

STURGEON BAY SCHOOL DISTRICT
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JUNE 30, 2016

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JAMES W. PARSONS
Certified Public Accountant

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INDEPENDENT AUDITORS' REPORT

Board of Education
Sturgeon Bay School District
Sturgeon Bay, Wisconsin

Report on Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sturgeon Bay School District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Districts basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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 Sturgeon Bay School District, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 9 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. I have applied certain limited procedures, to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sturgeon Bay School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedules of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 7, 2016 on my consideration of the Sturgeon Bay School District's internal control structure over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sturgeon Bay School District's internal control over financial reporting and compliance.



James W. Parsons
Certified Public Accountant
November 7, 2016

THE SCHOOL DISTRICT OF STURGEON BAY
Management's Discussion and Analysis
June 30, 2016

As The School District of Sturgeon Bay (District) Business Manager, I offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016. This discussion and analysis complies with Governmental Accounting Standards Board (GASB) Statement No. 34. A comparison to prior year data is presented for all key financial information.

Financial Highlights

- The General Fund (Fund 10) fund balance decreased by \$200,280 to \$3,698,887 which is about 25% of our Fund 10 budget. This fund balance decrease was planned. Revenues were under budget by \$96,158. Expenses came in under budget by \$206,688.
- The Special Education Fund (Fund 27) came in \$179,752 under budget in both revenues and expenses. Revenues from the State increased \$8,069. Federal aid for the IDEA Flow-through and Early Childhood grants were under spent by \$167,835. Federal Law requires us to maintain our financial effort from year to year in Fund 27 under a program they call Maintenance of Effort (MOE) which we do.
- The District has only one long term note outstanding. We owe \$400,000 for our retirement liability which we refinanced a number of years ago. We paid \$100,000 on this note in 2015-16. At present we have this loan on a line of credit with the local bank. We are in essence borrowing from ourselves and saving 6% interest. Long-term debt is less than 1.0% of the District's allowable limit of \$78,580,901.
- The Food Service Fund (Fund 50) balance decreased \$6,497 to \$86,771. We were required to increase lunch prices in the 2015-16 by 10 cents by the FDA in the Clipper Line and middle school ala carte line. The numbers of student meals increased this year by 125 meals to 103,731 meals. This amounts to about 579 meals per day. The breakfast program this school year served 47,926 meals or about 267 students per day. The High School brought back the breakfast break between 1st and 2nd block for 2015-16. This definitely improved the breakfast numbers.
- The Community Service Fund (Fund 80) balance increased by \$7,069 to \$53,256 mainly due to time off for our police liaison officer part way into the year. We are now in the third year with this officer so the balance increase should not occur in 2016-17. The Senior Tax Exchange Program increased the number of senior citizens involved. The tax levy for Fund 80 cannot be increased so we will have to live off the fund balance for at least the next few years.

THE SCHOOL DISTRICT OF STURGEON BAY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of two parts – management's discussion and analysis and the basic financial statements (district-wide and fund statements) including notes to the financial statements.

The basic financial statements consist of two kinds of statements that present different views of the District's financial activities.

- The Statement of Net Assets and Statement of Activities provide information on a district-wide basis. These statements present an aggregate view of the District's finances. District-wide statements contain useful long-term information as well as information for the just completed fiscal year.
- The Statement of Net Assets compares assets to liabilities to give an overall view of the financial health of the District.
- The Statement of Activities defines the entity's expenses by function and illustrates the total that is offset by corresponding revenues – charges for services and/or operating grants and contributions. General Revenues and extraordinary credits are identified. The result is total net expense offset by general and miscellaneous revenue – recognizing the Change in Net Assets for the District from the previous year.
- The remaining statements: Balance Sheet – Governmental Funds and Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds focus on individual parts of the district. Fund statements generally report operations in more detail than the district-wide statements and support the Statement of Net Assets.
- The Notes to the Financial Statements provide further explanation of some of the information in the statements and provide additional disclosures so statement users have a complete picture of the District's financial activities and position.
- Required Supplementary Information further explain and supports the financial statements by including a comparison of the District's budget data for the year and includes all reports in the financial statements through and including the financial notes.

- Additional Supplemental Information provides information specific to non-major governmental funds such as the Food Service Fund and the Community Service Fund.
- The major features of the District's financial statements, including the portion of the activities reported and type of information contained is shown in the following table.

THE SCHOOL DISTRICT OF STURGEON BAY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2016

Major Features of the District-wide and Fund Financial Statements Table #1

	District-Wide Statements	Governmental	Proprietary	Fiduciary
Scope	Entire district (except fiduciary funds)	The activity of the district that is not proprietary or fiduciary, such as instructional, support services, and community services.	Activities the district operates similar to private business. <u>The District does not report any program for this designation.</u>	Assets held by the district on behalf of someone else. Student and other organizations that have funds on deposit with the district are reported here.
Required financial statements	Statement of net assets, and Statement of activities	Balance sheet, and Statement of revenues, expenditures and changes in fund balance.	Statement of net assets, and Statement of revenues, expenses and changes in net assets, and Statement of cash flows.	Statement of fiduciary net assets, and Statement of changes in fiduciary net assets
Basis of accounting and measurement focus	Accrual accounting Economic resources focus	Modified accrual accounting Current financial resources focus	Accrual accounting Economic resources focus	Accrual accounting Economic resources focus
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term.	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets and liabilities, both financial and capital; short-term and long-term.	All assets and liabilities, both financial and capital; short-term and long-term. These funds do not currently contain any capital assets, although they can.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability are due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions or deductions during the year, regardless of when cash is received and paid.

THE SCHOOL DISTRICT OF STURGEON BAY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016

FINANCIAL ANALYSIS

The District as a Whole

Net Assets. Table 2, below, provides a summary of the District's net assets for the year ended June 30, 2016 compared to 2015.

Table 2
Condensed Statement of Net

<u>Assets</u>	<u>2016</u>	<u>2015</u>	<u>Change</u>
<u>Assets</u>			
Current Assets	\$ 4,495,358	\$ 4,645,019	-3.22%
Capital Assets	<u>\$ 9,786,616</u>	<u>\$ 10,088,261</u>	-2.30%
 Total Assets	 \$ 14,281,974	 \$ 14,733,280	 -3.06%
 <u>Liabilities</u>			
Current Liabilities	\$ 1,121,857	\$ 1,177,652	-4.43%
Post Employment Benefits	\$ 15,705,097	\$ 14,752,888	6.45%
 Total Liabilities	 \$ 16,826,954	 \$ 15,930,540	 5.63%
 <u>Net Assets</u>			
Investment in Capital Net of Related Debt	\$ 9,786,616	\$ 10,088,261	-2.99%
Restricted	\$ 158,627	\$ 150,204	5.60%
Unrestricted	\$ 3,214,874	\$ 3,317,163	-3.08%
Post Employment Benefits	\$(15,705,099)	\$(14,752,888)	-6.45%
 Total Net Assets	 \$ (2,544,982)	 \$ (1,197,260)	 125.68%

Total net assets decreased in fiscal year 2016 with an increase in our estimated post-employment benefits. While we have made major changes to our post-employment package, the actuaries continue to feel the benefit's value is increasing. At the annual rate we are currently paying, the liability would last 42 years. The District reported \$14.3M in total assets with \$16.8M in total liabilities. Capital assets include the estimated historical cost of sites, site improvements, buildings, building improvements, furniture and equipment net of accumulated depreciation. The historical cost of buildings and building improvements may not accurately reflect the true value of these buildings.

Total liabilities increased by \$896,000. This report contains Post Employment Benefits. We fund this liability on a pay-as-you-go basis. To go on a funded basis would require us to pay at least 5% more than our current annual expense and would reduce our state aid.

THE SCHOOL DISTRICT OF STURGEON BAY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016

Changes in Net Assets. Table 3 shows the changes in net assets for the fiscal year. 2014-15 is also shown for comparison purposes.

Table 3
Changes in Net Assets from Operating Results for Governmental Activities

Revenues:	Actual		Actual	
	<u>2015-16</u>	%	<u>2014-15</u>	%
Program Revenues				
Charges for Services	\$ 293,777	2%	\$ 294,646	2%
Operating Grant and Contributions	\$ 1,856,676	11%	\$ 1,860,938	12%
General Revenues				
Property and Other Taxes	\$ 8,517,781	53%	\$ 8,240,054	53%
General State Aid	\$ 3,685,824	23%	\$ 3,350,979	22%
Other	<u>\$ 1,789,370</u>	<u>11%</u>	<u>\$ 1,703,904</u>	<u>11%</u>
Total Revenues	<u>\$ 16,143,428</u>	<u>100%</u>	<u>\$ 15,450,521</u>	<u>100%</u>
Expenses:				
Instruction	\$ 8,820,349	50%	\$ 8,170,662	49%
Pupil & Instructional Services	\$ 1,145,229	7%	\$ 1,275,415	8%
Administration	\$ 1,569,789	9%	\$ 1,465,873	9%
Bldg & Grounds	\$ 2,712,839	16%	\$ 2,722,675	16%
Pupil Transportation	\$ 370,967	2%	\$ 417,408	2%
Other Support Services	\$ 1,360,541	7%	\$ 1,188,532	7%
Interest & Fees	\$ 777	0%	\$ 1,504	0%
Food Service	\$ 558,448	4%	\$ 577,807	4%
Post Employment GASB 45	<u>\$ 952,211</u>	<u>5%</u>	<u>\$ 924,915</u>	<u>5%</u>
Total Expenses	<u>\$ 17,491,150</u>	<u>100%</u>	<u>\$ 16,709,197</u>	<u>100%</u>
Change in Net Assets	<u>\$ (1,347,722)</u>		<u>\$ (1,258,676)</u>	

Revenues: The District received \$16.1M in total revenue. 53% of revenues came from property tax and another 23% came from general state aid. Total State aid and grants from all State sources amounted to \$4,870,503, up \$344,977 from the previous year, while Federal program revenue amounted to \$995,741, up \$33,436. State and Federal sources amount to 36% of all revenues.

THE SCHOOL DISTRICT OF STURGEON BAY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016

Expenditures: Instruction and instruction related services accounted for 66% of all expenditures. Labor related expenses account for 70.8% of total expenses. Interest expense of \$777 came from retirement notes borrowed in 2015. The retirement notes will be paid off with savings from payroll retirement expense. \$100,000 of the notes were paid during the fiscal year. Buildings and grounds are a large part of our expenditures as we take care of four district buildings.

Net cost of governmental activities. Table 4 reports the cost of seven major activities. The table also shows each activity's net cost (total cost of services less fees generated by the activities and inter-governmental aid provided for specific programs). In five of the seven categories, program revenues kept pace with the increased cost of providing the service, thereby reducing the reliance on general purpose revenues.

Table 4
Net Cost of Governmental Activities

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	2016	2016
Instruction	\$ 8,820,349	\$ 7,537,300
Pupil & Instructional Services	\$ 1,145,279	\$ 898,733
Gen & Bldg Admin Services	\$ 4,282,578	\$ 4,244,037
Business & Other Services	\$ 1,731,508	\$ 1,701,165
Food Service Program	\$ 558,448	\$ 6,474
Interest/Fees & Other	\$ 777	\$ 777
Post Employment GASB 45	\$ 952,211	\$ 952,211
Total	\$ 17,491,150	\$ 15,340,697

Part of the revenue generated for instructional services comes from students and families through fees, fines and resale. This amounted to \$88,296, up \$2,499 from the previous year. We now run all athletic resale through the various activity funds. This way there is no cost to the General Fund if the coach or event director does not collect enough money from students. Food service also collected \$257,210 for meals purchased by our students and families, down \$890 from 2014-15 revenues.

The District received at least \$205,760 in grants and donations from local sources. (There were other grants received by organizations such as the Athletic Booster Club that were used to assist our students but are not accounted for in District accounts.) The grants are used for a wide variety of projects including HS Band, IT upgrade, HS choir trip, Allies in Autism Program, 8th grade DC trip, Chromebooks and smart TVs.

