

**RIVER VALLEY SCHOOL DISTRICT  
SPRING GREEN, WISCONSIN**

**AUDITED FINANCIAL STATEMENTS**

**Including Independent Auditor's Report**

**As of and for the year ended June 30, 2015**

**Johnson Block and Company, Inc.  
Certified Public Accountants  
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**RIVER VALLEY SCHOOL DISTRICT**

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June 30, 2015

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
River Valley School District  
Spring Green, Wisconsin

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the River Valley School District, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, effective July 1, 2014, the River Valley School District adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Schedule of Funding Progress for Post-Employment Benefit Plans, Budgetary Comparison information, and Wisconsin Retirement schedules on pages 39 through 44 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 a 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 River Valley School District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements.

## Other Matters (Continued)

### *Other Information (Continued)*

The supplementary information listed in the table of contents is 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 November 13, 2015, on our consideration of the River Valley School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in and should be considered in assessing the results of our audit.

*Johnson Block & Company, Inc.*

Johnson Block and Company, Inc.  
Certified Public Accountants  
Mineral Point, Wisconsin  
November 13, 2015

## **BASIC FINANCIAL STATEMENTS**

**RIVER VALLEY SCHOOL DISTRICT**  
**DISTRICT-WIDE STATEMENT OF NET POSITION**  
**As of June 30, 2015**

	Governmental Activities
<b>ASSETS</b>	
<b>Current assets:</b>	
Cash and investments	\$ 4,693,062
Receivables:	
Taxes	3,141,685
Accounts	31,755
Due from other governments	242,108
<b>Total current assets</b>	8,108,610
<b>Noncurrent assets:</b>	
Net pension asset - restricted	1,490,194
Capital assets:	
Capital assets not being depreciated	138,643
Capital assets being depreciated	19,500,179
Less: accumulated depreciation	(9,866,476)
<b>Total net capital assets</b>	9,772,346
<b>Total assets</b>	19,371,150
<b>Deferred outflows of resources</b>	
Deferred pension outflows	\$ 1,301,021
<b>Total assets and deferred outflows of resources</b>	\$ 20,672,171
<b>LIABILITIES</b>	
<b>Current liabilities:</b>	
Accounts payable	\$ 146,062
Accrued liabilities:	
Payroll, payroll taxes, insurance	1,295,638
Interest	29,197
Current portion of long-term obligations	655,022
<b>Total current liabilities</b>	2,125,919
<b>Noncurrent liabilities:</b>	
Bond and notes payable	2,230,207
Compensated absences	83,955
Other post-employment benefits earned in current year	138,675
Supplemental pension liability	75,000
Less: current portion	(655,022)
<b>Total noncurrent liabilities</b>	1,872,815
<b>Total liabilities</b>	3,998,734
<b>NET POSITION</b>	
Net investment in capital assets	9,107,346
Restricted	3,494,924
Unrestricted	4,071,167
<b>Total net position</b>	16,673,437
<b>Total liabilities and net position</b>	\$ 20,672,171

See accompanying notes to financial statements.

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

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grant and Contributions	Government Activities
<b>Governmental activities:</b>					
Instruction:					
Regular instruction	\$ 5,821,059	\$ 321,236	\$ 650,327	\$ 130,808	\$ (4,718,688)
Vocational instruction	612,828				(612,828)
Special education instruction	2,512,072		1,116,509		(1,395,563)
Other instruction	1,045,604	115,837			(929,767)
<b>Total instruction</b>	<u>9,991,563</u>	<u>437,073</u>	<u>1,766,836</u>	<u>130,808</u>	<u>(7,656,846)</u>
Support services:					
Pupil services	749,450		73,604		(675,846)
Instructional staff services	501,362		311,189		(190,173)
General administration services	374,797				(374,797)
Building administration services	946,766				(946,766)
Business services	2,700,407	5,425			(2,694,982)
Central services	291,569	169,871			(121,698)
Insurance	122,170				(122,170)
Other support services	815,419		41,238		(774,181)
Food service	615,081	311,260	279,326		(24,495)
Interest on debt	123,366				(123,366)
Depreciation - unallocated	376,505				(376,505)
<b>Total support services</b>	<u>7,616,892</u>	<u>486,556</u>	<u>705,357</u>		<u>(6,424,979)</u>
<b>Total school district</b>	<u>\$ 17,608,455</u>	<u>\$ 923,629</u>	<u>\$ 2,472,193</u>	<u>\$ 130,808</u>	<u>(14,081,825)</u>
<b>General revenues:</b>					
Property taxes:					
General purpose					8,292,549
Debt service					878,771
Community service					80,000
Other taxes					27,110
State and federal aids not restricted to specific functions:					
General					5,932,970
Interest and investment earnings					4,841
Miscellaneous					122,831
Sale of fixed assets					500
Loss on disposal of fixed assets					(489)
<b>Total general revenues</b>					<u>15,339,083</u>
<b>Change in net position</b>					
<b>Net position - beginning of year</b>					
<b>as previously recorded</b>					
Special item - see audit Note 3F					10,934,470
Prior period adjustment - implementation of GASB Statement No. 68					1,709,106
<b>Net position - beginning of year, as restated</b>					<u>2,772,603</u>
<b>Net position - end of year</b>					
					<u>\$ 16,673,437</u>

See accompanying notes to financial statements.



**RIVER VALLEY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of June 30, 2015**

	<u>Major Fund</u>		Total Governmental Funds
	General Fund	Non-major Governmental Funds	
<b>ASSETS</b>			
Cash and investments	\$ 3,989,353	\$ 703,709	\$ 4,693,062
Receivables:			
Taxes	3,141,685		3,141,685
Accounts	31,755		31,755
Due from other funds		5,851	5,851
Due from other governments	242,108		242,108
<b>Total assets</b>	<u>\$ 7,404,901</u>	<u>\$ 709,560</u>	<u>\$ 8,114,461</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 146,026	\$ 36	\$ 146,062
Accrued liabilities:			
Payroll, payroll taxes, insurance	1,289,823	5,815	1,295,638
Due to other funds	5,851		5,851
<b>Total liabilities</b>	<u>1,441,700</u>	<u>5,851</u>	<u>1,447,551</u>
<b>FUND BALANCES</b>			
Restricted		703,709	703,709
Unassigned	5,963,201		5,963,201
<b>Total fund balances</b>	<u>5,963,201</u>	<u>703,709</u>	<u>6,666,910</u>
<b>Total liabilities and fund balances</b>	<u>\$ 7,404,901</u>	<u>\$ 709,560</u>	<u>\$ 8,114,461</u>

See accompanying notes to financial statements.

