
Net Cash Provided By (Used For) Operating Activities	(23,445)	(4,732)
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
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash transferred in from general fund	14,709	0
Net Increase (Decrease) in Cash and Cash Equivalents	(8,736)	(4,732)
CASH AND CASH EQUIVALENTS - Beginning of Year	8,736	13,468
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 0	\$ 8,736
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	\$ (34,776)	\$ (7,463)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities		
Depreciation	8,767	4,666
Net change in pension related items	2,874	(325)
Changes in operating assets and liabilities		
Accounts payable	65	
Accrued liabilities	519	
Due to other funds	2,093	
Due from other governments	(2,927)	(2,997)
Unearned revenue	(60)	1,387
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ (23,445)	\$ (4,732)
NONCASH NONCAPITAL FINANCING ACTIVITIES		
During the year the District received commodities from the U.S. Department of Agriculture in the amount of	\$ 13,214	\$ 15,221

See Accompanying Notes to the Basic Financial Statements

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	Private-Purpose Trust Funds	Agency Funds
ASSETS		
Current Assets		
Cash and investments	\$ 483,770	\$ 77,640
TOTAL ASSETS	\$ 483,770	\$ 77,640
LIABILITIES		
Due to Student Groups	\$ 0	\$ 77,640
Total Liabilities	0	\$ 77,640
NET POSITION		
Nonspendable - Corpus of permanent fund	443,070	
Restricted	40,700	
Total Net Position	\$ 483,770	

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - PRIVATE-PURPOSE TRUST
FOR THE YEAR ENDED JUNE 30, 2016

ADDITIONS		
Interest income		\$ 4,180
Gifts		<u>9,510</u>
Total Additions		<u>13,690</u>
DEDUCTIONS		
Trust fund disbursements		<u>7,049</u>
Total Deductions		<u>7,049</u>
Change in Net Position		6,641
NET POSITION - Beginning of Year		<u>477,129</u>
NET POSITION - END OF YEAR		<u>\$ 483,770</u>

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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, 2016**

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 and 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.

Debt Service Fund - The Debt Service Fund (Fund 39) is used to accumulate resources and service interest and principal payments as they come due.

Capital Projects Fund - The Capital Projects Fund (Fund 49) accumulates the resources obtained and expenditures paid in the process of constructing or acquiring facilities or other capital assets.

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.

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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.

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.

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets and Liabilities (Continued)

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.

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 2015 tax levy is used to finance operations of the District's fiscal year ended June 30, 2016. 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, 2016**

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, 2016.

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, 2016**

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, 2016**

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

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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, 2016**

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>	<u>Long-Term</u>	<u>Capital</u>	<u>Long-Term</u>	<u>Statement</u>
	<u>Governmental</u>	<u>Revenues/</u>	<u>Related</u>	<u>Debt</u>	<u>Of</u>
	<u>Funds</u>	<u>Expenses</u>	<u>Items</u>	<u>Transactions</u>	<u>Activities</u>
					<u>Total</u>
Revenues and Other Sources					
Property taxes	\$ 2,761,869	\$ 0	\$ 0	\$ 0	\$2,761,869
Other local sources					
Interest and investment earnings	52,694				52,694
Charges for services	27,874				27,874
Miscellaneous	38,992				38,992
Interdistrict sources					
Other general aid	322,642				322,642
Charges for services	12,212				12,212
Intermediate sources					
Operating grants and contributions	53,894				53,894
Charges for services	7,550				7,550
State sources					
General aid	3,576,522				3,576,522
Other general aid	9,814				9,814
Operating grants and contributions	282,343				282,343
Federal sources					
Operating grants and contributions	224,764				224,764
Charges for services	73,829				73,829
Other revenue sources					
Other general aid	90				90
Charges for services	14,740				14,740
Other financing sources					
Proceeds on sale of fixed Assets	73,494		(36,480)		37,014
Proceeds on Bond Issuance	17,570,000			(17,570,000)	
Bond Premium	19,277			(19,277)	0
	<u>\$25,122,600</u>	<u>\$ 0</u>	<u>\$ (36,480)</u>	<u>\$ (17,589,277)</u>	<u>\$7,496,843</u>

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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	Long Term		Pension Related Items		Capital Related Acquisitions	Depreciation	Long-Term Debt Transactions	Statement Of Activities Total
		Revenues/ Expenses	Employer Contributions	Expense	Employer Contributions				
Expenditures/Expenses									
Regular instruction	\$ 3,032,768	\$ 0	\$(116,957)	\$ 237,726	\$ 0	\$ 27,662	\$ 0	\$ 3,181,199	
Vocational instruction	395,437		(17,170)	34,900		3,607		416,774	
Special education									
instruction	801,804		(17,832)	36,243		2,930		823,145	
Other instruction	334,766		(11,711)	23,803	(17,200)	3,053		332,711	
Pupil services	176,342		(7,088)	14,408				183,662	
Instructional staff									
services	161,945		(3,302)	6,712				165,355	
General administration									
services	260,291		(10,456)	21,254		3,956		275,045	
Building administration									
services	380,392		(16,510)	33,558				397,440	
Business services	101,451		(3,743)	7,607				105,315	
Operations and maintenance	4,344,791		(10,853)	22,059	(3,845,525)	14,847		525,319	
Pupil transportation	207,554		(4,072)	8,278	(29,386)	50,443		232,817	
Other support services	81,576	108,408	(440)	895				190,439	
Central services	72,638							72,638	
Principal	385,000						(385,000)	331,901	
Interest	194,212						137,689	77,881	
Insurance	77,881							102,854	
Depreciation - unallocated						102,854		14,709	
Transfer to other fund	14,709								
Total Expenditures/ Expenses	<u>11,023,557</u>	<u>108,408</u>	<u>\$(220,134)</u>	<u>\$ 447,443</u>	<u>(3,892,111)</u>	<u>209,352</u>	<u>(247,311)</u>	<u>7,429,204</u>	
Net Change for Year	<u>\$14,099,043</u>	<u>\$(108,408)</u>	<u>\$ 220,134</u>	<u>\$(447,443)</u>	<u>\$ 3,855,631</u>	<u>\$(209,352)</u>	<u>\$(17,341,966)</u>	<u>\$ 67,639</u>	