THE SCHOOL DISTRICT OF STURGEON BAY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016

General fund budgetary comparison and effect on fund balances - The District's citizens passed a fourth revenue cap override referendum for the 2016-17, 2017-18 and 2018-19 school years. The override for 2015-16 was \$1,600,000. We have been able to reduce our budget over the past few years with health insurance changes and improved programs. The fund balance is now \$3,698,887 which is over 23.6% of Fund 10 and Fund 27 expenses. We will be using some of that fund balance in 2016-17 to replace the entire roof at Sawyer Elementary School.

As stated in the Financial Highlights section of this discussion, the General Fund was under budget again this year. We budgeted to use \$310,810 of fund balance but only needed \$200,280 during 2015-16. We were able to use much of the phone system we thought we would have to replace.

We tackled numerous maintenance and IT projects this year. The projects included resurfacing the track and tennis courts for \$39,000; replace the door access control system for \$33,890; add a panic button system for \$6,750; replace HS lockers for \$80,096; and IT projects for \$104,732.

Special Education Fund 27 carried over \$240,502 into 2015-16 for the second year as a Title I Schoolwide District. We will carry forward \$175,835 into 2016-17.

Debt Service Fund 30 includes Fund 38, unfunded liability debt, and Fund 39, referendum debt. Money is transferred each month from Fund 10 to Fund 38 to pay interest and principal payments on the debt. I charge Funds 10, 27, and 50 1.3% of monthly payrolls to fund these payments. We do not have any other outstanding notes at this time.

The Food Service Fund 50 had a small loss of \$6,497 this year. The fund balance in the lunch program is very healthy. The breakfast program is being brought back to the high school which will help this program. There are many more nutritional requirements coming down from the Federal Government each year. This requires quite a bit of work on the part of the lunch staff to keep up with all the changes. Some school districts are opting out of the lunch business due the very difficult requirements.

THE SCHOOL DISTRICT OF STURGEON BAY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2015

The Community Service Fund 80 includes the operation of the auditorium for the community. This fund also includes upkeep of the Lief Everson Observatory property and the STEP program. The STEP program allows senior citizens to help out at school to reduce their property tax. The Naturalist at Crossroads at Big Creek is financed through this fund with donations from the Crossroads Organization. All of our Middle School sport programs are open to all middle school age children living in our District and are operated out of this fund. We have some home schooled children and some from private schools participating in our sport programs. We took over the parochial football program beginning in the fall of 2008.

Finally we also provide a police liaison officer through Fund 80. This officer is stationed at the high school and is available to all schools. We hired a new officer in the fall of 2014. She is doing a very good job with the students. She keeps in touch with many of the students and surely helps some students to stay out of trouble. This has been a great program for the District and the community.

Looking into the future – This is my final year providing the Management Discussion and Analysis letter as I will be retiring from the District at the end of November, 2016. My replacement, Jake Holtz, will provide this information next year. It has been a very pleasurable 28 years I have spent with the District. I have enjoyed working with so many good people and know the District is in good hands for the future.

The District continues to face declining enrollment although we are up slightly this year. Our enrollment was 1,363 in 2003-04; 1,317 in 2004-05; 1,260 in 2005-06; 1,249 in 2006-07; 1,214 in 2007-08; 1,200 in 2008-09; 1,174 in 2009-10; 1,168 in 2010-11; 1,162 in 2011-12; 1,150 in 2012-13; 1,133 in 2013-14; 1,138 in 2014-15; 1,138 in 2015-16; and 1,149 in 2016-17. That's 214 students in 14 years. Classes in the high school range from 74 to 101 while elementary classes are 61 to 100. The number of high school students in the classroom is 396. We have a net gain of 2 students through open enrollment for 2016-17. We now have 178 students coming in and 176 going out. We appear to have a very mobile community.

Overall the District is in very good shape financially and educationally. We have a very healthy fund balance in all our funds and our community has been very supportive of the District.

We look forward to the future of the students of Sturgeon Bay School District. The people living within the Sturgeon Bay School District boundaries have been great at supporting our work and we certainly appreciate them.

STURGEON BAY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
<u>Current Assets</u>			
Cash and Investments	\$ 1,142,954		\$ 1,142,954
Taxes Receivable	2,560,444		2,560,444
Other Receivables & Prepaids	32,031		32,031
Due from other Governments	759,929		759,929
Total Current Assets	\$ 4,495,358	\$ -	\$ 4,495,358
<u>Non-Current Assets</u>			
Land & Site Improvements	\$ 2,540,406		\$ 2,540,406
Building & Building Improvements	14,157,013		14,157,013
Furniture & Equipment	1,702,971		1,702,971
Less: Accumulated Depreciation	(8,613,774)		(8,613,774)
Total Non-Current Assets	9,786,616	-	9,786,616
TOTAL ASSETS	\$ 14,281,974	\$ -	\$ 14,281,974
<u>LIABILITIES</u>			
<u>Current Liabilities</u>			
Accounts Payable	\$ 635,821		\$ 635,821
Deposits	2,036		2,036
Current Portion of Long-Term Liabilities	484,000		484,000
Total Current Liabilities	\$ 1,121,857	\$ -	\$ 1,121,857
<u>Non-Current Liabilities</u>			
Postemployment Benefits other than Pension	\$ 15,705,099	\$ -	\$ 15,705,099
Total Non-Current Liabilities	15,705,099	-	15,705,099
TOTAL LIABILITIES	\$ 16,826,956	\$ -	\$ 16,826,956
<u>NET POSITION</u>			
Investment in Capital Assets, Net of Related Debt	\$ 9,786,616		\$ 9,786,616
Restricted funds for:			
Debt Services	18,596		18,596
Other Activities	140,031		140,031
Unrestricted - Postemployment Benefits other than Pension	(15,705,099)		(15,705,099)
Unrestricted - Unassigned	3,214,874		3,214,874
TOTAL NET POSITION	(2,544,982)	-	(2,544,982)
TOTAL LIABILITIES AND NET POSITION	\$ 14,281,974	\$ -	\$ 14,281,974

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

STURGEON BAY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	Expenses	Program Revenues		Net(Expense)
		Charges for Service	Operating Grants and Contributions	Revenues & Changes in Net Assets
				Total
<u>Governmental Activities</u>				
<u>Instruction</u>				
Undifferentiated Curriculum	\$ 2,693,969	\$ 11,500	\$ 419,405	\$ (2,263,064)
Regular Curriculum	3,386,043	15,000	254,319	(3,116,724)
Vocational Curriculum	65,224	500		(64,724)
Physical Curriculum	342,892	9,500		(333,392)
Special Curriculum	2,096,022		572,825	(1,523,197)
Co-Curricular Activities	236,199	-	-	(236,199)
Total Instruction	\$ 8,820,349	\$ 36,500	\$ 1,246,549	\$ (7,537,300)
<u>Support Service</u>				
Pupil Services	\$ 537,330		\$ 49,970	\$ (487,360)
Instructional Staff Services	607,899		196,526	(411,373)
General Administration	465,442			(465,442)
School Building Administration	842,728			(842,728)
Business Administration	2,605,200	\$ 257,277	323,090	(2,024,833)
Central Services	455,129			(455,129)
Insurance & Judgments	140,303			(140,303)
Debt Services	777			(777)
Other Support Services	340,023			(340,023)
Non-Program	1,216,539		40,541	(1,175,998)
Depreciation - Unallocated	507,220			(507,220)
Post Employment GASB 45	952,211			(952,211)
Total Support Services	\$ 8,670,801	\$ 257,277	\$ 610,127	\$ (7,803,397)
Total School District	\$ 17,491,150	\$ 293,777	\$ 1,856,676	\$ (15,340,697)
<u>General Revenues</u>				
Property Taxes				
General				\$ 8,440,507
Community Service				77,274
State and Federal Aids not restricted to specific functions				
General				3,685,824
Other				323,744
Interest & Investment Income				3,007
Miscellaneous				1,462,619
Total General Revenue				13,992,975
Changes in Net Position				\$ (1,347,722)
Net Position July 1, 2015				(1,197,260)
Net Position June 30, 2016				\$ (2,544,982)

The accompanying notes are an integral part of these financial statement.

STURGEON BAY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	GENERAL FUND	SPECIAL PROJECTS FUND	DEBT SERVICE FUND	OTHER GOVERNMENT FUNDS	TOTAL GOVERNMENT FUNDS
<u>ASSETS</u>					
Cash and Investments	\$ 991,059		\$ 18,596	\$ 133,299	\$ 1,142,954
Taxes Receivable	2,560,444				2,560,444
Accounts Receivable	10,782			4,120	14,902
Due from Other Governments	503,734	\$ 251,547		4,648	759,929
Due from Other Funds	179,624				179,624
Prepaid Expenses	17,129	-	-	-	17,129
	<u>\$ 4,262,772</u>	<u>\$ 251,547</u>	<u>\$ 18,596</u>	<u>\$ 142,067</u>	<u>\$ 4,674,982</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 563,811	\$ 1,290			\$ 565,101
Deposits				\$ 2,036	2,036
Due to Other Governments	87	70,633			70,720
Due to Other Funds	-	179,624	\$ -	-	179,624
	<u>\$ 563,898</u>	<u>\$ 251,547</u>	<u>\$ -</u>	<u>\$ 2,036</u>	<u>\$ 817,481</u>
<u>Fund Balances</u>					
Restricted			\$ 18,596	\$ 140,031	\$ 158,627
Unrestricted - Unassigned	\$ 3,698,874	\$ -	-	-	3,698,874
TOTAL FUND BALANCES	<u>3,698,874</u>	<u>-</u>	<u>18,596</u>	<u>140,031</u>	<u>\$ 3,857,501</u>
	<u>\$ 4,262,772</u>	<u>\$ 251,547</u>	<u>\$ 18,596</u>	<u>\$ 142,067</u>	

Total net assets reported for governmental activities in the statement of net assets are different from the amount reported above as total governmental funds fund balance because:

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 assets are:

Governmental capital asset	\$ 18,400,390	
Governmental accumulated depreciation	<u>(8,613,774)</u>	9,786,616

Long-term liabilities, including notes payable, are not due in the current period and therefore are not reported in the fund statements. Long-term liabilities reported in the statement of net assets that are not reported in the funds balance sheet are:

General Obligation Debt	\$ (400,000)	
Vested Employee Benefits	(84,000)	
Postemployment Benefits other than Pension	<u>(15,705,099)</u>	<u>(16,189,099)</u>

Total Net Assets - Governmental Activities \$ (2,544,982)

The accompanying notes are an integral part of these financial statement.

