

SUN PRAIRIE AREA SCHOOL DISTRICT
Sun Prairie, Wisconsin

FINANCIAL STATEMENTS
June 30, 2015

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INDEPENDENT AUDITORS' REPORT

Board of Education
Sun Prairie Area School District
Sun Prairie, Wisconsin

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Emphasis of a Matter

During fiscal year ended June 30, 2015, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the related GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. As a result of the implementation of these standards, the District reported a restatement for the change in accounting principle (see Note 19.) Our auditors' opinion was not modified with respect to the restatement.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule – General Fund, the schedule of funding progress other post employment benefits, the schedule of funding progress post employment supplementary benefits and the schedule of proportionate share of the net pension liability (asset) pension plan and the schedule of employer contributions pension plan, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sun Prairie Area 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.

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

A handwritten signature in black ink that reads "Clifton Larson Allen LLP". The signature is written in a cursive, flowing style.

Milwaukee, Wisconsin
November 25, 2015

**SUN PRAIRIE AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

This discussion and analysis of the Sun Prairie Area School District (District) financial information provides an overall review of financial activities for the fiscal year.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the school district exceeded liabilities and deferred inflows at the close of the 2014-2015 fiscal year by \$41,980,167 (net position).

OVERVIEW OF THE FINANCIAL STATEMENTS

- The District's basic financial statements are comprised of 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition, other supplementary information to the basic financial statements is provided.

DISTRICT-WIDE FINANCIAL STATEMENTS

- District-wide financial statements are the *Statement of Net Position* and *Statement of Activities*. These statements present an aggregate view of the District's finances in a manner similar to private-sector business. Both statements distinguish functions that are supported principally by property taxes and intergovernmental revenues, called governmental activities, from functions that are intended to recover all or a significant portion of costs through user fees and charges called *business-type activities*.
- The *Statement of Net Position* presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The *Statement of Activities* presents information showing how the District's net position changed during the year. This statement reports the cost of government and business-type functions, and how those functions were financed for the fiscal year.

Fund Financial Statements

- The District also produces fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The District, like other state and local governments, uses fund accounting to demonstrate compliance with finance related legal requirements. Fund statements generally report operations in more detail than the district-wide statements and provide information that may be useful in evaluating a district's near term financing requirements.

**SUN PRAIRIE AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

- There are two fund financial statements, the *balance sheet* and the *Statement of Revenues, Expenditures and Changes in Fund Balance*. Generally, fund financial statements focus on near term inflows and outflows of spendable resources and their impact on fund balance.
- Because the focus of fund financial statements is narrower than that of the district-wide statements, it is useful to make comparisons between the various sources of information presented. This helps the reader better understand the long-term implications of the government's near-term financial decisions. A reconciliation to facilitate the comparison of the Statement of Net Position to the Governmental Funds Balance Sheet is presented. A separate statement to reconcile the Statement of Activities to the governmental funds operating statement is presented.
- The District has three kinds of funds: *governmental, proprietary and fiduciary*. *Governmental funds* include the District's major funds (general and debt service) and nonmajor special revenue and capital project funds as needed. The District has one proprietary fund, the food service fund; and two fiduciary funds, an agency fund for student and parent organizations and a scholarship fund.
- Financial information is presented separately on both the *balance sheet* and the *Statement of Revenues, Expenditures and Changes in Fund Balance* for the general fund and the debt service fund, as these are considered to be major funds. Data for the, special projects fund, special revenue trust, package cooperative, and nonreferendum debt fund are combined into a single, aggregated column.
- The proprietary fund statement for the District's food service program is prepared on the same basis of accounting and measurement focus as the district-wide financial statements. This includes a *Statement of Net Position* and a *Statement of Revenue, Expenses, and Changes in Net Position*.
- The District serves as a trustee, or *fiduciary*, for students. The assets of these organizations do not directly benefit, nor are under the direct control of, the District. The District's responsibility is limited to ensuring the assets reported in these funds are used only for their intended purposes. Fiduciary activities are excluded from the district-wide financial statements, because the District cannot use these assets to finance its operations.
- The District adopts an annual appropriation budget for its general fund, special education fund, and debt service fund.

**SUN PRAIRIE AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

Notes to the Financial Statements

- The Notes to the Financial Statements provide additional information that is essential to the full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

FINANCIAL ANALYSIS

The District as a Whole

Table I provides a summary of the District's net position for the year ended June 30, 2015 compared to the year ended June 30, 2014. Please note, some rounding of amounts occur.

**TABLE 1
CONDENSED STATEMENT OF NET POSITION**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 48,649,844	\$ 30,884,441	\$ 831,371	\$ 751,732	\$ 49,481,215	\$ 31,636,173
Capital assets	<u>164,469,279</u>	<u>167,679,307</u>	<u>69,879</u>	<u>84,330</u>	<u>164,539,158</u>	<u>167,763,637</u>
Total assets	213,119,123	198,563,748	901,250	836,062	214,020,373	199,399,810
Deferred outflows	10,116,903	3,336,307	-	-	10,116,903	3,336,307
Current liabilities	28,163,690	26,113,833	257,139	164,088	28,420,829	26,277,921
Noncurrent liabilities	<u>153,458,283</u>	<u>151,757,243</u>	<u>-</u>	<u>-</u>	<u>153,458,283</u>	<u>151,757,243</u>
Total liabilities	181,621,973	177,871,076	257,139	164,088	181,879,112	178,035,164
Deferred inflows	277,933	-	-	-	277,933	-
Net investment in capital assets	19,152,234	13,252,019	69,879	84,330	19,222,113	13,336,349
Restricted	3,181,667	3,260,438	574,232	587,644	3,755,899	3,848,082
Unrestricted	<u>19,002,219</u>	<u>7,516,522</u>	<u>-</u>	<u>-</u>	<u>19,002,219</u>	<u>7,516,522</u>
TOTAL NET POSITION	<u>\$ 41,336,120</u>	<u>\$ 24,028,979</u>	<u>\$ 644,111</u>	<u>\$ 671,974</u>	<u>\$ 41,980,231</u>	<u>\$ 24,700,953</u>

In governmental activities, the largest portion of the District's net position is its investment in capital assets (e.g., land, buildings, and equipment); less related outstanding debt used to acquire those assets. These assets are used to provide services to students and, consequently, are not available for future spending. The District's buildings are in excellent condition, as a result of sufficient annual operating funds appropriated for maintenance and repair.

Restricted net position accounts for 7.7% of total net position. The District is required by state statute to have available in the debt service fund an amount sufficient to make debt payments required between the beginning of the fiscal year (July 1) and receipt of the first tax payments (normally January 20).

**SUN PRAIRIE AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

FINANCIAL ANALYSIS (continued)

Change in Net Position

Table 2 shows the changes in net position for the fiscal years 2015 and 2014.

**TABLE 2
CHANGE IN NET POSITION**

	Governmental Activities		Business-Type Activities		Total School District	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
General Revenues						
Property taxes	\$ 34,275,056	\$ 34,564,408	\$ -	\$ -	\$ 34,275,056	\$ 34,564,408
Debt property taxes	13,069,004	12,779,652	-	-	13,069,004	12,779,652
Federal and state aid	44,532,040	40,669,805	-	-	44,532,040	40,669,805
Interest earnings	13,255	11,681	470	707	13,725	12,388
Miscellaneous	<u>137,723</u>	<u>268,849</u>	<u>-</u>	<u>-</u>	<u>137,723</u>	<u>268,849</u>
Total general revenues	92,027,078	88,294,395	470	707	92,027,548	88,295,102
Program Revenues						
Charges for service	2,349,610	2,098,889	1,235,067	1,143,469	3,584,677	3,242,358
Operating grants and contributions	7,711,268	7,816,667	1,389,666	1,343,329	9,100,934	9,159,996
Capital grants and contributions	<u>759,299</u>	<u>758,756</u>	<u>-</u>	<u>-</u>	<u>759,299</u>	<u>758,756</u>
Total program revenues	<u>10,820,177</u>	<u>10,674,312</u>	<u>2,624,733</u>	<u>2,486,798</u>	<u>13,444,910</u>	<u>13,161,110</u>
Total revenues	102,847,255	98,968,707	2,625,203	2,487,505	105,472,458	101,456,212
Program Expenses						
Instruction	52,422,971	49,761,824	-	-	52,422,971	49,761,824
Support	38,420,909	35,397,316	-	-	38,420,909	35,397,316
Nonprogram services	3,317,942	3,104,133	-	-	3,317,942	3,104,133
Interest expense	6,037,517	5,673,263	-	-	6,037,517	5,673,263
Food service program	<u>-</u>	<u>-</u>	<u>2,653,066</u>	<u>2,462,693</u>	<u>2,653,066</u>	<u>2,462,693</u>
Total expenses	<u>100,199,339</u>	<u>93,936,536</u>	<u>2,653,066</u>	<u>2,462,693</u>	<u>102,852,405</u>	<u>96,399,229</u>
Change in net position	2,647,916	5,032,171	(27,863)	24,812	2,620,053	5,056,983
Net position, beginning of year (As Restated)	<u>38,688,204</u>	<u>18,996,808</u>	<u>671,974</u>	<u>647,162</u>	<u>39,360,178</u>	<u>19,643,970</u>
NET POSITION, END OF YEAR	\$ <u>41,336,120</u>	\$ <u>24,028,979</u>	\$ <u>644,111</u>	\$ <u>671,974</u>	\$ <u>41,980,231</u>	\$ <u>24,700,953</u>

Governmental Activities

The District relies primarily on property taxes and general state aid to fund governmental activities.