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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, 2016**

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, 2016 were as follows:

	Category			Bank Balance	Carrying Amount
	1	2	3		
Deposits					
National Exchange Bank	\$ 650,000	\$1,158,731	\$ 0	\$ 1,808,731	\$ 1,733,512
American Deposit Management	15,137,366			15,137,366	15,137,366
Markesan State Bank	549,664			549,664	546,834
Totals	<u>\$16,337,030</u>	<u>\$1,158,731</u>	<u>\$ 0</u>	<u>\$17,495,761</u>	
United Coop Preferred Stock					120,000
Investment in local government investment pool					891,520
Petty cash					(29)
Investments held by fiduciary funds					<u>(561,410)</u>
Cash and Investments Reported on Statement of Net Position					<u>\$17,867,793</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, 2016, 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, 2016**

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, 2016 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	60.8%	67 days average	\$ 891,520
Certificate of Deposit	Unrated	8.4%	1 year	122,364
Certificate of Deposit	Unrated	22.6%	25 Months	331,770
United Coop Preferred Stock	Unrated	8.2%	N/A	120,000
Total		<u>100.0%</u>		<u>\$1,465,654</u>

NOTE 4 CAPITAL ASSETS

Capital asset balances and activities for the year ended June 30, 2016 were as follows:

	<u>Beginning Balance</u>	<u>Adjustments</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities					
Capital assets not being depreciated					
Sites (land)	\$ 111,000	\$ 0	\$ 0	\$ (5,800)	\$ 105,200
Construction in progress	0		3,527,565		3,527,565
Total Capital Assets Not Being Depreciated	<u>111,000</u>	<u>0</u>	<u>3,527,565</u>	<u>(5,800)</u>	<u>3,632,765</u>
Capital assets being depreciated					
Site improvements	654,734		162,199		816,933
Buildings	3,982,355	(14,278)	144,374	(52,000)	4,060,451
Furniture and equipment	3,063,785	(5,100)	77,351		3,136,036
Total Capital Assets Being Depreciated	<u>7,700,874</u>	<u>(19,378)</u>	<u>383,924</u>	<u>(52,000)</u>	<u>8,013,420</u>
Less accumulated depreciation for					
Site improvements	(487,588)	1,067	(22,613)		(509,134)
Buildings	(2,424,345)	1,371	(80,418)	21,320	(2,482,072)
Furniture and equipment	(2,568,568)	1,945	(110,704)		(2,677,327)
Total Accumulated Depreciation	<u>(5,480,501)</u>	<u>4,383</u>	<u>(213,735)</u>	<u>21,320</u>	<u>(5,668,533)</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>2,220,373</u>	<u>(14,995)</u>	<u>170,189</u>	<u>(30,680)</u>	<u>2,344,887</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 2,331,373</u>	<u>\$ (14,995)</u>	<u>\$3,697,754</u>	<u>\$ (36,480)</u>	<u>\$ 5,977,652</u>

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 4 CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Adjustments</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities					
Capital assets being depreciated					
Furniture and equipment	\$ 146,410	\$ 0	\$ 0	\$ 0	\$ 146,410
Less accumulated depreciation	<u>(121,604)</u>	<u>(4,383)</u>	<u>(4,384)</u>		<u>(130,371)</u>
Business-Type Activities Capital					
Assets, Net of Accumulated Depreciation	<u>\$ 24,806</u>	<u>\$ (4,383)</u>	<u>\$ (4,384)</u>	<u>\$ 0</u>	<u>\$ 16,039</u>

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 27,662
Vocational instruction	3,607
Special education instruction	2,930
Other instruction	3,053
General administration services	3,956
Operations and maintenance	14,847
Pupil transportation services	50,443
Depreciation - unallocated	<u>102,854</u>
 Total Depreciation for Governmental Activities	 <u>\$209,352</u>

NOTE 5 LONG-TERM LIABILITIES

Long-term obligation balances and activity for the year ended June 30, 2016 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and Leases					
Bonds payable	\$ 0	\$10,000,000	\$385,000	\$ 9,615,000	\$ 50,000
Notes payable		7,570,000		7,570,000	350,000
Bond premium		<u>19,277</u>	<u>3,106</u>	<u>16,171</u>	<u>5,792</u>
Total Bonds and Leases	<u>0</u>	<u>17,589,277</u>	<u>388,106</u>	<u>17,201,171</u>	<u>405,792</u>
Other Liabilities					
Vested employee benefits					
Termination benefits		<u>108,408</u>		<u>108,408</u>	<u>38,872</u>
Total Other Liabilities	<u>0</u>	<u>108,408</u>	<u>0</u>	<u>108,408</u>	<u>38,872</u>
Total Governmental					
Activities Long-Term Obligations	<u>\$ 0</u>	<u>\$17,697,685</u>	<u>\$388,106</u>	<u>\$17,309,579</u>	<u>\$444,664</u>

Payments on bonds and notes are made by the debt service fund. Payments on capital leases are made by the general fund. Vested employee benefits will be liquidated by several of the governmental funds.