STURGEON BAY SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR YEAR ENDED JUNE 30, 2016

	GENERAL FUND	SPECIAL EDUCATION FUND	DEBT SERVICE FUND	OTHER GOVERNMENT FUNDS	TOTAL GOVERNMENT FUNDS
<u>REVENUES</u>					
Property Taxes	\$ 8,440,507			\$ 77,274	\$ 8,517,781
Other Local Sources	127,389			257,277	384,666
Interdistrict Sources	1,260,494	\$ 59,110			1,319,604
State Sources	4,288,041	566,933		15,529	4,870,503
Federal Sources	297,537	362,119		336,085	995,741
Other Sources	55,133	-	-	-	55,133
	<u>14,469,101</u>	<u>988,162</u>	<u>-</u>	<u>686,165</u>	<u>16,143,428</u>
TOTAL REVENUES	\$ 14,469,101	\$ 988,162	\$ -	\$ 686,165	\$ 16,143,428
<u>EXPENDITURES</u>					
<u>Instruction</u>					
Undifferentiated Curriculum	\$ 2,692,969				\$ 2,692,969
Regular Curriculum	3,385,043				3,385,043
Vocational Curriculum	65,224				65,224
Physical Curriculum	342,892				342,892
Special Curriculum		\$ 2,096,022			2,096,022
Co-Curricular Activities	218,199				218,199
Other Special Needs	18,000				18,000
	<u>6,722,327</u>	<u>2,096,022</u>	<u>-</u>	<u>-</u>	<u>8,818,349</u>
Total Instruction	\$ 6,722,327	\$ 2,096,022	\$ -	\$ -	\$ 8,818,349
<u>Support Service</u>					
Pupil Service	\$ 378,514	\$ 158,816			\$ 537,330
Instructional Staff Service	360,698	247,201			607,899
General Administration	338,299			\$ 127,143	465,442
School Building Administration	842,728				842,728
Business Administration	2,193,319	59,008		558,448	2,810,775
Central Service	455,129				455,129
Insurance & Judgment	139,338	965			140,303
Debt Service			\$ 100,777		100,777
Other Support Service	299,595	40,428			340,023
	<u>5,007,620</u>	<u>506,418</u>	<u>100,777</u>	<u>685,591</u>	<u>6,300,406</u>
Total Support Service	5,007,620	506,418	100,777	685,591	6,300,406
<u>Non-Program</u>					
General	\$ 1,060,946	\$ 155,593	\$ -	\$ -	\$ 1,216,539
	<u>1,060,946</u>	<u>155,593</u>	<u>-</u>	<u>-</u>	<u>1,216,539</u>
Total Non-Program	1,060,946	155,593	-	-	1,216,539
	<u>12,790,893</u>	<u>2,758,033</u>	<u>100,777</u>	<u>685,591</u>	<u>16,335,294</u>
TOTAL EXPENDITURES	12,790,893	2,758,033	100,777	685,591	16,335,294
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 1,678,208	\$ (1,769,871)	\$ (100,777)	\$ 574	\$ (191,866)
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfer from General Fund	\$ (1,878,497)	\$ 1,769,871	\$ 108,626	\$ -	\$ -
Net Other Financing Sources(Uses)	<u>(1,878,497)</u>	<u>1,769,871</u>	<u>108,626</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (200,289)	\$ -	\$ 7,849	\$ 574	\$ (191,866)
FUND BALANCES JULY 1, 2015	<u>3,899,163</u>	<u>-</u>	<u>10,747</u>	<u>139,457</u>	<u>4,049,367</u>
FUND BALANCES JUNE 30, 2016	<u>\$ 3,698,874</u>	<u>\$ -</u>	<u>\$ 18,596</u>	<u>\$ 140,031</u>	<u>\$ 3,857,501</u>

The accompanying notes are an integral part of these financial statement.

STURGEON BAY SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR YEAR ENDED JUNE 30, 2016

Net change in fund balances - total governmental funds \$ (191,866)

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

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

Capital outlay reported in governmental fund statements	\$ 205,575	
Depreciation expense reported in the statement of activities	<u>(507,220)</u>	
Amount by which capital outlays are greater (Less) than depreciation in the current period		(301,645)

Annual increase in post-employment benefits other than pension \$ (952,211)

Vested employee benefits are reported in the government funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.

Net Vested Employee Benefits	<u>(2,000)</u>	
Net		(954,211)

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net assets and does not affect the statement of activities.

The amount of long-term debt principal payments in the current year is:	100,000
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Change in net assets - governmental activities \$ (1,347,722)

STURGEON BAY SCHOOL DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, AND EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES</u>				
Local Sources	\$ 8,589,038	\$ 8,589,038	\$ 8,567,896	\$ (21,142)
Interdistrict Sources	1,324,627	1,324,627	1,260,494	(64,133)
State Sources	4,295,281	4,295,281	4,288,041	(7,240)
Federal Sources	308,230	308,230	297,537	(10,693)
Other Revenue	<u>48,085</u>	<u>48,085</u>	<u>55,133</u>	<u>7,048</u>
TOTAL REVENUES	\$ 14,565,261	\$ 14,565,261	\$ 14,469,101	\$ (96,160)
<u>EXPENDITURES</u>				
<u>Instruction</u>				
Undifferentiated Curriculum	\$ 2,741,466	\$ 2,741,466	\$ 2,692,969	\$ 48,497
Regular Curriculum	3,407,307	3,407,307	3,385,043	22,264
Vocational Curriculum	71,336	71,336	65,224	6,112
Physical Curriculum	341,990	341,990	342,892	(902)
Co-Curricular Activities	225,055	225,055	218,199	6,856
Other Special Needs	<u>19,807</u>	<u>19,807</u>	<u>18,000</u>	<u>1,807</u>
Total Instruction	\$ 6,806,961	\$ 6,806,961	\$ 6,722,327	\$ 84,634
<u>Support Services</u>				
Pupil Services	\$ 386,778	\$ 386,778	\$ 378,514	\$ 8,264
Instructional Staff Service	369,672	369,672	360,698	8,974
General Administration	355,013	355,013	338,299	16,714
School Building Administration	789,686	789,686	842,728	(53,042)
Business Administration	2,284,377	2,284,377	2,193,319	91,058
Central Services	531,685	531,685	455,129	76,556
Insurance & Judgments	149,402	149,402	139,338	10,064
Other Support Services	<u>304,355</u>	<u>304,355</u>	<u>299,595</u>	<u>4,760</u>
Total Support Services	5,170,968	5,170,968	5,007,620	163,348
<u>Non-Program</u>				
Non-Open & Open Enrollment	<u>1,061,905</u>	<u>1,061,905</u>	<u>1,060,946</u>	<u>959</u>
Total Non-Program	<u>1,061,905</u>	<u>1,061,905</u>	<u>1,060,946</u>	<u>959</u>
TOTAL EXPENDITURES	\$ 13,039,834	\$ 13,039,834	\$ 12,790,893	\$ 248,941
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	1,525,427	1,525,427	1,678,208	152,781
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer to Special Education	\$ (1,733,267)	\$ (1,733,267)	\$ (1,769,871)	\$ (36,604)
Transfer to Debt Service	<u>(102,970)</u>	<u>(102,970)</u>	<u>(108,626)</u>	<u>(5,656)</u>
TOTAL OTHER FINANCING SOURCES (USES)	\$ (1,836,237)	\$ (1,836,237)	\$ (1,878,497)	\$ (42,260)
EXCESS OF REVENUES AND OTHER				
FINANCING SOURCES OVER (UNDER)				
EXPENDITURES AND OTHER USES	\$ (310,810)	\$ (310,810)	\$ (200,289)	\$ 110,521
FUND BALANCE JULY 1, 2015	<u>3,899,163</u>	<u>3,899,163</u>	<u>3,899,163</u>	<u>-</u>
FUND BALANCE JUNE 30, 2016	<u>\$ 3,588,353</u>	<u>\$ 3,588,353</u>	<u>\$ 3,698,874</u>	<u>\$ 110,521</u>

The accompanying notes are an integral
part of these financial statement.

STURGEON BAY SCHOOL DISTRICT
SPECIAL EDUCATION FUND
STATEMENT OF REVENUES & EXPENDITURES - BUDGET & ACTUAL
FOR YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES</u>				
Interdistrict Sources	\$ 70,946	\$ 70,946	\$ 59,110	\$ (11,836)
State Sources	564,112	564,112	566,933	2,821
Federal Sources	<u>569,459</u>	<u>569,459</u>	<u>362,119</u>	<u>(207,340)</u>
 TOTAL REVENUES	 \$ 1,204,517	 \$ 1,204,517	 \$ 988,162	 \$ (216,355)
<u>EXPENDITURES</u>				
Instruction	2,059,333	2,059,333	2,096,022	(36,689)
Support Services	600,242	600,242	506,418	93,824
Non-Program	<u>278,209</u>	<u>278,209</u>	<u>155,593</u>	<u>122,616</u>
 TOTAL EXPENDITURES	 \$ 2,937,784	 \$ 2,937,784	 \$ 2,758,033	 \$ 179,751
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer from General Fund	<u>\$ 1,733,267</u>	<u>\$ 1,733,267</u>	<u>\$ 1,769,871</u>	<u>\$ 36,604</u>
 EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	 \$ -	 \$ -	 \$ -	 \$ -
 FUND BALANCE JULY 1, 2015	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE JUNE 30, 2016	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

The accompanying notes are an integral
part of these financial statement.

STURGEON BAY SCHOOL DISTRICT
TRUST AND AGENCY FUND
COMBINING BALANCE SHEET
JUNE 30, 2016

	<u>Trust Fund</u>	<u>Agency Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Investments	\$ 20,751	\$ 187,856	\$ 208,607
TOTAL ASSETS	<u>20,751</u>	<u>187,856</u>	<u>208,607</u>
<u>LIABILITIES</u>			
Due to Student Organizations	\$ -	\$ 187,856	\$ 187,856
<u>FUND BALANCE</u>			
Restricted	<u>20,751</u>	<u>-</u>	<u>20,751</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 20,751</u>	<u>\$ 187,856</u>	<u>\$ 208,607</u>

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

STURGEON BAY SCHOOL DISTRICT
EXPENDABLE TRUST FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
FOR YEAR ENDED JUNE 30, 2016

	<u>Scholarships</u>	<u>Other</u>	<u>Total</u>
<u>REVENUES</u>			
Interest	\$ 46	\$ -	\$ 46
TOTAL REVENUES	\$ 46	\$ -	\$ 46
<u>EXPENDITURES</u>			
Scholarships & Awards	\$ 1,000	\$ -	\$ 1,000
TOTAL EXPENDITURES	1,000	-	1,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(954)	-	(954)
<u>OTHER FINANCING SOURCES (USES)</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (954)	\$ -	\$ (954)
FUND BALANCE JULY 1, 2015	<u>21,705</u>	<u>-</u>	<u>21,705</u>
FUND BALANCE JUNE 30, 2016	<u>\$ 20,751</u>	<u>\$ -</u>	<u>\$ 20,751</u>

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

STURGEON BAY SCHOOL DISTRICT
STUDENT ACTIVITY ACCOUNT
STATEMENT OF REVENUES AND EXPENDITURES
FOR YEAR ENDED JUNE 30, 2016

	Balance 7/1/2015	Revenues	Expenditures	Balance 6/30/16
Advance Account	\$ 1,766	\$ 40,653	\$ 40,680	\$ 1,739
Board Education	1,830	68,684	68,128	2,386
Academic Boosters	356			356
AODA Club	(250)	565	760	(445)
Fine Arts	258	350	355	253
AV Club	10	400		410
Band - Travel	15,438	6,905	2,762	19,581
Band - Other	442	173		615
Boys Baseball	3,515	2,355	2,761	3,109
Boys Baseball Projects	1,514			1,514
Boys Basketball	(5)			(5)
Boys Golf	2,967	800	1,336	2,431
Boys Swimming	1,087	1,846	2,167	766
Cheerleading	23	986	919	90
Choir Trust	6,652	83,196	86,290	3,558
City Rhythm	1,906	5,259	5,406	1,759
Class of 2005	225		225	-
Class of 2006	300			300
Class of 2007	300			300
Class of 2008	300			300
Class of 2009	300			300
Class of 2010	300			300
Class of 2011	300			300
Class of 2012	300			300
Class of 2013	300			300
Class of 2014	300			300
Class of 2015	533		233	300
Class of 2015 - Cap & Gowns	247		247	-
Class of 2016	2,922	2,604	4,828	698
Class of 2016 - Cap & Gowns		2,201	2,516	(315)
Class of 2017	1,427	4,484	3,301	2,610
Class of 2018	934		427	507
Class of 2019		2,118	41	2,077
Clipper Sales	266	6,817	3,481	3,602
Costume Account	4,819	1,463	44	6,238
Cross Country	(51)	717	661	5
Dance Team	3,404			3,404
FBLA	122	6,428	6,438	112
Flashes	9	9,368	8,077	1,300
Football	1,988		1,065	923
Forensics	50			50
Gay Straight Alliance	191	433	303	321
Girls Basketball	132		33	99
Girls Swim Team	1,152	1,875	1,798	1,229
Girls Volleyball	2,103	10,879	11,628	1,354
HOSA	192	360	435	117
Language	310	598	670	238
Language - Travel	443			443
Lettermans	1,725	5,663	6,609	779
Literary	400			400
Mock Trial	312			312