School funding regulations restrict the amount by which these two revenue sources, in combination, may be increased. This restriction, called revenue limit, is intended to help hold down increases in property taxes throughout the state.

**SUN PRAIRIE AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

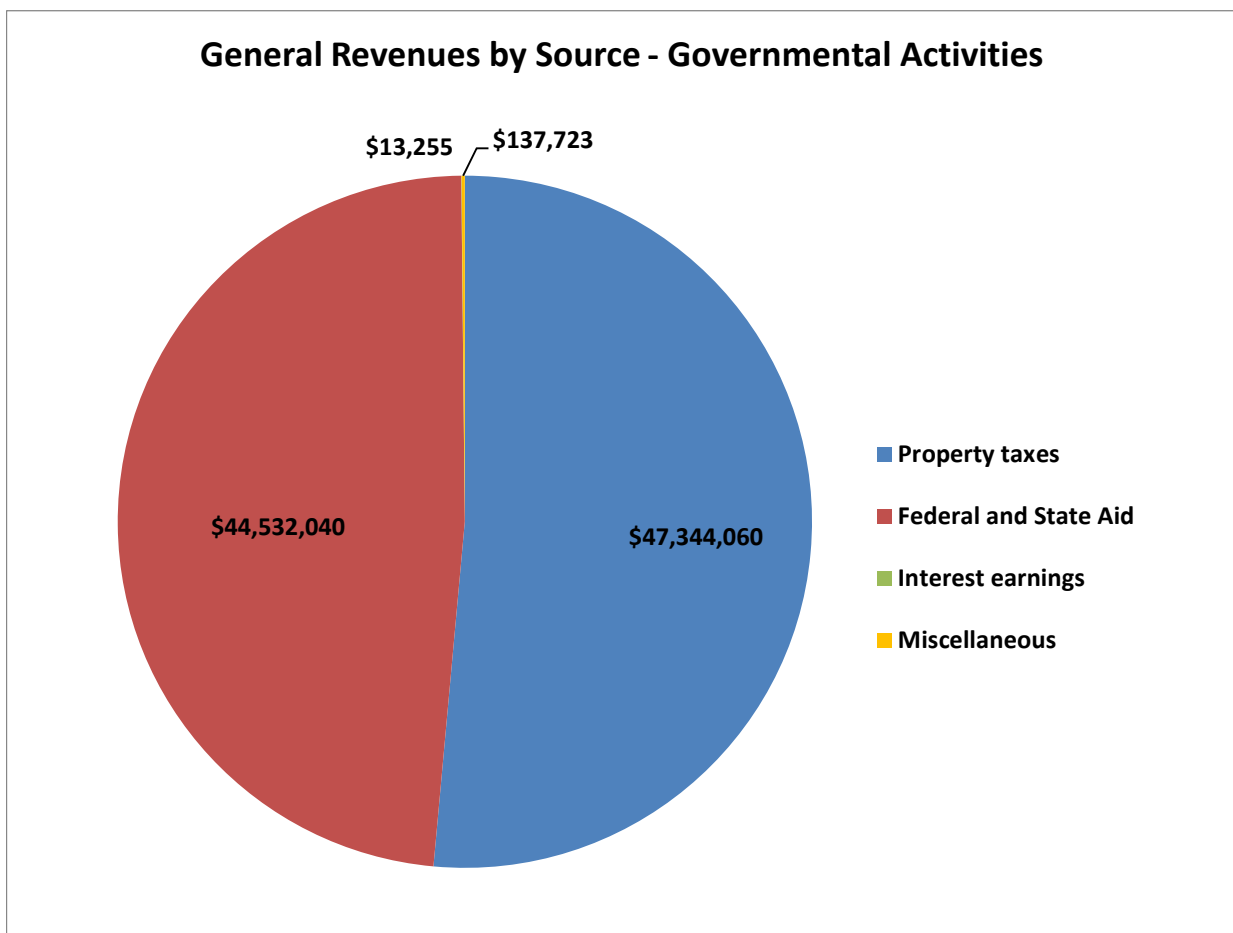
FINANCIAL ANALYSIS (continued)

Governmental Activities (continued)

General state aid is paid according to a formula taking into consideration spending and property values by District, as compared to spending and property values for the state as a whole. The District is considered a "rich" district by the state and does not receive 2/3 funding.

Chart 1 shows the portion of the District's governmental activities general revenues allocated to each source.

Chart 1



**SUN PRAIRIE AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

FINANCIAL ANALYSIS (continued)

Governmental Funds

As of June 30, 2015, the District's governmental funds reported combined ending fund balance of \$22,930,725, an increase of \$8,648,459 from the prior year. The following table provides an analysis of the District's fund balances and the total change in fund balances from the prior year.

<u>Fund</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Change</u>	<u>Change (%)</u>
General	\$ 8,761,600	\$ 9,902,699	\$ (1,141,099)	-12%
Debt Service	13,870,311	4,065,465	9,804,846	241%
Nonmajor	<u>298,814</u>	<u>314,102</u>	<u>(15,288)</u>	<u>-5%</u>
TOTAL	<u>\$ 22,930,725</u>	<u>\$ 14,282,266</u>	<u>\$ 8,648,459</u>	<u>61%</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year, the District has an investment of approximately \$164 million in a broad range of capital assets including buildings, sites, and equipment. This amount represents a net decrease of approximately \$3.2 million. Total accumulated depreciation on these assets approximates \$52 million for governmental activities and \$609 thousand for business-type activities. Table 3 shows noncurrent capital assets:

**TABLE 3
NONCURRENT CAPITAL ASSETS**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 13,239,287	\$ 13,239,287	\$ -	\$ -	\$ 13,239,287	\$ 13,239,287
Capital assets being depreciated	203,856,800	202,457,590	678,519	678,519	204,535,319	203,136,109
Construction in progress	230,100	406,302	-	-	230,100	406,302
Depreciation	<u>(52,856,908)</u>	<u>(48,423,872)</u>	<u>(608,640)</u>	<u>(594,189)</u>	<u>(53,465,548)</u>	<u>(49,018,061)</u>
TOTAL	<u>\$ 164,469,279</u>	<u>\$ 167,679,307</u>	<u>\$ 69,879</u>	<u>\$ 84,330</u>	<u>\$ 164,539,158</u>	<u>\$ 167,763,637</u>

**SUN PRAIRIE AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-Term Obligations

At year-end, the District had \$155.75 million in general obligation debt. Table 4 shows outstanding long-term obligations:

**TABLE 4
OUTSTANDING LONG-TERM OBLIGATIONS**

	<u>2015</u>	<u>2014</u>	<u>% Change</u>
General obligation debt	\$ 155,750,000	\$ 154,265,000	1.0%
Premium and discount on debt	1,900,116	1,906,348	-0.3%
Capital leases	545,905	162,288	236.4%
OPEB liability	4,006,729	3,130,916	28.0%
Compensated absences	<u>538,460</u>	<u>537,228</u>	0.2%
TOTAL LONG-TERM DEBT	<u><u>\$ 162,741,210</u></u>	<u><u>\$ 160,001,780</u></u>	1.7%

Other Post Employment Benefits (OPEB) Liability is a calculation required by the Government Accounting Standards Board. A detailed explanation of the OPEB calculation is found in Note 17.

FACTORS BEARING ON THE DISTRICT'S FUTURE

Circumstances that could impact the District's financial future:

- The District expects enrollment to continue to increase. This will result in the need for additional borrowing for buildings.
- The State of Wisconsin continues to wrestle with how to distribute state aid.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is prepared to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Philip Frei
Director of Business & Finance
501 S. Bird Street
Sun Prairie, Wisconsin 53590

SUN PRAIRIE AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2015

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and investments	\$ 25,823,914	\$ 398,134	\$ 26,222,048
Receivables			
Taxes receivable	11,363,302	-	11,363,302
Accounts receivable	252,061	5,389	257,450
Internal balances	(255,193)	255,193	-
Due from fiduciary funds	15,144	27	15,171
Due from other governments	2,421,481	172,628	2,594,109
Prepaid items	150,518	-	150,518
Inventories	24,514	-	24,514
Assets held for resale	361,116	-	361,116
Pension asset -WRS	8,217,987	-	8,217,987
Other assets	275,000	-	275,000
Total current assets	<u>48,649,844</u>	<u>831,371</u>	<u>49,481,215</u>
Noncurrent assets			
Land	13,239,287	-	13,239,287
Construction in progress	230,100	-	230,100
Capital assets being depreciated	203,856,800	678,519	204,535,319
Accumulated depreciation	(52,856,908)	(608,640)	(53,465,548)
Net capital assets	<u>164,469,279</u>	<u>69,879</u>	<u>164,539,158</u>
Total assets	<u>213,119,123</u>	<u>901,250</u>	<u>214,020,373</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding	3,005,286	-	3,005,286
Deferred pension resources	7,111,617	-	7,111,617
Total deferred outflows of resources	<u>10,116,903</u>	<u>-</u>	<u>10,116,903</u>
LIABILITIES			
Current liabilities			
Short-term notes payable	12,000,000	-	12,000,000
Accounts payable	1,671,812	257,121	1,928,933
Accrued liabilities	3,796,535	18	3,796,553
Accrued interest payable	1,362,965	-	1,362,965
Due to fiduciary funds	31,710	-	31,710
Supplemental pension liability	16,666	-	16,666
Other liabilities	1,075	-	1,075
Current portion of long-term obligations	9,282,927	-	9,282,927
Total current liabilities	<u>28,163,690</u>	<u>257,139</u>	<u>28,420,829</u>
Noncurrent liabilities			
Long-term obligations, net of current portion	<u>153,458,283</u>	<u>-</u>	<u>153,458,283</u>
Total liabilities	<u>181,621,973</u>	<u>257,139</u>	<u>181,879,112</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension liabilities	<u>277,933</u>	<u>-</u>	<u>277,933</u>
NET POSITION			
Net investment in capital assets	19,152,234	69,879	19,222,113
Restricted	3,181,667	574,232	3,755,899
Unrestricted	<u>19,002,219</u>	<u>-</u>	<u>19,002,219</u>
Total net position	<u>\$ 41,336,120</u>	<u>\$ 644,111</u>	<u>\$ 41,980,231</u>

The accompanying notes are an integral part of the financial statements.