RIVER VALLEY SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
WITH THE STATEMENT OF NET POSITION  
As of June 30, 2015

		Total
		Governmental Funds
		\$ 6,666,910
<b>Total fund balances from previous page</b>		\$ 6,666,910
<i>Total net position reported for governmental activities in the Statement of Net Position are different from the amount reported as total governmental funds' fund balance because:</i>		
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 are:		
Governmental capital assets	19,638,822	
Governmental accumulated depreciation	(9,866,476)	9,772,346
The net pension asset is not a current financial resource and is, therefore, not reported in the fund statements.		
		1,490,194
Pension deferred outflows of resources are actuarially determined by the defined benefit pension plan. These items are reflected in the Statement of Net Position and are being amortized with pension expense in the Statement of Activities. The deferred outflows of resources are not financial resources or uses and therefore are not reported in the fund statements.		
Deferred outflows of resources		1,301,021
Long-term liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements. Long-term liabilities reported in the Statement of Net Position that are not reported in the Governmental Funds Balance Sheet are:		
General obligation debt	(2,230,207)	
Accrued interest on general obligation debt	(29,197)	
Other post-employment benefits	(138,675)	
Supplemental pension obligation	(75,000)	
Compensated absences	(83,955)	(2,557,034)
Other post-employment benefits earned in current year		
<b>Total net position - governmental activities</b>		<b>\$ 16,673,437</b>

**RIVER VALLEY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2015**

	<u>Major Fund</u>		Total Governmental Funds
	General Fund	Non-major Governmental Funds	
<b>REVENUES</b>			
Property taxes	\$ 8,319,659	\$ 958,771	\$ 9,278,430
Other local sources	104,505	493,487	597,992
Interdistrict sources	291,416		291,416
Intermediate sources	33,301		33,301
State sources	7,210,503	10,375	7,220,878
Federal sources	882,034	268,951	1,150,985
Other sources	203,392	72,713	276,105
<b>Total revenues</b>	<u>17,044,810</u>	<u>1,804,297</u>	<u>18,849,107</u>
<b>EXPENDITURES</b>			
<b>Current:</b>			
<b>Instruction:</b>			
Regular instruction	5,762,943	2,862	5,765,805
Vocational instruction	603,015	10,705	613,720
Special education instruction	2,514,508		2,514,508
Other instruction	951,724	14,412	966,136
<b>Total instruction</b>	<u>9,832,190</u>	<u>27,979</u>	<u>9,860,169</u>
<b>Support services:</b>			
Pupil services	746,690	3,809	750,499
Instructional staff services	501,639	111	501,750
General administration services	348,706		348,706
Building administration services	945,636	2,450	948,086
Business services	3,099,605	132,216	3,231,821
Central services	291,790		291,790
Insurance	122,170		122,170
Other support services	815,419	95,881	911,300
Food service		615,411	615,411
<b>Total support services</b>	<u>6,871,655</u>	<u>849,878</u>	<u>7,721,533</u>
<b>Debt service:</b>			
Principal		979,793	979,793
Interest		147,963	147,963
<b>Total debt service</b>		<u>1,127,756</u>	<u>1,127,756</u>
<b>Total expenditures</b>	<u>16,703,845</u>	<u>2,005,613</u>	<u>18,709,458</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>340,965</u>	<u>(201,316)</u>	<u>139,649</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from other funds		24,825	24,825
Transfer to other funds	(24,825)		(24,825)
<b>Total other financing sources (uses)</b>	<u>(24,825)</u>	<u>24,825</u>	
<b>Net change in fund balances</b>	316,140	(176,491)	139,649
Fund balance - beginning of year	5,647,061	880,200	6,527,261
Fund balance - end of year	<u>\$ 5,963,201</u>	<u>\$ 703,709</u>	<u>\$ 6,666,910</u>

See accompanying notes to financial statements.

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

Net change in fund balances - total governmental funds \$ 139,649

*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 statement:		727,975	
Capital outlay not included in capital asset additions		(557,000)	
Depreciation expense reported in the Statement of Activities:		<u>                    </u>	
<b>Amount by which capital outlays are greater (less) than depreciation in the current period:</b>			170,975

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, and disposals) is to increase/decrease net position: (489)

Other post-employment benefits are reported in the governmental funds when amounts are paid. The Statement of Activities reports the value of benefits earned during the year.

Other post-employment benefits paid in current year		137,816	
Other post-employment benefits earned in current year		<u>(137,816)</u>	
<b>Amounts paid are greater (less) than amounts earned by:</b>			

Supplemental pension obligations are reported in the governmental funds when amounts are paid. The Statement of Activities reports the value of benefits earned during the year.

Supplemental pension obligations paid in current year			
Supplemental pension obligations earned in current year		<u>(75,000)</u>	
<b>Amounts paid are greater (less) than amounts earned by:</b>			(75,000)

Repayment of principal on long-term debt is reported in the governmental fund: 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

<b>Amount of principal repayments exceeded loan proceeds by</b>			979,793
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Compensated absences are reported in the governmental fund: when amounts are paid. The Statement of Activities reports the value of benefits earned during the year.

Compensated absences paid in current year			
Compensated absences earned in current year		<u>(879)</u>	
<b>Amounts paid are greater (less) than amounts earned by:</b>			(879)

Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan.

Pension expense in the Statement of Activities is actuarially determined by the defined benefit pension plan as the difference between the net pension asset from the prior year to the current year, with some adjustments

Amount of current year required contributions into the defined benefit pension plan		575,518	
Actuarially determined change in net pension asset between years, with adjustment:		<u>(556,906)</u>	
			18,612

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		147,963	
The amount of interest accrued during the current period		<u>(123,366)</u>	
<b>Interest paid is greater (less) than interest accrued by:</b>			24,597

**Change in net position - governmental activities \$ 1,257,258**

See accompanying notes to financial statements.

**RIVER VALLEY SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**As of June 30, 2015**

	Private- Purpose Trust Fund	Agency Fund	Total Fiduciary
<b>ASSETS</b>			
Cash and investments	\$ 25,812	\$ 146,984	\$ 172,796
Accounts Receivable		8,869	8,869
<b>Total assets</b>	<u>25,812</u>	<u>155,853</u>	<u>181,665</u>
<b>LIABILITIES</b>			
Due to student organizations		155,853	155,853
<b>Total liabilities</b>		<u>155,853</u>	<u>155,853</u>
<b>NET POSITION</b>			
Restricted	25,812		25,812
<b>Total net position</b>	<u>25,812</u>		<u>25,812</u>
<b>Total liabilities and net position</b>	<u>\$ 25,812</u>	<u>\$ 155,853</u>	<u>\$ 181,665</u>

See accompanying notes to financial statements.