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

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

Total interest paid and accrued during the year:

	<u>Expense</u>	<u>Paid</u>
Bonds and notes payable and leases	\$335,007	\$194,212
Bond premium amortization	(3,106)	
Total Interest Expense/Paid	<u>\$331,901</u>	<u>\$194,212</u>

The full faith, credit, and taxing powers of the District secure all general obligation debt, including business-type activities, if any. Bonds and notes payable are comprised of the following individual issues:

	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Date of Maturity</u>	<u>Balance 6/30/16</u>
2016 G.O. Improvement Bonds	7/13/15	2.75%-3.50%	3/01/2035	\$ 9,615,000
2016 Bond Anticipation Notes	03/15/16	1.50%-5.00%	3/01/2019	7,570,000
Total General Obligation Debt*				<u>\$17,185,000</u>

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, 2016 is:

Equalized value certified by Wisconsin Department of Revenue for 2015	<u>\$224,524,857</u>
Margin of indebtedness at 10% of equalized value	\$ 22,452,485
*Deduct long-term debt applicable to debt margin	<u>(17,185,000)</u>
Margin of Indebtedness	<u>\$ 5,267,485</u>

Aggregate cash flow requirements for retirement of long-term principal and interest on bonds and notes as of June 30, 2016 are as follows:

<u>Governmental Activities Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 400,000	\$ 434,509	\$ 834,509
2018	550,000	421,150	971,150
2019	6,670,000	393,650	7,063,650
2020		293,600	293,600
2021	175,000	293,600	468,600
2022 - 2035	<u>9,390,000</u>	<u>2,459,025</u>	<u>11,849,025</u>
Totals	<u>\$17,185,000</u>	<u>\$4,295,534</u>	<u>\$21,480,534</u>

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 6 OPERATING LEASES

The District, as lessee, has several lease agreements with total monthly payments of \$776. The monthly payments range from \$144 to \$632 and all existing leases will expire by 2018.

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

	2017	\$ 8,017
	2018	<u>3,792</u>
	Total	<u>\$11,809</u>

NOTE 7 INTERFUND BALANCES AND ACTIVITY

Interfund Balances at June 30, 2016 were as follows:

<u>Due To</u>	<u>Due From</u>	
General Fund	Food Service Fund	\$2,093
Debt Service Fund	Capital Projects Fund	<u>1,901</u>
Total		<u>\$3,994</u>

Interfund transfers at June 30, 2016 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	
General Fund	Food Service Fund	<u>\$14,709</u>

The District transfers from the General Fund to the Food Service Fund to cover the Food Service Fund's deficit incurred throughout the year.

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.

Accounting Changes. The WRS adopted GASB Statement No. 82, Pension Issues, an amendment of GASB No. 67, No. 68, and No. 73 during the year ended December 31, 2015. Statement no. 82 addresses the presentation of payroll-related measures in the Required Supplementary Information, the selection of assumptions used in determining the total pension liability and related measures, and the classification of employer-paid member contributions.

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 8 EMPLOYEE RETIREMENT PLANS (CONTINUED)

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.

ETF issues a a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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.

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:

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 8 EMPLOYEE RETIREMENT PLANS (CONTINUED)

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

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 \$224,517 in contributions from the employer

Contribution rates as of June 30, 2016 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, 2016, the Randolph School District reported a liability (asset) of \$386,416 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The 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, 2015, the Randolph's School District's proportion was 0.02377973%, which was an increase of 0.00029032% from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, the Randolph School District recognized pension expense of \$454,700.

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 8 EMPLOYEE RETIREMENT PLANS (CONTINUED)

At June 30, 2016, 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	\$ 0	\$(813,206)
Changes in assumptions	270,353	0
Net differences between projected and actual earnings on pension plan investments	1,369,866	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	0	(4,323)
Employer contributions subsequent to the measurement date	130,849	0
Total	\$1,771,068	\$(817,529)

\$130,849 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
2016	\$496,842	\$(200,051)
2017	\$496,842	\$(200,051)
2018	\$498,842	\$(200,051)
2019	\$415,257	\$(198,696)
Thereafter	\$ 8,649	\$ (26,155)

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

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset)	December 31, 2015
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% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 8 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 - 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

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

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

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

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, 2016**

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:

	<u>1% Decrease to Discount Rate (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase To Discount Rate (8.20%)</u>
Randolph School District's proportionate share of the net pension liability (asset)	2,710,329	386,416	(1,428,602)

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://etf.wi.gov/publications/cafr.htm>.

NOTE 9 TERMINATION BENEFITS

The District approved a health insurance and tax sheltered annuity retirement plan available to teaching and support staff who are at least 58 years old and have served for 15 years in the District. There are five options available for those giving notice, in writing, of their intent to retire by the April 30, 2016 deadline.

During the year ended June 30, 2016, five individuals had accepted the retirement plan with the terms as indicated below.

<u>Retirement Plan Option</u>	<u>Number of Employees Electing</u>
27-month Single Health Coverage	3 Employees
12-month Family Health Coverage	1 Employee
36-month 403(b) Contributions	1 Employee

NOTE 10 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.

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 11 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.

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, 2016 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 12 EXCESS OF ACTUAL EXPENDITURE OVER BUDGET

There were no individual funds with an excess of actual expenditures over budget for the year ended June 30, 2016.

