

Chippewa Falls Area Unified School District

Chippewa Falls, Wisconsin

Financial Statements With Supplementary Financial Information

Year Ended June 30, 2015

Chippewa Falls Area Unified School District

Financial Statements With Supplementary Financial Information

Year Ended June 30, 2015

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Chippewa Falls Area Unified School District

Financial Statements With Supplementary Financial Information

Year Ended June 30, 2015

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Independent Auditor's Report

Board of Education
Chippewa Falls Area Unified School District
Chippewa Falls, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Chippewa Falls Area Unified 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Opinions

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

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2015 the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the budgetary comparison information, schedules of employer's proportionate share of the net pension liability and employer contributions – Wisconsin Retirement System, schedule of changes in the employer's net pension liability and related ratios – District pension plan, schedule of employer contributions – District pension plan, schedule of investment returns – District pension plan, and the schedules of funding progress and employer contributions – OPEB on pages 52 through 62 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, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The fiduciary fund – schedule of changes in assets and liabilities (student organizations' agency fund) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, and are also not a required part of the basic financial statements. The fiduciary fund – schedule of changes in assets and liabilities (student organizations' agency fund) and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the fiduciary fund – schedule of changes in assets and liabilities (student organizations' agency fund) and the schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015, on our consideration of the Chippewa Falls Area Unified 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 results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Wipfli LLP

November 30, 2015
Eau Claire, Wisconsin

Government-Wide Financial Statements

Chippewa Falls Area Unified School District

Statement of Net Position

June 30, 2015

<i>Assets and Deferred Outflows of Resources</i>	Governmental Activities
Current assets:	
Cash and investments	\$ 8,027,313
Receivables:	
Taxes	7,288,205
Accounts	6,860
Due from other governments	1,456,440
<hr/>	
Total current assets	16,778,818
<hr/>	
Noncurrent assets:	
Net OPEB asset	19,773,374
Restricted net pension asset - WRS	4,325,149
Capital assets:	
Land	1,048,225
Land improvements	3,727,382
Buildings and building improvements	46,296,786
Furniture and equipment	5,185,362
Less - Accumulated depreciation	(26,608,886)
<hr/>	
Total capital assets, net of accumulated depreciation	29,648,869
<hr/>	
Total noncurrent assets	53,747,392
<hr/>	
Total assets	70,526,210
<hr/>	
Deferred outflows of resources:	
Related to pensions - WRS	3,670,955
<hr/>	
Total deferred outflows of resources	3,670,955
<hr/>	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 74,197,165

<i>Liabilities, Deferred Inflows of Resources, and Net Position</i>	Governmental Activities
Liabilities:	
Current liabilities:	
Accounts payable	\$ 1,157,843
Short-term notes payable	3,000,000
Accrued liabilities:	
Payroll, payroll taxes, insurance	3,606,875
Claims incurred but not reported	2,120,911
Interest	22,645
Unearned revenue	53,426
Current portion of noncurrent obligations	432,640
Total current liabilities	10,394,340
Noncurrent liabilities:	
Accrued sick and vacation leave	774,782
Capital lease payable	226,969
Net pension liability - District pension plan	4,108,736
Total noncurrent liabilities	5,110,487
Total liabilities	15,504,827
Deferred inflows of resources:	
Related to pensions - District pension plan	5,838
Related to pensions - WRS	89,772
Total deferred inflows of resources	95,610
Net position:	
Net investment in capital assets	29,648,869
Restricted for:	
Pension benefit	4,235,376
Food service	733,745
Donor-approved expenditures	254,125
Unrestricted	23,724,613
Total net position	58,596,728
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 74,197,165

See accompanying notes to financial statements.

Chippewa Falls Area Unified School District

Statement of Activities

Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenues and Changes in Net Position
				Total Governmental Activities
Governmental activities:				
Instruction:				
Regular instruction	\$ 24,130,004	\$ 834,356	\$ 849,084	\$ (22,446,564)
Vocational instruction	1,798,041	-	36,311	(1,761,730)
Special education instruction	6,375,186	37,397	2,229,658	(4,108,131)
Other instruction	2,127,616	52,305	-	(2,075,311)
Total instruction	34,430,847	924,058	3,115,053	(30,391,736)
Support services:				
Pupil services	2,414,889	-	76,474	(2,338,415)
Instructional staff services	2,373,981	3,268	659,027	(1,711,686)
General administration services	1,832,827	-	-	(1,832,827)
Building administration services	2,780,256	-	-	(2,780,256)
Business services	602,683	-	-	(602,683)
Operations and maintenance	5,543,924	-	150,000	(5,393,924)
Pupil transportation services	3,686,610	-	238,351	(3,448,259)
Food service	2,506,756	995,207	1,620,942	109,393
Central services	1,148,409	11,897	81,264	(1,055,248)
Insurance	450,457	-	-	(450,457)
Community service	193,270	17,245	66	(175,959)
Interest	58,365	-	-	(58,365)
Other support services	1,181,816	-	2,322	(1,179,494)
Depreciation - Unallocated	1,207,825	-	-	(1,207,825)
Total support services	25,982,068	1,027,617	2,828,446	(22,126,005)
Total governmental activities (carried forward)	\$ 60,412,915	\$ 1,951,675	\$ 5,943,499	\$ (52,517,741)

Chippewa Falls Area Unified School District

Statement of Activities (Continued)

Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenues and Changes in Net Position
				Total Governmental Activities
Total governmental activities (brought forward)				\$ (52,517,741)
General revenues:				
Property taxes:				
General purposes				22,326,683
Community service				297,000
State and federal aids not restricted to specific functions:				
General				28,927,030
Other				225,429
Interest and investment earnings				234
Miscellaneous				529,092
Gain (loss) on disposal of assets				(4,647)
Total general revenues				52,300,821
Change in net position				(216,920)
Net position - Beginning of year, as restated				58,813,648
Net position - End of year				\$ 58,596,728

Fund Financial Statements

Chippewa Falls Area Unified School District

Governmental Funds – Balance Sheet

June 30, 2015

<i>Assets</i>	General Fund	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash and investments	\$ 6,995,124	\$ 1,032,189	\$ 8,027,313
Taxes receivable	7,288,205	-	7,288,205
Accounts receivable	170	-	170
Due from other governments	1,441,917	14,523	1,456,440
Due from other funds	6,690	-	6,690
<hr/>			
TOTAL ASSETS	\$ 15,732,106	\$ 1,046,712	\$ 16,778,818

<i>Liabilities and Fund Balances</i>	General Fund	Other Governmental Funds	Total Governmental Funds
Liabilities:			
Short-term notes payable	\$ 3,000,000	\$ -	\$ 3,000,000
Accounts payable	1,155,376	2,467	1,157,843
Accrued liabilities:			
Payroll, payroll taxes, insurance	3,603,926	2,949	3,606,875
Claims incurred but not reported	2,120,911	-	2,120,911
Interest	22,645	-	22,645
Unearned revenue	-	53,426	53,426
Total liabilities	9,902,858	58,842	9,961,700
Fund balances:			
Restricted:			
Food service	-	733,745	733,745
Donor-approved expenditures	-	254,125	254,125
Unassigned	5,829,248	-	5,829,248
Total fund balances	5,829,248	987,870	6,817,118
TOTAL LIABILITIES AND FUND BALANCES	\$ 15,732,106	\$ 1,046,712	\$ 16,778,818

Chippewa Falls Area Unified School District

Governmental Funds – Balance Sheet (Continued)

June 30, 2015

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - Governmental funds (from previous page) \$ 6,817,118

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements.