**RIVER VALLEY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
For the Year Ended June 30, 2015**

	<u>Private- Purpose Trust Fund</u>
<b>ADDITIONS</b>	
Private donations	\$ 15,843
<b>Total additions</b>	<u>15,843</u>
<b>DEDUCTIONS</b>	
Scholarships awarded	17,150
<b>Total deductions</b>	<u>17,150</u>
<b>Change in net position</b>	(1,307)
<b>Net position - beginning of year</b>	<u>27,119</u>
<b>Net position - end of year</b>	<u><u>\$ 25,812</u></u>

See accompanying notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS**

**RIVER VALLEY SCHOOL DISTRICT**  
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**June 30, 2015**

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**RIVER VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. REPORTING ENTITY**

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

**B. BASIS OF FINANCIAL STATEMENT PRESENTATION**

**District-Wide Financial Statements**

The District-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the District. The effect of interfund activity, within the governmental columns, has been removed from these statements. Governmental activities are generally supported by taxes and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The District does not allocate indirect expenses to functions in the Statement of Activities. Program revenues included (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**RIVER VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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**B. BASIS OF FINANCIAL STATEMENT PRESENTATION (Continued)**

**Fund Financial Statements**

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

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

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

**Governmental Funds**

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

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

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

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

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

**RIVER VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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**B. BASIS OF FINANCIAL STATEMENT PRESENTATION (Continued)**

**Governmental Funds (Continued)**

The District reports the following major governmental fund:

General Fund

The District reports the following nonmajor funds:

Debt Service Fund  
Capital Projects Fund  
Special Revenue Funds:

Special Revenue Trust Fund - accounts for trust funds that can be used for District operations. The source of such funds is gifts and donations from private parties.

Food Service Fund – accounts for the activities of the District’s food service, generally hot lunch program.

Community Service Fund – accounts for activities associated with providing recreational and enrichment programs to the community.

**Fiduciary Funds (Not included in District-Wide Statements)**

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

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

**C. BASIS OF ACCOUNTING**

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

**RIVER VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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**C. BASIS OF ACCOUNTING (Continued)**

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

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

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

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

Property tax calendar – 2014 tax roll:

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

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

**RIVER VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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**C. BASIS OF ACCOUNTING (Continued)**

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

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

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

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

**D. MEASUREMENT FOCUS**

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

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

**RIVER VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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**E. CASH AND INVESTMENTS**

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

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

**F. INVENTORIES**

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

**G. LONG-TERM OBLIGATIONS**

All long-term debt to be repaid from governmental resources is reported as a liability in the District-wide statements. The long-term debt consists primarily of notes, bonds or loans payable, and vested employee benefits.

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

Debt issuance costs are recognized in the current period for the government-wide and governmental fund statements.

**H. CAPITAL ASSETS**

**District-Wide Statements**

In the District-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. The District maintains a threshold level of a unit cost of \$5,000 or more for capitalizing capital assets.

**RIVER VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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**H. CAPITAL ASSETS (Continued)**

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

Buildings and improvements	20 - 70 years
Machinery and equipment	5 - 20 years

**Fund Financial Statements**

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

**I. INTERFUND RECEIVABLES AND PAYABLES**

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

**J. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS**

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

**K. COMPENSATED ABSENCES AND OTHER EMPLOYEE BENEFIT AMOUNTS**

The District's policy allows calendar year employees to earn varying amounts of vacation pay each year depending on the total number of years employed. Vacation pay is granted on July 1 of the ensuing year and the employee may accumulate up to five days, which may be carried over to the next year, or the employee may request cash payment. Upon retirement or termination of employment, the employee is entitled to the pro-rated amount of vacation pay.

The District allows employees to earn up to twelve days of reimbursable leave per year. Employees hired in the 2013-14 school year may accumulate a maximum of ninety days. Employees hired prior to the 2013-14 school year may accumulate a maximum of one hundred twenty days. If these employees had accumulated less than ninety days as of July 1, 2013, or if they use days resulting in having less than ninety days, only the maximum of ninety days will be allowed to accumulate. At retirement, support staff with at least ten years of service will be compensated for up to one hundred sixty hours of reimbursable leave at a rate based on the employee's regular hourly rate. At retirement, teachers do not receive payment for accumulated reimbursable leave or vacation days.

**RIVER VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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**K. COMPENSATED ABSENCES AND OTHER EMPLOYEE BENEFIT AMOUNTS (Continued)**

Under contractual retirement options, the District is liable for salary, social security, and health insurance payments.

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

**L. CLAIMS AND JUDGMENTS**

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

**M. INTERFUND TRANSACTIONS**

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

**N. EQUITY CLASSIFICATIONS**

**District-Wide Statements**

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.
- b. Restricted net position – Consists of net positions with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net positions that do not meet the definition of “restricted” or “net investment in capital assets”.



**RIVER VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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**N. EQUITY CLASSIFICATIONS (Continued)**

It is the District's policy to use restricted resources first, then unrestricted resources as they are needed when both are available.

**Fund Statements**

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

- a. Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – amounts with externally imposed constraints placed on the use of resources by constitution, external resource providers, or through enabling legislation.
- c. Committed – amounts that can only be spent for specific purposes pursuant to constraints imposed by formal action by the Board of Education. A formal resolution by the Board of Education is required to establish, modify, or rescind a fund balance commitment.
- d. Assigned – amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Education has designated the Business Manager as the official authorized to assign amounts to a specific purpose.
- e. Unassigned – the residual classification for the General Fund representing amounts not restricted, committed, or assigned to specific purposes. Included in this classification is an amount established for minimum funding. The District's minimum fund balance policy requires fund balance of at least 18%, but less than 23% of budgeted expenditures.

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

As of June 30, 2015, the general unassigned fund balance was 38.2% of budgeted general fund expenditures.

**O. PENSIONS**

For purposes of measuring the net pension liability (asset), deferred outflows of resources related to pensions, 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 benefits terms. Investments are reported at fair value.

**RIVER VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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**P. CHANGE IN ACCOUNTING PRINCIPLE**

Effective July 1, 2014, the District adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Implementation of GASB Statement No. 68 and 71 required net position in the governmental activities to be increased by \$2,772,603. A prior period adjustment was made to reflect the January 1, 2013 beginning net pension asset of \$2,405,338 and beginning deferred outflows of resources of \$367,265 for District contributions to the WRS after the December 31, 2013 measurement date through June 30, 2014.

**Q. DEFERRED OUTFLOWS OF RESOURCES**

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

**RIVER VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

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

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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 basis financial statements contain a full reconciliation of these items.

**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 on the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities in the basic financial statements 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 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.

**RIVER VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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**NOTE 3. DETAILED NOTES ON ALL FUNDS**

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**A. CASH AND INVESTMENTS**

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

1. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association maturing in three years or less.
2. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state.
3. Bonds or securities issued or guaranteed as to principal and interest by the federal government.
4. The Local Government Investment Pool (LGIP).
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements that are fully collateralized by bonds or securities.
8. Bonds issued by a local exposition district.
9. Bonds issued by a local professional baseball park district.
10. Bonds issued by the University of Wisconsin Hospital and Clinics Authority.
11. Bonds issued by a local football stadium district.
12. Bonds issued by a local art district.
13. Bonds issued by the Wisconsin Aerospace Authority.