NOTE 13 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:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Food Service Fund</u>
Restricted for:			
Food service operations	\$ 0	\$ 0	\$ 0
Pension related items			16,279
Capital project fund		14,081,037	
Debt service fund		168,065	
Special revenue trust fund		128,100	
Unassigned	<u>3,076,716</u>	<u> </u>	<u> </u>
Total fund balances	<u>\$3,076,716</u>	<u>\$14,377,202</u>	<u>\$16,279</u>

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 13 FUND BALANCES (CONTINUED)

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

Governmental activities:	
Capital projects	\$ 45,503
Debt Service fund	553,065
Special revenue trust fund	128,100
Pension related items	<u>817,582</u>
Total	<u>\$1,544,250</u>
Business-type activities:	
Food service operations	\$ 0
Pension related items	<u>16,279</u>
Total	<u>\$ 16,279</u>

NOTE 14 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 15 SUBSEQUENT EVENTS

Subsequent events are evaluated through January 3, 2017, which is the date the financial statements were available to be issued. No subsequent events were noted as of that date.

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, 2016

	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	\$ 2,033,827	\$ 2,033,827	\$ 0	\$ 2,033,827	\$ 2,033,827	\$ 0	\$ 2,033,869	\$ 2,033,869	\$ 42
Other local sources		33,500	33,500		33,500	33,500		63,612	63,612	30,112
Interdistrict sources	4,600	307,535	312,135	4,600	307,535	312,135	7,176	327,679	334,855	22,720
Intermediate sources	83,940	6,500	90,440	83,940	6,500	90,440	50,884	10,550	61,434	(28,996)
State sources	82,000	3,737,639	3,819,639	82,000	3,737,639	3,819,639	84,208	3,786,759	3,870,967	51,328
Federal sources	128,600	131,373	259,973	128,600	131,373	259,973	163,751	134,841	298,592	38,619
Other sources		22,350	22,350		22,350	22,350	26	21,379	21,405	(945)
Total Revenues	299,140	6,272,724	6,571,864	299,140	6,272,724	6,571,864	306,055	6,378,689	6,684,744	112,880
EXPENDITURES										
Instruction										
Regular instruction		3,232,584	3,232,584		3,232,584	3,232,584		3,032,768	3,032,768	199,816
Vocational instruction		405,664	405,664		405,664	405,664		395,437	395,437	10,227
Special education instruction	715,129		715,129	715,129		715,129	801,804		801,804	(86,675)
Other instruction		351,798	351,798		351,798	351,798		334,766	334,766	17,032
Total Instruction	715,129	3,990,046	4,705,175	715,129	3,990,046	4,705,175	801,804	3,762,971	4,564,775	140,400
Support Services										
Pupil services	2,650	181,543	184,193	2,650	181,543	184,193		176,342	176,342	7,851
Instructional staff services	25,402	156,024	181,426	25,402	156,024	181,426	19,970	141,975	161,945	19,481
General administration services		267,180	267,180		267,180	267,180		260,291	260,291	6,889
Building administration services		378,591	378,591		378,591	378,591		380,392	380,392	(1,801)
Business services		112,614	112,614		112,614	112,614		101,451	101,451	11,163
Operations and maintenance		731,234	731,234		731,234	731,234		810,325	810,325	(79,091)
Pupil transportation	58,969	144,518	203,487	58,969	144,518	203,487	59,857	147,697	207,554	(4,067)
Other support	26,500	36,011	62,511	26,500	36,011	62,511		41,301	81,576	(19,065)
Central services	3,400	102,534	105,934	3,400	102,534	105,934	2,808	69,830	72,638	33,296
Insurance		79,225	79,225		79,225	79,225		77,881	77,881	1,344
Total Support Services	116,921	2,189,474	2,306,395	116,921	2,189,474	2,306,395	122,910	2,207,485	2,330,395	(24,000)
Total Expenditures	832,050	6,179,520	7,011,570	832,050	6,179,520	7,011,570	(618,659)	5,970,456	6,895,170	116,400
Excess (Deficiency) of Revenues Over Expenditures	(532,910)	93,204	(439,706)	(532,910)	93,204	(439,706)		408,233	(210,426)	229,280
OTHER FINANCING SOURCES (USES)										
Proceeds on sale of fixed assets		72,000	72,000		72,000	72,000		73,494	73,494	1,494
Transfer from (to) other funds	532,910	(532,910)		532,910	(532,910)		618,659	(633,368)	(14,709)	(14,709)
Net Other Financing Sources (Uses)	532,910	(460,910)	72,000	532,910	(460,910)	72,000	618,659	(559,874)	58,785	(13,215)
Net Change in Fund Balances	0	(367,706)	(367,706)	0	(367,706)	(367,706)	0	(151,641)	(151,641)	216,065
FUND BALANCES - Beginning of Year	0	3,228,357	3,228,357	0	3,228,357	3,228,357	0	3,228,357	3,228,357	0
FUND BALANCES - END OF YEAR	0	2,860,651	2,860,651	0	2,860,651	2,860,651	0	3,076,716	3,076,716	\$ 216,065

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

BUDGETARY COMPARISON SCHEDULE FOR THE DEBT SERVICE FUND
BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable/ (Unfavorable)
	Original Budget	Final Budget		
REVENUES				
Property taxes	\$ 728,000	\$ 728,000	\$ 728,000	\$ 0
Other local sources				
Total Revenues	<u>728,000</u>	<u>728,000</u>	<u>728,000</u>	<u>0</u>
EXPENDITURES				
Support Services				
Debt service				
Principal	385,000	385,000	385,000	
Interest	194,212	194,212	194,212	
Total Expenditures	<u>579,212</u>	<u>579,212</u>	<u>579,212</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from bond premium	<u>0</u>	<u>0</u>	<u>19,277</u>	<u>19,277</u>
Net Change in Fund Balance	148,788	148,788	168,065	19,277
FUND BALANCE - Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE - END OF YEAR	<u>\$ 148,788</u>	<u>\$ 148,788</u>	<u>\$ 168,065</u>	<u>\$ 19,277</u>