Amounts reported for governmental activities in the statement of net position:

Governmental capital assets	\$ 56,257,755	
Governmental accumulated depreciation	(26,608,886)	29,648,869

The net pension liability (asset) and the deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the statement of net position:

Net pension asset - WRS	4,325,149	
Deferred inflows of resources related to pensions - District pension plan	(89,772)	
Deferred outflows of resources related to pensions - WRS	3,670,955	
Deferred inflows of resources related to pensions - District pension plan	(5,838)	7,900,494

Contributions made for other post employment benefits (OPEB) exceeding the annual required contribution (ARC) are reported as a net OPEB asset in the statement of activities.

19,773,374

Long-term liabilities are not due in the current year and, therefore, are not reported in the fund statements. All liabilities, both current and long-term, are reported in the statement of net position. Balances reported in the statement of net position that are not reported in the governmental funds balance sheet are:

Capital leases payable		(226,969)
Compensated absences		(1,207,422)
Net pension liability - District pension plan		(4,108,736)

Net position - Governmental activities **\$ 58,596,728**

Chippewa Falls Area Unified School District

Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2015

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property taxes	\$ 22,623,683	\$ -	\$ 22,623,683
Other local services	258,263	1,214,835	1,473,098
Interdistrict sources	801,566	-	801,566
Intermediate sources	60,253	-	60,253
State sources	31,128,604	53,630	31,182,234
Federal sources	2,194,953	1,553,538	3,748,491
Miscellaneous	297,544	13,774	311,318
Total revenues	57,364,866	2,835,777	60,200,643
Expenditures:			
Instruction:			
Regular instruction	23,989,023	951	23,989,974
Vocational instruction	1,797,087	-	1,797,087
Special instruction	6,375,186	-	6,375,186
Other instruction	2,095,361	32,256	2,127,617
Total instruction	34,256,657	33,207	34,289,864
Support services:			
Pupil services	2,407,267	7,622	2,414,889
Instructional staff services	2,329,647	44,335	2,373,982
General administration services	1,799,286	-	1,799,286
Building administration services	2,635,944	144,312	2,780,256
Business services	602,683	-	602,683
Operations and maintenance	9,605,269	4,077	9,609,346
Pupil transportation	3,686,610	-	3,686,610
Food service	-	2,481,414	2,481,414
Central services	1,547,409	-	1,547,409
Insurance	450,457	-	450,457
Debt service:			
Interest	58,365	-	58,365
Other support services	112,714	19,170	131,884
Community service	193,270	-	193,270
Total support services	25,428,921	2,700,930	28,129,851
Total expenditures	59,685,578	2,734,137	62,419,715

Chippewa Falls Area Unified School District

Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)

Year Ended June 30, 2015

	General Fund	Other Governmental Funds	Total Governmental Funds
Excess of revenues over (under) expenditures	\$ (2,320,712)	\$ 101,640	\$ (2,219,072)
Other financing sources:			
Issuance of capital leases	399,000	-	399,000
Proceeds from sale of capital assets	520	-	520
Total other financing sources	399,520	-	399,520
Net change in fund balances	(1,921,192)	101,640	(1,819,552)
Fund balances - Beginning of year	7,750,440	886,230	8,636,670
Fund balances - End of year	\$ 5,829,248	\$ 987,870	\$ 6,817,118

Chippewa Falls Area Unified School District

Governmental Funds – Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2015

Total net change in fund balances - Governmental funds	\$	(1,819,552)
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**Amounts reported for governmental activities in the statement of activities
are different because:**

The acquisition of capital assets is reported in the governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

Capital outlays reported in governmental fund statements	\$	4,629,346
Issuance of capital lease		(399,000)
Depreciation expense reported in the statement of activities		(1,471,728)

Amount by which capital outlays are greater than depreciation in the current year		2,758,618
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Unpaid vacation and sick pay is a liability of the governmental funds only if the employee has resigned or retired.

Amount by which the liability for vacation and sick pay changed in the current year		(24,898)
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Postemployment benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.

Change in net pension obligation		(340,920)
Change in net OPEB asset		(1,049,934)
Change in net pension asset - Wisconsin Retirement System		(2,432,496)
Change in deferred outflows of resources related to WRS pension		2,793,039
Change in deferred inflows of resources related to District pension		(5,838)
Change in deferred inflows of resources related to WRS pension		(89,772)

Amounts paid are greater than amounts earned		(1,125,921)
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The District disposed of outdated equipment resulting in a reduction of capital assets and recapture of prior year depreciation expense reported on the statement of net position as a net loss. There is no effect on the governmental funds balance sheet.

The value of capital assets disposed of during the year was:		(96,200)
The amount of depreciation recapture for the year was:		91,033

The difference in the value of assets, net of recaptured depreciation, creates a loss of:		(5,167)
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Change in net position - Governmental activities	\$	(216,920)
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Chippewa Falls Area Unified School District

Fiduciary Funds – Statement of Net Position

June 30, 2015

	Pension Trust Fund	Employee Benefit Trust	Agency Fund
Assets:			
Cash and investments	\$ -	\$ 13,476,905	\$ 250,859
Due from other funds	-	505,533	-
Total assets	\$ -	\$ 13,982,438	\$ 250,859
Liabilities:			
Due to student organizations	\$ -	\$ -	\$ 250,859
Due to other funds	512,223	-	-
Total liabilities	512,223	-	\$ 250,859
Net position:			
Restricted for OPEB	-	13,982,438	-
Unrestricted	(512,223)	-	-
Total net position	\$ (512,223)	\$ 13,982,438	

Chippewa Falls Area Unified School District

Fiduciary Funds – Statement of Changes in Net Position

Year Ended June 30, 2015

	Pension Trust Fund	Employee Benefit Trust
Additions:		
District contributions	\$ -	\$ -
Retiree contributions	-	8,783
Interest	186	71,841
Total additions	186	80,624
Deductions:		
Employee benefits	618,419	2,800,641
Total deductions	618,419	2,800,641
Change in net position	(618,233)	(2,720,017)
Net position - Beginning of year	106,010	16,702,455
Net position (deficit) - End of year	\$ (512,223)	\$ 13,982,438

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies**

Introduction

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

Reporting Entity

The Chippewa Falls Area Unified School District is organized as a common school district. The District, governed by a seven-member elected school board, operates grades kindergarten through 12 and is comprised of all or part of 12 taxing districts.

This report includes all of the funds of the Chippewa Falls Area Unified School District. The reporting entity for the District consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. This report does not contain any component units.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

New Accounting Pronouncement

Management adopted the provisions of the Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The statement establishes new requirements for the District to report a “net pension liability (asset) for the unfunded (overfunded) portion of its pension plans and deferred outflows of resources and deferred inflows of resources related to pension plans. See Note 15 for the restatement of the beginning net position.

Basis of Presentation

Government-Wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The fiduciary funds are only reported in the statements of fiduciary net position at the fund financial statement level.

The statement of net position and the statement of activities present financial information about the District’s governmental 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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Basis of Presentation (Continued)

Government-Wide Financial Statements (continued):

The District applies restricted resources first when an expense is incurred for a purpose for which both restricted and unrestricted net position are available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the statement of activities.

Fund Financial Statements:

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

The District reports the following major governmental fund:

- **General Fund** – This is the District's primary operating fund. It accounts for all financial activity that is not accounted for and reported in another fund, including educational programs for students with disabilities as well as programs provided to the community as a whole.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (continued):

The District reports the following nonmajor governmental funds:

- Food Service Fund – Used to account for the financial resources that are restricted to expenditures in the District's breakfast and lunch program.
- Special Revenue Trust Fund – Used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes (Dorais Field and other community projects).

The District accounts for assets held as an agent for various student organizations in an agency fund and resources legally held in trust for the District's pension and other postemployment benefits in a pension trust fund and an employee benefit trust fund.

Measurement Focus and Basis of Accounting

The government-wide 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 they become both measurable and available (susceptible to accrual). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the current fiscal year.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Measurement Focus and Basis of Accounting (Continued)

Expenditures are recognized when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results may differ from these estimates.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less and shares in the local government investment pool.