STURGEON BAY SCHOOL DISTRICT
STUDENT ACTIVITY ACCOUNT - CONT'D
STATEMENT OF REVENUE AND EXPENDITURES
FOR YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>7/1/2015</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Balance</u> <u>6/30/16</u>
Musical	3,624	9,536	9,469	3,691
Post Prom	(18)	1,735	1,660	57
Senior Night - 2015	2,345		2,345	-
Senior Night - 2016		7,672	7,082	590
Senior Night	3,501		1501	2,000
Service Club	710	337	198	849
Ski Club	1,654	3,970	4,390	1,234
Soccer Club	8,913	7,093	11,008	4,998
Student Council	785	7,013	5,640	2,158
Tech Ed	4,099	2,757	4,011	2,845
Track Team	3,732	838	292	4,278
Weight Room	2,473		275	2,198
DARE		100		100
MS 6th Grade	1,207	4,364	5,073	498
MS 7th Grade	525	4,024	4,122	427
MS 8th Grade	477	540	187	830
MS Allied Arts	2,380	6,628	4,509	4,499
MS Choir	263	10,039	9,633	669
MS Eighth Grade Enterprise	276		72	204
MS ID Program		1,201	1,197	4
MS Student Council	435	949	929	455
MS TJ Walker Fund	1,284	5,341	6,179	446
MS TJ Walker Scholarship		4,498	4,998	(500)
MS TJ Walker Yearbook	870	2,259	2,094	1,035
MS Wash DC Trip 2019	2,444		2,444	-
MS Wash DC Trip 2020	(2,484)	85,240	81,278	1,478
MS Wash DC Trip 2021		7,351	6,074	1,277
MS HS Library	532	1,251	1,537	246
Crossroads	1,001		1,001	-
DI Team	(10,975)	13,529	1,321	1,233
Krueger Music Trust	73,578	1,108	32,073	42,613
Elem Activitiy	4,672	19,883	17,888	6,667
Elem Artists in Residence	565			565
Elementary Yearbook	337	3,368	3,194	511
Elem Sawyer School Store	2,420	87	254	2,253
Elem Sunrise School Store	883	1,549	2,256	176
Elem Title I Summer Reading	94	250	200	144
UW Literacy Autism Grant	1,039			1,039
Special Ed Trust		337		337
Special Ed Trust - Other	3,036			3,036
Special Ed EBD	494			494
Special Ed Autism		1000		1,000
Scholarship - A & B Houston	105		150	(45)
Scholarship - Eunice Pagenkopf	2,050		1,000	1,050
Scholarship - Hervey Hauser			500	(500)
Scholarship - Francis Roberts	260			260
Scholarship - Jaleane Foundation	1,000			1,000
Scholarship - Margaret Reynolds	(1,000)		1,000	(2,000)
Scholarship - Marsden	5,000	18,000	15,000	8,000
Scholarship - S Starr	1,250	2,000	3,000	250
Scholarship - Thrivent	500			500

STURGEON BAY SCHOOL DISTRICT
STUDENT ACTIVITY ACCOUNT - CONT'D
STATEMENT OF REVENUE AND EXPENDITURES
FOR YEAR ENDED JUNE 30, 2016

	Balance <u>7/1/2015</u>	<u>Revenues</u>	<u>Expenditures</u>	Balance <u>6/30/16</u>
Scholarship - Stan Ostrand		500	500	-
Scholarship - Pirates in Harbor		150	100	50
Scholarship - H.S. Baird Masonic		1,000	1000	-
<u>RaiBrook Grants</u>				
HS Lockers	20,000		20,000	-
Auditorium Sound	22,970		13,705	9,265
Sullivan	30,000		30,000	-
Ruckus	17,467		17,467	-
Hintz Band Instruments		12,845	12,845	-
Allies in Autism		7,485	7,801	(316)
Distric Technology		30,184	30,184	-
Wheat CPR		1,062	1,062	-
Ranch NY Trip		12,400	12,400	-
Banks Smart TVs		6,280	6,280	-
Watermolen Bleachers		50,000	50,000	-
Nickel Chromebooks		3,000	3,000	-
Phal - Tech Ed Inv		20,000	20,000	-
Moeller Gym Project		3,295	3,295	-
Moeller Inline		5,300	5,300	-
Hintz Music Tech		14,100	12,322	1,778
Watermolen LLI		3,000	3,000	-
Sullivan Equip		18,750	18,750	-
Watermolen DC Trip		1,200	1,200	-
Beaten Crct Design		513	512	1
Banks Test PC		3,039	3,039	-
Hauser Com Engage		2,000		2,000
Banks-Projectors		6,539	6,539	-
Smejkal Social Skills		2,309	-	2,309
	<u>-</u>	<u>2,309</u>	<u>-</u>	<u>2,309</u>
 Total	 <u>\$ 280,837</u>	 <u>\$ 708,978</u>	 <u>\$ 801,959</u>	 <u>\$ 187,856</u>

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

STURGEON BAY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The Sturgeon Bay School District is organized as a unified school district. The District, governed by a nine member elected school board, operates grades K through 12 and is comprised of all or parts of two taxing districts. The District, in lieu of its legal name, is referred to as the Sturgeon Bay School District.

B. COMPONENT UNITS

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

C. DISTRICT-WIDE STATEMENTS

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

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

D. FUND FINANCIAL STATEMENTS

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. FUND FINANCIAL STATEMENTS – Cont'd

The District reports the following major governmental funds:

General fund – This is the district's primary operating fund. It accounts for all financial activity that is not required to be accounted for in another fund.

Special education fund – This fund accounts for the activities associated with providing educational programs for students with disabilities. Sources include financial aid received from the state and federal government and payments from other school districts. Excess expenditures of the fund are financed with a transfer from the general fund.

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

Capital projects funds – These funds account for financial resources to be used for the acquisition or construction of capital facilities.

The district reports the following non-major governmental funds:

- * Teach Fund: State Aid
- * Food Service Fund: Used to account for district's food service programs.
- * Community Service Fund: Used to account for district's community service programs.
- * Package and Cooperative Program Fund: Used to account for services provided on a cooperative basis with other educational agencies.

The district also has fiduciary funds:

Fiduciary funds account for assets held by a district in a trustee capacity or as an agent on behalf of others.

Agency fund - The fund accounts for activities of student organizations and other assets that the district holds for others in an agency capacity. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Expendable trust fund - The fund accounts for scholarships and other donations where both the principal and interest may be spent. Expendable Trust Funds are accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting.

Nonexpendable trust fund - The fund accounts for scholarships and other donations where the principal may not be spent. Nonexpendable Trust Funds are accounted for on a flow of economic resources measurement focus using the accrual basis of accounting.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

MEASUREMENT FOCUS

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds and expendable trust funds are presented using the flow of current financial resources measurement focus. With this measurement focus, operating statements present increases and decreases in net current assets as a measure of available spendable resources. Agency funds are custodial in nature and do not measure the results of operation or have a measurement focus.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as a governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Obligation Account Group.

All Nonexpendable Trust Funds are accounted for on the flow of economic resources measurement focus, which emphasizes the determination of net income. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets.

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Governmental funds, expendable trust funds and agency funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, 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.

Property taxes are recognized in the fiscal year levied.

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - CONT'D

BASIS OF ACCOUNTING - Continued

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Employee services and payroll-related costs (employee health, life, disability insurance, FICA, Wisconsin Retirement System contributions, annuities) other than compensated absences, termination and other postemployment benefits are recognized in the fiscal period when incurred. The cost of capital items is recorded as expenditure when acquired. Interest cost on temporary borrowing is recognized as an expenditure of the fiscal period incurred. Costs for educational services provided the district by other educational agencies or private organizations are recognized when incurred. Costs for special education services are not reduced by anticipated state special education aid entitlements.

F. 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 from date of acquisition. Cash and investment balances for individual funds are pooled unless maintained in segregated accounts.

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

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.

G. RECEIVABLES AND PAYABLES

The aggregate district tax levy is apportioned and certified during November of the current fiscal year for collection to comprising municipalities based on the immediate past October 1st 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 31st, and a final payment no later than the following July 31st. On or before January 15th, and by the 20th of each subsequent month thereafter, the District is paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20th, the County Treasurer makes full settlement to the District for any remaining balance. The County assumes all responsibility for delinquent real property taxes.

Property taxes are recognized as revenue in the period which the taxes are levied for if they are due in the current year and available to pay current liabilities. The 2016 tax levy is used to finance operations of the District's fiscal year ended June 30th, 2016. All property taxes are considered due on January 1st, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30th and are available to pay current liabilities.

STURGEON BAY SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

G. RECEIVABLES AND PAYABLES - CONT'D

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

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

H. OTHER ASSETS

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

I. CAPITAL ASSETS

Capital assets are reported at actual cost for acquisitions or estimated historical costs. Donated assets are reported at estimated fair market value at the time received.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$25,000	Straight-line	50 years
Building Improvements	\$25,000	Straight-line	20 years
Site Improvements	\$10,000	Straight-line	10 – 20 years
Furniture & Equipment	\$2,500	Straight-line	5 to 15 years
Computer & related technology	\$2,500	Straight-line	5 years

J. LONG-TERM DEBT

The district records governmental fund long-term debt at face value as an other financing source and as a liability in the general long-term obligation account group. Debt discount and issuance cost is recorded as an expenditure of the fund receiving the proceeds. As required by state statute, premium and accrued interest received as part of the proceeds are recorded in the Debt Service Fund.

K. OTHER OBLIGATIONS

Employees may accumulate up to 30 days of vacation leave at the end of any fiscal year. Upon separation or retirement, employees do not receive any payment for unused sick time. At fiscal year end, the value of accumulated vacation days is recorded in the general long-term obligations account group. There is no liability for unpaid accumulated sick leave since the district records the cost of sick leave only when used.

STURGEON BAY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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(Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

L. FUND EQUITY

Reservations of equity represent amounts that are not subject to appropriation and/or are legally segregated for a specific purpose. Designations of equity represent tentative management plans that are subject to change.

M. BUDGETARY ACCOUNTING

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. 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 a reserved fund balance.

N. USE OF ESTIMATES

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

O. SUBSEQUENT EVENTS

Management has evaluated any subsequent events through November 7, 2016 that would affect these financial statements.

STURGEON BAY SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

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

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

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

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

- a. Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities. The long-term expenses reported below recognize the change in vested employee benefits.
- b. Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets are reported on the statements of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the statement of activities.
- c. Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest expense is recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net assets.

	Total Governmental Funds	Long-Term Revenue Expenses	Capital Related Items	Long-Term Debt Transactions	Statement of Activity Total
<u>REVENUES & OTHER SOURCES</u>					
Property Taxes	\$ 8,517,781				\$ 8,517,781
Interest & Invest Income	3,007				3,007
Charges for Services	293,777				293,777
Miscellaneous	87,882				87,882
Interdistrict Sources	1,319,604				1,319,604
State Sources	4,870,503				4,870,503
Federal Sources	995,741				995,741
Other Sources	<u>55,133</u>	-	-	-	<u>55,133</u>
Total Revenues	\$ 16,143,428	\$ -	\$ -	\$ -	\$ 16,143,428

STURGEON BAY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

(Continued)

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

A. Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities – Cont'd

	Total Governmental Funds	Long-Term Revenue Expenses	Capital Related Items	Long-Term Debt Transactions	Statement of Activity Total
<u>EXPENDITURES & EXPENSES</u>					
Undifferentiated Curriculum	\$ 2,692,969	\$ 1,000			\$ 2,693,969
Regular Curriculum	3,385,043	1,000			3,386,043
Vocational Curriculum	65,224				65,224
Physical Curriculum	342,892				342,892
Special Curriculum	2,096,022				2,096,022
Co-Curriculum Activities	218,199				218,199
Other Special Needs	18,000				18,000
Pupil Services	537,330				537,330
Instructional Staff Services	607,899				607,899
General Administration	465,442				465,442
School Building Administration	842,728				842,728
Business Administration	2,810,775		\$ (205,575)		2,605,200
Central Services	455,129				455,129
Insurance & Judgments	140,303				140,303
Debt Service	100,777			\$ (100,000)	777
Other Support Service	340,023				340,023
Non-Program	1,216,539				1,216,539
Depreciation – Unallocated			507,220		507,220
Post-Employment Expense Other than Pension	-	952,211	-	-	952,211
 Total Expenditures & Expenses	 <u>16,335,294</u>	 <u>954,211</u>	 <u>301,645</u>	 <u>(100,000)</u>	 <u>17,491,150</u>
 Net Change for year	 <u>\$ (191,866)</u>	 <u>\$ (954,211)</u>	 <u>\$ (301,645)</u>	 <u>\$ 100,000</u>	 <u>\$ (1,347,722)</u>

NOTE 3 CASH AND INVESTMENTS

The Debt Service Fund accounts for its transactions through separate and distinct bank and investment accounts as required by State Statutes. In addition, the Trust and Agency Fund uses separate and distinct accounts. All other funds share in common bank and investment accounts.