Foreign Currency Risk

The District did not invest in any foreign currency during the fiscal year.

The carrying amount of the District's cash and investments totaled \$4,865,858 on June 30, 2015 and is summarized below:

Deposits with financial institutions	\$ 2,663,102
Repurchase agreements	
Local Government Investment Pool	<u>2,202,756</u>
	<u><u>\$ 4,865,858</u></u>

**Reconciliation to the basic financial statements:**

District-Wide Statement of Net Position:	
Cash and investments	\$ 4,693,062
Fiduciary funds:	
Private-Purpose Trust Fund	25,812
Agency Fund	<u>146,984</u>
	<u><u>\$ 4,865,858</u></u>

Deposits and investments of the District are subject to various risks. Following is a discussion of the specific risks and the District's policy related to the risk.

**RIVER VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

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**A. CASH AND INVESTMENTS (Continued)**

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure the District’s deposits may not be returned to it. The District evaluates custodial credit risk through periodic monitoring of the financial condition of financial institutions where deposits are held. Formal written custodial risk policies have not been adopted by the District. As of June 30, 2015, \$255,394 of the District’s deposits with financial institutions was insured by the FDIC Insurance and totaling \$8,743 was in excess of federal depository insurance limits and uncollateralized. Additionally, the District has entered into a repurchase agreement with a local bank with one deposit account. As of June 30, 2015, the District’s deposit totaling \$2,846,084 was in the account with the repurchase agreement. From time to time the bank sells certain securities which are direct obligations at the United States Government or its agencies upon the transfer of funds by the District with a simultaneous agreement by the District to sell such securities to the bank and of the bank to repurchase such securities. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

FDIC Insurance

The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit’s official custodian is an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit’s official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term ‘time and savings deposits’ includes NOW accounts and money market deposit accounts but does not include interest bearing demand deposit accounts (which were permitted after July 21, 2011). The term ‘demand deposits’ means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal. The insurance coverage of accounts held by government depositors is different if the depository institution is located outside the State in which the public unit is located. In that case, all deposits, both time and savings deposits and demand deposits, owned by the public unit and held by the public unit’s official custodian are added together and insured up to \$250,000. Time and savings deposits are not insured separately from demand deposits.

Collateralization of Public Unit Deposits

Depending on applicable state or federal law, public unit deposits may be secured by collateral or assets of the bank. In the event of the failure of the bank, the FDIC will honor the collateralization agreement if the agreement is valid and enforceable under applicable law. The FDIC does not guarantee, however, that the collateral will be sufficient to cover the amount of the uninsured funds. As such, although it does not increase the insurance coverage of the public unit deposits, collateralization provides an avenue of recovery in the unlikely event of the failure of an insured bank.

**RIVER VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

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**A. 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.

Information about the sensitivity of the fair values of the District’s investment to market interest rate fluctuations is provided by the following table that shows the distribution of the District’s investments by maturity:

Investment Type	Remaining Maturity (in months)	
	Amount	12 months or less
Certificates of deposit	\$ 5,394	\$ 5,394
Local Government Investment Pool	2,202,756	2,202,756
Totals	\$ 2,208,150	\$ 2,208,150

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin Statute limits investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board (SWIB). The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day’s notice. At June 30, 2015, the fair value of the District’s share of the LGIP’s assets was substantially equal to the amount reported above. Information on derivatives was not available to the District.

SWIB may invest in obligations of the U.S. Treasury and its agencies, Commercial Paper, Bank Time Deposits/Certificates of Deposit, Bankers’ Acceptances, Asset Backed Securities and Repurchase Agreements secured by the U.S. Government or its agencies and other instruments authorized under State Investment Fund Investment guidelines.

Investment allocation in the local government pool as of June 30, 2015 was: 99.13% in U.S. Government Securities and 0.87% Bankers’ Acceptance. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

Concentration of Credit Risk – The District does not have an investment policy with limitations on the amount that can be invested in any one issuer. The District had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments.

**RIVER VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**B. INTERFUND BALANCES AND ACTIVITY**

Interfund receivables/payables at June 30, 2015 were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 5,851	\$
Food Service Fund		5,851
	\$ 5,851	\$ 5,851

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

Transfer from:	Transfer to:	Purpose:	Total
General Fund	Food Service Fund	Operating deficit	\$ 24,825

In addition, the General Fund transferred \$1,866,646 to the Special Education Fund. This transfer was eliminated in the Statement of Activities and the Statement of Revenues, Expenditures and Changes in Fund Balances.

**C. CAPITAL ASSETS**

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

	Balance 7/1/2014	Additions	Deletions	Balance 6/30/2015
Capital assets not being depreciated:				
Land	\$ 138,643	\$	\$	\$ 138,643
Construction work in progress	9,594		(9,594)	
Total capital assets not being depreciated	148,237		(9,594)	138,643
Capital assets being depreciated:				
Buildings and improvements	17,235,120	664,516	(4,895)	17,894,741
Machinery and equipment	1,532,385	73,053		1,605,438
Total capital assets being depreciated	18,767,505	737,569	(4,895)	19,500,179
Total capital assets	18,915,742	737,569	(14,489)	19,638,822
Less: accumulated depreciation for:				
Buildings and improvements	8,106,221	424,436	(4,406)	8,526,251
Machinery and equipment	1,207,661	132,564		1,340,225
Total accumulated depreciation	9,313,882	557,000	(4,406)	9,866,476
Net capital assets	\$ 9,601,860	\$ 180,569	\$ (10,083)	\$ 9,772,346

**RIVER VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

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**C. CAPITAL ASSETS (Continued)**

Depreciation expense was charged to functions as follows:

Instruction:			
Regular		\$	62,858
Physical education			2,400
Special education			849
Co-curricular			7,277
Support services:			
General administration services			26,424
Operation and maintenance			80,687
Depreciation - unallocated			376,505
Total depreciation expense		\$	<u>557,000</u>

**D. LONG-TERM OBLIGATIONS**

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

	Balance 7/1/2014	Increases	Decreases	Balance 6/30/2015	Amounts Due Within One Year
Bonds, notes and loans payable:					
General obligation debt	\$ 1,600,000	\$	\$ 935,000	\$ 665,000	\$ 485,000
State trust fund loan	1,610,000		\$ 44,793	1,565,207	58,128
Total bonds, notes and loans payable	<u>3,210,000</u>		<u>979,793</u>	<u>2,230,207</u>	<u>543,128</u>
Other liabilities:					
Vacation and sick pay	83,076	879		83,955	
Other post-employment benefits	1,847,781	137,816	1,846,922	138,675	96,894
Supplemental pension benefit		75,000		75,000	15,000
Total other liabilities	<u>1,930,857</u>	<u>213,695</u>	<u>1,846,922</u>	<u>297,630</u>	<u>111,894</u>
Total long-term liabilities	<u>\$ 5,140,857</u>	<u>\$ 213,695</u>	<u>\$ 2,826,715</u>	<u>\$ 2,527,837</u>	<u>\$ 655,022</u>



**RIVER VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**D. LONG-TERM OBLIGATIONS (Continued)**

**General Obligation Debt**

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

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

Type	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance Outstanding 6/30/2015
General obligation debt:					
Refunding bonds	5/1/2005	3/1/2018	4.0%	\$ 5,450,000	\$ 665,000
State trust fund loan	1/16/2014	3/15/2033	4.5%	1,610,000	1,565,207
Total general obligation debt					<u>\$ 2,230,207</u>

The long-term interest expended and paid during the year was \$123,366 and \$147,963, respectively.