State Statutes permit the District to invest available cash balances, other than debt service funds, in time deposits (maturing in not more than three years) of authorized depositories, U.S. Treasury obligations, U.S. agency issues, municipal obligations within Wisconsin, high-grade commercial paper, and the local government pooled investment fund administered by the state investment board. Available balances in the Debt Service Fund may be invested in obligations of the United States and the local government pooled investment fund administered by the State of Wisconsin Investment Board.

Donations to the District of securities or other property are considered trust funds and are invested as the donor specifies. In the absence of any specific directions, the District may invest the donated items in accordance with laws applicable to trust investments.

Funds held in the Employee Benefit Trust Fund to provide for pension and other postemployment health care benefits and other postemployment benefits may be invested in any kind of property or type of investment consistent with the prudent investor rule set forth in WI Stat. 881.01. This rule requires the trustee of an Employee Benefit Trust Fund to exercise reasonable care, skill, and caution when investing and managing the assets of the trust.

All investments are stated at fair market value. Determination of fair value for investment in the local government investment pool is based on information provided by the State of Wisconsin Investment Board.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Receivables and Payables

All accounts receivable are shown at gross amounts and, where appropriate, are reduced by an allowance for uncollectible accounts. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Capital Assets

Capital assets are recorded at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$5,000 for capitalizing capital assets.

Capital assets are recorded in the government-wide financial statements but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared no longer needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings and 5 to 15 years for equipment.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life is not capitalized.

Capital assets not being depreciated include land and construction in progress.

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, *deferred outflows 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. The District reports deferred outflows of resources related to pensions for its proportionate shares of collective deferred outflows of resources related to pensions and District contributions to pension plans subsequent to the measurement date of the collective net pension liability (asset).

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents the 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. The District reports deferred inflows of resources for its proportionate share of the collective deferred inflows of resources related to pensions.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

The District's policy allows employees to earn varying amounts of sick pay for each year employed, accumulating to a maximum vested amount of 150 days for administrators/supervisors/confidential employees and 90 days for teachers and hourly District employees. Upon retirement or termination of employment, the employee is entitled to receive cash payment for vested vacation pay and varying percentages of vested sick pay based upon years employed by the District. Consistent with the compensated absences reporting standards of GASB Statement No. 16, "Accounting for Compensated Absences," an accrual for accumulated sick leave is included in the compensated absences liability at year-end. The compensated absences liability is calculated based on the pay rates in effect at year-end.

Postemployment Benefits – In addition to the pension benefits described in Note 10, the District offers a supplemental retirement program for eligible administrators, supervisors, and teachers. Eligibility is based on age and years of service. Upon eligibility, the retiree will receive a percentage of his or her base salary in the form of a stipend for 5–7 years.

Also, as provided in applicable negotiated contracts, certified District employees meeting a minimum age and length of service requirement may participate in the District's group health insurance program.

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

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Restricted Assets

Restricted assets are cash, cash equivalents, investments, and the net pension asset whose use is limited by legal requirements such as a bond indenture or assets in an irrevocable trust.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital 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, or imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first.

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories or (b) legally or contractually required to be maintained intact.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Fund Balances (Continued)

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance: This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board of Education – the District’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action that imposed the original commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance: This classification reflects the amounts constrained by the District’s “intent” to be used for specific purposes, but the amounts are neither restricted nor committed. The Board of Education and Business Manager have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Property Tax Levy

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

The aggregate district tax levy is apportioned and certified by November 6 of the current fiscal year for collection to comprising municipalities based on the immediate past October 1 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 by the 20th of each subsequent month thereafter, the District may be 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.

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2014 tax levy is used to finance operations of the District's fiscal year ended June 30, 2015. All property taxes are considered due on January 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.

Subsequent Events

Subsequent events have been evaluated through November 30, 2015, which is the date the financial statements were available to be issued.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 2 Stewardship and Accountability

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 referendum prior to August 12, 1993.
- A referendum on or after August 12, 1993.

Note 3 Cash and Investments

Deposits

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2015, the District's bank balance of \$7,867,880 was not exposed to custodial credit risk.

Investments

Interest Rate Risk: The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. State Statute limits the maturity of commercial paper and corporate bonds to not more than seven years.

Credit Risk: State Statute limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. Ratings are not required, or available, for the Wisconsin Investment Series Cooperative (WISC). The District has no investment policy that would further limit its investment choices. The District's investments in the WISC Cash Management Series, WISC Cash Investment Series, and Certificates of Deposit were unrated.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 3 Cash and Investments (Continued)

Investments (Continued)

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

	Maturities	Fair Value
Money Market Accounts:		
WISC Cash Management Series (CMS)	<90 days average	\$ 4,056,390
WISC Investment Series	<120 days average	425,911
Fixed Income Securities:		
WISC Term Series - 20151204AA03	12/4/2015	1,000,000
WISC Term Series - 20160225AA03	2/25/2016	3,000,000
Certificates of Deposit:		
Marlin Business Bank	7/17/2015	249,045
College Savings Bank	7/20/2015	249,027
Standard B&TC	7/30/2015	249,092
State Bank of India NY	10/13/2015	248,630
Austin Bank of Chicago	1/7/2016	247,400
Community State Bank	1/8/2016	247,200
Luana Savings Bank	1/8/2016	247,200
Fifth Third Bank	1/13/2016	243,000
Cardinal Bank	2/10/2016	249,767
Enerbank USA	7/11/2016	249,849
Pyramax Bank	7/12/2016	249,849
Dakota Community Bank	11/28/2016	243,800
GE Money Bank	1/10/2017	248,868
Goldman Sachs Bank USA	1/17/2017	248,843
BMW Bank of North America	1/17/2017	249,448
Park Sterling Bank	1/23/2017	250,402
World Financial Capital Bank	7/5/2017	249,941
Citi Bank	7/17/2017	250,396
Georgia B&TC of Augusta	7/31/2017	251,547
Everbank	10/16/2017	251,497

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 3 Cash and Investments (Continued)

Investments (Continued)

	Maturities	Fair Value
Certificates of Deposit (Continued):		
Sallie Mae Bank	10/24/2017	\$ 250,862
Washington Trust Company of Westerly	4/30/2018	250,854
Local government note		405,000
Total investments		14,363,818
Cash deposits with financial institutions carrying amount		7,391,259
Less - Cash and investments held by fiduciary funds		(13,727,764)
		<u>\$ 8,027,313</u>

The District has invested funds with the Wisconsin Investment Series Cooperative. The WISC operates three investment pools that allow governments within the state to pool their funds for investment purposes. The WISC is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2(a)7 of the Investment Company Act of 1940. Investments with the WISC are valued at fair value.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 4 Short-Term Notes Payable

The District issues revenue anticipation notes in advance of tax collections and receipt of federal and state aids. These notes are necessary to allow the school to pay its operating expenditures.

Short-term notes payable activity for the year ended June 30, 2015, was as follows:

Description	Balance 07/01/14	Issued	Redeemed	Balance 06/30/15
Revenue Anticipation Notes:				
U.S. Bank National Association 2.00% note	\$3,000,000	\$ -	\$ (3,000,000)	\$ -
U.S. Bank National Association 1.00% note	-	5,000,000	(2,000,000)	3,000,000
Total	\$3,000,000	\$5,000,000	\$ (5,000,000)	\$3,000,000

Interest on short-term notes for the year totaled \$58,365.