STURGEON BAY SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3 CASH AND INVESTMENTS - CONT'D

Deposits: Deposits in bank are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for demand deposits and \$250,000 for time deposits. In addition, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per entity above the amount provided by the FDIC. However, due to the relatively small size of the Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.

At year-end, the carrying amount of the District's deposits was \$1,142,954 and the bank balance was \$1,664,895. Of the bank balance, \$250,000 was covered by the FDIC insurance and \$400,000 was covered by the State Guarantee Fund. This left \$1,014,895 uninsured. All has been collateralized.

The District is required to invest its fund in accordance with Wisconsin Statute 66.04(2) and 67.11(2). The School Board has adopted an investment policy pursuant to these statutes which allows the District to invest in the following:

- Time Deposits
- Securities Guaranteed by the U.S. Government
- Securities of Wisconsin Municipal Units
- Securities of Wisconsin Educational and School Districts
- Local Government Investment Pool

NOTE 4 DUE FROM/DUE TO OTHER FUNDS

Individual fund interfund receivable and payable balances on June 30, 2016 are as follows:

<u>FUND</u>	<u>DUE FROM</u>	<u>DUE TO</u>
General Fund		\$ 179,624
Special Revenue Funds:		
Special Project Fund	\$ 179,624	-0-
Total	<u>\$ 179,624</u>	<u>\$ 179,624</u>

NOTE 5 SHORT-TERM NOTES PAYABLE

There were no short-term notes payable June 30, 2016.

STURGEON BAY SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

NOTE 6 EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following functions/subfunction had an excess of actual expenditures over budget for the year ended June 30, 2016.

<u>INDIVIDUAL FUND</u>	<u>EXCESS EXPENDITURES</u>
General Fund – Physical Curriculum	\$ 902
General Fund – School Building Administration	\$ 53,042
Special Project – Instruction	\$ 36,689

NOTE 7 FUND BALANCES

On June 30, 2016 no individual funds had fund balance deficits.

Portions of fund balances are restricted and are not available for current appropriation or expenditure, as follows:

Food Service Fund	\$ 86,776
Debt Service Fund	\$ 18,596
Community Service Fund	\$ 53,255

NOTE 8 CAPITAL ASSETS

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

	<u>Balance 7/1/15</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 6/30/16</u>
Land	\$ 2,009,000			\$ 2,009,000
Site Improvements	492,381	\$ 39,028		531,406
Building	14,157,013			14,157,013
Equipment	<u>1,536,421</u>	<u>\$ 166,550</u>	<u>\$ -</u>	<u>1,702,971</u>
Total	\$18,194,815	\$ 205,575	\$ -	\$ 18,400,390
Accumulated Depr	<u>(8,106,554)</u>	<u>(507,220)</u>	<u>-</u>	<u>(8,613,774)</u>
Net	<u>\$10,088,261</u>	<u>\$ (301,645)</u>	<u>\$ -</u>	<u>\$ 9,786,616</u>

Depreciation expense was charged to governmental functions as follows:

All Unallocated	<u>\$507,220</u>
Total Depreciation for Governmental Activities	<u>\$507,220</u>

STURGEON BAY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 9 LONG-TERM OBLIGATIONS

Long-term obligations of the District are as follows:

	Balance <u>7/1/15</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>6/30/16</u>	Amounts Due Within One Year
Baylake Bank	\$ 500,000	\$ 400,000	\$ 500,000	\$ 400,000	\$ 400,000
<u>Vested Employee Benefits -</u>					
Accrued Vacation Pay	\$ 82,000	2,000	-	84,000	84,000
<u>Prior Years Service Liability</u>					
Post Employment Benefit other than Pension	<u>14,752,888</u>	<u>952,211</u>	<u>-</u>	<u>15,705,099</u>	<u>-</u>
Total	<u>\$15,334,888</u>	<u>\$1,354,211</u>	<u>\$ 500,000</u>	<u>\$16,189,099</u>	<u>\$ 484,000</u>

Total interest paid during the year aggregated \$777.

General Obligation Debt

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt at June 30, 2016 is comprised of the following individual issues:

	<u>Issue Dates</u>	<u>Interest Rates(%)</u>	<u>Dates of Maturity</u>	<u>Balance 6/30/15</u>
Note Payable				
Baylake Bank	12/15/15	Variable	2016	\$ <u>400,000</u>
Total				\$ 400,000

The 2016 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$784,297,886. The legal debt limit and margin of indebtedness as of June 30, 2016 in accordance with Section 67.03(l)(b) of the Wisconsin Statutes is as follows:

Debt Limit		
10% of \$784,297,886		\$78,429,789
Deduct Long-Term Debt		
Applicable to Debt Margin		<u>400,000</u>
Margin of Indebtedness		<u>\$78,029,789</u>

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

NONE

NOTE 10 EMPLOYEE RETIREMENT PLANS

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions.

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

General Information about the Pension Plan

Plan description.

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

Vesting.

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

Benefits provided.

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

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

Employees may retire at age 55 (50 for protective occupations 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.

NOTE 10 EMPLOYEE RETIREMENT PLANS – CONT'D

Defined Benefit Pension Plan – Cont'd

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.

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 an by existing collective bargaining agreement.

Contribution rates for 2014 were:

	<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%

The payroll for the Sturgeon Bay School District employees covered by the System for the year ended December 31, 2015 was \$8,903,668. The total required contribution for the year ended December 31, 2015 from the employer was \$556,034.

NOTE 11 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION

The Sturgeon Bay School District implemented GASB Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension for the fiscal year ended June 30, 2009. This implementation allows the district to report its liability for other postemployment benefits consistent with newly established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements.

Plan Description

The Sturgeon Bay School District operates a single-employer retiree benefit plan that provides postemployment health insurance benefits to eligible employees and their spouses. There are 145 active and 35 retired members in the plan. Benefits and eligibility for teachers and others are established and amended through collective bargaining with the recognized bargaining agent for each group; postemployment health coverage. Benefits and eligibility for administrators, secretaries and general support staff are established and amended by the governing body.

STURGEON BAY SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

NOTE 11 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION - CONTINUED

Funding Policy

Payments under the plan are made on a pay-as-you go basis. There are no invested plan assets accumulated for payment of future benefits. The employer makes all contributions.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contributions	\$ 1,292,234
Interest on net OPEB contributions	0
Adjustment for annual required contributions	<u>-</u>
Annual OPEB cost	\$ 1,292,234
Contributions made	<u>340,023</u>
Increase in net OPEB obligations	<u>\$ 952,211</u>

The Districts annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current year was as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Annual OPEB</u> <u>Cost Contributions</u>	<u>Percentage of</u> <u>Net OPEB</u> <u>Obligations</u>
6/30/2016	\$1,292,234	\$340,023	26.31%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as assumptions about future terminations, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actuarial results are compared with past experience and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The district does not currently have any assets for its OPEB plan.

Actuarial Methods and Assumption

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

STURGEON BAY SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

NOTE 11 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION - CONTINUED

Schedule of Funding Progress

Actuarial Validation Date	6/30/2015
Actuarial Value of Assets	0
Actuarial Accrued Liabilities(AAL)	15,705,099
Unprojected Unit Credit	0%
Unfunded AAL (UAAL)	15,705,099
Funded Ratio	0%
Covered Payroll	8,033,086
AAL as a Percentage of Covered Payroll	195.52%

NOTE 12 LEASES

There are none.

NOTE 13 LIMITATION ON SCHOOL DISTRICT REVENUES

Wisconsin statutes limits the amount of revenues school districts may derive from general school aids and property taxes unless a higher amount is approved by a referendum. This limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

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

*A referendum on or after August 12, 1993.

NOTE 14 RISK MANAGEMENT AND LITIGATION

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the past several years the District has obtained coverage from commercial insurance companies. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

The Management estimates that the amount of actual or potential claims against the District as of June 30, 2016 will not materially affect the financial condition of the District. Therefore, the General Fund contains no provision for, and General Long-Term Debt Account Group does not present, estimated claims. There are presently no claims against the District.

STURGEON BAY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS
POSTEMPLOYMENT BENEFITS OTHER THAN PENSION
FOR THE YEAR ENDED JUNE 30, 2016

Actuarial Validation Date	6/30/2015
Actuarial Value of Assets	-
Actuarial Accrued Liabilities(AAL) 7/1/2015	13,827,973
Increase in Obligation Prior Year	924,915
Increase in Obligation During Year	<u>952,211</u>
Actuarial Accrued Liabilities(AAL) 6/30/2016	15,705,099
Unfunded AAL (UAAL)	15,705,099
Funded Ratio	0%
Covered Payroll	8,033,086
AAL as a Percentage of Covered Payroll	195.51%

STURGEON BAY SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2016 AND JUNE 30, 2015

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	Increase (Decrease)
<u>ASSETS</u>			
Cash & Investments	\$ 991,059	\$ 1,541,579	\$ (550,520)
Taxes Receivable	2,560,444	2,485,764	74,680
Due from Other Funds	179,624	225,587	(45,963)
Due from Other Governments	503,734	187,019	316,715
Receivables	10,782	31,435	(20,653)
Prepaid Expenses	<u>17,129</u>	<u>12,866</u>	<u>4,263</u>
 TOTAL ASSETS	 <u>\$ 4,262,772</u>	 <u>\$ 4,484,250</u>	 <u>\$ (221,478)</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 563,811	\$ 585,088	\$ (21,277)
Due to Other Governments	<u>87</u>	<u>-</u>	<u>87</u>
 TOTAL LIABILITIES	 \$ 563,898	 \$ 585,088	 \$ (21,190)
<u>FUND BALANCE</u>			
Unrestricted - Unassigned	\$ <u>3,698,874</u>	\$ <u>3,899,162</u>	\$ <u>(200,288)</u>
 TOTAL FUND BALANCE	 <u>3,698,874</u>	 <u>3,899,162</u>	 <u>(200,288)</u>
 TOTAL LIABILITIES & FUND BALANCE	 <u>\$ 4,262,772</u>	 <u>\$ 4,484,250</u>	 <u>\$ (221,478)</u>

The accompanying notes are an integral
part of these financial statement.