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

Year Ending June 30,	Principal	Interest	Total
2016	\$ 543,128	\$ 97,227	\$ 640,355
2017	240,937	75,019	315,956
2018	63,679	65,076	128,755
2019	66,545	62,211	128,756
2020	69,377	59,379	128,756
2021-2025	397,377	246,401	643,778
2026-2030	495,247	148,531	643,778
2031-2033	353,917	32,349	386,266
	<u>\$ 2,230,207</u>	<u>\$ 786,193</u>	<u>\$ 3,016,400</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the District may not exceed ten percent of the equalized value of taxable property within the District's jurisdiction. The debt limit as of June 30, 2015, was \$83,447,158. Total general obligation debt outstanding at year end was \$2,230,207.

**RIVER VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

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**E. DEFINED BENEFIT PENSION PLAN**

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

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

**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:

**RIVER VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

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**E. DEFINED BENEFIT PENSION PLAN (Continued)**

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

**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 \$586,922 in contributions from the employer.

Contribution rates as of June 30, 2015 are:

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

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

At June 30, 2015, the District reported an asset of \$1,490,194 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the District's proportion was .06066889%, which was a decrease of .00034162% from its proportion measured as of December 31, 2013.

**RIVER VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

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**E. DEFINED BENEFIT PENSION PLAN (Continued)**

For the year ended June 30, 2015, the District's recognized pension expense of \$556,906.

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

	<b>Deferred Outflows of Resources</b>
Differences between expected and actual experience	\$ 216,032
Net differences between projected and actual earnings on pension plan investments	721,624
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,198
Employer contributions subsequent to the measurement date	357,167
<b>Total</b>	<b>\$ 1,301,021</b>

\$357,167 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 related to pension will be recognized in pension expense as follows:

	<b>Deferred Outflows of Resources</b>
Year ended June 30:	
2016	\$ 185,584
2017	185,584
2018	185,584
2019	185,584
2020	185,584
Thereafter	15,934
<b>Total</b>	<b>\$ 943,854</b>

**RIVER VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

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**E. DEFINED BENEFIT PENSION PLAN (Continued)**

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

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

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

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

**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:

**RIVER VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

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**E. DEFINED BENEFIT PENSION PLAN (Continued)**

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

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

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
District's proportionate share of the net pension liability (asset)	\$4,204,094	\$(1,490,194)	\$(5,987,312)

**RIVER VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

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**E. DEFINED BENEFIT PENSION PLAN (Continued)**

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

**F. OTHER POST-EMPLOYMENT BENEFITS**

"Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions" requires the District to report its liability for other post-employment benefits consistent with newly established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements.

**Plan Description**

The River Valley School District operates a single-employer retiree benefit plan that provides post-employment health and dental benefits to eligible employees and their spouses. Benefits and eligibility are established and amended by the governing body; and include post-employment health coverage.

The River Valley School Board will make it possible for its teachers who have had at least 18 years of experience in the River Valley School District to elect retirement. A teacher must be at least 55 not later than August 31, 2014, in order to be eligible for this retirement benefit.

For the 2014/2015 school year 22 retirees were receiving this benefit. To be eligible for this benefit the employee had to retire prior to the June 30, 2014 year end.

**Funding Policy**

The District has elected not to establish an Employee Benefit Trust Fund to accumulate assets for payment of future benefits.

**RIVER VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

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**F. OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

	Governmental Activities
Change in OPEB benefit liability	\$ (1,846,922)
Current year benefit for retired employees	137,816
Change in net OPEB obligation	(1,709,106)
OPEB obligation at beginning of year	1,847,781
OPEB obligation at end of year	\$ 138,675

**Trend Information**

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the preceding two years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 137,816	99.4%	\$ 138,675
6/30/2014	543,719	73.3%	1,847,781
6/30/2013	545,526	63.5%	1,702,393

**Funding Status and Funding Progress**

As of June 30, 2015, the most recent valuation date, the District's unfunded accrued liability (UAL) was \$138,675. As of June 30, 2014, this benefit was limited to current retirees.

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



**RIVER VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**F. OTHER POST EMPLOYMENT BENEFITS (Continued)**

**Actuarial Methods and Assumptions**

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

**G. SUPPLEMENTAL PENSION PLAN**

*Plan Description.* One Administrator may receive an annual stipend for a period of 5 years. The annual amount of this stipend is \$15,000, for a total of \$75,000. This has been recorded on the District-Wide Statements.

Active employees are no longer eligible for this benefit.

*Funding policy.* Payments under the plan are made on a pay-as-you go basis. There are no invested plan assets accumulated for payment of future benefits. The general fund is used for funding of all pension/retirement benefits. The employer makes all contributions.

*Annual Pension Cost and Net Pension Obligation.* The District's annual pension cost and net pension obligation for the current year is:

	<u>Governmental Activities</u>
Annual pension cost	\$ 75,000
Net pension obligation - beginning of year	
Net pension obligation - end of year	<u><u>\$ 75,000</u></u>

The methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in accrued liabilities and the value of assets, consistent with the long-term perspective of the calculations. The remaining amortization period at June 30, 2015 is 5 years.