Note 5 Interfund Balances and Activity

Interfund receivable and payable balances in the fund financial statements on June 30, 2015, are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Employee Benefit Trust Fund - Pension	\$ 6,690
Employee Benefit Trust Fund - OPEB	Employee Benefit Trust Fund - Pension	505,533
Total		\$ 512,223

The purpose of the interfund receivable and payable balances is to pay back the general fund for retiree HSA payments included in summer payroll. The purpose for the interfund receivable between the pension and OPEB trust funds is to eliminate negative cash balance per the Wisconsin Department of Public Instruction.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 6 Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,031,872	\$ 16,353	\$ -	\$ 1,048,225
Construction in progress	3,904,775	-	(3,904,775)	-
Total capital assets not being depreciated	4,936,647	16,353	(3,904,775)	1,048,225
Capital assets being depreciated:				
Land improvements	3,727,382	-	-	3,727,382
Buildings and building improvements	38,216,018	8,080,768	-	46,296,786
Furniture and equipment	4,844,562	437,000	(96,200)	5,185,362
Total capital assets being depreciated	46,787,962	8,517,768	(96,200)	55,209,530
Less accumulated depreciation for:				
Land improvements	(1,983,369)	(134,919)	-	(2,118,288)
Buildings and building improvements	(19,698,165)	(1,002,925)	-	(20,701,090)
Furniture and equipment	(3,546,658)	(333,884)	91,034	(3,789,508)
Total accumulated depreciation	(25,228,192)	(1,471,728)	91,034	(26,608,886)
Total capital assets being depreciated - Net of accumulated depreciation	21,559,770	7,046,040	(5,166)	28,600,644
Governmental activities capital assets - Net	\$ 26,496,417	\$ 7,062,393	\$ (3,909,941)	\$ 29,648,869

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 6 Capital Assets (Continued)

Depreciation expense was charged to governmental activities as follows:

Regular instruction	\$	67,707
Vocational instruction		953
General administration services		4,310
Operations and maintenance of plant		165,177
School food service program		25,756
Depreciation not charged to a specific function		1,207,825
		1,207,825
Total depreciation for governmental activities		\$ 1,471,728

Note 7 Long-Term Obligations

Long-term obligations of the District are as follows:

	Restated Balance 07/01/14	Additions	Reductions	Balance 06/30/15	Amounts Due Within One Year
Accrued sick and vacation leave	\$ 1,010,493	\$ 24,898	\$ -	\$ 1,035,391	\$ 260,609
Capital lease	-	399,000	-	399,000	172,031
Net pension liability	3,767,816	341,106	(186)	4,108,736	-
Totals	\$ 4,778,309	\$ 765,004	\$ (186)	\$ 5,543,127	\$ 432,640

Vested employee benefits will be liquidated by several of the governmental funds.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 7 Long-Term Obligations (Continued)

General Obligation Debt

The 2014 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$2,619,211,929. The legal debt limit and margin of indebtedness as of June 30, 2015, in accordance with Section 67.03(1)(a) of the Wisconsin Statutes follows:

Legal debt limit (10% of \$2,619,211,929)	\$ 261,921,193
Deduct:	
Long-term debt applicable to debt margin	-
Add:	
Debt service fund assets available	-
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Margin of indebtedness	\$ 261,921,193
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Note 8 Operating Leases

The Chippewa Falls Area Unified School District leases certain classroom space from the State of Wisconsin Department of Health Services under an operating lease. The lease expired June 30, 2015, and has not yet been renewed. The total amount included in expense for rental of the space for 2014-2015 was \$149,070.

Note 9 Capital Leases

During the year, the District entered into a five-year lease agreement for computer purchases.

Furniture and equipment includes the following amounts for the equipment leases that have been capitalized:

Furniture and equipment	\$ 399,000
Less - Accumulated amortization	-
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Total	\$ 399,000
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Lease amortization is to be included in depreciation expense.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 9 Capital Leases (Continued)

Future minimum payments, by year and in the aggregate, under the capital lease with initial or remaining terms in excess of one year consisted of the following:

	Capital Lease
2016	\$ 172,500
2017	77,022
2018	77,022
2019	77,022
Total minimum lease payments	403,566
Amount representing interest	4,566
Present value of net minimum lease payments	399,000
Less - Current maturities	172,031
<u>Long-term obligations under capital lease</u>	<u>\$ 226,969</u>

Note 10 Employee Retirement Plans – Wisconsin Retirement System

Plan Description – The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government, and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 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.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 10 **Employee Retirement Plans – Wisconsin Retirement System** (Continued)

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

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

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

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

The WRS also provides death and disability benefits for employees.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 10 Employee Retirement Plans – Wisconsin Retirement System (Continued)

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

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

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 10 Employee Retirement Plans – Wisconsin Retirement System (Continued)

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

During the reporting period, the WRS recognized \$1,794,781 in contributions from the employer.

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers)	6.8%	6.8%
Executives and elected officials	7.7%	7.7%
Protective with social security	6.8%	9.5%
Protective without social security	6.8%	13.1%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the District reported an asset of \$4,325,149 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013, rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the District's proportion was .17608579%, which was an increase of .004681% from its proportion measured as of December 31, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$1,676,810.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 10 Employee Retirement Plans – Wisconsin Retirement System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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 Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 627,012	\$ -
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	2,094,446	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	89,772
Employer contributions subsequent to the measurement date	949,497	-
Total	\$ 3,670,955	\$ 89,772

\$949,497 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension 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 Outflows of Resources	Deferred Inflows of Resources
2016	\$ 666,563	\$ 20,467
2017	666,563	20,467
2018	666,563	20,467
2019	666,563	20,467
2020	55,206	7,904

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 10 Employee Retirement Plans – Wisconsin Retirement System (Continued)

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

Actuarial valuation date	December 31, 2013
Measurement date of net pension liability (asset)	December 31, 2014
Actuarial cost method	Entry Age
Asset valuation method	Fair market value
Long-term expected rate of return	7.2%
Discount rate	7.2%
Salary increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality	Wisconsin 2012 Mortality Table
Post-retirement adjustments*	2.1%

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

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

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 10 Employee Retirement Plans – Wisconsin Retirement System (Continued)

Actuarial Assumptions (Continued)

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

<u>Asset Class</u>	<u>Long-Term Real Rate of Return</u>	<u>Target Allocation</u>
US equities	5.3%	21%
International equities	5.7%	23%
Fixed income	1.7%	36%
Inflation sensitive assets	2.3%	20%
Real estate	4.2%	7%
Private equity/debt	6.9%	7%
Multi-asset	3.9%	6%
Cash	0.9%	(20%)

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

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 10 Employee Retirement Plans – Wisconsin Retirement System (Continued)

Actuarial Assumptions (Continued)

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
District's proportionate share of the net pension liability (asset)	\$ 12,201,989	\$ (4,325,149)	\$ (17,377,614)

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

Payables to the Pension Plan – At June 30, 2015, the District reported a payable of \$203,564 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

Note 11 District Pension Plan and Benefits

The Chippewa Falls Area Unified School District administers a single-employer defined benefit plan that provides pension benefits to eligible retirees as established by District policy. The School District Board manages the pension plan and has appointed the Director of Business Services as trustee and investment manager. There are 71 active plan members.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 11 **District Pension Plan and Benefits** (Continued)

Teachers hired prior to July 1, 2009: Upon retirement from a full-time position after completing 15 years of service in the District and attaining age 57 or greater, the retiree shall receive a stipend in an amount equivalent to 25% of the base salary. This stipend will be paid on the same days as an active teacher's payroll and for a period of five years.

Teachers hired for the 2009/2010 school year and thereafter: Upon retirement from a full-time position after completing 15 years of service and acquiring age 57 or greater, the retiree shall be entitled to an annual contribution of \$5,000, plus accumulated interest, into a postemployment benefit trust until he or she qualifies for Medicare.

Administrators hired prior to July 1, 2003: Upon retirement from a full-time position after completing 25 years of service (for administrators hired on or after May 1, 1999, their 10 consecutive years of service prior to retirement must be with the District) and attaining age 55 or greater, the retiree shall receive an annual stipend in the amount of 15% of the average of the retiree's three highest annual contracted salaries. This stipend shall be paid monthly and will continue for a period of seven years.

