

**MANITOWOC PUBLIC SCHOOL DISTRICT
MANITOWOC, WISCONSIN**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Manitowoc Public School District
Manitowoc, Wisconsin

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Emphasis of Matter

As discussed in Note 1, the Manitowoc Public School District, Wisconsin, has implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress - post employment healthcare, and Wisconsin Retirement System schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Manitowoc Public School District, Wisconsin's basic financial statements. The schedule of changes in assets and liabilities - agency funds is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and schedule of state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, Non-Profit Organizations, and State Single Audit Guidelines*, and are also not a required part of the basic financial statements.

The schedule of changes in assets and liabilities - agency funds, schedule of expenditures of federal awards, and the schedule of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other

records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2015, on our consideration of the Manitowoc Public School District, Wisconsin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Manitowoc Public School District, Wisconsin's internal control over financial reporting and compliance.

HAWKINS ASH CPAS, LLP

A handwritten signature in cursive script that reads "Hawkins Ash CPAs, LLP".

Manitowoc, Wisconsin
December 1, 2015

**MANITOWOC PUBLIC SCHOOL DISTRICT
MANITOWOC, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS**



Manitowoc Public School District

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Manitowoc Public School District ("District"), we 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, 2015. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the District's basic financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

Total governmental funds revenue was \$59,960,018; including \$19,378,959 of property taxes, \$30,711,284 of state and federal aid, and \$9,032,859 of charges for services, grants and contributions. Total governmental fund expenditures were \$60,420,164; including \$35,554,228 for direct instruction.

The District's financial status, as reflected in total net position, decreased by \$460,146. The main reason for the decrease in net position was the decrease in capital assets being depreciated. The District implemented GASB Statement 68 which resulted in a change in accounting principal and increased the net position by \$10,689,836.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

- The *Statement of Net Position* and *Statement of Activities* provide information on a district-wide basis. The 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 remaining statements are *fund financial statements* that focus on individual parts of the District. Fund statements generally report operations in more detail than the district-wide statements.

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 explains and supports the financial statements by including a comparison of the District's budget data for the year.

The major features of the District's financial statements, including the activities reported and the type of information contained is shown in the following table.

Major Features of the District-Wide and Fund Financial Statements

	District-wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire District (except fiduciary funds).	The activities of the District that are not proprietary or fiduciary, such as instructional, support services, debt service, capital projects, and community services.	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 position. Statement of activities.	Balance sheet. Statement of revenues, expenditures and changes in fund balances.	Statement of net position. Statement of changes in net position.
Basis of accounting and measurement focus	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial 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. 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; received during or soon after expenditures when goods or services have been received and the related liability are due and payable.	All additions or deductions during the year, regardless of when cash is received and paid.

DISTRICT-WIDE STATEMENTS

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of activities reports all revenues and expenses used to support the District. The statement of net position reports all assets and liabilities available to support District activities. The two district-wide statements report the District's *net position* and how they have changed. Net position, the difference between the District's assets and liabilities, are one way to measure the District's overall financial position. Increases or decreases in the District's net position are one indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

In the district-wide financial statements, the District's activities are reported as governmental activities. The District's basic services are included here, such as regular and special education, transportation, support services, debt service, capital projects, food service, community programs and administration. Property taxes and state formula aid finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements. Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues (like capital project funds).

The District has two kinds of funds:

- *Governmental funds* - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for funding future basic services. Governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Governmental funds information does not report on long-term commitments as is reported on the district-wide statements.
- *Fiduciary funds* - The District serves as a trustee, or fiduciary, for retired employees, as well as student and parent organizations. The assets of these organizations belong to the organization and not the District. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. These activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1, below, provides a summary of the District's net position for the year ended June 30, 2015, compared to 2014. The District's combined net position of \$40,017,732 in 2014, increased by \$10,659,836 for a change in accounting principal from GASB Statement 68 and decreased by \$460,146 from operations for a net increase of \$10,229,690 or 25.6% to \$50,247,422 in 2015.