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

BUDGETARY COMPARISON SCHEDULE FOR THE CAPITAL PROJECTS FUND
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable/ (Unfavorable)
	Original Budget	Final Budget		
REVENUES				
Other local sources	\$ 9,800,000	\$ 9,800,000	\$ 45,503	\$ (9,754,497)
Total Revenues	<u>9,800,000</u>	<u>9,800,000</u>	<u>45,503</u>	<u>(9,754,497)</u>
EXPENDITURES				
Support Services			3,534,466	(3,534,466)
Total Expenditures	<u>0</u>	<u>0</u>	<u>3,534,466</u>	<u>(3,534,466)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from long term bonds	<u>10,000,000</u>	<u>10,000,000</u>	<u>17,570,000</u>	<u>7,570,000</u>
Net Change in Fund Balance	19,800,000	19,800,000	14,081,037	(5,718,963)
FUND BALANCE - Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE - END OF YEAR	<u>\$ 19,800,000</u>	<u>\$ 19,800,000</u>	<u>\$ 14,081,037</u>	<u>\$ (5,718,963)</u>

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
FOR THE YEAR ENDED JUNE 30, 2016**

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, 2016**

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

Wisconsin Retirement System
Last 10 Fiscal Years*

	2016
Randolph School District's proportion of the net pension liability (asset)	.02377973%
Randolph School District's proportionate share of the net pension liability (asset)	\$ 386,416
Randolph School District's covered-employee payroll	\$3,344,047
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.2%

*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	\$ 227,395
Contributions in relation to contractually required contributions	\$ (227,395)
Contribution deficiency (excess)	\$ 0
Randolph School District's covered-employee payroll	\$3,344,047
Contributions as a percentage of covered-employee payroll	6.8%

*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, 2016**

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, 2016 AND 2015

	2016			2015		
	Special Education	General Fund	Total General Fund	Special Education	General Fund	Total General Fund
ASSETS						
Cash and investments	\$ (23,262)	\$ 2,219,026	\$ 2,195,764	\$ (77,566)	\$ 2,570,650	\$ 2,493,084
Taxes receivable		842,777	842,777		652,407	652,407
Due from other funds		2,093	2,093			
Due from other governments	58,868	311,842	370,710	77,926	265,196	343,122
TOTAL ASSETS	\$ 35,606	\$ 3,375,738	\$ 3,411,344	\$ 360	\$ 3,488,253	\$ 3,488,613
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 13,400	\$ 32,959	\$ 46,359	\$ 0	\$ 122,027	\$ 122,027
Accrued payroll and related items	22,206	266,063	288,269	360	137,869	138,229
Total Liabilities	35,606	299,022	334,628	360	259,896	260,256
Fund Balances						
Restricted					18,746	18,746
Unassigned	0	3,076,716	3,076,716	0	3,209,611	3,209,611
Total Fund Balances	0	3,076,716	3,076,716	0	3,228,357	3,228,357
TOTAL LIABILITIES AND FUND BALANCES	\$ 35,606	\$ 3,375,738	\$ 3,411,344	\$ 360	\$ 3,488,253	\$ 3,488,613