Administrators hired after July 1, 2003, but before July 1, 2010: Upon retirement from a full-time position after completing 25 years of service (for administrators hired on or after May 1, 1999, their 10 consecutive years of service prior to retirement must be with the District) and attaining age 57 or greater, the retiree shall receive an annual stipend in the amount of 15% of the average of the retiree's three highest annual contracted salaries. This stipend shall be paid monthly and will continue for a period of five years.

Administrators hired after July 1, 2010: Administrators hired for the 2010-11 school year and thereafter shall not receive a stipend.

Supervisors hired prior to July 1, 2003: Upon retirement from a full-time position after completing 15 years of service and attaining age 55 or greater, the retiree shall receive a bimonthly stipend for a period of seven years. The amount of this stipend is based upon 50% of the annual salary multiplied by the number of months worked per year and by a rate factor determined by years of service.

Supervisors hired after July 1, 2003: Upon retirement from a full-time position after completing 15 years of service and attaining age 57 or greater, the retiree shall receive a bimonthly stipend for a period of seven years. The amount of this stipend is based upon 50% of the annual salary multiplied by the number of months worked per year and by a rate factor determined by years of service.

Supervisors hired after July 5, 2010: Supervisors hired from this date and thereafter shall not receive a stipend.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 11 District Pension Plan and Benefits (Continued)

The pension plan investment policies and investment disclosures are discussed in Note 1 and Note 3. Currently the plan has no plan assets. For June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, is 0.0 percent. The money-weighted rate of return expresses the investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The components of the net pension liability of the District at June 30, 2015, were as follows:

Total pension liability	\$ 3,596,513
Plan fiduciary net position	<u>(512,223)</u>
Net pension liability	<u>\$ 4,108,736</u>
Plan fiduciary net position as a percentage of the total pension liability	(12.47%)

The total pension liability was determined by an actuarial valuation as of June 30, 2015. The actuarial assumptions included an inflation rate of 4 percent and project salary increases of 3 percent, average, including inflation. The investment rate of return was 5.5 percent, net of pension plan investment expense, including inflation. Mortality, disability, and retirement rates are from the Wisconsin Retirement System experience for public schools.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 11 District Pension Plan and Benefits (Continued)

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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, (see discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Money Market Fund	5.5%

The discount rate used to measure the total pension liability was 3.50 percent as determined by the actuary at bondsonline.com for a 20-year AA municipal bond as of June 30, 2015. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at a rate equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to not be available to make all projected future benefit payments of current plan members. Therefore, a municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 11 District Pension Plan and Benefits (Continued)

Changes in the Net Pension Liability for the year ended June 30, 2015, are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	\$ 3,873,826	\$ 106,010	\$ 3,767,816
Changes for the year:			
Service cost	212,624	-	212,624
Interest	128,482	-	128,482
Differences between expected and actual experience	-	-	-
Contributions - Employer	-	-	-
Contributions - Employee	-	-	-
Net investment income	-	186	(186)
Benefit payments, including refunds of employee contributions	(618,419)	(618,419)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net changes	(277,313)	(618,233)	340,920
Balances at June 30, 2015	\$ 3,596,513	\$ (512,223)	\$ 4,108,736

The following presents the net pension liability of the District, calculated using the discount rate of 3.50 percent, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
District's net pension liability	\$ 4,363,270	\$ 4,108,736	\$ 3,867,069

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 11 District Pension Plan and Benefits (Continued)

For the year ended June 30, 2015, the District recognized pension expense of \$346,758. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	5,838
District contributions subsequent to measurement date	-	-
Total	\$ -	\$ 5,838

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ (1,460)
2017	(1,460)
2018	(1,460)
2019	(1,458)
2020	-
Thereafter	-

At June 30, 2015, the District reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 12 Other Postemployment Benefits

The District administers a single-employer defined benefit health care plan. The plan provides medical insurance benefits to eligible retirees through the District's group medical insurance plan, which covers both active and retired members. Benefit provisions are established through collective bargaining agreements. The eligibility requirements are based on the retiree's position, years of service, and age at retirement. If eligible, the retiree may receive medical insurance benefits until he or she is eligible for Medicare. The plan does not issue a standalone report.

Membership of the plan consisted of 111 retirees receiving benefits and 400 active plan members at July 1, 2013, the date of the latest actuarial valuation.

The contribution requirements of Plan members are:

Teachers hired prior to July 1, 2009: Teachers with 15 years of service in the District may elect to retire at age 57 or any year thereafter. The retiree will receive paid medical and dental premiums until he or she qualifies for Medicare (a maximum of eight years).

Administrators and Supervisors hired prior to July 1, 2003: Administrators with 10 years of consecutive teaching/administrative employment with the District (15 years of service for Supervisors) may elect to retire at age 55 or any year thereafter. The retiree will receive paid health and dental insurance until he or she qualifies for Medicare.

Administrators hired on or after July 1, 2003, but before July 1, 2010: Administrators with 10 years of consecutive administrative employment with the District may elect to retire at age 57 or any year thereafter. Retirees will receive health/dental coverage until he or she qualifies for Medicare. Any increase in the school district medical/dental premiums after their retirement date will be paid for by the retiree.

Administrators hired after July 1, 2010: For administrators with 10 years of consecutive administrative employment in the District, who elect to retire at age 57 or any year thereafter, the Board of Education shall make an annual contribution of \$11,000 into an HRA employment benefit trust until he or she qualifies for Medicare. The retiree shall be entitled to the contributions, plus accumulated interest.

Supervisors hired on or after July 1, 2003, but before July 5, 2010: Supervisors with 15 years of service may elect to retire at age 57 or any year thereafter. Retirees will receive health/dental coverage until they qualify for Medicare. Any increase in the District medical/dental premiums after their retirement date will be paid by the retiree.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 12 Other Postemployment Benefits (Continued)

Supervisors hired after July 5, 2010: For supervisors with 15 years of employment in the District, who elect to retire at age 57 or any year thereafter, the Board of Education shall make an annual contribution of \$6,000 into an HRA post-employment benefit trust until he or she qualifies for Medicare. The retiree shall be entitled to the contributions, plus accumulated interest.

The contribution requirements of plan members are based on the employment agreement in effect on the date of retirement. The District's contribution is established annually based on an amount to pay current premiums and an additional amount to prefund benefits. For fiscal year 2014, the District contributed \$0 to the plan. Plan members receiving benefits contributed \$8,783 (approximately one percent of total premiums).

The District's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or fund excess) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation (asset):

Annual required contribution	\$ 1,180,434
Interest on net OPEB obligation (asset)	(1,145,282)
Adjustment to annual required contribution	<u>1,014,781</u>
Annual OPEB cost (expense)	1,049,933
Contributions made	<u>-</u>
Decrease in net OPEB obligation (asset)	1,049,933
Net OPEB obligation (asset) - Beginning of year	<u>(20,823,307)</u>
Net OPEB obligation (asset) - End of year	<u><u>\$ (19,773,374)</u></u>

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 12 Other Postemployment Benefits (Continued)

The District's annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for fiscal year 2015 and the two preceding fiscal years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
06/30/13	\$ 1,331,650	503.2%	\$ 20,815,160
06/30/14	1,049,984	100.7%	20,823,307
06/30/15	1,049,933	0.0%	19,773,374

The funded status as of July 1, 2013, the most recent actuarial valuation date, was 69.5 percent funded. The actuarial accrued liability for benefits was \$24,647,032, and the actuarial value of assets was \$17,120,747, resulting in an unfunded actuarial accrued liability (UAAL) of \$7,526,285. The covered payroll (annual payroll of active employees covered by the plan) was \$12,706,170 and the ratio of the UAAL to the covered payroll was 59 percent.

The schedule of employer contributions on page 62 presents trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 43.