Table 1
Condensed Statement of Net Position
(in thousands of dollars)

	Governmental Activities		Total % Change
	2014	2015	2014 - 2015
Current and other assets	\$ 21,553	\$ 31,489	46.1%
Capital assets	32,762	31,425	-4.1%
Total assets	54,315	62,914	15.8%
Deferred outflow of resources	-	5,005	n/a
Long-term liabilities outstanding	5,335	9,295	74.2%
Other liabilities	8,963	8,377	-6.5%
Total liabilities	14,298	17,672	23.6%
Net position			
Net investment in capital assets	27,427	25,834	-5.8%
Restricted	4,196	9,699	131.1%
Unrestricted	8,394	14,714	75.2%
Total net position	\$ 40,017	\$ 50,247	25.6%

Note: Totals may not add due to rounding.

Table 2 Changes in Net Position <i>(in thousands of dollars)</i>			
	Governmental Activities		Total % Change
	2014	2015	2014 - 2015
Revenues			
Program revenues			
Charges for services	\$ 3,161	\$ 1,462	-53.7%
Operating grants and contributions	7,990	7,571	-5.2%
Capital grant and contributions	10	-	-100.0%
General revenues			
Property taxes	18,718	19,379	3.5%
State and federal aid	31,384	30,711	-2.1%
Other	505	837	65.7%
Total revenues	61,768	59,960	-2.9%
Expenses			
Instruction	35,526	35,554	0.1%
Pupil and instructional services	4,922	5,060	2.8%
Administration and business	3,717	3,851	3.6%
Maintenance and operations	8,205	7,149	-12.9%
Transportation	1,730	1,713	-1.0%
Food service	1,991	1,952	-2.0%
Interest on debt	196	332	69.4%
Other	4,457	4,809	7.9%
Total expenses	60,744	60,420	-0.5%
(Decrease) increase in net position	\$ 1,024	\$ -460	-144.9%
Note: Totals may not add due to rounding.			

Table 2 provides summarized operating results and their impact on net position.

The District relies primarily on property taxes (32.6%) and state and federal aids (63.4%) to fund governmental activities. There were only minor variations between years within the sources of revenue.

Table 3 presents the cost of the eight major District activities. The table reports each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost reflects the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3
Net Cost of Governmental Activities
(in thousands of dollars)

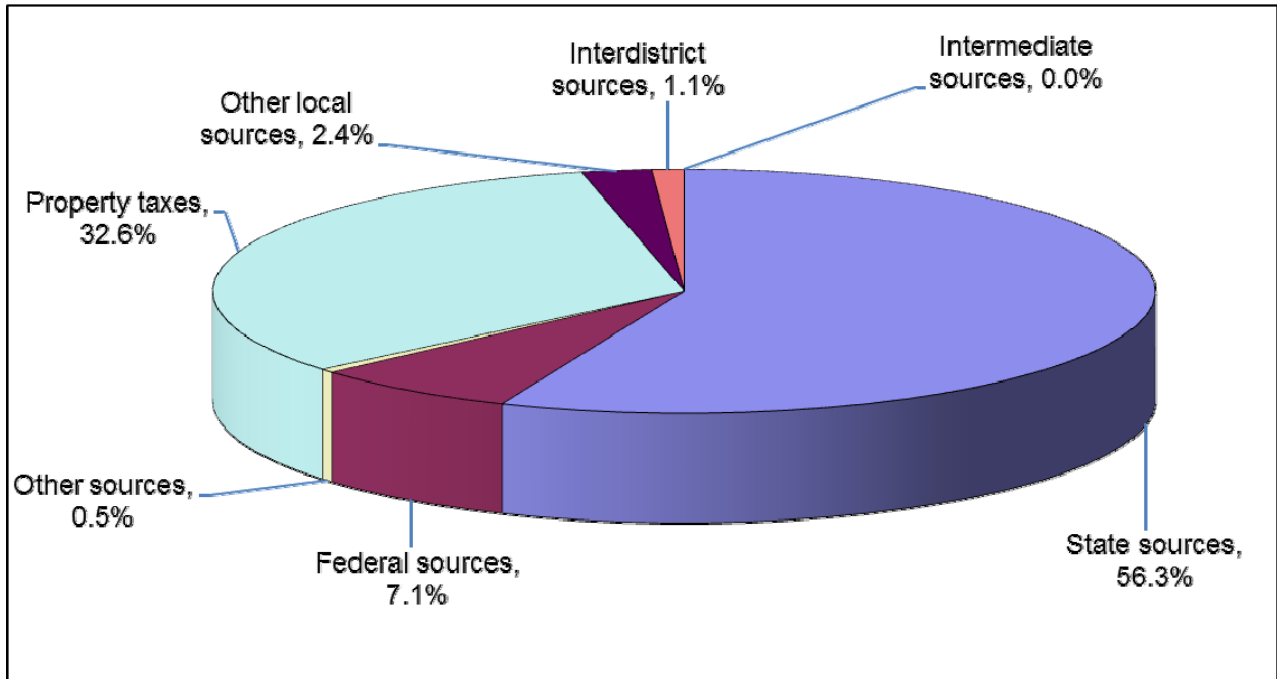
	Total Cost of Services		% Change	Net Cost of Services		% Change
	2014	2015	2014- 2015	2014	2015	2014- 2015
Instruction	\$ 35,526	\$ 35,554	0.1%	\$ 29,103	\$ 29,392	1.0%
Pupil and instructional services	4,922	5,060	2.8%	4,458	4,631	3.9%
Administration and business	3,717	3,851	3.6%	3,717	3,851	3.6%
Maintenance and operations	8,205	7,149	-12.9%	6,347	7,141	12.5%
Transportation	1,730	1,713	-1.0%	1,668	1,653	-0.9%
Food service	1,991	1,952	-2.0%	(8)	(16)	-100.0%
Interest on debt	196	332	69.4%	118	242	105.1%
Other	4,457	4,809	7.9%	4,180	4,493	7.5%
Total	\$ 60,744	\$ 60,420	-0.5%	\$ 49,583	\$ 51,387	3.6%