SUN PRAIRIE AREA SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES							
Instruction	\$ 52,422,971	\$ 1,511,333	\$ 5,095,944	\$ -	\$ (45,815,694)	\$ -	\$ (45,815,694)
Support services	38,420,909	838,277	2,615,324	-	(34,967,308)	-	(34,967,308)
Nonprogram	3,317,942	-	-	-	(3,317,942)	-	(3,317,942)
Interest and fiscal charges	6,037,517	-	-	759,299	(5,278,218)	-	(5,278,218)
TOTAL GOVERNMENTAL ACTIVITIES	<u>100,199,339</u>	<u>2,349,610</u>	<u>7,711,268</u>	<u>759,299</u>	<u>(89,379,162)</u>	<u>-</u>	<u>(89,379,162)</u>
BUSINESS-TYPE ACTIVITIES							
Food service program	2,653,066	1,235,067	1,389,666	-	-	(28,333)	(28,333)
TOTAL BUSINESS-TYPE ACTIVITIES	<u>2,653,066</u>	<u>1,235,067</u>	<u>1,389,666</u>	<u>-</u>	<u>-</u>	<u>(28,333)</u>	<u>(28,333)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 102,852,405</u>	<u>\$ 3,584,677</u>	<u>\$ 9,100,934</u>	<u>\$ 759,299</u>	<u>(89,379,162)</u>	<u>(28,333)</u>	<u>(89,407,495)</u>
GENERAL REVENUE							
Property taxes							
General purposes					34,275,056	\$ -	34,275,056
Debt service					13,069,004	-	13,069,004
Federal and state aids not restricted to specific functions					44,532,040		44,532,040
Interest and investment earnings					13,255	470	13,725
Miscellaneous					137,723	-	137,723
Total general revenue					<u>92,027,078</u>	<u>470</u>	<u>92,027,548</u>
Change in net position					2,647,916	(27,863)	2,620,053
NET POSITION - JUNE 30, 2014 (As Restated)					<u>38,688,204</u>	<u>671,974</u>	<u>39,360,178</u>
NET POSITION - JUNE 30, 2015					<u>\$ 41,336,120</u>	<u>\$ 644,111</u>	<u>\$ 41,980,231</u>

The accompanying notes are an integral part of the financial statements.

**SUN PRAIRIE AREA SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2015**

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 11,946,208	\$13,851,600	\$ 26,106	\$ 25,823,914
Receivables				
Taxes	11,363,302	-	-	11,363,302
Accounts	250,061	-	2,000	252,061
Due from other funds	364,862	18,711	297,337	680,910
Due from other governments	2,421,481	-	-	2,421,481
Inventories	24,514	-	-	24,514
Prepaid items	150,518	-	-	150,518
Asset held for resale	-	-	361,116	361,116
Other assets	275,000	-	-	275,000
TOTAL ASSETS	<u>\$ 26,795,946</u>	<u>13,870,311</u>	<u>\$ 686,559</u>	<u>\$ 41,352,816</u>
LIABILITIES				
Accounts payable	\$ 1,659,021	\$ -	\$ 12,791	\$ 1,671,812
Accrued liabilities - payroll, payroll taxes, and insurance	3,796,535	-	-	3,796,535
Due to other funds	577,715	-	374,954	952,669
Other liabilities	1,075	-	-	1,075
Short-term notes payable	12,000,000	-	-	12,000,000
 Total liabilities	 <u>18,034,346</u>	 <u>-</u>	 <u>387,745</u>	 <u>18,422,091</u>
FUND BALANCES				
Nonspendable	450,032	-	-	450,032
Restricted	382,902	13,870,311	305,651	14,558,864
Unassigned	7,928,666	-	(6,837)	7,921,829
 Total fund balances	 <u>8,761,600</u>	 <u>13,870,311</u>	 <u>298,814</u>	 <u>22,930,725</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 26,795,946</u>	<u>\$13,870,311</u>	<u>\$ 686,559</u>	<u>\$ 41,352,816</u>

The accompanying notes are an integral part of the financial statements.

**SUN PRAIRIE AREA SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2015**

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS		\$ 22,930,725
TOTAL NET ASSETS REPORTED AS GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT FROM THE AMOUNT REPORTED ABOVE AS TOTAL GOVERNMENTAL FUNDS FUND BALANCE BECAUSE:		
Capital assets used in government activities are not financial resources and, therefore, are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position are:		
Land	\$ 13,239,287	
Construction in progress	230,100	
Capital assets being depreciated	203,856,800	
Accumulated depreciation	<u>(52,856,908)</u>	
		164,469,279
Other long-term assets are not available to pay current period expenditures and therefore are not reported in the fund statements:		
Loss on advance refunding deferred outflow	3,005,286	
Net pension asset (WRS)	<u>8,217,987</u>	
		11,223,273
Long-term liabilities, including bonds and notes payable and interest accrued on this debt, 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 fund balance sheet are:		
General obligation debt	(155,750,000)	
Premium and discount on long-term debt	(1,900,116)	
OPEB liability	(4,006,729)	
Capital leases	(545,905)	
Compensated absences	(538,460)	
Net supplemental pension and stipend liability	(16,666)	
Accrued interest on GO Debt	<u>(1,362,965)</u>	
		(164,120,841)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds		
Deferred outflows of resources related to pensions	7,111,617	
Deferred inflows of resources related to pensions	<u>(277,933)</u>	
		<u>6,833,684</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ 41,336,120</u>

The accompanying notes are an integral part of the financial statements.

SUN PRAIRIE AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Local sources	\$ 34,894,856	\$ 13,072,675	\$ 236,151	\$ 48,203,682
Interdistrict sources	1,171,676	-	17,193	1,188,869
State sources	49,326,356	-	-	49,326,356
Federal sources	3,232,789	-	-	3,232,789
Other sources	136,260	759,299	-	895,559
Total revenues	<u>88,761,937</u>	<u>13,831,974</u>	<u>253,344</u>	<u>102,847,255</u>
EXPENDITURES				
Instruction	52,130,635	-	133,511	52,264,146
Support services	34,723,835	-	115,191	34,839,026
Nonprogram services	3,317,942	-	-	3,317,942
Debt service				
Principal	212,741	8,190,000	-	8,402,741
Interest and fees	134,171	5,833,496	-	5,967,667
Total expenditures	<u>90,519,324</u>	<u>14,023,496</u>	<u>248,702</u>	<u>104,791,522</u>
Excess of revenues over expenditures	<u>(1,757,387)</u>	<u>(191,522)</u>	<u>4,642</u>	<u>(1,944,267)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	35,964	-	16,034	51,998
Transfer out	(16,034)	-	(35,964)	(51,998)
Issuance of refunding debt	-	9,675,000	-	9,675,000
Premium (net) on issuance of refunding debt	-	321,368	-	321,368
Capital lease	596,358	-	-	596,358
Total other financing sources (uses)	<u>616,288</u>	<u>9,996,368</u>	<u>(19,930)</u>	<u>10,592,726</u>
Net change in fund balance	(1,141,099)	9,804,846	(15,288)	8,648,459
FUND BALANCE - JUNE 30, 2014	<u>9,902,699</u>	<u>4,065,465</u>	<u>314,102</u>	<u>14,282,266</u>
FUND BALANCE - JUNE 30, 2015	<u>\$ 8,761,600</u>	<u>\$ 13,870,311</u>	<u>\$ 298,814</u>	<u>\$ 22,930,725</u>

The accompanying notes are an integral part of the financial statements.

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

**AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE
STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:**

Net Change in Fund Balances - Total Governmental Funds \$ 8,648,459

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 assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

Capital outlay reported in governmental fund statements, but is capitalized in the district-wide statements.	1,275,577
Depreciation expense reported in the statement of activities	(4,463,432)
Loss on disposal of capital assets	(22,173)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the statement of net assets.

Issuance of refunding bonds	(9,675,000)
Net premium on issuance of refunding bonds	(273,961)
Long-term debt principal payments	8,402,741
Loss on refunding	-
Capital lease issued	(596,358)

The unamortized debt discount on long-term debt is shown as an asset in the statement of net position. The premium is shown as part of interest and other fiscal charges in the fund financial statements. The amount shown is the amortization.

Amortization of debt premium and discount over the life of the debt	280,193
Amortization of loss on advance refundings over the life of the debt	(331,021)

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Accrued interest not reflected in governmental funds	(66,429)
Changes in compensated absences	(1,232)
Changes in supplemental pension asset	(46,081)
Changes in other post-employment benefits	(875,813)

Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense

District pension contributions	3,325,839
Cost of benefits earned net of employee contributions	(2,933,393)

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 2,647,916

The accompanying notes are an integral part of the financial statements.