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 health care costs trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 12 **Other Postemployment Benefits** (Continued)

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

In the July 1, 2013, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 5.5 percent rate of return (net of administrative expenses), based on the plan being funded in an irrevocable employee benefit trust invested in a long-term fixed income portfolio, and an annual health care cost trend rate of 10 percent initially, reduced by decrements to a rate of 5 percent after five years. Both rates include a four percent inflation assumption. The actuarial value of the plan assets was \$17,120,747 as of the date of the actuarial valuation. The plan's unfunded actuarial liability is being amortized using the open level percentage of payroll amortization method. The remaining amortization period at July 1, 2013, was 30 years.

Note 13 **Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There was no significant reduction in the District's insurance coverage in fiscal 2015.

The District has retained a portion of the risk of loss for its health and dental care programs. A third-party administrator is responsible for the approval, processing, and payment of claims, after which the District is billed for reimbursement. Purchased stop-loss coverage pays health and dental insurance claims in excess of \$110,000 up to \$1,890,000 per individual and claims in excess of \$13,813,719 up to \$1,000,000 in the aggregate per individual.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 13 Risk Management (Continued)

At June 30, 2015, the District has recorded a \$2,082,481 liability, which represents reported and estimated unreported claims, which were incurred on or before June 30, 2015.

	2015	2014
Estimated unpaid claims at beginning of year	\$ 2,082,481	\$ 2,496,000
Current year claims and changes in estimates	11,085,195	11,842,708
Claim payments	(11,085,195)	(12,256,227)
Estimated unpaid claims at end of year	\$ 2,082,481	\$ 2,082,481

Note 14 Jointly Governed Organization

The District is served by Cooperative Education Service Agency No. 10 (CESA). CESA is a regional service entity organized to serve the educational needs of 29 school districts in all or parts of Barron, Buffalo, Chippewa, Clark, Dunn, Eau Claire, Jackson, Marathon, Price, Rusk, Sawyer, Taylor, and Trempealeau counties. CESA is governed by an 11-member board of control elected from a delegate assembly, which consists of one school board member from each of the school districts in the CESA region, with special provisions made for areas served by union high/K-8 districts. Participating school districts have neither an ongoing financial interest nor responsibility. The District purchased \$223,278 of education services during the fiscal year. At June 30, 2015, due to/from other governments included \$38,551 due from CESA.

Chippewa Falls Area Unified School District

Notes to Financial Statements

Note 15 Prior Year Restatement

As a result of the implementation of GASB Statement No. 68, the government activities beginning net position was restated as follows:

	<u>Governmental Activities</u>
Balance at July 1, 2014, as previously reported	\$ 54,464,394
Add previously reported net pension obligation	481,509
Subtract beginning net pension liability for District single employer plan	3,767,816
Add beginning net pension asset for WRS	6,757,645
Add deferred outflows of resources - Contributions after the measurement date	<u>877,916</u>
Balance at July 1, 2014, as restated	<u><u>\$ 58,813,648</u></u>

Required Supplementary Information

Chippewa Falls Area Unified School District

Budgetary Comparison Schedule – General Fund

Year Ended June 30, 2015

	Budgeted Amounts		Actual on Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 22,300,597	\$ 22,300,597	\$ 22,326,683	\$ 26,086
Other local services	173,200	173,200	240,952	67,752
Interdistrict sources	771,520	771,520	764,169	(7,351)
Intermediate sources	40,920	40,920	41,534	614
State sources	29,584,403	29,584,403	29,603,154	18,751
Federal sources	1,216,540	1,216,540	1,159,400	(57,140)
Miscellaneous	120,000	120,000	239,920	119,920
Total revenues	54,207,180	54,207,180	54,375,812	168,632
Expenditures:				
Instruction:				
Regular instruction	23,569,453	23,742,814	23,989,023	(246,209)
Vocational instruction	1,830,531	1,778,737	1,793,367	(14,630)
Special instruction	1,086,222	1,054,548	1,022,393	32,155
Other instruction	2,303,555	2,248,892	2,091,960	156,932
Total instruction	28,789,761	28,824,991	28,896,743	(71,752)
Support services:				
Pupil services	1,655,484	1,640,695	1,640,695	-
Instructional staff services	1,987,496	2,078,060	2,088,884	(10,824)
General administration services	1,728,495	1,794,093	1,794,218	(125)
Building administration services	2,552,507	2,636,695	2,635,944	751
Business services	641,086	641,086	602,683	38,403
Operations and maintenance	7,849,425	9,361,836	9,408,589	(46,753)
Pupil transportation	3,141,287	3,138,287	3,101,862	36,425
Central services	1,110,267	1,087,314	1,466,145	(378,831)
Insurance	370,135	370,135	449,553	(79,418)
Debt service:				
Principal and interest	50,000	50,000	58,365	(8,365)
Other support services	11,094	11,094	11,829	(735)
Total support services	21,097,276	22,809,295	23,258,767	(449,472)
Total expenditures	49,887,037	51,634,286	52,155,510	(521,224)

Chippewa Falls Area Unified School District

Budgetary Comparison Schedule – General Fund (Continued)

Year Ended June 30, 2015

	Budgeted Amounts		Actual on Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Excess of revenues over expenditures	\$ 4,320,143	\$ 2,572,894	\$ 2,220,302	\$ (352,592)
Other financing sources:				
Transfers out	(4,317,143)	(4,426,227)	(4,508,944)	(82,717)
Issuance of capital leases		-	399,000	399,000
Proceeds from sale of capital assets		-	520	520
Net other financing uses	(4,317,143)	(4,426,227)	(4,109,424)	316,803
Net change in fund balance	3,000	(1,853,333)	(1,889,122)	(35,789)
Fund balance - Beginning of year	7,766,172	7,766,172	7,766,172	-
Fund balance - End of year	\$ 7,769,172	\$ 5,912,839	\$ 5,877,050	\$ (35,789)

See Independent Auditor's Report.

See accompanying notes to Budgetary Comparison Schedule – General Fund.

Chippewa Falls Area Unified School District

Notes to Budgetary Comparison Schedule – General Fund

Year Ended June 30, 2015

Note 1 **Budgetary Information**

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 (DPI).

The legally adopted budget and budgetary expenditure control is exercised at the two-digit subfunction level in the General Fund and at the function level for all other funds. Reported budget amounts are as originally adopted or as amended by 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 make alterations to the proposed budget.
- Once the School Board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire School Board.

Appropriations lapse at year-end unless authorized as a carryover by the School Board. The portion of fund balance representing carryover appropriations is reported as an assigned fund balance.

Chippewa Falls Area Unified School District

Notes to Budgetary Comparison Schedule – General Fund (Continued)

Year Ended June 30, 2015

Note 2 Budgetary Comparison

GAAP requires a budgetary comparison for the general fund and each major special revenue fund.

Required comparisons are between the final budget and actual on a budgetary basis. The “original budget” represents the budget as approved by the school board after it sets the tax to be levied for the fiscal year. The “final budget” is the “original budget” adjusted for any budget amendments approved by the school board during the fiscal year and up to the time the financial statements are ready to be issued. The “actual on a budgetary basis” excludes the revenues, expenditures, and other financing sources/(uses) of the special education fund and community service fund, which are treated as special revenue funds for budgetary purposes. The following schedule reconciles the “budgetary basis” revenues and expenditures of the *budgetary comparison schedule – general fund* to the *governmental funds – statement of revenues, expenditures, and changes in fund balances*.