Note: Totals may not add due to rounding

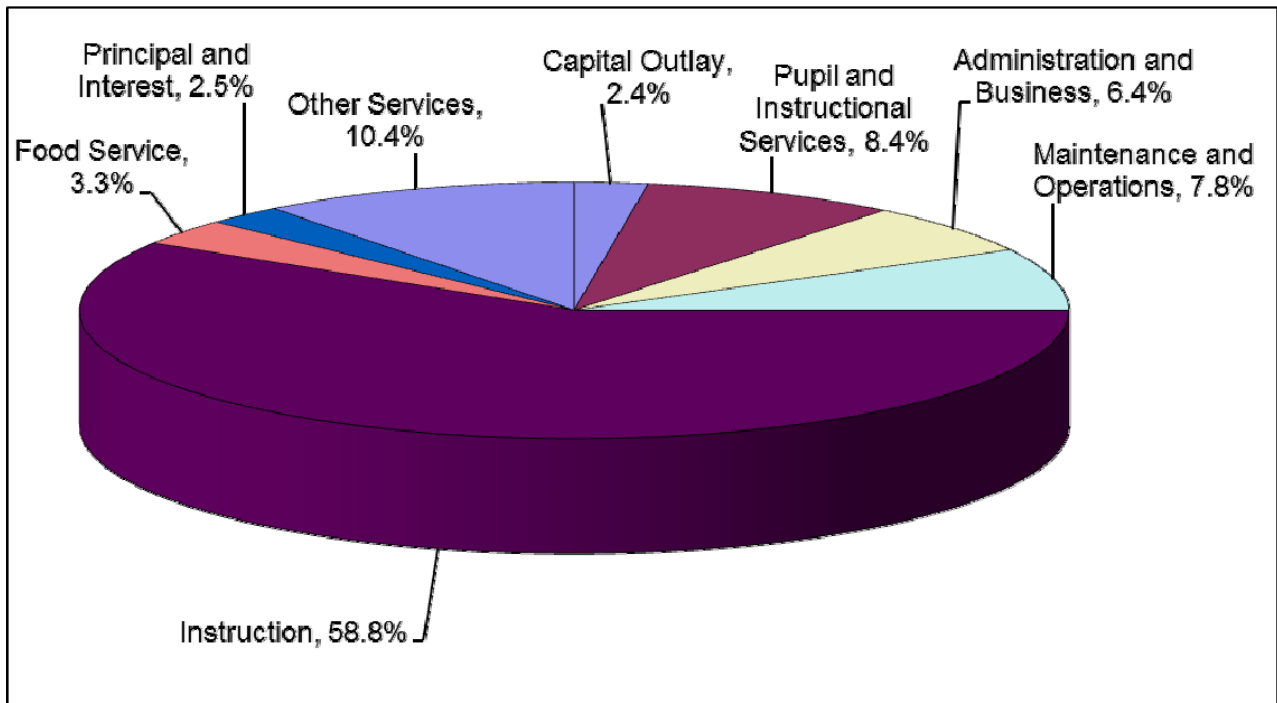
The cost of all governmental activities this year was \$60,420,164. Individuals who directly participated or benefited from a program offering paid for \$1,462,415 of costs. Federal and state governments subsidized certain programs with grants and contributions of \$7,570,444. The net cost of governmental activities \$51,387,305 was financed by general revenues of the District, which includes state and federal aid, and local property taxes.