**Trend Information**

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

			Percentage of APC
<u>Fiscal Year Ended</u>	<u>Normal Cost</u>	<u>Contribution</u>	<u>Contributed</u>
6/30/2015	\$ 75,000	\$	\$

**RIVER VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

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**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

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**H. GOVERNMENTAL ACTIVITIES NET POSITION**

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

Net investment in capital assets:	
Capital assets, net of accumulated depreciation	\$ 9,772,346
Less: related long-term debt outstanding	<u>(665,000)</u>
Total net investment in capital assets	<u>9,107,346</u>
Restricted:	
Employee pension plan	2,791,215
Debt service	18,257
Special revenue trust	93,111
Capital projects	<u>592,341</u>
Total restricted	<u>3,494,924</u>
Unrestricted	<u>4,071,167</u>
Total governmental activities net position	<u><u>\$ 16,673,437</u></u>

**I. GOVERNMENTAL FUND BALANCES**

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

<b>Restricted</b>	
Nonmajor funds:	
Special projects	\$ 93,111
Debt service	18,257
Capital projects	<u>592,341</u>
Total nonmajor funds - restricted	<u>703,709</u>
<b>Unassigned</b>	
Major fund:	
General fund	<u>5,963,201</u>
Total unassigned fund balances	<u>5,963,201</u>
Total governmental fund balances	<u><u>\$ 6,666,910</u></u>

**RIVER VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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**NOTE 4. OTHER INFORMATION**

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**A. RISK MANAGEMENT**

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

**B. COMMITMENTS AND CONTINGENCIES**

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

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

**C. LIMITATION OF SCHOOL DISTRICT REVENUES**

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

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

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

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

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

**E. SUBSEQUENT EVENT**

The District issued \$665,000 of Trust Fund Loans from the Board of Commissioners of Public Land on August 5, 2015. The loan carries a rate of interest of 2.50% and matures on March 15, 2016. The purpose of the borrowing was to pay off the 2005 General Obligation Refunding Bonds.

The District approved Lone Rock Elementary roof repairs on October 8, 2015 at an approximate cost of \$50,000.

**REQUIRED SUPPLEMENTARY INFORMATION**

**RIVER VALLEY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 8,317,549	\$ 8,317,549	\$ 8,319,659	\$ 2,110
Other local sources	101,420	101,420	104,505	3,085
Interdistrict sources	371,305	371,305	291,416	(79,889)
Intermediate sources	8,538	8,538	21,688	13,150
State sources	6,298,783	6,298,783	6,333,330	34,547
Federal sources	501,986	501,986	500,889	(1,097)
Other sources	30,000	30,000	203,392	173,392
<b>Total revenues</b>	<u>15,629,581</u>	<u>15,629,581</u>	<u>15,774,879</u>	<u>145,298</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular instruction	5,804,627	5,804,627	5,762,943	41,684
Vocational instruction	594,005	594,005	602,890	(8,885)
Other instruction	953,895	953,895	951,724	2,171
<b>Total instruction</b>	<u>7,352,527</u>	<u>7,352,527</u>	<u>7,317,557</u>	<u>34,970</u>
<b>Support services:</b>				
Pupil services	380,107	380,107	401,713	(21,606)
Instructional staff services	419,814	419,814	439,951	(20,137)
General administration services	365,233	365,233	348,706	16,527
Building administration services	932,320	932,320	945,636	(13,316)
Business services	3,032,320	3,032,320	2,915,252	117,068
Central services	284,608	284,608	291,790	(7,182)
Insurance	117,790	117,790	122,170	(4,380)
Other support services	771,005	771,005	784,493	(13,488)
<b>Total support services</b>	<u>6,303,197</u>	<u>6,303,197</u>	<u>6,249,711</u>	<u>53,486</u>
<b>Total expenditures</b>	<u>13,655,724</u>	<u>13,655,724</u>	<u>13,567,268</u>	<u>88,456</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>1,973,857</u>	<u>1,973,857</u>	<u>2,207,611</u>	<u>233,754</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer to other funds	(1,965,602)	(1,965,602)	(1,891,471)	74,131
<b>Total other financing sources (uses)</b>	<u>(1,965,602)</u>	<u>(1,965,602)</u>	<u>(1,891,471)</u>	<u>74,131</u>
<b>Net change in fund balances</b>	8,255	8,255	316,140	307,885
<b>Fund balance - beginning of year</b>	5,647,061	5,647,061	5,647,061	
<b>Fund balance - end of year</b>	<u>\$ 5,655,316</u>	<u>\$ 5,655,316</u>	<u>\$ 5,963,201</u>	<u>\$ 307,885</u>

**RIVER VALLEY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL - SPECIAL EDUCATION FUND**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
<b>REVENUES</b>				
Intermediate sources	\$	\$	\$ 11,613	\$ 11,613
State sources	750,000	750,000	877,173	127,173
Federal sources	452,967	452,967	381,145	(71,822)
<b>Total revenues</b>	<u>1,202,967</u>	<u>1,202,967</u>	<u>1,269,931</u>	<u>66,964</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Vocational instruction	3,500	3,500	125	3,375
Special education instruction	2,500,014	2,500,014	2,514,508	(14,494)
<b>Total instruction</b>	<u>2,503,514</u>	<u>2,503,514</u>	<u>2,514,633</u>	<u>(11,119)</u>
<b>Support services:</b>				
Pupil services	351,216	351,216	344,977	6,239
Instructional staff services	61,627	61,627	61,688	(61)
Business services	224,789	224,789	184,353	40,436
Other support services	13,000	13,000	30,926	(17,926)
<b>Total support services</b>	<u>650,632</u>	<u>650,632</u>	<u>621,944</u>	<u>28,688</u>
<b>Total expenditures</b>	<u>3,154,146</u>	<u>3,154,146</u>	<u>3,136,577</u>	<u>17,569</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,951,179)</u>	<u>(1,951,179)</u>	<u>(1,866,646)</u>	<u>84,533</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from other funds	1,951,179	1,951,179	1,866,646	(84,533)
<b>Total other financing sources (uses)</b>	<u>1,951,179</u>	<u>1,951,179</u>	<u>1,866,646</u>	<u>(84,533)</u>
<b>Net change in fund balances</b>				
<b>Fund balance - beginning of year</b>				
<b>Fund balance - end of year</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**RIVER VALLEY SCHOOL DISTRICT  
NOTES TO THE BUDGETARY SCHEDULES  
JUNE 30, 2015**

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**NOTE 1. BUDGET SCHEDULE**

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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 generally accepted accounting principles. The legally adopted budget and budgetary expenditure control is exercised at the fund level for all funds. Reported budget amounts are as originally adopted or as amended by the School Board resolution.

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

**NOTE 2. EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS**

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Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles for all governmental and special revenue funds.