**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, 2016 AND 2015

	2016						2015						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	\$ 0	\$ 2,033,827	\$ 2,033,827	\$ 0	\$ 2,033,869	\$ 2,033,869	\$ 0	\$ 2,179,097	\$ 2,179,097	\$ 0	\$ 2,179,053	\$ 2,179,053	\$ (44)
Property taxes		33,500	33,500		63,612	63,612		33,075	34,175		35,556	36,739	2,564
Other local sources		307,535	312,135		327,679	334,855		294,225	299,025		291,012	297,908	(1,117)
Interdistrict sources	4,600	6,500	11,100	7,176	10,550	17,726	4,800	32,000	35,000	6,896	8,470	33,793	33,793
Intermediate sources	83,940	3,737,639	3,821,579	50,894	3,786,759	3,837,653	32,000	3,577,320	3,656,220	78,854	3,577,390	3,656,244	24
State sources	82,000	131,373	213,373	84,208	134,841	219,049	78,900	156,316	235,216	137,925	165,158	303,083	17,967
Federal sources	128,600	22,350	150,950	163,751	21,405	185,156	128,800	7,900	136,700	3,843	34,213	38,056	28,156
Other sources		22,350	22,350	26	21,379	21,405	2,000	9,900	9,900	289,024	6,290,852	6,579,876	81,343
Total Revenues	299,140	6,272,724	6,571,864	306,055	6,378,689	6,684,744	247,600	6,250,933	6,498,533	289,024	6,290,852	6,579,876	
EXPENDITURES													
Instruction													
Regular instruction		3,232,584	3,232,584	3,032,768	3,032,768	3,032,768	3,102,529	3,102,529	3,102,529		3,033,159	3,033,159	69,370
Vocational instruction		405,664	405,664	395,437	395,437	395,437	383,716	383,716	383,716	564,460	389,822	389,822	(6,106)
Special education instruction	715,129	351,798	1,066,927	801,804	334,766	1,136,570	657,462	1,812	659,274		564,460	564,460	94,814
Other instruction		351,798	351,798	334,766	334,766	334,766	333,457	333,457	333,457		338,395	338,395	(4,938)
Total Instruction	715,129	3,990,046	4,705,175	801,804	3,762,971	4,564,775	657,462	3,821,514	4,478,976	564,460	3,761,376	4,323,836	153,140
Support Services													
Pupil services	2,650	181,543	184,193	176,342	176,342	176,342	5,836	173,795	179,631		165,546	165,546	14,085
Instructional staff services	25,402	156,024	181,426	141,975	161,945	161,945	22,007	90,398	112,405	23,577	180,707	204,284	(91,879)
General administration services		267,180	267,180	260,291	260,291	260,291	268,412	268,412	268,412		271,749	271,749	(3,337)
Building administration services		378,591	378,591	380,392	380,392	380,392	369,950	369,950	369,950		368,201	368,201	1,749
Business services		112,614	112,614	101,451	101,451	101,451	111,758	111,758	111,758		108,892	108,892	2,866
Operations and maintenance		731,234	731,234	810,325	810,325	810,325	683,235	683,235	683,235		572,199	572,199	111,036
Pupil transportation	58,969	144,518	203,487	147,697	207,554	207,554	25,747	187,569	213,316	22,978	163,604	186,582	26,734
Other support services	26,500	36,011	62,511	41,301	81,576	81,576	29,600	32,222	61,822	26,481	38,261	64,742	(2,920)
Central services	3,400	102,594	105,994	69,830	72,638	72,638	11,077	73,978	85,055	3,487	81,914	85,401	(346)
Insurance		79,225	79,225	77,881	77,881	77,881	65,149	65,149	65,149		63,542	63,542	1,607
Total Support Services	116,921	2,189,474	2,306,395	122,910	2,207,485	2,330,395	94,267	2,056,466	2,150,733	76,523	2,014,615	2,091,138	59,595
Total Expenditures	832,050	6,179,520	7,011,570	924,714	5,970,456	6,895,170	751,729	5,877,980	6,629,709	640,983	5,775,991	6,416,974	212,735
Excess (Deficiency) of Revenues Over Expenditures	(532,910)	93,204	(439,706)	(618,659)	408,233	(210,426)	(504,129)	372,953	(131,176)	(514,861)	162,902	294,078	
OTHER FINANCING SOURCES (USES)													
Proceeds on sale of fixed assets		72,000	72,000	73,494	73,494	73,494		4,000	4,000		9,016	9,016	\$ 5,016
Transfer to/from other funds	532,910	(532,910)		618,659	(633,368)	(14,709)	504,129	(504,129)	4,000	351,959	(351,959)		
Net Other Financing Sources (Uses)	532,910	(460,910)	72,000	618,659	(559,874)	58,785	504,129	(500,129)	4,000	351,959	(342,943)	9,016	5,016
Net Change in Fund Balance	0	(367,706)	(367,706)	0	(151,641)	(151,641)	0	(127,176)	(127,176)	0	171,918	171,918	299,094
FUND BALANCE - Beginning of Year	0	3,228,357	3,228,357	0	3,228,357	3,228,357	0	3,056,439	3,056,439	0	3,056,439	3,056,439	0
FUND BALANCE - END OF YEAR	\$ 0	\$ 2,860,651	\$ 2,860,651	\$ 0	\$ 3,076,716	\$ 3,076,716	\$ 0	\$ 2,929,263	\$ 2,929,263	\$ 0	\$ 3,228,357	\$ 3,228,357	\$ 299,094

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

COMPARATIVE BALANCE SHEETS
DEBT SERVICE FUND
JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and investments	\$ 166,164	\$ 0
Due from capital projects	<u>1,901</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 168,065</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCES		
Liabilities	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balances		
Restricted for debt service	<u>168,065</u>	<u>0</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 168,065</u>	<u>\$ 0</u>

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - DEBT SERVICE FUND
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016			2015		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes	\$ 728,000	\$ 728,000	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>728,000</u>	<u>728,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES						
Support Services						
Debt service						
Principal	385,000	385,000				
Interest	<u>194,212</u>	<u>194,212</u>				
Total Expenditures	<u>579,212</u>	<u>579,212</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>148,788</u>	<u>148,788</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from bond premium	<u>0</u>	<u>19,277</u>	<u>19,277</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	<u>148,788</u>	<u>168,065</u>	<u>19,277</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE - Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE - END OF YEAR	<u>\$ 148,788</u>	<u>\$ 168,065</u>	<u>\$ 19,277</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

COMPARATIVE BALANCE SHEETS
CAPITAL PROJECTS FUND
JUNE 30, 2016 AND 2015

	2016	2015
ASSETS		
Cash and investments	\$ 15,377,765	\$ 200,000
TOTAL ASSETS	<u>\$ 15,377,765</u>	<u>\$ 200,000</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 1,294,827	\$ 0
Due to debt service	1,901	
Unearned revenue		200,000
Total Liabilities	<u>\$ 1,296,728</u>	<u>\$ 200,000</u>
Fund Balances		
Restricted for capital projects	<u>14,081,037</u>	<u>0</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 15,377,765</u>	<u>\$ 200,000</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, 2016 AND 2015

	2016			2015		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Earnings on Investments	\$ 9,800,000	\$ 45,503	\$ (9,754,497)	\$ 0	\$ 0	\$ 0
EXPENDITURES						
Support Services		3,534,466	3,534,466			
Excess (Deficiency) of Revenues Over Expenditures	9,800,000	(3,488,963)	(13,288,963)			
OTHER FINANCING SOURCES (USES)						
Proceeds from long term bonds	10,000,000	17,570,000	7,570,000			
Net Change in Fund Balance	19,800,000	14,081,037	(5,718,963)	0	0	0
FUND BALANCE - Beginning of Year	0	0	0	0	0	0
FUND BALANCE - END OF YEAR	\$ 19,800,000	\$ 14,081,037	\$ (5,718,963)	\$ 0	\$ 0	\$ 0