The composition of governmental revenues by type (Chart 1) and expenditures by type (Chart 2) are illustrated below.

**Governmental Activities Revenue by Type
Chart 1**



**Governmental Activities Expenditure by Type
Chart 2**



BUSINESS-TYPE ACTIVITIES

The District does not have any business-type activities. Food service is classified as a governmental activity.

FINANCIAL ASPECTS OF THE DISTRICT'S FUNDS

The District completed the year with a total governmental fund balance of \$21,128,839 up from last year's ending fund balance of \$16,289,145.

- The general fund had an increase in fund balance of \$5,019.
- The special projects fund had a decrease in fund balance of \$4,462.
- The debt service fund had a decrease of \$1,006.
- The capital projects fund had an increase in fund balance of \$4,827,615. The fund balance of the projects fund will fluctuate each year.
- The food service program had an increase in fund balance of \$12,528.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District reviews an interim budget in May for the subsequent year (beginning July 1st). Consistent with current state statutes and regulations an original budget is adopted in October, following determination of official enrollment and certification of general state aids. Generally, the original budget is not significantly modified. The District modified its original budget in 2014-2015 to reflect:

- Borrowing \$5,000,000 for capital projects to help provide safe and secure school buildings and energy conservation.
- Expenses for hail damage to roofs and windows with the corresponding revenue for insurance claim reimbursements.
- Requirement to add teachers and other staff during the year.
- Modification in food service revenues and expenditures.
- Modification in several state and federal grants.

While the District's final budget for the general fund anticipated that expenditures would exceed revenues, the actual results for the year show revenues exceeded expenditures by \$5,019.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of fiscal year 2015, the District had invested \$77,990,226 in capital assets, including sites, site improvements, buildings, and equipment. Total accumulated depreciation on these assets is \$46,565,081. Asset acquisitions for governmental activities totaled \$1,440,657. The District recognized depreciation expense of \$2,777,455 for governmental activities. Detailed information about capital assets can be found in Note 3 to the financial statements.

Table 4
Capital Assets
(net of depreciation, in thousands of dollars)

	Governmental Activities		Total % Change
	2014	2015	2014-2015
Sites	\$ 973	\$ 973	0.0%
Site improvements	1,500	1,828	21.9%
Buildings	66,267	66,897	1.0%
Furniture and equipment	8,092	8,292	2.5%
Construction in progress	-	-	n/a
Accumulated depreciation	(44,070)	(46,565)	5.7%
Total	\$ 32,762	\$ 31,425	-4.1%

Note: Totals may not add due to rounding.

Long-Term Obligations

At year-end, the District had \$9,295,000 in general obligation notes and \$3,688,618 in other long-term liabilities outstanding for a total of \$12,983,618 or an increase of 44.1% from last year (see Table 5). The increase was a result of borrowing \$5,000,000 of general obligation notes for paying the costs of various maintenance and improvement projects at District buildings and sites. The District made outstanding bonds/notes and other long-term liability payments of \$1,749,757 for the year. Detailed information about the District's long-term obligations is presented in Note 4 and Note 7, and Note 8 for other post employment benefits obligations to the financial statements.

	Total School District		% Change
	2014	2015	2014 - 2015
General obligation debt	\$ 5,335	\$ 9,295	74.2%
Other	3,673	3,689	0.4%
Total	\$ 9,008	\$ 12,984	44.1%

Note: Totals may not add due to rounding.

Debt of the District is secured by an irrevocable tax levy adopted by the School Board at the time of issuance. Wisconsin state statutes require that the first property tax receipts be segregated for annual debt service payments.

FACTORS BEARING ON THE DISTRICT'S FUTURE

Currently known circumstances that will impact the District's financial status in the future are:

In April 2015, the District approved 3 referendum questions for an increase of the revenue limit. The District is authorized to exceed the state revenue limit beginning with the 2015-16 school year through the 2017-18 school year on a nonrecurring basis by:

- \$1,000,000 each year to maintain current programs and services.
- \$600,000 each year to address major maintenance and security needs.
- \$400,000 each year to update classroom technology and replace existing computers.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives.