SUN PRAIRIE AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

	<u>Food Service</u>
ASSETS	
Cash and cash equivalents	\$ 398,134
Accounts receivable	5,389
Due from other funds	255,220
Due from other governments	<u>172,628</u>
Total current assets	<u>831,371</u>
Noncurrent assets	
Capital assets being depreciated	678,519
Less accumulated depreciation	<u>(608,640)</u>
Net noncurrent assets	<u>69,879</u>
Total assets	<u><u>\$ 901,250</u></u>
LIABILITIES	
Accounts payable	117,274
Accrued liabilities	18
Deposits payable	<u>139,847</u>
Total liabilities	<u>257,139</u>
NET POSITION	
Net investment in capital assets	69,879
Restricted for food service	<u>574,232</u>
Total net position	<u>644,111</u>
Total liabilities and net position	<u><u>\$ 901,250</u></u>

The accompanying notes are an integral part of the financial statements.

SUN PRAIRIE AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
June 30, 2015

	<u>Food Service</u>
OPERATING REVENUES	
Food sales	\$ 1,235,067
State sources	44,809
Federal sources	1,128,793
Commodities	<u>216,064</u>
Total operating revenues	<u>2,624,733</u>
OPERATING EXPENSES	
Salaries and wages	856,020
Employer paid benefits	350,002
Purchased services	95,861
Food and materials	1,336,732
Depreciation	14,451
Other	<u>-</u>
Total operating expenses	<u>2,653,066</u>
Operating income	<u>(28,333)</u>
NON-OPERATING REVENUES	
Interest and investment revenue	<u>470</u>
Change in net position	(27,863)
NET POSITION - JUNE 30, 2014	<u>671,974</u>
NET POSITION - JUNE 30, 2015	<u><u>\$ 644,111</u></u>

The accompanying notes are an integral part of the financial statements.

**SUN PRAIRIE AREA SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
June 30, 2015**

	<u>Food Service</u>
Cash flows from operating activities:	
Cash received from user charges	\$ 1,237,462
Cash received from other governmental payments	1,191,981
Cash payments to employees for services	(1,206,004)
Cash payments to utilities and other purchased services	(95,861)
Cash payments to suppliers for goods and services	(1,327,579)
Cash payments for other operating activities	-
Net cash provided by operating activities	<u>(200,001)</u>
 Cash flows from investing activities:	
Interest received	<u>470</u>
 Net decrease in cash and cash equivalents	(199,531)
 Cash and equivalents - June 30, 2014	<u>597,665</u>
 Cash and equivalents - June 30, 2015	<u><u>\$ 398,134</u></u>
 Reconciliation of operating loss to net cash provided (used) by operating activities:	
Operating loss	\$ (28,333)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Depreciation	14,451
Changes in assets and liabilities:	
Due from other governments	18,379
Due from other funds	(246,098)
Accounts receivable	(4,414)
Accounts payable	86,224
Accrued liabilities	18
Due to other funds	(47,037)
Deposits payable	6,809
Net cash provided (used) by operating activities	<u><u>\$ (200,001)</u></u>
 Noncash operating activities - donated food commodities	<u><u>\$ 216,064</u></u>

The accompanying notes are an integral part of the financial statements.

**SUN PRAIRIE AREA SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2015**

	Scholarship Trust Fund	Agency Fund
ASSETS		
Cash and investments	\$ 243,893	\$ 216,384
Due from other funds	<u>250</u>	<u>31,460</u>
Total assets	<u>244,143</u>	<u>\$ 247,844</u>
LIABILITIES		
Accounts payable	-	\$ 586
Due to other funds	250	14,921
Due to student organizations	<u>-</u>	<u>232,337</u>
Total liabilities	<u>250</u>	<u>\$ 247,844</u>
NET POSITION		
Restricted	<u>\$ 243,893</u>	

The accompanying notes are an integral part of the financial statements.

**SUN PRAIRIE AREA SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2015**

	Scholarship Trust Fund
Additions	
Contributions:	
Donations	\$ 32,107
Interest	344
Total additions	<u>32,451</u>
Deductions	
Gifts and scholarships	<u>32,617</u>
Total additions	<u>32,617</u>
Change in net position	(166)
NET POSITION - JUNE 30, 2014	<u>244,059</u>
NET POSITION - JUNE 30, 2015	<u><u>\$ 243,893</u></u>

The accompanying notes are an integral part of the financial statements.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Sun Prairie Area School District (the District) conform to generally accepted accounting principles as applicable to governmental units. The accepted standard setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

The Sun Prairie Area School District is organized as a common school District. The district, governed by a seven-member elected school board, operates grades 4K through 12 and is comprised of all or parts of ten taxing districts. As required by accounting principles generally accepted in the United States of America, these financial statements present the District as the primary government.

The financial statements of the Sun Prairie Area School District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The 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.

B. COMPONENT UNITS

Accounting principles generally accepted in the United States of America require that these financial statements include the primary government and its component units. Component units are separate organizations that are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the basic financial statements. The District has no component units, and it is not included in any other governmental reporting entity.

C. DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

District-Wide Financial Statements

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

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

District-Wide Financial Statements (continued)

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

Fund Financial Statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented.

The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds.

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

The District reports the following major governmental funds:

General Fund - The General Fund is the operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in other funds. Under GASB 54, the General Fund now includes the operations of the Special Education Fund.

Debt Service Fund - This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental activities.

The District operates one major enterprise fund, the Food Service Fund. This fund accounts for the activities of the District's food service programs.

The District accounts for assets held as an agent for various student organizations in a fiduciary agency fund. The District also reports its Scholarship Trust fund as a fiduciary fund.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

The District also has the following nonmajor funds:

- Other Special Projects
- Special Revenue Trust
- Package Cooperative
- Nonreferendum Debt

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The district-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period (60 days) or soon enough thereafter to pay liabilities of the current period.

Expenditures are generally recognized under the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, pension expenditures, and other postemployment benefits which are recognized as expenditures when paid. Interest cost on temporary borrowing is recognized as an expenditure of the fiscal period incurred. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Noncurrent portions of long-term receivables due to governmental funds are reported on the balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables is reported as deferred inflows of resources until they become current receivables.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (continued)

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

State general and categorical aids, federal impact aid, and other entitlements are recognized as revenue at the time of receipt, or earlier if the "susceptible to accrual" criteria are met. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred. Aids received prior to meeting revenue recognition criteria are recorded as deferred inflows of resources.

Charges for services provided to 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 aid entitlements.

Interest income on temporary investments is recognized in the fiscal period earned.

Costs for educational services provided to the District by other educational agencies or private organizations are recognized when incurred. Costs for special education services are not reduced by anticipated state special education aid entitlements.

E. Deposits and Investments

The District's cash and 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.

The District has pooled the cash resources of its funds in order to maximize investment opportunities. Each fund's portion of total cash and investments is reported as cash and cash equivalents/investments by the District's individual major funds, and in the aggregate for non-major and agency funds.

Wisconsin Statute 66.0603 authorizes the District to invest in the following types of instruments:

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association that is authorized to transact business in Wisconsin if the time deposit matures in not more than three years.
- Bonds or securities issued or guaranteed as to principal or interest by the federal government or by a commission, board, or other instrumentality of the federal government (U.S. Treasuries and U.S. Agencies).
- Bonds or securities of any Wisconsin county, city, drainage district, technical college district, village, town, or school district.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Deposits and Investments (continued)

- Bonds issued by a local exposition district, local professional baseball park district, or local professional stadium district created under subchapter III or IV of chapter 229 of the Wisconsin statutes, or bonds issued by the University of Wisconsin Hospitals or Clinics Authority or the Wisconsin Aerospace Authority .
- Any security maturing in seven years or less of the acquisition date with either the highest or second highest rating category of a nationally recognized rating agency.
- Securities of open-end management investment companies or investment trusts if the portfolio is limited to obligations of the U.S. Treasury and U.S. Agencies or repurchase agreements fully collateralized by bonds or securities, subject to various conditions and investment options.
- A local government investment pool, subject to certain conditions.

For purposes of the proprietary fund statement of cash flows, the District considers all highly liquid investments with a maturity of less than three months, when purchased, to be cash equivalents. This consists of current cash and investments.

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. Investment income on commingled investments of municipal accounting funds is allocated based on average balances.

See Note 3 for additional information.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Receivables and Payables

The aggregate District tax levy is apportioned and certified during the current fiscal year for collection to comprising municipalities based on the immediate past August 15 full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes may be paid in full or two or more installments with the first installment payable the subsequent January 31 and a final payment no later than the following July 31.

On or before January 15 and February 15, the District is paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance.

The current portion of lending/borrowing arrangements between funds is identified as "due to/from other funds." The noncurrent portion of outstanding balances between funds is reported as "advances to/from other funds." Advances between funds are offset by nonspendable fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

All accounts receivable are shown as gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance is not material.