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2016

	Special Revenue Trust Fund	Total Governmental Funds
ASSETS		
Cash and investments	\$ 128,100	\$ 128,100
TOTAL ASSETS	\$ 128,100	\$ 128,100
LIABILITIES AND FUND BALANCES		
Liabilities	\$ 0	\$ 0
Fund Balances		
Restricted	128,100	128,100
TOTAL LIABILITIES AND FUND BALANCES	\$ 128,100	\$ 128,100

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Special Revenue Trust Fund</u>	<u>Total Governmental Funds</u>
REVENUES		
Interest on Investments	\$ 1,482	\$ 1,482
Other local sources	<u>100</u>	<u>100</u>
Total Revenues	<u>1,582</u>	<u>1,582</u>
EXPENDITURES		
Total Expenditures	<u>0</u>	<u>0</u>
Net Change in Fund Balance	1,582	1,582
FUND BALANCE - Beginning of Year	<u>126,518</u>	<u>126,518</u>
FUND BALANCE - END OF YEAR	<u>\$ 128,100</u>	<u>\$ 128,100</u>

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

COMPARATIVE BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUND
SPECIAL REVENUE TRUST FUND
AS OF JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and investments	\$ 128,100	\$ 126,518
TOTAL ASSETS	<u>\$ 128,100</u>	<u>\$ 126,518</u>
LIABILITIES AND FUND BALANCES		
Liabilities	\$ 0	\$ 0
Fund Balances		
Restricted	<u>128,100</u>	<u>126,518</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 128,100</u>	<u>\$ 126,518</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, 2016 AND 2015

	2016			2015		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Interest on Investments	\$ 0	\$ 1,482	\$ 1,482	\$ 0	\$ 0	\$ 0
Other local sources		100	100	2,900	3,200	300
Total Revenues	<u>0</u>	<u>1,582</u>	<u>1,582</u>	<u>2,900</u>	<u>3,200</u>	<u>300</u>
EXPENDITURES						
Instruction						
Regular instruction					3,598	(3,598)
Total Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,598</u>	<u>(3,598)</u>
Support Services						
Pupil Services					1,490	(1,490)
Total Support Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,490</u>	<u>(1,490)</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,088</u>	<u>(5,088)</u>
Net Change in Fund Balance	0	1,582	1,582	2,900	(1,888)	(4,788)
FUND BALANCE - Beginning of Year	<u>126,518</u>	<u>126,518</u>	<u>0</u>	<u>128,406</u>	<u>128,406</u>	<u>0</u>
FUND BALANCE - END OF YEAR	<u>\$ 126,518</u>	<u>\$ 128,100</u>	<u>\$ 1,582</u>	<u>\$ 131,306</u>	<u>\$ 126,518</u>	<u>\$ (4,788)</u>

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

PUPIL ACTIVITY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Balance</u> 07/01/15	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> 6/30/16
ASSETS				
Cash	\$ 72,975	\$ 196,376	\$ 191,711	\$ 77,640
TOTAL ASSETS	<u>\$ 72,975</u>	<u>\$ 196,376</u>	<u>\$ 191,711</u>	<u>\$ 77,640</u>
LIABILITIES				
Elementary and Middle School	\$ 15,051	\$ 40,719	\$ 38,830	\$ 16,940
High School	<u>57,924</u>	<u>165,392</u>	<u>162,616</u>	<u>60,700</u>
TOTAL LIABILITIES	<u>\$ 72,975</u>	<u>\$ 206,111</u>	<u>\$ 201,446</u>	<u>\$ 77,640</u>

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, 2016**

Administering Agency Pass-Through Agency Award Description	Federal Catalog Number	Federal Pass Through ID Number	Program or Award Amount	Accrued Receivable (Deferred Revenue) July 1, 2015	Revenues		Expenditures	Accrued Receivable (Deferred Revenue) June 30, 2016
					Grantor Reimbursement	Local Share		
U.S. DEPARTMENT OF AGRICULTURE								
Wisconsin Department of Public Instruction								
Food Distribution	10.555	A001-00000-114634		\$ 0	\$ 13,214	\$ 0	\$ 13,214	\$ 0
School Breakfast Program	10.553	A546-00000-114634			8,456		8,456	
National School Lunch Program	10.555	A547-00000-114634			77,290		77,290	
Total U.S. Department of Agriculture				0	98,960	0	98,960	0
U.S. DEPARTMENT OF EDUCATION								
Rural Education Achievement Program								
July 1, 2014 - June 30, 2015	84.358A	A368-00000-114634	46,583	46,583	46,583		15,452	15,452
July 1, 2015 - June 30, 2016			42,385					
Wisconsin Department of Public Instruction								
ESEA Title I-A	84.010	A141-00000-114634		62,331	62,331			
July 1, 2014 - June 30, 2015					33,681		56,307	22,626
July 1, 2015 - June 30, 2016								
ESEA Title II-A	84.367	A365-00000-114634		32,011	32,011		16,028	
July 1, 2014 - June 30, 2015								
July 1, 2015 - June 30, 2016			17,438					
ESEA Title I-C Migrant (LEA)	84.011	A142-00000-114634		5,653	5,653		5,847	5,847
July 1, 2014 - June 30, 2015			6,000					
July 1, 2015 - June 30, 2016			6,000					