If you have questions about this report or need additional financial information, contact Mr. Kenneth Mischler, Director of Business Services, Manitowoc Public School District, 920-683-4795, 2902 Lindbergh Drive, PO Box 1657, Manitowoc, Wisconsin, 54221-1657.

**MANITOWOC PUBLIC SCHOOL DISTRICT
MANITOWOC, WISCONSIN**

**BASIC
FINANCIAL STATEMENTS**

**MANITOWOC PUBLIC SCHOOL DISTRICT
MANITOWOC, WISCONSIN**

**DISTRICT-WIDE
FINANCIAL STATEMENTS**

MANITOWOC PUBLIC SCHOOL DISTRICT
STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2015

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current assets	
Cash and investments	\$ 20,178,811
Receivables	
Taxes	3,780,910
Accounts	16,359
Due from other governments	1,711,934
Other current assets	10,834
Inventories and prepaid items	61,044
Wisconsin Retirement System net pension	5,729,141
Capital assets (net of accumulated depreciation)	
Capital assets not being depreciated	972,709
Capital assets being depreciated	30,452,436
TOTAL ASSETS	62,914,178
 DEFERRED OUTFLOWS OF RESOURCES	
Wisconsin Retirement System net pension	5,004,834
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,004,834
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
	67,919,012
 LIABILITIES	
Current liabilities	
Accounts payable	276,726
Self insurance claims payable	1,662,289
Payroll, payroll taxes, insurance	2,505,794
Interest	56,919
Deposits payable	122,807
Unearned revenue	63,437
Current portion of long-term obligations	1,662,360
Noncurrent portion of long-term obligations	11,321,258
TOTAL LIABILITIES	17,671,590
 NET POSITION	
Invested in capital assets, net of related debt	25,834,262
Restricted:	
General fund	4,033,388
Special revenue funds	354,735
Capital projects	5,032,903
Other activities	278,337
Unrestricted:	14,713,797
TOTAL NET POSITION	50,247,422
 TOTAL LIABILITIES AND NET POSITION	
	\$ 67,919,012

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

MANITOWOC PUBLIC SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION
EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
GOVERNMENTAL ACTIVITIES				
Instruction				
Regular instruction	\$ 23,557,208	\$ 270,515	\$ 1,981,505	\$ (21,305,188)
Vocational instruction	1,677,178	101,277	123,843	(1,452,058)
Special instruction	7,913,831	-	3,363,677	(4,550,154)
Other instruction	2,406,011	282,100	39,132	(2,084,779)
Total Instruction	35,554,228	653,892	5,508,157	(29,392,179)
Support Services				
Pupil services	2,697,081	9,799	-	(2,687,282)
Instructional staff services	2,362,875	3,988	414,695	(1,944,192)
General administration services	467,452	500	-	(466,952)
Building administration services	2,860,528	-	-	(2,860,528)
Business services	523,351	-	-	(523,351)
Operations and maintenance	7,148,788	7,737	-	(7,141,051)
Pupil transportation	1,713,184	-	60,652	(1,652,532)
Food service program	1,952,287	695,359	1,273,263	16,335
Central services	1,638,080	1,071	-	(1,637,009)
Insurance	565,197	-	-	(565,197)
Interest and refinancing	332,475	90,069	-	(242,406)
Other support services	595,169	-	313,677	(281,492)
Total support services	22,856,467	808,523	2,062,287	(19,985,657)
Non-program transactions	2,009,469	-	-	(2,009,469)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 60,420,164	\$ 1,462,415	\$ 7,570,444	(51,387,305)
General revenues				
Taxes				
Property taxes, levied for general purposes				19,378,959
State and federal aids not restricted to specific functions				
General				30,711,284
Other				11,719
Interest and investment earnings				32,585
Miscellaneous				792,612
Total general revenues				50,927,159
CHANGE IN NET POSITION				
CHANGE IN NET POSITION				
NET POSITION - BEGINNING OF YEAR				
CHANGE IN ACCOUNTING PRINCIPLE				
NET POSITION - END OF YEAR				
				\$ 50,247,422

The accompanying notes are an integral part of these statements.