G. Other Assets

Expendable supplies or noncapital items acquired for initial use in subsequent fiscal periods are recorded as inventories and/or prepaid expenses. Prepaid insurance or service contracts are not recorded unless their recognition as an expenditure would result in more than one year's cost being recorded. Inventory and prepaid supplies are valued at the lower of cost (first-in, first-out method) or market. Inventory consists of expendable supplies held for consumption. Costs are recorded as expenditures at the time individual inventory items are consumed.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets

Capital assets are reported at actual cost. Estimated historical costs, based on appraisals conducted by an independent third-party professional appraisal firm, were used when the capital asset database was established. Donated assets are reported at estimated fair market value at the time received.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Building and building improvements	\$ 5,000	Straight-line	20-50 years
Land improvements	5,000	Straight-line	10-20 years
Furniture and equipment	5,000	Straight-line	5-20 years

I. Other Obligations

Compensated Absences

The District's policy allows employees to earn varying amounts of sick pay for each year employed. Upon termination, the employee is entitled to severance pay which is paid at various rates as follows:

Teachers	\$30/day to a maximum of 135 days
Administrators	\$40/day to a maximum of 170 days
Other Support Staff (less than 20 years experience)	\$20/day to a maximum of 135 days
Other Support Staff (20 or more years experience)	\$30/day to a maximum of 135 days

Benefits that require payment in future fiscal years, though related to services previously rendered, are recorded as a liability in the governmental funds to the extent they will be liquidated with expendable available resources. The compensated absences liability accrued in the government-wide statements at June 30, 2015 represents an estimate of the compensated absences the District anticipates paying out at early termination. For certain employee classes, at retirement, unused sick leave is converted into a post-retirement health-care benefit. The anticipated liability for these costs has been included in the District's actuarial determination of post-employment benefits and the liability under GASB 45.

Net Other Post-Employment Benefit Obligations (NOPEBO)

The District recognizes a net other post-employment benefit obligation (NOPEBO) at June 30, 2015. The NOPEBO is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since July 1, 2008, the first year of measurement. The District makes annual contributions on a pay as you go basis. That is, the contributions are limited to payments to retired employees.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Other Obligations (continued)

Post-Employment Supplemental Benefits - Pension Liability (Asset)

The District contributes \$3,200 per year for each of 3 years to a nonelective post-employment 403(b) plan for eligible retirees. The District records an expense in its fund statements equal to the payments since they have approximated the actuarially determined annual required contribution. A pension asset or liability is recorded in the government-wide statements based on the level of annual funding. Funding is pay as you go.

J. Deferred Outflows of Resources and Inflows of Resources

Deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

K. Estimates

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

L. Net Position

Net position represents the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Fund Balance

In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable - resources which cannot be spent because they are either a) not in spendable form, or b) legally or contractually required to be maintained intact.

Restricted - resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or b) imposed by law through constitutional provisions or enabling legislation.

Committed - resources which are subject to limitation the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned - resources neither restricted nor committed for which a government has a stated intended use as established by the District board or a body or official of which the District board has delegated the authority to assign amounts for specific purposes.

Unassigned - resources which cannot be properly classified in one of the other four categories. The general fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

When restricted and other fund balance resources are available for use, it is the District's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

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

Differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the statement of activities fall into one of four broad categories:

1. 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.
2. Capital related differences include the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the statement of activities.
3. Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest expense is recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of position.
4. Payments to retired employees for post-employment benefits are recorded when paid in the fund financial statements. Expenses are recorded in the statement of activities when incurred. Payments to retired employees reduce the post-employment liabilities.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 3 - CASH AND INVESTMENTS

The District's cash and investments shown below, are reported at the fair value at the balance sheet date. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit. At various times during the year, the District's deposits were higher than the June 30, 2015 balances, detailed below. This means that the District's risk and exposure could be higher at these times.

	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>Associated Risks</u>
Deposits	\$ 786,081	\$ 913,612	Custodial credit
Local Government Investment Pool	16,022,554	16,022,547	Credit, interest rate
U.S. Treasury Securities	<u>9,873,690</u>	<u>9,873,690</u>	Interest rate
Total cash and investments	<u>\$ 26,682,325</u>	<u>\$ 26,809,849</u>	

A reconciliation of cash and investments as shown on the statements is as follows:

Reconciliation to the financial statements	
Governmental activities	\$ 25,823,914
Business-type activities	398,134
Scholarship trust funds	243,893
Agency funds	<u>216,384</u>
Total cash and investments	<u>\$ 26,682,325</u>

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

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 3 - CASH AND INVESTMENTS (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater sensitivity its fair value has 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 of fair value losses arising from increasing interest rates.

- The Local Government Investment Pool investments have an average maturity of 34 days.
- The U.S. Treasury Securities mature in 2018.

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. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investment policy that would further limit its investments choices.

- As of June 30, 2015, the District's investment in the Wisconsin Local Government Investment Pool was not rated.

Concentration of Credit Risk

The District does not have a policy for concentration of credit risk.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the District would not be able to recover the value of its investment of collateral securities that are in the possession of another party. The District does not have a deposit policy for custodial credit risk.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 3 - CASH AND INVESTMENTS (continued)

Deposits in banks are insured by the FDIC in the amount of \$250,000 for demand accounts and \$250,000 for time accounts. Bank accounts and the Local Government Investment Pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. Due to the relatively small size of the Guarantee Fund in relation to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities.

As of June 30, 2015, the District's had no deposits with financial institutions that were exposed to custodial credit risk.

NOTE 4 - DUE FROM/DUE TO OTHER FUNDS

Individual fund interfund receivable and payable balances on June 30, 2015 are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 364,862	\$ 577,715
Special Revenue Trust Fund	297,337	9,289
Other Special Projects Fund	-	363,665
Debt Service Fund	18,711	-
Package Cooperative Fund	-	2,000
	<hr/> 680,910	<hr/> 952,669
Food Service Fund	255,220	-
Student Activity Fund	31,460	14,921
Scholarship Trust Fund	250	250
	<hr/> \$ 967,840	<hr/> \$ 967,840

The net amounts due to and due from Fiduciary Funds are reported as an external accounts receivable and accounts payable, respectively, in the statement of net position. Interfund balances generally arise from the District's policy to pool cash and investments.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 5 - CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 13,239,287	\$ -	\$ -	\$ 13,239,287
Construction in progress	<u>406,302</u>	<u>230,100</u>	<u>406,302</u>	<u>230,100</u>
Total capital assets not being depreciated	<u>13,645,589</u>	<u>230,100</u>	<u>406,302</u>	<u>13,469,387</u>
 Capital assets being depreciated	 202,457,590	 1,451,779	 52,569	 203,856,800
 Accumulated depreciation	 <u>48,423,872</u>	 <u>4,463,432</u>	 <u>30,396</u>	 <u>52,856,908</u>
 Total capital assets being depreciated, net of accumulated depreciation	 <u>154,033,718</u>	 <u>(3,011,653)</u>	 <u>22,173</u>	 <u>150,999,892</u>
 Total capital assets, net of accumulated depreciation	 <u>\$ 167,679,307</u>	 <u>\$ (2,781,553)</u>	 <u>\$ 428,475</u>	 <u>\$ 164,469,279</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital assets being depreciated	\$ 678,519	\$ -	\$ -	\$ 678,519
Accumulated depreciation	<u>594,189</u>	<u>14,451</u>	<u>-</u>	<u>608,640</u>
 To capital assets being depreciated, net of accumulated depreciation	 <u>\$ 84,330</u>	 <u>\$ (14,451)</u>	 <u>\$ -</u>	 <u>\$ 69,879</u>

Depreciation was charged to the following functions:

Instruction	\$ 77,828
Support services	<u>4,385,604</u>
Total governmental	4,463,432
Food service	<u>14,451</u>
Total depreciation	<u>\$ 4,477,883</u>

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 6 - SHORT-TERM NOTES PAYABLE

Short-term notes payable, used for temporary working capital, at June 30, 2015 are as follows:

<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2015</u>
\$ 12,000,000	\$ 12,000,000	\$ 12,000,000	\$ 12,000,000

<u>Description</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Maturity</u>
Short Term Loan	10/27/2014	1%	10/23/2015

The District is a participant in the PMA Levy and Aid Anticipation Notes Program, Taxable Note Participations, Series 2014B. The participations are delivered under a Master Indenture of Trust dated October 15, 2014 and a First Supplemental Indenture of Trust dated October 27, 2014. The District's participation consists of \$5 million borrowed with a maturity date of September 25, 2015 and \$7 million borrowed with a maturity date of October 23, 2015.

NOTE 7 - LONG-TERM OBLIGATIONS

Long-term obligations of the District are as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
Bonds	\$ 154,265,000	\$ 9,675,000	\$ 8,190,000	\$ 155,750,000	\$ 9,080,000
Total general obligation debt	154,265,000	9,675,000	8,190,000	155,750,000	9,080,000
Premium on debt	2,180,958	321,368	308,049	2,194,277	-
Discount on debt	(274,610)	(47,407)	(27,856)	(294,161)	-
Capital leases	162,288	596,358	212,741	545,905	202,927
Post-employment benefit obligation	3,130,916	1,293,938	418,125	4,006,729	-
Compensated absences	537,228	1,232	-	538,460	-
Total governmental activities long-term obligations	<u>\$ 160,001,780</u>	<u>\$ 11,840,489</u>	<u>\$ 9,101,059</u>	<u>\$ 162,741,210</u>	<u>\$ 9,282,927</u>

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 7 - LONG-TERM OBLIGATIONS (continued)

The 2014 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$3,697,231,224. The legal debt limit and margin of indebtedness as of June 30, 2015, in accordance with §67.03(1)(b) of the Wisconsin statutes follows:

Debt limit (10% of \$3,697,231,224)	\$ 369,723,122
Deduct long-term debt applicable to debt margin	<u>155,750,000</u>
Margin of indebtedness	<u><u>\$ 213,973,122</u></u>

General Obligation Debt

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt at June 30, 2015 is comprised of the following individual issues:

Description	Date of Issue	Final Maturity	Interest Rates	Balances 6/30/2015
General Obligation Debt				
Refunding bonds	11/1/2006	9/1/2026	3.875-4.00%	\$ 9,930,000
Refunding bonds	9/4/2007	9/1/2027	4.00-5.00%	2,145,000
Refunding bonds	8/15/2008	3/1/2028	54.00-5.25%	23,255,000
QSCB bonds	9/28/2009	9/15/2024	1%	21,950,000
Refunding bonds	1/4/2010	1/4/2018	2.00-4.00%	9,455,000
Refunding bonds	3/1/2010	3/1/2029	2.35-5.80%	43,250,000
Refunding bonds	4/16/2002	3/1/2020	2.00-4.00%	7,255,000
Refunding bonds	3/5/2013	9/1/2027	2.00-2.50%	9,560,000
Refunding bonds	3/5/2013	9/1/2020	.4-2.00%	9,770,000
Refunding bonds	6/24/2014	3/1/2028	2.00-3.50%	9,505,000
Refunding bonds	4/23/2015	3/1/2026	4.00-5.25%	<u>9,675,000</u>
Total general obligation debt				<u><u>\$ 155,750,000</u></u>

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 7 - LONG-TERM OBLIGATIONS (continued)

Aggregate cash flow requirements for the retirement of general obligation long-term principal and interest as of June 30, 2015 are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 9,080,000	\$ 4,787,029	\$ 13,867,029
2017	9,465,000	4,565,441	14,030,441
2018	10,080,000	4,275,196	14,355,196
2019	10,350,000	3,958,614	14,308,614
2020	11,100,000	3,661,009	14,761,009
2021-2025	66,990,000	13,168,662	80,158,662
2026-2029	38,685,000	3,464,211	42,149,211
Total	\$ 155,750,000	\$ 37,880,162	\$ 193,630,162

Current Year Crossover Advance Refunding

On April 23, 2015, the District issued General Obligation Refunding Bonds, Series 2015 in the amount of \$9,675,000. The proceeds were used to crossover refund \$9,465,000 of the \$32,000,000 general obligation refunding bonds dated August 15, 2008. As a result, the debt service requirement decreased by \$1,004,645. The economic gain on the refunding using a 2.21% effective interest rate was \$884,094.

Proceeds of the Bonds will be irrevocably deposited in an escrow account, invested in U.S. Government Securities which will mature in such amounts and at such times as to be able to pay (a) the interest on the 2015 Bonds through the call date, March 1, 2018, and (b) the principal amount due on the portion of the 2008 Bonds to be refunded on the redemption date.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 8 - INTERFUND TRANSFERS

The District had the following interfund transfers:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 35,964	\$ 16,034
Nonreferendum Debt Service Fund	-	35,964
Package Cooperative Fund	<u>16,034</u>	<u>-</u>
 Total governmental funds	 <u>\$ 51,998</u>	 <u>\$ 51,998</u>

Transfers are used to move revenues from the fund that collects them to the fund that the budget requires to expend them

NOTE 9 - FUND BALANCES/NET POSITION

The following is a detailed schedule of ending fund balances as reported in the fund financial statements by category:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Other Special Projects</u>	<u>Special Revenue Trust</u>	<u>Non- Referendum Debt</u>	<u>Total</u>
Nonspendable						
Inventory	\$ 24,514	\$ -	\$ -	\$ -	\$ -	\$ 24,514
Prepays	425,518	-	-	-	-	425,518
Total nonspendable	<u>450,032</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>450,032</u>
Restricted						
Pool maintenance	152,690	-	-	-	-	152,690
Performing Arts Center	14,700	-	-	-	-	14,700
Ashley Field	96,507	-	-	-	-	96,507
Self Insurance	119,005	-	-	-	-	119,005
Debt service retirement	-	13,870,311	-	-	-	13,870,311
Donations	-	-	-	305,651	-	305,651
Total restricted	<u>382,902</u>	<u>13,870,311</u>	<u>-</u>	<u>305,651</u>	<u>-</u>	<u>14,558,864</u>
Unassigned	<u>7,928,666</u>	<u>-</u>	<u>(6,837)</u>	<u>-</u>	<u>-</u>	<u>7,921,829</u>
 Totals	 <u>\$ 8,761,600</u>	 <u>\$ 13,870,311</u>	 <u>\$ (6,837)</u>	 <u>\$ 305,651</u>	 <u>\$ -</u>	 <u>\$ 22,930,725</u>

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 9 - FUND BALANCES/NET POSITION (continued)

Net position reported on the government-wide statement of net position at June 30, 2015 includes the following:

	<u>Governmental</u>	<u>Business-type</u>
Net Investment in capital assets		
Capital assets net of accumulated depreciation	\$ 164,469,279	\$ 69,879
Less: related long-term debt outstanding	<u>(145,317,045)</u>	<u>-</u>
	19,152,234	69,879
Restricted		
Debt service	2,633,656	-
Food service	-	574,232
Other purposes	<u>548,011</u>	<u>-</u>
	<u>3,181,667</u>	<u>574,232</u>
Unrestricted	<u>19,002,219</u>	<u>-</u>
Total governmental activities net position	<u><u>\$ 41,336,120</u></u>	<u><u>\$ 644,111</u></u>

NOTE 10 - EMPLOYEE RETIREMENT PLANS

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

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

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 10 - EMPLOYEE RETIREMENT PLANS (continued)

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.

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

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

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 10 - EMPLOYEE RETIREMENT PLANS (continued)

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 \$3,325,839 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%

At June 30, 2015, the District reported a liability (asset) of (\$8,217,988) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (asset) was based on 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 .33457131%, which was an increase of .010098848% from its proportion measured as of December 31, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$3,161,540.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 10 - EMPLOYEE RETIREMENT PLANS (continued)

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

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 1,191,352	\$ -
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	3,979,546	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	277,933
Employer contributions subsequent to the measurement date	1,940,719	-
Total	<u>\$ 7,111,617</u>	<u>\$ 277,933</u>

\$1,940,719 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflow of Resources	Deferred Inflows of Resources
2015	\$ 1,017,095	\$ 51,601
2016	1,017,095	51,601
2017	1,017,095	51,601
2018	1,017,095	51,601
2019	1,017,095	51,601
Thereafter	85,422	19,928

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 10 - EMPLOYEE RETIREMENT PLANS (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%

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:

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 10 - EMPLOYEE RETIREMENT PLANS (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%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
District's proportionate share of the net pension liability (asset)	23,184,356	(8,217,987)	(33,018,287)

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 11 - LIMITATION ON SCHOOL DISTRICT REVENUES

Wisconsin statutes limit the amount of revenues school districts may derive from general school aids and property taxes unless a higher amount is approved by a referendum. 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.

NOTE 12 - COMMITMENTS AND CONTINGENT LIABILITIES

From time to time the District becomes party to 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.

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.

NOTE 13 - 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. There has been no reduction in insurance coverage in the prior year. Settled claims have not exceeded the commercial coverage in any of the past three years.

NOTE 14 - CAPITAL LEASES, AS LESSEE

Equipment capitalized with leases has an original cost of \$831,208. The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2015:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 214,420	\$ 13,676	\$ 228,096
2017	202,210	6,742	208,952
2018	84,027	928	84,955
2019	<u>45,248</u>	<u>-</u>	<u>45,248</u>
Total	<u><u>\$ 545,905</u></u>	<u><u>\$ 21,346</u></u>	<u><u>\$ 567,251</u></u>

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 15 - EXCESS OF ACTUAL EXPENDITURES OVER BUDGET

The General Fund and the Special Education Fund, a subset of the General Fund, had a combined excess of actual expenditures over budget for the year ended June 30, 2015 of \$1,018,144. The District had sufficient revenues, other financing sources, and/or expenditures less than the budget in other functions to support the amount listed above.

NOTE 16 - PROPERTY HELD FOR SALE

Property held for sale on the "Other Special Projects" balance sheet is property for the 2014-2015 fiscal year Tech House, recorded at the purchase price of \$361,116. The cost of the project is recorded as an asset held for resale on the financial statements. When the house is sold the cost will be reclassified to expenditures to show proper matching of revenues with expenditures.

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

Post-retirement benefits

From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in future years when it is paid. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

Description of the plan

Retired employees have access to the group medical and dental coverage through the District. The plan is outlined in the District's labor agreements and plan summary documents. A summary of the plan benefits is listed below:

Teachers

Teachers are eligible to retire at age 55. The age plus years of service must be greater than or equal to 70 for teachers hired before July 1, 2008 and must be greater than or equal to 75 for those hired July 1, 2008 or later. Employees receive an amount at retirement that can be used to purchase health and dental insurance. The retirement fund equals \$180 per day for unused accumulated reimbursable days with a minimum of 20 days and a maximum of 175 days, plus \$120 per day for unused days in excess of 175 (up to an additional 40 days), plus \$500 for each year of teaching service with the District. Teachers may count two additional years of service if they provide sufficient advance notice of retirement.

Administrators

Administrators are eligible to retire when they qualify for retirement under the Wisconsin Retirement System and have a minimum of 7 years of service. Employees receive a percent of salary based on continuous years of service that can be used to purchase health and dental insurance at retirement. The percent of salary is as follows: 7 years - 50%, 8 years - 60%, 9 years - 70%, 10 years - 80%, 11 years - 90%, 12 or more years - 100%.

Support Staff

Support staff is eligible to retire at 55 with a minimum of 15 years of service. Employees receive a one-time contribution of \$3,600 at retirement into an HRA.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (continued)

Administrative Support

Administrative support staff is eligible to retire at age 55. Age plus years of service must be greater than or equal to 70. Employees receive an amount at retirement that can be used to purchase health and dental insurance. The retirement fund equals \$180 per day for unused accumulated reimbursable days with a maximum of 175 days, plus \$300 for each year of service with the District (up to 25 years).