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016**

Administering Agency Pass-Through Agency Award Description	Federal Catalog Number	Federal Pass Through ID Number	Program or Award Amount	Accrued Receivable (Deferred Revenue) July 1, 2015	Reimbursement		Local Share	Expenditures	Accrued Receivable (Deferred Revenue) June 30, 2016
					Grantor	Reimbursement			
U.S. DEPARTMENT OF EDUCATION (CONTINUED)									
Wisconsin Department of Public Instruction (Continued)									
IDEA Preschool Entitlement	84.173	A347-00000-114634	4,609 \$ 4,877	1,159 \$	1,159 \$	0 \$	0 \$	4,877	0
July 1, 2014 - June 30, 2015									4,877
July 1, 2015 - June 30, 2016									0
IDEA Flow Through Entitlement	84.027	A341-00000-114634	121,731 119,813	69,871	69,871	0	0	119,546	69,929
July 1, 2014 - June 30, 2015									69,929
July 1, 2015 - June 30, 2016									74,806
Total Special Education Cluster				71,030	120,647	0	0	124,423	74,806
Pass-through CESA #5			3,709		3,000			3,000	
Tech prep/school-to-work grant	84.048	A400-00000-114634			3,000				
July 1, 2015 - March 6, 2016									
Total U.S. Department of Education				217,608	319,934	0	0	221,057	118,731
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES									
Medicaid	93.778	44228800	N/A		69,147			80,535	11,388
July 1, 2015 - June 30, 2016									
Total U.S. Department of Health and Human Services				0	69,147	0	0	80,535	11,388
TOTAL FEDERAL AWARDS				\$ 217,608	\$ 488,041	\$ 0	\$ 0	\$ 400,552	\$ 130,119

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Administering Agency Pass-Through Agency Award Description	State I.D. Number	State Pass Through ID Number	Receivable (Fund Balance) July 1, 2015	Revenues		Receivable (Fund Balance) June 30, 2016
				Grantor Reimbursement	Local Share	
				Expenditures		
WI DEPARTMENT OF PUBLIC INSTRUCTION						
Entitlement Programs						
Major State Program						
Special Education and School Age Parents	255.101	114634-100	\$ 0	\$ 84,208	\$ 0	\$ 84,208
Internal District Programs				50,894		50,894
Transit of Aid CESA #5			6,896	6,896		7,175
Transit of Aid Cambria-Friesland			6,896	141,998	0	142,277
Total Special Education and School Age Parents			55,847	3,333,514		3,336,222
Equalization Aids	255.201	114634-116		161,100		161,100
Sparsity Aid	255.212	114634-162				
Total Major Programs			62,743	3,636,612	0	3,639,599
Nonmajor State Entitlement and Grant Programs						
State School Lunch Aid	255.102	114634-107		2,113		2,113
Common School Fund Library Aids	255.103	114634-104		26,028		26,028
Pupil Transportation Aid	255.107	114634-102		8,748		8,748
WI School Day Milk Program	255.109	114634-109	2,997	1,376		4,303
Alcohol and Other Drug Abuse	255.306	114634-143				587
School Breakfast Program	255.344	114634-108		279		279
SAGE Grant	255.504	114634-160		158,532		158,532
Educator Effectiveness	255.940	114634-154	4,240	8,480		4,240
Transit of Aid Fall River School District						
Peer review and mentoring	255.940	114634-141				4,550
Per Pupil Aid	255.945	114634-113		79,200		79,200
Career and Technical Educ Incentive Grant	255.950	114634-151		2,288		2,288
Wisconsin Teaching and Learning Collaboratory	N/A					
DNR Land	N/A			9,247		9,247
Exempt Computer Aid	N/A		529	529		567
Total Nonmajor Entitlement and Grant Programs			7,766	296,820	0	300,682
TOTAL STATE AWARDS			\$ 70,509	\$ 3,933,432	\$ 0	\$ 3,940,281
						\$ 77,358

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

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

2015-2016 eligible costs under the State Special Education Program are \$437,736.

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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 3, 2017.

Internal Control Over Financial Reporting

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

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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying summary of auditor's results as items 2016-001 and 2016-002 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Randolph School District's Response to Findings

The District's response to the findings identified in our audit is 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
January 3, 2017

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, 2016. The District's designated state major aid programs are identified in the accompanying summary of auditors' results.

Management's Responsibility

Management is responsible for compliance with the state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

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 of the District's compliance.

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program 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 state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying summary of auditor's results as items 2016-002 and 2016-003, that we consider to be significant deficiencies.

The 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 subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on 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
January 3, 2017

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2016**

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	___X___ No
Significant deficiencies identified not considered to be material weaknesses?	___X___ Yes	_____ None reported
Noncompliance material to the financial statements?	_____ Yes	___X___ No

State Awards

Internal control over compliance:

Material weakness identified?	_____ Yes	___X___ No
Significant deficiencies identified not considered to be material weaknesses?	___X___ 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
255.212	Sparsity Aid

SECTION II - FINANCIAL STATEMENT FINDINGS

Financial Statement Significant Deficiencies

2016-001 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, 2016**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

Financial Statement Significant Deficiencies (Continued)

2016-001 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 2016-001.

2016-002 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 2016-002.

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**SUMMARY OF AUDITOR'S RESULTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016**

SECTION III --STATE AWARD FINDINGS AND QUESTIONED COSTS

State Awards Significant Deficiencies

Same as 2015-002 above.

2016-003 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 2016-003.

**RANDOLPH SCHOOL DISTRICT
RANDOLPH, WISCONSIN**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016**

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 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.

2015-002 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, 2016**

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.

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, 2016**

Significant Deficiency 2016-001 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 2016-002 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 2016-003 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.