**MANITOWOC PUBLIC SCHOOL DISTRICT
MANITOWOC, WISCONSIN**

**FUND
FINANCIAL STATEMENTS**

MANITOWOC PUBLIC SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	10 GENERAL & SPEC. ED. FUND	20 SPECIAL PROJECT FUND	30 DEBT SERVICE FUND	40 CAPITAL PROJECTS FUND	50 FOOD SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>						
Cash and Investments	\$ 15,015,740	\$ 352,299	\$ -	\$ 4,504,425	\$ 306,347	\$ 20,178,811
Receivables						
Taxes	3,780,910	-	-	-	-	3,780,910
Accounts	3,792	5,104	-	-	7,463	16,359
Due from other governments	1,647,400	-	-	-	64,534	1,711,934
Other current assets	10,834	-	-	-	-	10,834
Due from other funds	47,073	-	-	600,000	-	647,073
Inventories and prepaid items	-	-	-	-	61,044	61,044
TOTAL ASSETS	<u>20,505,749</u>	<u>357,403</u>	<u>-</u>	<u>5,104,425</u>	<u>439,388</u>	<u>26,406,965</u>
<u>LIABILITIES AND FUND BALANCES</u>						
LIABILITIES						
Accounts payable	174,741	2,668	-	24,449	74,868	276,726
Self insurance claims payable	1,662,289	-	-	-	-	1,662,289
Accrued liabilities						
Payroll, payroll taxes, insurance	2,505,794	-	-	-	-	2,505,794
Deposits payable	122,807	-	-	-	-	122,807
Due to other funds	600,000	-	-	47,073	-	647,073
Unearned revenue	38,298	-	-	-	25,139	63,437
TOTAL LIABILITIES	<u>5,103,929</u>	<u>2,668</u>	<u>-</u>	<u>71,522</u>	<u>100,007</u>	<u>5,278,126</u>
FUND BALANCES						
Non-Spendable						
General fund	10,834	-	-	-	-	10,834
Other activities	-	-	-	-	61,044	61,044
Restricted						
General fund	4,033,388	-	-	-	-	4,033,388
Special revenue funds	-	354,735	-	-	-	354,735
Capital projects	-	-	-	5,032,903	-	5,032,903
Other activities	-	-	-	-	278,337	278,337
Committed						
General fund	1,139,178	-	-	-	-	1,139,178
Assigned						
General fund	3,980,337	-	-	-	-	3,980,337
Unassigned						
General fund	6,238,083	-	-	-	-	6,238,083
TOTAL FUND BALANCES	<u>15,401,820</u>	<u>354,735</u>	<u>-</u>	<u>5,032,903</u>	<u>339,381</u>	<u>21,128,839</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 20,505,749</u>	<u>\$ 357,403</u>	<u>\$ -</u>	<u>\$ 5,104,425</u>	<u>\$ 439,388</u>	

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

Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position are:

Governmental capital assets	\$ 77,990,226	
Governmental accumulated depreciation	<u>(46,565,081)</u>	31,425,145

Wisconsin Retirement System asset, deferred inflows of resources, and deferred outflows of resources are not current financial resources and are not reported in fund statements

10,733,975

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

General obligation debt	\$ (9,295,000)	
Capital Lease debt	(728,786)	
Accrued interest on general obligation debt	(56,919)	
Vested employee benefits	(247,675)	
Other Post Employment Benefits	<u>(2,712,157)</u>	<u>(13,040,537)</u>
Total net position - governmental activities		<u>\$ 50,247,422</u>