	General Fund Actual on Budgetary Basis	Special Education Fund	Community Service Fund	General Fund Actual on GAAP Basis
Revenues	\$ 54,375,812	\$ 2,674,743	\$ 314,311	\$ 57,364,866
Expenditures	(52,155,510)	(7,183,687)	(346,381)	(59,685,578)
Other financing sources (uses)	(4,109,424)	4,508,944	-	399,520
Net change in fund balance	\$ (1,889,122)	\$ -	\$ (32,070)	\$ (1,921,192)

Chippewa Falls Area Unified School District

Notes to Budgetary Comparison Schedule – General Fund (Continued)

Year Ended June 30, 2015

Note 3 Excess of Expenditures Over Appropriations

For the year ended June 30, 2015, the General Fund had expenditures in excess of appropriations for the following two-digit subfunction categories:

	Budget	Actual	Actual Over Budget
Regular instruction	\$ 23,742,814	\$ 23,989,023	\$ 246,209
Vocational instruction	1,778,737	1,793,367	14,630
Instructional staff services	2,078,060	2,088,884	10,824
General administration services	1,794,093	1,794,218	125
Operations and maintenance	9,361,836	9,408,589	46,753
Central services	1,087,314	1,466,145	378,831
Insurance	370,135	449,553	79,418
Principal and interest	50,000	58,365	8,365
Other support services	11,094	11,829	735

Chippewa Falls Area Unified School District

Schedules of Employer's Proportionate Share of the Net Pension Liability and Employer Contributions – Wisconsin Retirement System

Year Ended June 30, 2015

SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY WISCONSIN RETIREMENT SYSTEM (WRS)

June 30, 2015

	<u>2015</u>
District's proportion of the net pension liability (asset)	0.18%
District's proportionate share of the net pension liability (asset)	\$ (4,325,149)
District's covered-employee payroll during the measurement period	\$ 25,639,676
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(16.87%)
Plan fiduciary net position as a percentage of the total pension liability	102.74%

* The amounts presented were determined as of 12/31/2014

SCHEDULE OF EMPLOYER CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM (WRS)

June 30, 2015

	<u>2015</u>
Contractually required contribution for the fiscal period	\$ 1,866,224
Contributions in relation to the contractually required contribution	<u>(1,866,224)</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll for the fiscal period	\$ 27,059,106
Contributions as a percentage of covered-employee payroll	6.90%

Notes to the Schedules

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

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

Chippewa Falls Area Unified School District

Schedule of Changes in the Employer's Net Pension Liability and Related Ratios – District Pension Plan

Year Ended June 30, 2015

Schedule of Changes in the Employer's Net Pension Liability and Related Ratios - District Pension Plan Year Ended June 30, 2015

	2015
Total pension liability:	
Service cost	\$ 212,624
Interest	128,482
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of member contributions	(618,419)
Net change in total pension liability	(277,313)
Total pension liability - Beginning	3,873,826
Total pension liability - Ending (a)	\$ 3,596,513
Plan fiduciary net position:	
Contributions - Employer	\$ -
Contributions - Employee	-
Net investment income	186
Benefit payments, including refunds of employee contributions	(618,419)
Administrative expense	-
Other	-
Net change in plan fiduciary net position	(618,233)
Plan fiduciary net position - Beginning	106,010
Plan fiduciary net position - Ending (b)	\$ (512,223)
District's net pension liability - Ending (a) - (b)	\$ 4,108,736

Chippewa Falls Area Unified School District

Schedule of Changes in the Employer's Net Pension Liability and Related Ratios – District Pension Plan (Continued)

Year Ended June 30, 2015

Schedule of Changes in the Employer's Net Pension Liability
and Related Ratios - District Pension Plan (Continued)
Year Ended June 30, 2015

	2015
Plan fiduciary net position as a percentage of the total pension liability	(12.47%)
Covered-employee payroll	\$14,149,613
District's net pension liability as a percentage of covered-employee payroll	29.04%

Chippewa Falls Area Unified School District

Schedule of Employer Contributions – District Pension Plan

Year Ended June 30, 2015

Schedule of Employer Contributions - District Pension Plan

Year Ended June 30, 2015

	2015
Actuarially determined contribution	\$ 314,710
Contributions in relation to the actuarially determined contribution	-
Contribution deficiency (excess)	\$ 314,710
Covered-employee payroll	\$ 14,149,613
Contributions as a percentage of covered-employee payroll	0.00%

Notes to Schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Market Value
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation	4.00%
Salary increases	3.0%, average, including inflation
Investment rate of return	5.50%, net of pension plan investment expense, including inflation

Chippewa Falls Area Unified School District

Schedule of Investment Returns – District Pension Plan

Year Ended June 30, 2015

Schedule of Investment Returns - District Pension Plan Year Ended June 30, 2015

2015

Annual money-weighted rate of return, net of investment expense 0.00%

Chippewa Falls Area Unified School District

Schedules of Funding Progress and Employer Contributions – OPEB

Year Ended June 30, 2015

SCHEDULE OF FUNDING PROGRESS - OPEB

As of June 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) - Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
07/01/13	\$ 17,120,747	\$ 24,647,032	\$ 7,526,285	69.5%	\$ 12,706,170	59.2%
07/01/11	10,433,883	23,224,640	12,790,757	44.9%	15,058,209	85.0%
01/01/10	1,824,545	23,423,550	21,599,005	7.8%	17,035,884	12.7%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB

For the Year Ended June 30, 2015

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2015	\$ 1,180,434	0.0%
2014	1,180,434	89.6%
2013	1,428,446	469.1%
2012	1,428,446	469.6%
2011	1,967,455	348.1%
2010	1,967,455	318.5%
2009	2,081,892	142.1%

Note: Data in the schedule of funding progress was taken from the report issued by the actuary for OPEB.

Supplementary Financial Information

Chippewa Falls Area Unified School District

Fiduciary Fund – Schedule of Changes in Assets and Liabilities

(Student Organizations' Agency Fund)

Year Ended June 30, 2015

<i>Assets</i>	Balance 07-01-14	Additions	Deductions	Balance 06-30-15
Cash and investments	\$ 219,382	\$ 880,207	\$ 848,730	\$ 250,859
TOTAL ASSETS	\$ 219,382	\$ 880,207	\$ 848,730	\$ 250,859
<i>Liabilities</i>				
Due to student organizations:				
High school	\$ 152,167	\$ 720,489	\$ 687,239	\$ 185,417
Middle school	67,215	159,718	161,491	65,442
TOTAL LIABILITIES	\$ 219,382	\$ 880,207	\$ 848,730	\$ 250,859

Chippewa Falls Area Unified School District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

Administering Agency Pass-Through Agency Award Description	Federal Catalog Number	Grantor Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
Wisconsin Department of Public Instruction		
Child Nutrition Cluster:		
School Breakfast Program July 1, 2014 - June 30, 2015	10.553	\$ 399,165
National School Lunch Program - Cash Assistance July 1, 2014 - June 30, 2015	10.555	964,195
National School Lunch Program - Noncash Assistance July 1, 2014 - June 30, 2015	10.555	175,655
TOTAL 10.555		1,139,850
Summer Food Service Program July 1, 2014 - June 30, 2015	10.559	14,523
TOTAL CHILD NUTRITION CLUSTER		1,553,538
TOTAL U.S. DEPARTMENT OF AGRICULTURE		1,553,538
<u>U.S. DEPARTMENT OF EDUCATION</u>		
Wisconsin Department of Public Instruction		
Special Education Cluster:		
Special Education - Grants to States (IDEA, Part B) July 1, 2014 - June 30, 2015	84.027	928,724
Special Education - Preschool Grants (IDEA Preschool) July 1, 2014 - June 30, 2015	84.173	18,507
TOTAL SPECIAL EDUCATION CLUSTER		947,231
Title I, Part A Cluster:		
Title I Grants to Local Education Agencies (Title I, Part A of the ESEA) July 1, 2014 - June 30, 2015	84.010	665,959
TOTAL TITLE I, PART A CLUSTER		665,959

Chippewa Falls Area Unified School District

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2015

Administering Agency Pass-Through Agency Award Description	Federal Catalog Number	Grantor Expenditures
<u>U.S. DEPARTMENT OF EDUCATION (Continued)</u>		
Wisconsin Department of Public Instruction		
Improving Teacher Quality State Grants July 1, 2014 - June 30, 2015	84.367	\$ 150,862
CESA #10:		
Career and Technical Education - Basic Grants to States July 1, 2014 - June 30, 2015	84.048	38,551
English Language Acquisition Grants July 1, 2014 - June 30, 2015	84.365	1,842
TOTAL CESA #10		40,393
TOTAL U.S. DEPARTMENT OF EDUCATION		1,804,445
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		
Wisconsin Department of Health Services		
Medical Assistance Program July 1, 2014 - June 30, 2015	93.778	430,901
TOTAL FEDERAL AWARDS		\$ 3,788,884

See Independent Auditor's Report.