The following functions/sub-functions had an excess of actual expenditures over budget for the year ended June 30, 2015:

Fund	Excess Expenditures
Special Education Fund:	
Instruction	\$ 11,119

**RIVER VALLEY SCHOOL DISTRICT  
NOTES TO THE BUDGETARY SCHEDULES  
JUNE 30, 2015**

**NOTE 3. EXPLANATIONS OF DIFFERENCES BETWEEN BUDGETARY  
INFLOWS AND OUTFLOWS AND GAAP REVENUES AND EXPENDITURES**

	General Fund	Special Education Fund
<b>A) Sources/Inflows of Resources:</b>		
Actual amounts of total revenues from the budgetary comparison schedules	\$ 15,774,879	\$ 1,269,931
Reclassification: Special Education Fund revenues are reclassified to the General Fund, required for GAAP reporting	1,269,931	(1,269,931)
General Fund revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 17,044,810	\$
<b>B) Uses/Outflows of Resources:</b>		
Actual amounts of total expenditures from the budgetary comparison schedules	\$ 13,567,268	\$ 3,136,577
Reclassification: Special Education Fund expenditures are reclassified to the General Fund, required for GAAP reporting	3,136,577	(3,136,577)
General Fund expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 16,703,845	\$



**RIVER VALLEY SCHOOL DISTRICT  
SCHEDULE OF FUNDING PROGRESS FOR  
POST-EMPLOYMENT BENEFIT PLANS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ((b - a)/c)
7/1/2012	\$	\$ 4,237,747	\$ 4,237,747	0.00%	\$ 6,336,937	66.9%
7/1/2009	\$	\$ 4,614,348	\$ 4,614,348	0.00%	\$ 6,643,406	69.5%
7/1/2006	\$	\$ 4,555,033	\$ 4,555,033	0.00%	\$ 5,537,897	82.3%

**RIVER VALLEY SCHOOL DISTRICT  
WISCONSIN RETIREMENT SYSTEM  
JUNE 30, 2015**

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**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
Last 10 Fiscal Years\*

	2015
District's proportion of the net pension liability (asset)	.06066889%
District's proportionate share of the net pension liability (asset)	\$(1,490,194)
District's covered-employee payroll	\$8,384,543
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	(17.77%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%

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

**SCHEDULE OF CONTRIBUTIONS**  
Last 10 Fiscal Years\*

Contractually required contributions	\$586,922
Contributions in relation to the contractually required contributions	(\$586,922)
Contribution deficiency (excess)	\$ -
District's covered-employee payroll	\$8,384,543
Contributions as a percentage of covered-employee payroll	7.0%

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

The District implemented Government Accounting Standards Board Statement No 68, for the year ended June 30, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 9 preceding years.

**Notes to Wisconsin Retirement System Schedules  
for the Year Ended June 30, 2015**

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

Changes of assumptions. There were no changes in the assumptions.

**OTHER SUPPLEMENTARY INFORMATION**

**RIVER VALLEY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 As of June 30, 2015**

	Special Revenue Trust Fund	Debt Service Fund	Capital Projects Fund	Food Service Fund	Total Non-major Gov't. Funds
<b>ASSETS</b>					
Cash and investments	\$ 93,111	\$ 18,257	\$ 592,341	\$	\$ 703,709
Due from other funds				5,851	5,851
<b>Total assets</b>	<u>93,111</u>	<u>18,257</u>	<u>592,341</u>	<u>5,851</u>	<u>709,560</u>
<b>LIABILITIES</b>					
Accounts payable	\$	\$	\$	\$ 36	\$ 36
Accrued liabilities				5,815	5,815
<b>Total liabilities</b>				<u>5,851</u>	<u>5,851</u>
<b>FUND BALANCES</b>					
Restricted	93,111	18,257	592,341		703,709
<b>Total fund balances</b>	<u>93,111</u>	<u>18,257</u>	<u>592,341</u>		<u>703,709</u>
<b>Total liabilities and fund balances</b>	<u>\$ 93,111</u>	<u>\$ 18,257</u>	<u>\$ 592,341</u>	<u>\$ 5,851</u>	<u>\$ 709,560</u>

**RIVER VALLEY SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2015**

	Special Revenue Trust Fund	Debt Service Fund	Capital Projects Fund	Food Service Fund	Community Service Fund	Total Non-major Governmental Funds
<b>REVENUES</b>						
Property taxes	\$	\$ 878,771	\$	\$	\$ 80,000	\$ 958,771
Other local sources	165,874	3	469	311,260	15,881	493,487
State sources				10,375		10,375
Federal sources				268,951		268,951
Other sources	2,468		70,245			72,713
<b>Total revenues</b>	<u>168,342</u>	<u>878,774</u>	<u>70,714</u>	<u>590,586</u>	<u>95,881</u>	<u>1,804,297</u>
<b>EXPENDITURES</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular instruction	2,862					2,862
Vocational instruction	10,705					10,705
Other instruction	14,412					14,412
<b>Total instruction</b>	<u>27,979</u>					<u>27,979</u>
<b>Support services:</b>						
Pupil services	3,809					3,809
Instructional staff services	111					111
Building administration services	2,450					2,450
Business services	132,216					132,216
Food service				615,411		615,411
Other support services					95,881	95,881
<b>Total support services</b>	<u>138,586</u>			<u>615,411</u>	<u>95,881</u>	<u>849,878</u>
<b>Debt service:</b>						
Principal		979,793				979,793
Interest		147,963				147,963
<b>Total debt service</b>		<u>1,127,756</u>				<u>1,127,756</u>
<b>Total expenditures</b>	<u>166,565</u>	<u>1,127,756</u>		<u>615,411</u>	<u>95,881</u>	<u>2,005,613</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>1,777</u>	<u>(248,982)</u>	<u>70,714</u>	<u>(24,825)</u>		<u>(201,316)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer from general fund				24,825		24,825
<b>Total other financing sources (uses)</b>				<u>24,825</u>		<u>24,825</u>
<b>Net change in fund balances</b>	1,777	(248,982)	70,714			(176,491)
<b>Fund balance - beginning of year</b>	91,334	267,239	521,627			880,200
<b>Fund balance - end of year</b>	<u>\$ 93,111</u>	<u>\$ 18,257</u>	<u>\$ 592,341</u>	<u>\$</u>	<u>\$</u>	<u>\$ 703,709</u>

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

	Balance 7/1/2014	Additions	Deductions	Balance 6/30/2015
<b>ASSETS</b>				
Cash	\$ 143,205	\$ 767,413	\$ 763,634	\$ 146,984
Accounts receivable		8,869		8,869
<b>Total assets</b>	<u>\$ 143,205</u>	<u>\$ 776,282</u>	<u>\$ 763,634</u>	<u>\$ 155,853</u>
 <b>LIABILITIES</b>				
Due to Student Organizations:				
Elementary School	\$ 13,509	\$ 392,657	\$ 383,061	\$ 23,105
Middle School	5,984	61,350	47,727	19,607
High School	123,712	322,275	332,846	113,141
<b>Total liabilities</b>	<u>\$ 143,205</u>	<u>\$ 776,282</u>	<u>\$ 763,634</u>	<u>\$ 155,853</u>



**Certified Public Accountants**

2500 Business Park Road ▲ Mineral Point, Wisconsin 53565 ▲ TEL 608-987-2206 ▲ FAX 608-987-3391

COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES

To the Board of Education  
River Valley School District  
Spring Green, Wisconsin

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the River Valley School District ("District") as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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 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. We consider the following deficiencies in the District's internal control to be material weaknesses:

Segregation of Duties

The available office staff precludes a proper segregation of duties in the areas of cash receipts, and cash disbursements. Internal control over purchases, accounts payable, and cash disbursements is most effective when there is a clear separation of duties between the purchasing department, the person approving invoices for payment, and the person signing the checks. Because of the lack of segregation of duties, errors or irregularities could occur and not be detected on a timely basis

## Preparation of Financial Statements

An additional consequence of the size of the office staff, combined with the specific expertise of your accounting and financial reporting department, is that management has elected to rely on the knowledge of its auditors to prepare its annual financial statements and related disclosures. Your District, like many others, has made the determination that because of the ever changing and numerous reporting requirements associated with preparing financial statements that are in conformity with accounting principles generally accepted in the United States of America, it is more cost advantageous to rely on the expertise of its outside auditors to assist in the preparation of its financial statements.