Participants

Employees participating in the OPEB benefit consisted of the following at July 1, 2014, the date of the latest actuarial valuation.

Retirees	151
Active	<u>1,100</u>
Number of participating employees	<u><u>1,251</u></u>

The funded status of the OPEB benefit as of the most recent actuarial valuation date (July 1, 2014) is as follows:

Actuarial accrued liability (AAL)	\$ 9,469,570
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 9,469,570</u></u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 47,507,723
UAAL as a percentage of covered payroll	19.93%

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

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (continued)

Annual required contribution	\$ 1,300,792
Interest on net OPEB liability	125,237
Adjustment to annual required contribution	<u>(132,091)</u>
Annual OPEB Cost	1,293,938
Contributions made	<u>(418,125)</u>
Change in OPEB liability	875,813
Net OPEB liability - beginning of year	<u>3,130,916</u>
Net OPEB liability - end of year	<u><u>\$ 4,006,729</u></u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedules of employer contributions present trend information about the amounts contributed to the plan by employers in comparison to the annual required contribution (ARC), an amount that is actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortized any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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 to include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial values of assets, consistent with the long-term perspective of the calculations.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (continued)

Additional information as of the latest actuarial valuation follows:

Actuarial valuation date	7/1/2014
Actuarial cost method	Entry Age Normal – Level % of Salary
Amortization method	28-year open level percentage of payroll
Remaining amortization period	28 years
Asset valuation method	Market value
Actuarial assumptions	
Discount rate	4.00%
Projected payroll increases	3.00%
Medical care trend	7.5% decreasing by .5% per year down to 6.5%, then by .10% per year down to 5.0%, and level thereafter

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2013, 2014, and 2015 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Liability</u>
6/30/2013	1,198,521	58%	\$ 2,315,582
6/30/2014	1,294,766	37%	3,130,916
6/30/2015	1,293,938	32%	4,006,729

NOTE 18 - POST-EMPLOYMENT SUPPLEMENTAL BENEFIT

The District also provides teachers who, upon attaining age 55 with a combined age and service totaling at least 70 (75 for those hired on and after July 1, 2008), an annual amount of \$3,200 per year for three years. This is to be contributed to a nonelective 403(b) employer contribution plan.

This is funded on a pay-as-you-go basis. The amount paid to retirees was \$86,400, \$54,400, and \$54,400 for the years ended June 30, 2015, 2014, and 2013. Total covered payroll was approximately \$47,507,723 for 2014-15.

The annual required contribution (ARC) for 2014-15 is \$132,417 and was determined as part of the July 1, 2014 actuarial valuation. The ARC includes amortization of the actuarial accrued liability (AAL) of \$43,250 and interest cost of \$1,177. The result is a change in the beginning net pension liability (asset) of (\$29,415) to 16,666. The actuarial accrued liability (AAL) is \$1,025,147. A discount rate of 4.00% was used to discount expected liabilities to the valuation date. Mortality and disability rates were derived from active participant data. The liability was determined on the projected unit credit actuarial cost method.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 19 - RESTATEMENT

The District has restated beginning net position to recognize the implementation of the Governmental Accounting Standards Board (GASB) issued Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) and the related GASB Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68 (GASB 71). GASB 68 and GASB 71 are effective for the fiscal year ending June 30, 2015. These new standards change the way long-term obligations and annual costs associated with pensions benefits are reported. The effect on the District's financial statements is to report a net pension asset and the annual deferred inflows and outflows of resources that are incurred. Beginning net position has been restated as follows:

	<u>Governmental Activities</u>
Net position, as of June 30, 2014 as previously reported	\$ 24,028,979
Adjustment to recognize the beginning balance of a Net Pension Asset and Deferred Outflow of Resources	<u>14,659,225</u>
Net postion, as of July 1, 2014, as restated	<u><u>\$ 38,688,204</u></u>

This information is an integral part of the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

SUN PRAIRIE AREA SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - UNAUDITED - GENERAL FUND
Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Local sources	\$ 34,844,946	\$ 34,894,856	\$ 34,894,856	\$ -
Interdistrict sources	1,245,574	1,210,292	1,171,676	(38,616)
Intermediate sources	-	-	-	-
State sources	49,239,487	49,307,595	49,326,356	18,761
Federal sources	3,258,707	3,368,353	3,232,789	(135,564)
Other sources	97,000	136,260	136,260	-
Total revenues	<u>88,685,714</u>	<u>88,917,356</u>	<u>88,761,937</u>	<u>(155,419)</u>
EXPENDITURES				
Instruction	51,643,916	51,945,201	52,196,683	(251,482)
Support services	34,643,940	34,994,699	35,004,699	(10,000)
Nonprogram	3,213,324	3,279,708	3,317,942	(38,234)
Total expenditures	<u>89,501,180</u>	<u>90,219,608</u>	<u>90,519,324</u>	<u>(299,716)</u>
Excess (deficiency) of revenue over expenditures	(815,466)	(1,302,252)	(1,757,387)	(455,135)
OTHER FINANCING SOURCES (USES)				
Transfer in	35,964	35,964	35,964	-
Transfer out	(11,856)	(11,856)	(16,034)	(4,178)
Capital lease	-	596,358	596,358	-
Net change in fund balance	(791,358)	(681,786)	(1,141,099)	(459,313)
FUND BALANCE - JUNE 30, 2014	<u>9,902,699</u>	<u>9,902,699</u>	<u>9,902,699</u>	<u>-</u>
FUND BALANCE - JUNE 30, 2015	<u>\$ 9,111,341</u>	<u>\$ 9,220,913</u>	<u>\$ 8,761,600</u>	<u>\$ (459,313)</u>

See accompanying notes to required supplementary information.

**SUN PRAIRIE AREA SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT BENEFITS
(UNAUDITED)
June 30, 2015**

Years Ended	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2010	7/1/2010	-	12,234,218	12,234,218	0%	40,523,438	30%
6/30/2012	7/1/2012	-	10,054,030	10,054,030	0%	45,054,154	22%
6/30/2014	7/1/2014	-	9,469,570	9,469,570	0%	50,357,038	19%

See accompanying notes to required supplementary information.

**SUN PRAIRIE AREA SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS
POST EMPLOYMENT SUPPLEMENTARY BENEFIT
(UNAUDITED)
June 30, 2015**

<u>Years Ended</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
6/30/2010	7/1/2010	-	1,221,690	1,221,690	0%	29,257,116	4%
6/30/2012	7/1/2012	-	1,247,308	1,247,308	0%	30,721,316	4%
6/30/2014	7/1/2014	-	1,025,147	1,025,147	0%	47,507,723	2%

See accompanying notes to required supplementary information.

**SUN PRAIRIE AREA SCHOOL DISTRICT
SCHEDULE OF SUN PRAIRIE AREA SCHOOL DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (ASSET)
Wisconsin Retirement System
LAST 10 FISCAL YEARS
(UNAUDITED)**

	<u>2015</u>
Sun Prairie Area School District's proportion of the net pension liability (asset)	0.33457131%
Sun Prairie Area School District's proportionate share of the net pension liability (asset)	(8,217,987)
Sun Prairie Area School District's cover-employee payroll	47,507,723
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%

**SCHEDULE OF SUN PRAIRIE AREA SCHOOL DISTRICT CONTRIBUTIONS
Wisconsin Retirement System
LAST 10 FISCAL YEARS
(UNAUDITED)**

Contractually required contributions	3,325,839
Contributions in relation to the contractually required contributions	3,325,839
Contribution deficiency (excess)	-
Sun Prairie Area School District's covered-employee payroll	47,570,723
Contributions as a percentage of covered-employee payroll	6.99%

See accompanying notes to required supplementary information.

**SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)
June 30, 2015**

NOTE 1 - BUDGET SCHEDULE

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 School Board resolution.

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

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

NOTE 2 - EXPENDITURES IN EXCESS OF APPROPRIATIONS

Expenditures exceeded appropriations in the combined General Fund and Special Education Fund in the amount noted in the schedule below.

<u>Function</u>	<u>Amount</u>
Instruction	\$ 251,482
Support Services	\$ 10,000
Nonprogram	\$ 38,234

This information is an integral part of the accompanying required supplementary information.