See accompanying notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance.

Chippewa Falls Area Unified School District

Schedule of State Financial Assistance

Year Ended June 30, 2015

Administering Agency Pass-Through Agency Award Description	State ID Number	State Grantor Reimbursements
<u>Wisconsin Department of Public Instruction</u>		
Entitlement Programs		
Special Education and School Age Parents District Programs	255.101	\$ 1,525,450
Total Special Education and School Age Parents Program		
		1,525,450
State Lunch	255.102	27,283
Common School Fund	255.103	219,624
Pupil Transportation	255.107	194,451
General Equalization	255.201	28,166,080
State Breakfast Program	255.344	26,347
Educator Effective Eval Sys Grants Public	255.940	31,120
Per Pupil Aid	255.945	760,950
Career and Technical Educ Incentive Grants	255.950	5,000
American Cancer Society	255.318	500
Total Wisconsin Department of Public Instruction		
		30,956,805
<u>Wisconsin Department of Revenue</u>		
Computer Aid	835.109	186,130
<u>Wisconsin Department of Natural Resources</u>		
Payments in Lieu of Taxes	370.503	39,299
TOTAL STATE FINANCIAL ASSISTANCE		\$ 31,182,234

See Independent Auditor's Report.

See accompanying notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance.

Chippewa Falls Area Unified School District

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance Year Ended June 30, 2015

Note 1 Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the Chippewa Falls Area Unified School District under programs of the federal and state government for the year ended June 30, 2015. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and *State of Wisconsin Single Audit Guidelines*. Because the schedules present only a selected portion of the operations of the Chippewa Falls Area Unified School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Chippewa Falls Area Unified School District.

Note 2 Summary of Significant Accounting Policies

Expenditures reported on the schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3 Special Education and School Age Parents Program

2014–2015 eligible costs under the State Special Education Program are \$6,244,032.

Other Reports



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Board of Education
Chippewa Falls Area Unified School District
Chippewa Falls, Wisconsin

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

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies: 2015-001 and 2015-002.

Compliance and Other Matters

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

Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of This Report

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

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, professional style.

Wipfli LLP

November 30, 2015
Eau Claire, Wisconsin



Independent Auditor's Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance

Board of Education
Chippewa Falls Area Unified School District
Chippewa Falls, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited the Chippewa Falls Area Unified School District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration, that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2015. The Chippewa Falls Area Unified School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Chippewa Falls Area Unified School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Chippewa Falls Area Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination on the Chippewa Falls Area Unified School District's compliance with those requirements.

Opinion on Each Major Federal and State Program

In our opinion, the Chippewa Falls Area Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Chippewa Falls Area Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Chippewa Falls Area Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with *OMB Circular A-133* and the *State of Wisconsin Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Chippewa Falls Area Unified School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Wipfli LLP

November 30, 2015
Eau Claire, Wisconsin

Chippewa Falls Area Unified School District

Schedule of Findings and Questioned Costs

Year Ended June 30, 2015

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? Yes

Noncompliance material to the financial statements? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? No

Type of auditor’s report issued on compliance for major programs. Unmodified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133 Section .510(a)? No

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
10.553, 10.555, and 10.559	Child Nutrition Cluster
84.010	Title I, Part A
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B Programs \$300,000

Auditee qualified as a low-risk auditee? No

Chippewa Falls Area Unified School District

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2015

Section I – Summary of Auditor’s Results (Continued)

State Financial Assistance

Internal control over major programs:
 Material weakness(es) identified? No
 Significant deficiency(ies) identified? No

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

Any audit findings disclosed that are required to be reported in accordance with the *State of Wisconsin Single Audit* Guidelines? No

Identification of major state programs:

State I.D. Number	Name of State Program
255.101	Special Education and School Age Parents
255.201	General Equalization

Chippewa Falls Area Unified School District

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2015

Section II – Financial Statement Findings

2015-001 Segregation of Duties

Criteria – No one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Condition – Incompatible functions are currently being performed by the same individual.

Cause – Limited staff available and inadequate compensating controls.

Effect – Decreased likelihood that unauthorized, false, or incorrectly coded transactions will be prevented, or detected and corrected, in a timely fashion, which may result in misstated financial statements.

Recommendation – We recommend that management and those charged with governance continue to evaluate whether to accept the degree of risk associated with this condition because of cost or other considerations.

Corrective Action Plan – The District does not have the resources available to increase staff size and address this internal control deficiency. The Board and management are aware of the incompatible duties and will continue to provide oversight and monitor the District's operations. In addition, the Board reviews monthly cash disbursements and bank reconciliations for oversight.

Chippewa Falls Area Unified School District

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2015

Section II – Financial Statement Findings (Continued)

2015-002 Financial Accounting and Reporting

Criteria – The District is responsible for reporting financial data reliably in accordance with accounting principles generally accepted in the United States (GAAP).

Condition – As part of our professional services for the year ended June 30, 2015, we were requested to draft the financial statements and accompanying notes to the financial statements.

Cause – The District does not expect, nor does it require, its financial staff to have the ability to prepare GAAP financial statements.

Effect – As a result of not having an individual trained in the preparation of GAAP basis financial statements, the completeness of the financial statement disclosures and the accuracy of the financial statement presentation is negatively impacted as outside auditors do not have the same comprehensive understanding of the District as its own management.

Recommendation – We recommend that management and those charged with governance continue to evaluate whether to accept the degree of risk associated with this condition because of cost or other considerations.

Corrective Action Plan – The District does not have the resources and staff to prepare the financial statements and notes but will continue to oversee the auditor's services and review and approve the financial statements and notes.

Chippewa Falls Area Unified School District

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2015

Section III – Other Issues

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? No

Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:

Department of Public Instruction	No
Department of Revenue	No
Department of Natural Resources	No
Department of Health Services	No

Was a Management Letter or other document conveying audit comments issued as a result of this audit? Yes

Name of Partner



Dan Walker, CPA

Date

November 30, 2015

Chippewa Falls Area Unified School District

Schedule of Prior Year's Findings and Questioned Costs

Year Ended June 30, 2015

Financial Statement Findings

2014-001 Segregation of Duties – See finding 2015-001.

2014-002 Financial Accounting and Reporting – See finding 2015-002.

Federal Awards and State Financial Assistance Findings and Questioned Costs

2014-003 Allowable Costs/Cost Principles and Reporting

Programs Affected – Title I, Part A: Department of Education (DOE), Passed Through the Wisconsin Department of Public Instruction (DPI) (CFDA 84.010).

Condition Noted – During procedures performed on the District's policies and procedures pertaining to time and effort reporting in accordance with OMB Circular A-87, we noted where a portion of two employees' wages and benefits were allocated to the Title I Grants to Local Educational Agencies (Title I, Part A of ESEA) program. These allocations were based on budgetary estimates and not adjusted to actual at least annually. We also noted that personnel activity reports for these two employees were not signed by the employee.

Current Year Condition – While testing the District's current year payroll allocation, it was noted that payroll costs charged to the projects were supported by personnel activity reports and reflected actual time spent on the projects as opposed to budgeted time.