STURGEON BAY SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES
JUNE 30, 2016 AND JUNE 30, 2015

	Year Ended <u>06/30/2016</u>	Year Ended <u>06/30/2015</u>	Increase <u>(Decrease)</u>
<u>Revenue - Local Sources</u>			
School Taxes - Current Year	\$ 8,395,845	\$ 8,120,873	\$ 274,972
School Taxes - Charge Back	227	624	(397)
Mobile Home Taxes	<u>44,435</u>	<u>41,283</u>	<u>3,152</u>
Total Tax	\$ 8,440,507	\$ 8,162,780	\$ 277,727
Non-Capital Sales	21,005	21,562	(557)
School Activity Income	20,511	17,186	3,325
Interest on Investment	3,007	4,333	(1,326)
Other	<u>82,866</u>	<u>93,648</u>	<u>(10,782)</u>
Total	\$ 8,567,896	\$ 8,299,509	\$ 268,387
<u>Revenue - Interdistrict Sources</u>			
Payments for Services	<u>\$ 1,260,494</u>	<u>\$ 1,176,900</u>	<u>\$ 83,594</u>
Total	\$ 1,260,494	\$ 1,176,900	\$ 83,594
<u>Revenue - State Sources</u>			
Transportation Aid	\$ 11,474	\$ 9,158	\$ 2,316
Library Aid	53,391	47,075	6,316
Other Categorical	166,200	166,350	(150)
Equalization Aid	3,685,824	3,350,979	334,845
Special Projects	9,882	9,120	762
SAGE	334,438	351,813	(17,375)
State Aid - Local Governments	2,149	2,127	22
Exempt Computer Aid	<u>24,683</u>	<u>21,813</u>	<u>2,870</u>
Total	\$ 4,288,041	\$ 3,958,435	\$ 329,606
<u>Revenue - Federal Sources</u>			
Special Projects	\$ 65,115	\$ 161,231	\$ (96,116)
Title 1	208,106	183,325	24,781
Federal Aid Through Non-DPI Agencies	<u>24,316</u>	<u>16,378</u>	<u>7,938</u>
Total	\$ 297,537	\$ 360,934	\$ (63,397)
<u>Revenue - Other Sources</u>			
Reimbursement		\$ 30,932	\$ (30,932)
Refund of Prior Year Expense	\$ 44,793	17,529	27,264
Cost Payments from Another Fund	<u>10,340</u>	<u>10,170</u>	<u>170</u>
Total	\$ 55,133	\$ 58,631	\$ (3,498)
TOTAL REVENUES	<u>\$ 14,469,101</u>	<u>\$ 13,854,409</u>	<u>\$ 614,692</u>

The accompanying notes are an integral
part of these financial statement.

STURGEON BAY SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENT OF EXPENDITURES BY SEMI-DETAILED FUNCTION
JUNE 30, 2016 AND JUNE 30, 2015

	Year Ended <u>06/30/2016</u>	Year Ended <u>06/30/2015</u>	Increase <u>(Decrease)</u>
<u>INSTRUCTION</u>			
<u>Undifferentiated Curriculum</u>			
Salaries	\$ 1,931,620	\$ 1,817,735	\$ 113,885
Employee Benefits	635,393	567,310	68,083
Non-Capital Objects	119,645	87,840	31,805
Capital Objects	<u>6,311</u>	<u>9,931</u>	<u>(3,620)</u>
Total	\$ 2,692,969	\$ 2,482,816	\$ 210,153
<u>Regular Curriculum</u>			
Salaries	\$ 2,381,589	\$ 2,263,166	\$ 118,423
Employee Benefits	823,157	770,740	52,417
Purchased Services	15,620	14,880	740
Non-Capital Objects	149,708	108,215	41,493
Capital Objects	9,559	47,381	(37,822)
Other Expenditures	<u>5,410</u>	<u>5,427</u>	<u>(17)</u>
Total	\$ 3,385,043	\$ 3,209,809	\$ 175,234
<u>Vocational Curriculum</u>			
Salaries	\$ 29,338	\$ 28,912	\$ 426
Employee Benefits	11,965	11,686	279
Purchased Services	230		230
Non-Capital Objects	<u>23,691</u>	<u>23,025</u>	<u>666</u>
Total	\$ 65,224	\$ 63,623	\$ 1,601
<u>Physical Curriculum</u>			
Salaries	\$ 260,724	\$ 226,992	\$ 33,732
Employee Benefits	80,091	74,103	5,988
Non-Capital Objects	<u>2,077</u>	<u>4,738</u>	<u>(2,661)</u>
Total	\$ 342,892	\$ 305,833	\$ 37,059
<u>Co-Curricular Activities</u>			
Salaries	\$ 137,014	\$ 131,216	\$ 5,798
Employee Benefits	15,689	15,317	372
Purchased Services	20,097	19,083	1,014
Non-Capital Objects	21,684	13,811	7,873
Other Expenditures	<u>23,715</u>	<u>25,507</u>	<u>(1,792)</u>
Total	\$ 218,199	\$ 204,934	\$ 13,265
<u>Other Special Needs</u>			
Salaries	\$ 9,848	\$ 5,535	\$ 4,313
Employee Benefits	1,349	452	897
Purchased Services	5,795	1,780	4,015
Non-Capital Objects	<u>1,008</u>	<u>2,465</u>	<u>(1,457)</u>
Total	\$ 18,000	\$ 10,232	\$ 7,768
 TOTAL INSTRUCTION	 <u>\$ 6,722,327</u>	 <u>\$ 6,277,247</u>	 <u>\$ 445,080</u>

STURGEON BAY SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENT OF EXPENDITURES BY SEMI-DETAILED FUNCTION
JUNE 30, 2016 AND JUNE 30, 2015

	Year Ended <u>06/30/2016</u>	Year Ended <u>06/30/2015</u>	Increase <u>(Decrease)</u>
<u>SUPPORT SERVICE</u>			
<u>Pupil Service</u>			
Salaries	\$ 281,022	\$ 276,681	\$ 4,341
Employee Benefits	91,043	93,154	(2,111)
Purchased Services	4,646	3,502	1,144
Non-Capital Objects	1,803	1,446	357
Total	\$ 378,514	\$ 374,783	\$ 3,731
<u>Instructional Staff Service</u>			
Salaries	\$ 172,685	\$ 194,017	\$ (21,332)
Employee Benefits	78,885	65,137	13,748
Purchased Services	47,197	155,744	(108,547)
Non-Capital Objects	61,931	45,251	16,680
Capital Objects	-	12,267	(12,267)
Total	\$ 360,698	\$ 472,416	\$ (111,718)
<u>General Administration</u>			
Salaries	\$ 189,766	\$ 183,090	\$ 6,676
Employee Benefits	54,654	55,584	(930)
Purchased Services	61,396	43,904	17,492
Non-Capital Objects	17,996	14,119	3,877
Capital Objects	-	11,018	(11,018)
Other Expenditures	14,487	15,936	(1,449)
Total	\$ 338,299	\$ 323,651	\$ 14,648
<u>School Building Administration</u>			
Salaries	\$ 634,835	\$ 586,377	\$ 48,458
Employee Benefits	206,469	188,542	17,927
Non-Capital Objects	1,424	1,132	292
Total	\$ 842,728	\$ 776,051	\$ 66,677
<u>Business Administration</u>			
<u>Fiscal</u>			
Salaries	\$ 174,437	\$ 169,962	\$ 4,475
Employee Benefits	76,787	74,947	1,840
Total	\$ 251,224	\$ 244,909	\$ 6,315
<u>Operation of Plant</u>			
Salaries	\$ 126,389	\$ 150,940	\$ (24,551)
Employee Benefits	72,727	73,081	(354)
Purchased Services	300,162	316,294	(16,132)
Non-Capital Objects	14,327	15,304	(977)
Total	\$ 513,605	\$ 555,619	\$ (42,014)

STURGEON BAY SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENT OF EXPENDITURES BY SEMI-DETAILED FUNCTION
JUNE 30, 2016 AND JUNE 30, 2015

	Year Ended <u>06/30/2016</u>	Year Ended <u>06/30/2015</u>	Increase <u>(Decrease)</u>
<u>SUPPORT SERVICE - CONT'D</u>			
<u>Business Administration -Cont'd</u>			
<u>Maintenance of Plant</u>			
Salaries	\$ 473,939	\$ 459,473	\$ 14,466
Employee Benefits	237,593	232,624	4,969
Purchased Services	137,059	99,908	37,151
Non-Capital Objects	114,246	111,480	2,766
Capital Objects	<u>94,686</u>	<u>24,621</u>	<u>70,065</u>
Total	\$ 1,057,523	\$ 928,106	\$ 129,417
 <u>Pupil Transportation</u>			
Purchased Services	\$ <u>370,967</u>	\$ 414,408	\$ (43,441)
Total	\$ 370,967	\$ 414,408	\$ (43,441)
 <u>Central Services</u>			
Salaries	\$ 97,953	\$ 97,723	\$ 230
Employee Benefits	33,439	50,271	(16,832)
Purchased Services	60,552	100,870	(40,318)
Non-Capital Objects	208,941	90,719	118,222
Capital Objects	<u>54,244</u>	<u>281,703</u>	<u>(227,459)</u>
Total	\$ 455,129	\$ 621,286	\$ (166,157)
 <u>Insurance & Judgments</u>			
Insurance	\$ <u>139,338</u>	\$ 146,284	\$ (6,946)
Total	\$ 139,338	\$ 146,284	\$ (6,946)
 <u>Debt Service</u>			
Interest	\$ -	\$ 1,388	\$ (1,388)
Total	\$ -	\$ 1,388	\$ (1,388)
 <u>Other Support Service</u>			
Employee Benefits	\$ <u>299,595</u>	\$ 318,246	(18,651)
Total	\$ <u>299,595</u>	\$ <u>318,246</u>	\$ (18,651)
 TOTAL SUPPORT SERVICE	 \$ 5,007,620	 \$ 5,177,147	 \$ (169,527)

STURGEON BAY SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENT OF EXPENDITURES BY SEMI-DETAILED FUNCTION
JUNE 30, 2016 AND JUNE 30, 2015

	Year Ended <u>06/30/2016</u>	Year Ended <u>06/30/2015</u>	Increase <u>(Decrease)</u>
<u>Non-Program</u>			
Non-Open Enrollment	\$ 75,399	\$ 47,211	\$ 28,188
Open Enrollment	976,221	799,560	176,661
Parent Choice - Private School	7,860		7,860
Adjustments & Refunds	<u>1,466</u>	<u>227</u>	<u>1,239</u>
 TOTAL NON-PROGRAM	 \$ 1,060,946	 \$ 846,998	 \$ 213,948
<u>OTHER USES</u>			
Transfer to Special Education	\$ 1,769,871	\$ 1,622,476	\$ 147,395
Transfer to Non-Refundable Debt	<u>108,626</u>	<u>102,970</u>	<u>5,656</u>
 TOTAL OTHER USES	 <u>1,878,497</u>	 <u>1,725,446</u>	 <u>153,051</u>
 TOTAL EXPENDITURES	 <u>\$ 14,669,390</u>	 <u>\$ 14,026,838</u>	 <u>\$ 642,552</u>

The accompanying notes are an integral
part of these financial statement.

STURGEON BAY SCHOOL DISTRICT
SPECIAL EDUCATION FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2016 AND JUNE 30, 2015

	Year Ended <u>06/30/2016</u>	Year Ended <u>06/30/2015</u>	Increase (Decrease)
<u>ASSETS</u>			
Accounts Receivable	\$ 251,547	\$ 231,722	\$ 19,825
TOTAL ASSETS	<u>\$ 251,547</u>	<u>\$ 231,722</u>	<u>\$ 19,825</u>
<u>LIABILITIES & FUND BALANCE</u>			
Accounts Payable	\$ 1,290	\$ 6,135	\$ (4,845)
Due to other Governments	70,633		70,633
Advance from General Fund	<u>179,624</u>	<u>225,587</u>	<u>(45,963)</u>
Total Liabilities	<u>\$ 251,547</u>	<u>\$ 231,722</u>	<u>\$ 19,825</u>
Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 251,547</u>	<u>\$ 231,722</u>	<u>\$ 19,825</u>

The accompanying notes are and integral
part of these financial statement.