MANITOWOC PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	10 GENERAL & SPEC. ED. FUND	20 SPECIAL PROJECT FUND	30 DEBT SERVICE FUND	40 CAPITAL PROJECTS FUND	50 FOOD SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Property taxes	\$ 19,378,959	\$ -	\$ -	\$ -	\$ -	\$ 19,378,959
Other local sources	567,208	134,158	1	8,205	695,359	1,404,931
Interdistrict sources	656,754	-	-	-	-	656,754
State sources	33,536,163	-	-	-	38,721	33,574,884
Federal sources	3,021,000	-	-	-	1,226,507	4,247,507
Other sources	133,304	-	65,159	114,871	8,035	321,369
TOTAL REVENUES	57,293,388	134,158	65,160	123,076	1,968,622	59,584,404
EXPENDITURES						
Instruction						
Regular instruction	23,271,584	116,498	-	-	-	23,388,082
Vocational instruction	1,647,046	-	-	-	-	1,647,046
Special instruction	7,907,315	-	-	-	-	7,907,315
Other instruction	2,390,932	-	-	-	-	2,390,932
Total instruction	35,216,877	116,498	-	-	-	35,333,375
Support services						
Pupil services	2,698,742	430	-	-	-	2,699,172
Instructional staff services	2,360,155	-	-	-	-	2,360,155
General administration services	465,776	-	-	-	-	465,776
Building administration services	2,854,875	582	-	-	-	2,855,457
Business Administration	520,849	-	-	-	-	520,849
Operations and maintenance	4,625,368	-	-	47,560	-	4,672,928
Pupil transportation	1,693,972	19,221	-	-	-	1,713,193
Food services	-	-	-	-	1,947,332	1,947,332
Central services	1,619,487	-	-	-	-	1,619,487
Insurance	565,197	-	-	-	-	565,197
Principal	246,875	-	1,040,000	-	-	1,286,875
Interest	-	-	204,057	-	-	204,057
Other support services	346,286	1,889	-	-	-	348,175
Total support services	17,997,582	22,122	1,244,057	47,560	1,947,332	21,258,653
Non-program transactions	2,009,469	-	-	-	-	2,009,469
Capital Outlay	392,605	-	-	1,039,290	8,762	1,440,657
TOTAL EXPENDITURES	55,616,533	138,620	1,244,057	1,086,850	1,956,094	60,042,154
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	1,676,855	(4,462)	(1,178,897)	(963,774)	12,528	(457,750)
OTHER FINANCING SOURCES (USES)						
Sales of capital assets	17,686	-	-	191,389	-	209,075
Transfer to other funds	(1,702,428)	-	(1,007)	-	-	(1,703,435)
Transfer from other funds	1,007	-	1,102,428	600,000	-	1,703,435
Proceeds from long-term debt	11,899	-	-	5,000,000	-	5,011,899
Premium on issuance of long-term debt	-	-	76,470	-	-	76,470
TOTAL OTHER FINANCING SOURCES (USES)	(1,671,836)	-	1,177,891	5,791,389	-	5,297,444
NET CHANGE IN FUND BALANCE	5,019	(4,462)	(1,006)	4,827,615	12,528	4,839,694
FUND BALANCE - BEGINNING OF YEAR	15,396,801	359,197	1,006	205,288	326,853	16,289,145
FUND BALANCE - END OF YEAR	\$ 15,401,820	\$ 354,735	\$ -	\$ 5,032,903	\$ 339,381	\$ 21,128,839

The accompanying notes are an integral part of these statements.

MANITOWOC PUBLIC SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

Net change in fund balances - total governmental funds \$ 4,839,694

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

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

Capital outlay reported in governmental fund statements	\$ 1,440,657	
Depreciation expense reported in the statement of activities	<u>(2,777,455)</u>	
Amount by which capital outlays are greater (less) than depreciation in the current period		(1,336,798)

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

(Increase) decrease in compensated vacation/absences/years of service liability		44,803
(Increase) decrease in Net OPEB Obligation and Supplemental Pension		(291,560)

Wisconsin Retirement System asset, deferred inflows of resources, and deferred outflows of resources changes		44,139
--	--	--------

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

The amount of long-term debt principal and capital lease payments in the current year is:	1,282,929	
The amount of new long-term bond or note debt in the current year is:	<u>(5,011,900)</u>	
General long-term obligation debt (increased) decreased by:		(3,728,971)

Qualified School Construction loans and capital leases were issued below market value. Interest expense is imputed at an appropriate effective interest rate, which is offset by a federal subsidy.

The amount of imputed interest expense in the current year is:	(90,069)	
The amount of imputed interest federal subsidy and lease interest income subsidy in the current year is:	<u>90,069</u>	
Net effect of imputation of interest:		-

In governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as it accrues.

The amount of interest paid during the current period.	294,126	
The amount of interest accrued during the current period.	<u>(325,579)</u>	
Interest paid is greater (less) than interest accrued by:		<u>(31,453)</u>

Change in net position - governmental activities \$ (460,146)

The accompanying notes are an integral part of these statements.