SUPPLEMENTARY INFORMATION

SUN PRAIRIE AREA SCHOOL DISTRICT
COMBINING BALANCE SHEET - GENERAL FUNDS
June 30, 2015

	General Education Fund	Special Education Fund	Eliminations	Total General Fund
ASSETS				
Cash and investments	\$ 11,946,208	\$ -	\$ -	\$ 11,946,208
Receivables				
Taxes	11,363,302	-	-	11,363,302
Accounts	249,401	660		250,061
Due from other funds	553,112	23	(188,273)	364,862
Due from other governments	2,126,073	295,408		2,421,481
Inventories	24,514	-	-	24,514
Prepaid items	150,518	-	-	150,518
Other assets	275,000	-	-	275,000
TOTAL ASSETS	\$ 26,688,128	\$ 296,091	\$ (188,273)	\$ 26,795,946
LIABILITIES				
Accounts payable	\$ 1,566,442	\$ 92,579	\$ -	\$ 1,659,021
Accrued liabilities - payroll, payroll taxes, and interest	3,781,296	15,239	-	3,796,535
Due to other funds	577,715	188,273	(188,273)	577,715
Other liabilities	1,075	-	-	1,075
Short-term notes payable	12,000,000	-	-	12,000,000
Total liabilities	17,926,528	296,091	(188,273)	18,034,346
FUND BALANCES				
Nonspendable	450,032	-	-	450,032
Restricted	382,902	-	-	382,902
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	7,928,666	-	-	7,928,666
Total fund balances	8,761,600	-	-	8,761,600
TOTAL LIABILITIES AND FUND BALANCES	\$ 26,688,128	\$ 296,091	\$ (188,273)	\$ 26,795,946

SUN PRAIRIE AREA SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUNDS
Year Ended June 30, 2015

	General Education Fund	Special Education Fund	Eliminations	Total General Fund
REVENUES				
Local sources	\$ 34,894,856	\$ -	\$ -	\$ 34,894,856
Interdistrict sources	1,111,318	60,358	-	1,171,676
Intermediate sources	-	-	-	-
State sources	45,667,595	3,658,761	-	49,326,356
Federal sources	1,566,724	1,666,065	-	3,232,789
Other sources	136,260	-	-	136,260
Total revenues	<u>83,376,753</u>	<u>5,385,184</u>	<u>-</u>	<u>88,761,937</u>
EXPENDITURES				
Instruction	39,717,096	12,479,587	-	52,196,683
Support services	31,003,002	4,001,697	-	35,004,699
Nonprogram services	3,143,154	174,788	-	3,317,942
Total expenditures	<u>73,863,252</u>	<u>16,656,072</u>	<u>-</u>	<u>90,519,324</u>
Excess (deficiency) of revenues over expenditures	<u>9,513,501</u>	<u>(11,270,888)</u>	<u>-</u>	<u>(1,757,387)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	35,964	11,270,888	(11,270,888)	35,964
Transfer out	(11,286,922)	-	11,270,888	(16,034)
Capital lease	596,358	-	-	596,358
Total other financing sources (uses)	<u>(10,654,600)</u>	<u>11,270,888</u>	<u>-</u>	<u>616,288</u>
Net change in fund balance	(1,141,099)	-	-	(1,141,099)
FUND BALANCE - JUNE 30, 2014	<u>9,902,699</u>	<u>-</u>	<u>-</u>	<u>9,902,699</u>
FUND BALANCE - JUNE 30, 2015	<u>\$ 8,761,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,761,600</u>

SUN PRAIRIE AREA SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - UNAUDITED - GENERAL EDUCATION FUND
Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Local sources	\$ 34,844,946	\$ 34,894,856	\$ 34,894,856	\$ -
Interdistrict sources	1,146,600	1,111,318	1,111,318	-
Intermediate sources	-	-	-	-
State sources	45,599,487	45,667,595	45,667,595	-
Federal sources	1,457,078	1,566,724	1,566,724	-
Other sources	97,000	136,260	136,260	-
Total revenues	<u>83,145,111</u>	<u>83,376,753</u>	<u>83,376,753</u>	<u>-</u>
EXPENDITURES				
Instruction	39,349,743	39,651,028	39,717,096	(66,068)
Support services	30,718,311	31,069,070	31,003,002	66,068
Nonprogram	3,076,770	3,143,154	3,143,154	-
Total expenditures	<u>73,144,824</u>	<u>73,863,252</u>	<u>73,863,252</u>	<u>-</u>
Excess of revenue over expenditures	10,000,287	9,513,501	9,513,501	-
OTHER FINANCING SOURCES (USES)				
Transfer in	35,964	35,964	35,964	-
Transfer out	(10,827,609)	(11,286,922)	(11,286,922)	-
Capital lease	596,358	596,358	596,358	-
Net change in fund balance	(195,000)	(1,141,099)	(1,141,099)	-
FUND BALANCE - JUNE 30, 2014	<u>9,902,699</u>	<u>9,902,699</u>	<u>9,902,699</u>	<u>-</u>
FUND BALANCE - JUNE 30, 2015	<u>\$ 9,707,699</u>	<u>\$ 8,761,600</u>	<u>\$ 8,761,600</u>	<u>\$ -</u>

SUN PRAIRIE AREA SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - UNAUDITED - SPECIAL EDUCATION FUND
Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Local sources	\$ -	\$ -	\$ -	\$ -
Interdistrict sources	98,974	98,974	60,358	(38,616)
Intermediate sources	-	-	-	-
State sources	3,640,000	3,640,000	3,658,761	18,761
Federal sources	<u>1,801,629</u>	<u>1,801,629</u>	<u>1,666,065</u>	<u>(135,564)</u>
 Total revenues	<u>5,540,603</u>	<u>5,540,603</u>	<u>5,385,184</u>	<u>(155,419)</u>
 EXPENDITURES				
Instruction	12,294,173	12,294,173	12,479,587	(185,414)
Support services	3,925,629	3,925,629	4,001,697	(76,068)
Nonprogram	<u>136,554</u>	<u>136,554</u>	<u>174,788</u>	<u>(38,234)</u>
 Total expenditures	<u>16,356,356</u>	<u>16,356,356</u>	<u>16,656,072</u>	<u>(299,716)</u>
 Deficiency of revenue over expenditures	(10,815,753)	(10,815,753)	(11,270,888)	(455,135)
 OTHER FINANCING SOURCES				
Transfer in	<u>10,815,753</u>	<u>10,815,753</u>	<u>11,270,888</u>	<u>455,135</u>
 Net change in fund balance	-	-	-	-
 FUND BALANCE - JUNE 30, 2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 FUND BALANCE - JUNE 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SUN PRAIRIE AREA SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015**

	Special Revenue Funds			Total Nonmajor Special Revenue Funds	Non-Referendum Debt Service Fund	Total Nonmajor Funds
	Other Special Projects	Special Revenue Trust	Package Cooperative			
ASSETS						
Cash and investments	\$ -	\$ 26,106	\$ -	\$ 26,106	\$ -	\$ 26,106
Accounts receivable	-	-	2,000	2,000	-	2,000
Assets held for resale	361,116	-	-	361,116	-	361,116
Due from other funds	-	297,337	-	297,337	-	297,337
TOTAL ASSETS	\$ 361,116	\$ 323,443	\$ 2,000	\$ 686,559	\$ -	\$ 686,559
LIABILITIES						
Accounts payable	\$ 4,288	\$ 8,503	\$ -	\$ 12,791	\$ -	\$ 12,791
Accrued liabilities - payroll, payroll taxes, and insurance	-	-	-	-	-	-
Due to other funds	363,665	9,289	2,000	374,954	-	374,954
Total liabilities	367,953	17,792	2,000	387,745	-	387,745
FUND BALANCES						
Restricted	-	305,651	-	305,651	-	305,651
Unassigned	(6,837)	-	-	(6,837)	-	(6,837)
Total fund balances	(6,837)	305,651	-	298,814	-	298,814
Unassigned						
TOTAL LIABILITIES AND FUND BALANCES	\$ 361,116	\$ 323,443	\$ 2,000	\$ 686,559	\$ -	\$ 686,559

SUN PRAIRIE AREA SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	Special Revenue Funds			Total Nonmajor Special Revenue Funds	Non-Referendum Debt Service Fund	Total Nonmajor Funds
	Other Special Projects	Special Revenue Trust	Package Cooperative			
REVENUES						
Local sources	\$ -	\$ 229,908	\$ 6,243	\$ 236,151	\$ -	\$ 236,151
Interdistrict	-	-	17,193	17,193	-	17,193
Total revenues	-	229,908	23,436	253,344	-	253,344
EXPENDITURES						
Instruction	925	100,317	32,269	133,511	-	133,511
Support services	7,271	100,719	7,201	115,191	-	115,191
Debt service:						
Principal	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-
Total expenditures	8,196	201,036	39,470	248,702	-	248,702
Excess (deficiency) of revenue over expenditures	(8,196)	28,872	(16,034)	4,642	-	4,642
OTHER FINANCING SOURCES (USES)						
Transfer in	-	-	16,034	16,034	-	16,034
Transfer out	-	-	-	-	(35,964)	(35,964)
Net change in fund balance	(8,196)	28,872	-	20,676	(35,964)	(15,288)
FUND BALANCE - JUNE 30, 2014	1,359	276,779	-	278,138	35,964	314,102
FUND BALANCE - JUNE 30, 2015	<u>\$ (6,837)</u>	<u>\$ 305,651</u>	<u>\$ -</u>	<u>\$ 298,814</u>	<u>\$ -</u>	<u>\$ 298,814</u>

SUN PRAIRIE AREA SCHOOL DISTRICT
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
Year Ended June 30, 2015

	<u>7/1/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/2015</u>
ASSETS				
Cash and investments	\$ 225,769	\$ 624,314	\$ 633,699	\$ 216,384
Due from other funds	<u>30,629</u>	<u>95,514</u>	<u>94,683</u>	<u>31,460</u>
	<u>\$ 256,398</u>	<u>\$ 719,828</u>	<u>\$ 728,382</u>	<u>\$ 247,844</u>
LIABILITIES				
Accounts payable	\$ 650	\$ 43,399	\$ 43,463	\$ 586
Due to other funds	14,931	-	10	14,921
Due to student organizations				
Elementary schools	9,793	9,540	11,256	8,077
Middle schools	42,602	146,320	143,849	45,073
High school	<u>188,422</u>	<u>520,569</u>	<u>529,804</u>	<u>179,187</u>
Total liabilities	<u>\$ 256,398</u>	<u>\$ 719,828</u>	<u>\$ 728,382</u>	<u>\$ 247,844</u>