STURGEON BAY SCHOOL DISTRICT
SPECIAL EDUCATION FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
JUNE 30, 2016 AND JUNE 30, 2015

	Year Ended <u>06/30/2016</u>	Year Ended <u>06/30/2015</u>	Increase (Decrease)
<u>REVENUES</u>			
Interdistrict Sources	\$ 59,110	\$ 37,948	\$ 21,162
State Sources	566,933	558,786	8,147
Federal Sources	<u>362,119</u>	<u>322,889</u>	<u>39,230</u>
 TOTAL REVENUES	 \$ 988,162	 \$ 919,623	 \$ 68,539
<u>EXPENDITURES</u>			
<u>Instruction</u>			
<u>Special Curriculum</u>			
Salaries	\$ 1,488,713	\$ 1,392,472	\$ 96,241
Employee Benefits	578,522	487,964	90,558
Non-Capital Objects	28,206	7,646	20,560
Capital Objects		2,619	(2,619)
Other Expenditures	<u>581</u>	<u>714</u>	<u>(133)</u>
Total Instruction	\$ 2,096,022	\$ 1,891,415	\$ 204,607
<u>Support Service</u>			
Salaries	\$ 189,189	\$ 206,077	\$ (16,888)
Employee Benefits	74,040	79,495	(5,455)
Purchased Services	185,153	178,877	6,276
Non-Capital Objects	15,851	6,428	9,423
Capital Objects		1,025	(1,025)
Insurance & Judgments	965	5,159	(4,194)
Other Expenditures	<u>41,220</u>	<u>49,072</u>	<u>(7,852)</u>
Total Support Service	506,418	526,133	(19,715)
<u>Non-Program</u>			
Cost paid to another Fund	\$ 10,341	\$ 10,170	\$ 171
Non-Open Enrollment	23,354	19,600	3,754
Open Enrollment	114,860	89,596	25,264
Other	<u>7,038</u>	<u>5,185</u>	<u>1,853</u>
Total Non-Program	<u>155,593</u>	<u>124,551</u>	<u>31,042</u>
 TOTAL EXPENDITURES	 2,758,033	 2,542,099	 215,934
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfer from General Fund	<u>1,769,871</u>	<u>1,622,476</u>	<u>147,395</u>
 EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	 \$ -	 \$ -	 \$ -
 FUND BALANCE BEGINNING OF YEAR	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE END OF YEAR	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

The accompanying notes are an integral
part of these financial statement.

STURGEON BAY SCHOOL DISTRICT
DEBT SERVICE FUND
BALANCE SHEETS
JUNE 30, 2016 AND JUNE 30, 2015

	<u>Non-Referendum</u>	
	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<u>ASSETS</u>		
Cash and Investments	\$ 18,596	\$ 10,747
TOTAL ASSETS	<u>\$ 18,596</u>	<u>\$ 10,747</u>
<u>LIABILITIES & FUND BALANCE</u>		
Fund Balance - Restricted	\$ 18,596	\$ 10,747
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 18,596</u>	<u>\$ 10,747</u>

The accompanying notes are an integral
part of these financial statement.

STURGEON BAY SCHOOL DISTRICT
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
JUNE 30, 2016 AND JUNE 30, 2015

	<u>Non-Referendum</u>	
	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<u>REVENUES</u>		
<u>Local Sources</u>		
Property Taxes		
Interest	\$ -	\$ -
Total	\$ -	\$ -
TOTAL REVENUES	\$ -	\$ -
<u>EXPENDITURES</u>		
<u>Debt Service</u>		
Principal on Debt	\$ 100,000	\$ 100,000
Interest on Debt	<u>777</u>	<u>116</u>
TOTAL EXPENDITURES	<u>100,777</u>	<u>100,116</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (100,777)	\$ (100,116)
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfer from General Fund	<u>108,626</u>	<u>102,970</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 7,849	\$ 2,854
FUND BALANCE BEGINNING OF YEAR	<u>10,747</u>	<u>7,893</u>
FUND BALANCE END OF YEAR	<u>\$ 18,596</u>	<u>\$ 10,747</u>

The accompanying notes are an integral
part of these financial statement.

STURGEON BAY SCHOOL DISTRICT
DEBT SERVICE FUND
STATEMENT OF REVENUES, AND EXPENDITURES - BUDGET AND ACTUAL
FOR YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES</u>				
Local Sources	\$ -	\$ -	\$ -	\$ -
 TOTAL REVENUES	 \$ -	 \$ -	 \$ -	 \$ -
<u>EXPENDITURES</u>				
Support Services	\$ 100,200	\$ 100,200	\$ 100,777	\$ (577)
 TOTAL EXPENDITURES	 <u>100,200</u>	 <u>100,200</u>	 <u>100,777</u>	 <u>(577)</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 \$ (100,200)	 \$ (100,200)	 \$ (100,777)	 \$ (577)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer from General Fund	\$ 102,970	\$ 102,970	\$ 108,626	\$ 5,656
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>102,970</u>	 <u>102,970</u>	 <u>108,626</u>	 <u>5,656</u>
 EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	 \$ 2,770	 \$ 2,770	 \$ 7,849	 \$ 5,079
 FUND BALANCE JULY 1, 2015	 <u>10,747</u>	 <u>10,747</u>	 <u>10,747</u>	 <u>-</u>
 FUND BALANCE JUNE 30, 2016	 <u>\$ 13,517</u>	 <u>\$ 13,517</u>	 <u>\$ 18,596</u>	 <u>\$ 5,079</u>

The accompanying notes are an integral
part of these financial statement.

STURGEON BAY SCHOOL DISTRICT
OTHER GOVERNMENT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016

	<u>Total</u>	<u>Food Service</u>	<u>Community Service</u>
<u>ASSETS</u>			
Cash and Investments	\$ 133,299	\$ 84,164	\$ 49,135
Due from Other Governments	4,648	4,648	
Accounts Receivable	<u>4,120</u>	<u>-</u>	<u>4,120</u>
 TOTAL ASSETS	 <u>\$ 142,067</u>	 <u>\$ 88,812</u>	 <u>\$ 53,255</u>
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Deposits Payable	<u>\$ 2,036</u>	<u>\$ 2,036</u>	<u>\$ -</u>
 TOTAL LIABILITIES	 <u>\$ 2,036</u>	 <u>\$ 2,036</u>	 <u>\$ -</u>
<u>FUND BALANCE</u>			
Restricted	<u>140,031</u>	<u>86,776</u>	<u>53,255</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 142,067</u>	 <u>\$ 88,812</u>	 <u>\$ 53,255</u>

The accompanying notes are an integral
part of these financial statement.

STURGEON BAY SCHOOL DISTRICT
OTHER GOVERNMENT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR YEAR ENDED JUNE 30, 2016

	<u>Total</u>	<u>Food Service</u>	<u>Community Service</u>
<u>REVENUES</u>			
Local Sources	\$ 334,551	\$ 257,277	\$ 77,274
State Sources	15,529	8,543	6,986
Federal Sources	<u>336,085</u>	<u>286,134</u>	<u>49,951</u>
 TOTAL REVENUES	 \$ 686,165	 \$ 551,954	 \$ 134,211
<u>EXPENDITURES</u>			
Support Services	<u>\$ 685,591</u>	<u>\$ 558,448</u>	<u>\$ 127,143</u>
 TOTAL EXPENDITURES	 685,591	 558,448	 127,143
<u>OTHER FINANCING SOURCES (USES)</u>			
	<u>-</u>	<u>-</u>	<u>-</u>
 EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	 \$ 574	 \$ (6,494)	 \$ 7,068
 FUND BALANCE JULY 1, 2015	 <u>139,457</u>	 <u>93,270</u>	 <u>46,187</u>
 FUND BALANCE JUNE 30, 2016	 <u>\$ 140,031</u>	 <u>\$ 86,776</u>	 <u>\$ 53,255</u>

The accompanying notes are an integral
part of this financial statement.

STURGEON BAY SCHOOL DISTRICT
 FOOD SERVICE FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2016 AND JUNE 30, 2015

	Year Ended <u>06/30/2016</u>	Year Ended <u>06/30/2015</u>	Increase (Decrease)
<u>ASSETS</u>			
Cash and Investments	\$ 84,164	\$ 97,700	\$ (13,536)
Due from Other Governments	<u>4,648</u>	<u>-</u>	<u>4,648</u>
TOTAL ASSETS	<u>\$ 88,812</u>	<u>\$ 97,700</u>	<u>\$ (8,888)</u>
<u>LIABILITIES</u>			
Accounts Payable		\$ 84	\$ (84)
Deposits Payable	<u>\$ 2,036</u>	<u>4,346</u>	<u>(2,310)</u>
TOTAL LIABILITIES	<u>\$ 2,036</u>	<u>\$ 4,430</u>	<u>\$ (2,394)</u>
<u>FUND BALANCE</u>			
Restricted	<u>86,776</u>	<u>93,270</u>	<u>(6,494)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 88,812</u>	<u>\$ 97,700</u>	<u>\$ (8,888)</u>

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

STURGEON BAY SCHOOL DISTRICT
FOOD SERVICE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
JUNE 30, 2016 AND JUNE 30, 2015

	Year Ended <u>06/30/2016</u>	Year Ended <u>06/30/2015</u>	Increase <u>(Decrease)</u>
<u>REVENUES</u>			
<u>Local Sources</u>			
Pupils	\$ 245,587	\$ 244,628	\$ 959
Adults	11,624	13,472	(1,848)
Interest	<u>66</u>	<u>46</u>	<u>20</u>
Total Local Sources	\$ 257,277	\$ 258,146	\$ (869)
<u>State Sources</u>	8,543	8,303	240
<u>Federal Sources</u>			
Food Service Aid	\$ 253,877	\$ 243,929	\$ 9,948
Donated Commodities	<u>32,257</u>	<u>34,551</u>	<u>(2,294)</u>
Total Federal Sources	<u>286,134</u>	<u>278,480</u>	<u>7,654</u>
TOTAL REVENUES	\$ 551,954	\$ 544,929	\$ 7,025
<u>EXPENDITURES</u>			
Salaries	\$ 221,320	\$ 223,536	\$ (2,216)
Employee Benefits	83,489	87,506	(4,017)
Purchased Services	28,016	12,783	15,233
Non-Capital Objects	225,623	221,032	4,591
Capital Objects	<u>-</u>	<u>2,950</u>	<u>(2,950)</u>
TOTAL EXPENDITURES	\$ 558,448	\$ 547,807	\$ 10,641
<u>OTHER FINANCING SOURCES (USES)</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (6,494)	\$ (2,878)	\$ (3,616)
FUND BALANCE BEGINNING OF YEAR	<u>93,270</u>	<u>96,148</u>	<u>(2,878)</u>
FUND BALANCE END OF YEAR	<u>\$ 86,776</u>	<u>\$ 93,270</u>	<u>\$ (6,494)</u>

The accompanying notes are an integral
part of these financial statement.