However, since the financial statements are the responsibility of the District's management, the control over the financial statements being prepared in conformity with accounting principles generally accepted in the United States of America, lies with management. Currently, the District has elected not to dedicate its resources to providing sufficient internal control over the preparation of its financial statements in conformity with accounting principles generally accepted in the United States of America, resulting in a more than remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

This communication is intended solely for the information and use of management, School Board, and others within the administration, and is not intended to be and should not be used by anyone other than these specified parties.

JOHNSON BLOCK AND COMPANY, INC.

*Johnson Block & Company, Inc.*

Mineral Point, Wisconsin  
November 13, 2015





Certified Public Accountants

2500 Business Park Road ▲ Mineral Point, Wisconsin 53565 ▲ TEL 608-987-2206 ▲ FAX 608-987-3391

November 13, 2015

To the Board of Education  
River Valley School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the River Valley School District (District) for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described Note 1 to the financial statements. As described in Note 1 to the financial statements, the District changed accounting policies related to pensions by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, in 2014/15. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Activities. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- 1.) Management's estimates of the other postemployment benefits liability is based on various factors. The estimated liability was computed using alternative measurement method. We evaluated the key factors and assumptions used to develop the liability in determining that it is reasonable in relation to the financial statements taken as a whole. (Refer to Note 3F)

- 2.) Management's estimate of the pension asset, and deferred outflow is based on various factors. These estimates were computed by the pension plan administrator. We evaluated the key factors and assumptions used to develop these amounts in determining that they are reasonable in relation to the financial statements. (Refer to Note 3E)

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was the disclosure of other postemployment benefits liability and the Defined Benefit Pension Plan referred to above.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements as a whole.

The following misstatements detected as a result of our audit were corrected by management:

- Correct adjustments to reconcile payroll withholding liabilities.
- Reverse beginning accounts payable amounts.
- Record flexible spending cash balance and plan liability.
- Record ending accounts receivable.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 13, 2015.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to Budgetary Comparison Schedules, Schedule of Funding Progress for Postemployment Benefit Plans, and Wisconsin Retirement System schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Other Supplementary information, as listed on the table of contents, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Attached are recommendations and informational points to management that are not material weaknesses or significant deficiencies.

Restriction on Use

This information is intended solely for the use of the Board of Education and management of the River Valley School District, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Johnson Block & Company, Inc.*

Johnson Block & Company, Inc.

Client: *RVSD - River Valley School District*  
 Engagement: *2015 River Valley School District*  
 Period Ending: *6/30/2015*  
 Trial Balance: *TB*  
 Workpaper: *Proposed JE Report*

Account	Description	W/P Ref	Debit	Credit
<b>Proposed JE # 6001</b>		<b>L-03</b>		
	Record donation of pole vault pit.			
E 000 000 162000 0	ATHLETICS CO-CURRECLAR		3,245.00	
R 000 990 000000 0	MICELLANEOUS			3,245.00
<b>Total</b>			<b>3,245.00</b>	<b>3,245.00</b>
<b>Proposed JE # 6002</b>				
	Entry to record liability for customer deposits.			
R 000 251 000000 0	PUPIL SALES - FOOD SERVICE		16,592.00	
50 L 000 000 816900	OTHER DEFERRED REVENUE			16,592.00
<b>Total</b>			<b>16,592.00</b>	<b>16,592.00</b>
<b>Proposed JE # 6003</b>		<b>L-02</b>		
	Entry to capitalize the replacement of panels for Lone Rock Electrical Room.			
8-100000-000	Governmental Fixed Assets		30,134.00	
E 000 000 110000 0	ELEMENTARY CURRICULUM			19,048.00
E 000 000 255000 0	FACILITY AQUISITION/REMODELING			11,086.00
<b>Total</b>			<b>30,134.00</b>	<b>30,134.00</b>

**RECOMMENDATIONS AND INFORMATIONAL POINTS TO MANAGEMENT  
THAT ARE NOT MATERIAL WEAKNESSES OR SIGNIFICANT DEFICIENCIES**

### General Fund/Food Service Transfer

The District's food service program required a transfer from the General Fund in the 2014-2015 school year of \$24,825. We understand the District is working to eliminate the transfer. Prices were raised and costs were reduced. The Districts looking to increase participation in 2015/16.

### Community Service Fund Requirements

The District utilizes a Community Service Fund (Fund 80) to establish and maintain community education, training, recreational, cultural or athletic programs and services outside the regular curricular and extracurricular programs for pupils, under such terms and conditions as the School Board prescribes. Per DPI recommendation, custodian costs are not to be accounted for in Fund 80 unless directly associated with the program and fully documented. Pro-ration of costs is not recommended. We suggest that management and the Board review Fund 80 guidelines and its usage to ensure compliance.

### Policies

The District does not have a fraud reporting policy, an investment policy or a written capitalization policy. We recommend the District to adopt a policy for fraud reporting and written capitalization and we could provide a sample policy, if requested.

### Student Activity Disbursements

There was a student activity fund disbursement that did not have the proper approval by the appropriate advisor and Principal/Superintendent. There was also a student activity fund disbursement that was paid based off of a purchase order instead of an invoice. We recommend the District put in place a procedure requiring and following through with the proper approval of check disbursements. We also recommend the District to pay disbursements based on invoices rather than purchase orders.

### Student Activity Accounts

As of June 30, 2015, there were five student activity accounts with negative account balances totaling (\$3,696). We recommend that the District review its student activity guidelines and develop policies to prevent activity accounts from being withdrawn.

Also, during our testing, it was noted that there were several student activity accounts that did not have activity in the prior year. The District should review the type of activity accounts on the books and make sure they are allowed as activity accounts.

### Financial Data Recovery

Financial accounting system data is backed up daily and stored in a different location from the servers. The District has not attempted to recover financial data from a backup for several years. Application data and file server recovery procedures should be tested at least annually to ensure data integrity and recovery.