STURGEON BAY SCHOOL DISTRICT
 FOOD SERVICE FUND
 STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 FOR YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES</u>				
Local Sources	\$ 258,158	\$ 258,158	\$ 257,277	\$ (881)
State Sources	8,304	8,304	8,543	239
Federal Sources	<u>275,799</u>	<u>275,799</u>	<u>286,134</u>	<u>10,335</u>
 TOTAL REVENUES	 \$ 542,261	 \$ 542,261	 \$ 551,954	 \$ 9,693
<u>EXPENDITURES</u>				
Support Services	<u>\$ 548,769</u>	<u>\$ 548,769</u>	<u>\$ 558,448</u>	<u>\$ (9,679)</u>
 TOTAL EXPENDITURES	 \$ 548,769	 \$ 548,769	 \$ 558,448	 \$ (9,679)
 <u>OTHER FINANCING SOURCES (USES)</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	 \$ (6,508)	 \$ (6,508)	 \$ (6,494)	 \$ 14
 FUND BALANCE JULY 1, 2015	 <u>84,634</u>	 <u>84,634</u>	 <u>84,634</u>	 <u>-</u>
 FUND BALANCE JUNE 30, 2016	 <u>\$ 78,126</u>	 <u>\$ 78,126</u>	 <u>\$ 78,140</u>	 <u>\$ 14</u>

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

STURGEON BAY SCHOOL DISTRICT
COMMUNITY SERVICE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
JUNE 30, 2016 AND JUNE 30, 2015

	Year Ended <u>06/30/2016</u>	Year Ended <u>06/30/2015</u>	Increase (Decrease)
<u>REVENUES</u>			
<u>Local Sources</u>			
Property Taxes	\$ 77,274	\$ 77,274	\$ -
Activity Income	6,986	6,366	620
Rentals	<u>49,951</u>	<u>47,920</u>	<u>2,031</u>
 TOTAL REVENUES	 \$ 134,211	 \$ 131,560	 \$ 2,651
<u>EXPENDITURES</u>			
<u>Support Services</u>			
Salaries	\$ 101,996	\$ 97,745	\$ 4,251
Employee Benefits	11,676	11,108	568
Purchased Services	5,740	5,877	(137)
Non-Capital Objects	7,506	10,115	(2,609)
Other Expenditures	<u>225</u>	<u>50</u>	<u>175</u>
 Total Support Services	 \$ <u>127,143</u>	 \$ <u>124,895</u>	 \$ <u>2,248</u>
 TOTAL EXPENDITURES	 127,143	 124,895	 2,248
 <u>OTHER FINANCING SOURCES (USES)</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	 \$ 7,068	 \$ 6,665	 \$ 403
 FUND BALANCE BEGINNING OF YEAR	 <u>46,187</u>	 <u>39,522</u>	 <u>6,665</u>
 FUND BALANCE END OF YEAR	 <u>\$ 53,255</u>	 <u>\$ 46,187</u>	 <u>\$ 7,068</u>

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

STURGEON BAY SCHOOL DISTRICT
COMMUNITY SERVICE FUND
STATEMENT OF REVENUES, AND EXPENDITURES - BUDGET AND ACTUAL
FOR YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES</u>				
<u>Local Sources</u>				
Property Taxes	\$ 77,274	\$ 77,274	\$ 77,274	\$ -
Activity Income	6,745	6,745	6,986	241
Rentals	<u>49,440</u>	<u>49,440</u>	<u>49,951</u>	<u>511</u>
 TOTAL REVENUES	 \$ 133,459	 \$ 133,459	 \$ 134,211	 \$ 752
<u>EXPENDITURES</u>				
Support Services	<u>\$ 133,746</u>	<u>\$ 133,746</u>	<u>\$ 127,143</u>	<u>\$ 6,603</u>
 TOTAL EXPENDITURES	 \$ 133,746	 \$ 133,746	 \$ 127,143	 \$ 6,603
<u>OTHER FINANCING SOURCES (USES)</u>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	 \$ (287)	 \$ (287)	 \$ 7,068	 \$ 7,355
 FUND BALANCE JULY 1, 2015	 <u>46,187</u>	 <u>46,187</u>	 <u>46,187</u>	 <u>-</u>
 FUND BALANCE JUNE 30, 2016	 <u>\$ 45,900</u>	 <u>\$ 45,900</u>	 <u>\$ 53,255</u>	 <u>\$ 7,355</u>

The accompanying notes are an integral
part of these financial statement.

STURGEON BAY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED JUNE 30, 2016

Administering Agency Pass Through Grants Award Description	FEDERAL CATALOG NUMBER	PROGRAM OR AWARD AMOUNT	ACCRUED RECEIVABLES July 1, 2015	RECEIPTS	EXPENDITURES	ACCRUED RECEIVABLES June 30, 2016
<u>U. S. DEPT. OF AGRICULTURE</u>						
<u>Wis Dept. of Public Instruction</u>						
Food Distribution	10.552					
July 1, 2015 - June 30, 2016				\$ 32,257	\$ 32,257	
School Breakfast	10.553					
July 1, 2015 - June 30, 2016				66,176	67,780	\$ 1,604
School Lunch	10.555					
July 1, 2015 - June 30, 2016				182,594	185,629	3,035
School Milk	10.556					
July 1, 2015 - June 30, 2016				459	468	9
<u>U. S. DEPT. OF EDUCATION</u>						
<u>Wis Dept of Public Instruction</u>						
Chapter I	84.010					
July 1, 2014 - June 30, 2015			43,564	43,564		-
July 1, 2015 - June 30, 2016		208,632		110,296	208,106	97,810
PL94-142	84.027					
July 1, 2014 - June 30, 2015			210,603	210,603		-
July 1, 2015 - June 30, 2016		388,740		145,152	335,460	190,308
July 1, 2015 - June 30, 2016		8,000		8,000	8,000	-
PL99-457	84.173					
July 1, 2014 - June 30, 2015			2,446	2,446		-
July 1, 2015 - June 30, 2016		9,399		6,036	8,164	2,128
Teacher/Principal	84.367					
July 1, 2014 - June 30, 2015			16,148	16,148		-
July 1, 2015 - June 30, 2016		68,346			65,115	65,115
21st Century Learning	84.287					
July 1, 2015 - June 30, 2016			29,578	29,578		-
<u>U.S. DEPT. OF HEALTH</u>						
<u>Wis Dept of HSS</u>						
Medicaid	93.778					
July 1, 2015 - June 30, 2016			-	34,810	34,810	-
TOTAL FEDERAL AWARDS			<u>\$ 302,339</u>	<u>\$ 888,119</u>	<u>\$ 945,789</u>	<u>\$ 360,009</u>

The accompanying notes are an integral
part of these financial statement.

STURGEON BAY SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR YEAR ENDED JUNE 30, 2016

Administering Agency Pass-Through Agency Award Description <u>WI DEPT. OF PUBLIC INSTRUCTION</u>	State I.D. Number	Accrued Receivable 7/1/2015	State Reimburse- ment	EXPENDITURES TURES	ACCRUED RECEIVABLES 6/30/2016
<u>Entitlement Programs</u>					
<u>Major State Programs</u>					
Special Education	255.101		\$ 566,595		
Common School Fund	255.103		53,391		
Equalization Aid	255.201	\$ 65,496	3,685,824		\$ 71,330
Per Pupil Aid	255.945	<u> </u>	<u>166,200</u>		<u> </u>
TOTAL MAJOR PROGRAMS		\$ 65,496	\$ 4,472,010		\$ 71,330
<u>Non-Major Programs</u>					
State Lunch	255.102		4,901		
Transportation	255.107		11,474		
School Breakfast	255.344		3,642		
SAGE	255.504		334,438		
Evaluation System	255.940		9,120		
Career & Tech Ed	255.950	<u>-</u>	<u>763</u>		<u>-</u>
TOTAL NON-MAJOR PROGRAMS		<u>-</u>	<u>364,338</u>		<u>-</u>
TOTAL WI DEPT. OF PUBLIC INSTRUCTION		\$ 65,496	\$ 4,836,348		\$ 71,330
<u>WI DEPT. OF REVENUE</u>					
Exempt Computer Aid		<u>21,813</u>	<u>24,683</u>		<u>24,683</u>
TOTAL STATE ASSISTANCE		<u>\$ 87,309</u>	<u>\$ 4,861,031</u>		<u>\$ 96,013</u>

The accompanying notes are an integral
part of these financial statement.

STURGEON BAY SCHOOL DISTRICT
NOTE TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR YEAR ENDED JUNE 30, 2016

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 Sturgeon Bay School District and are presented on the modified accrual basis of accounting. 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*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

JAMES W. PARSONS
Certified Public Accountant

Formerly Parsons & Parsons
WESLEY B. PARSONS, Founder
1907-1985

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF BASIC
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Education
Sturgeon Bay School District
Sturgeon Bay, WI 54235

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sturgeon Bay School District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Sturgeon Bay School District's basic financial statements and have issued my report thereon dated November 7, 2016.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Sturgeon Bay School 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sturgeon Bay School District's internal control. Accordingly, I do not express an opinion on the effectiveness of the Sturgeon Bay School 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My 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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sturgeon Bay School District's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



James W. Parsons
November 7, 2016

JAMES W. PARSONS
Certified Public Accountant

Formerly Parsons & Parsons
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Education
Sturgeon Bay School District
Sturgeon Bay, WI 54235

Report on Compliance for Each Major Federal Program

I have audited the compliance of the Sturgeon Bay School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *Wisconsin School District Audit Manual*, issued by the Wisconsin Department of Public Instruction and the Wisconsin Department of Services Audit Guide – School Based Services Audit, that are applicable to each of its non-major federal and major state programs for the year ended June 30, 2016. Sturgeon Bay School District's non-major federal programs and major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questions costs.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Sturgeon Bay School District's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, the *Wisconsin Public School District Audit Manual* issued by the Wisconsin Department of Public Instruction and the Wisconsin Department of Services Audit Guide – School Based Services Audit. Those standards and OMB Circular A-133 require that I 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 program occurred. An audit includes examining, on a test basis, evidence about Sturgeon Bay School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Sturgeon Bay School District's compliance.

Opinion on Each Major Federal Program

In my opinion, Sturgeon Bay 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 programs for the year ended June 30, 2016.

Other Matters

The results of my auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items.

Report on Internal Control Over Compliance

Management of the Sturgeon Bay 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 my audit of compliance, I considered the Sturgeon Bay School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal 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 program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Sturgeon Bay School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of 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 program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal 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 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.

My 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. I did not identify any deficiencies in internal control over compliance that I 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 my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. According, this report is not suitable for any other purpose.



James W. Parsons
November 7, 2016

JAMES W. PARSONS
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO STATE PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE

Board of Education
Sturgeon Bay School District
Sturgeon Bay, WI 54235

Compliance

I have audited the compliance of the Sturgeon Bay School District with the types of compliance requirements described in the *Wisconsin School District Audit Manual*, issued by the Wisconsin Department of Public Instruction, that are applicable to its state special education aid programs for the year ended June 30, 2016. Compliance with the requirements of laws, regulations, and contracts applicable to each of its state programs is the responsibility of the Sturgeon Bay School District's management. My responsibility is to express an opinion on the Sturgeon Bay School District's compliance based on my audit.

I conducted my 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; and the *Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction. Those standards and the *Wisconsin Public School District Audit Manual* require that I 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 state programs occurred. An audit includes examining, on a test basis, evidence about the Sturgeon Bay School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Sturgeon Bay School District's compliance with those requirements.

Sturgeon Bay School District did comply with requirements regarding compliance requirements listed below that are applicable to its programs. Compliance with such requirements is necessary, in my opinion, for Sturgeon Bay School District to comply with requirements applicable to that program.

WDPI

- * Cost
- * Federal and/or other State Program funded costs
- * Teacher and Teacher Aid Certification

In my opinion, Sturgeon Bay School District complied, in all material respects, with the requirements referred to above that are applicable to each state program for the year ended June 30, 2016.

Internal Control Over Compliance

The management of the Sturgeon Bay School District is responsible for establishing and maintaining effective internal control structure over compliance with requirements of laws, regulations and contracts applicable to state programs. In planning and performing my audit, I considered the Sturgeon Bay School District's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with *Wisconsin Public School District Audit Manual*.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

A handwritten signature in blue ink, appearing to read 'James W. Parsons', with a horizontal line extending to the right.

James W. Parsons
November 7, 2016

STURGEON BAY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of Sturgeon Bay School District.
2. There were no reportable conditions.
3. No instances of noncompliance material to the financial statements of Sturgeon Bay School District were disclosed during the audit.
4. There were no reportable conditions disclosed during the audit of the major federal and non-major federal award programs.
5. The auditor's compliance report on the major federal programs awards for Sturgeon Bay School District express an unqualified opinion.
6. There were no audit findings related to the major federal or non-major federal award programs of Sturgeon Bay School District.
7. The programs tested were Chapter 1 and Teacher-Principal Cluster;
8. The threshold for distinguishing Type A and Type B programs was \$300,000.
9. Sturgeon Bay School District was determined to be a low-risk auditee.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT

There were no reportable conditions.

C. FINDING AND QUESTIONED COSTS

There were none.