MANITOWOC PUBLIC SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2015

	SCHOLARSHIPS/ OTHER TRUST	AGENCY STUDENT ACTIVITY
<u>ASSETS</u>		
Cash and Investments	\$ 32,985	\$ 80,913
<u>LIABILITIES</u>		
Due to student organizations	-	80,913
TOTAL LIABILITIES	-	80,913
Net Assets		
Held in trust for scholarships/other	32,985	-
TOTAL LIABILITIES AND NET ASSETS	\$ 32,985	\$ 80,913

The accompanying notes are an integral part of these statements.

MANITOWOC PUBLIC SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2015

	<u>SCHOLARSHIPS/ OTHER TRUST</u>
ADDITIONS	
Interest	\$ -
Contributions	-
TOTAL ADDITIONS	<u>-</u>
DEDUCTIONS	
Scholarships/other	<u>-</u>
CHANGES IN NET ASSETS	-
NET ASSETS - BEGINNING OF YEAR	<u>32,985</u>
NET ASSETS - END OF YEAR	<u><u>\$ 32,985</u></u>

The accompanying notes are an integral part of these statements.

**MANITOWOC PUBLIC SCHOOL DISTRICT
MANITOWOC, WISCONSIN**

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

MANITOWOC PUBLIC SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - Summary of Significant Accounting Policies

The financial statements of Manitowoc Public School District (the "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.

Reporting Entity - The Manitowoc Public School District is organized as a common school district. The District, governed by an elected seven-member school board, operates grades pre-kindergarten through grade 12. The District is comprised of all or parts of nine taxing districts. The accompanying financial statements present the activities of the Manitowoc Public School District.

The District's basic financial statements do not include any component units, as defined in GASB 14 and amended by GASB 39 and GASB 61, as there are no organizations which meet the criterion. The criterion for including a legally separate organization as a component unit is the degree of financial accountability the District has with the organization. A financial benefit or burden relationship needs to be present between the primary government and that organization for it to be included in the reporting entity as a component unit.

The following circumstances set forth the District's financial accountability for a legally separate organization: the District is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District. The District may be financially accountable if an organization is fiscally dependent on the District regardless of whether the organization has (1) a separately-elected governing body, (2) a governing body appointed by a higher level of government, or (3) a jointly-appointed governing body. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading.

Basis Of Presentation

District-Wide Statements

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

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or

MANITOWOC PUBLIC SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2015

NOTE 1 - Summary of Significant Accounting Policies - Continued

capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds; each displayed in a separate column.

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 Project Fund - The special revenue trust fund is used to account for funds that can be used for District operations. The source of the funds are gifts and donations from private parties.

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 Fund - This fund accounts for the activities of the District's capital projects.

Food Service Fund - This fund accounts for the activities of the District's food service.

The District accounts for assets held as an agent for various student organizations and scholarships in a fiduciary agency fund.

Measurement Focus and Basis of Accounting

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions

MANITOWOC PUBLIC SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2015

NOTE 1 - Summary of Significant Accounting Policies - Continued

are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Cash and Investments - The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. All funds share common (pooled) checking and investment accounts unless regulations require separate investment accounts, such as the debt service fund.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average investment balances.

Property Tax Levy - Under Wisconsin law, personal property taxes and first and second installments of real estate taxes are collected by city and village treasurers who then make proportional settlement with the school district and county treasurer for those taxes collected on their behalf. Third installments of real estate taxes and delinquent taxes are collected by the county treasurer who then makes settlement with the city, town, village, and school districts before retaining any for county purposes. Taxes collected by the township are made in two installments, the first by the town, and the second by the county treasurer.

The District's property taxes are levied on or before November 1 on the equalized property valuation certified by the Department of Revenue. As permitted by a collecting municipality's ordinance, taxes may be paid in full or in two or more installments with the first installment payable the subsequent January 31st, and a final payment no later than the following July 31st. The District is paid by the collecting municipality its proportionate share of tax collections received through the last day of the preceding month on or before January 15th, and by the 20th of each subsequent month thereafter. On or before August 20th, the County Treasurer makes full settlement to the District for any remaining balance. The County assumes all responsibility for delinquent real property taxes.

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

MANITOWOC PUBLIC SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2015

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

Inventories and Prepaid Items - Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased. Prepaid items represent payments made by the District for which benefits extend beyond June 30.

A nonspendable fund balance has been recognized for these non-liquid assets (inventories and prepaid items) to signify that a portion of fund balance is not available for other subsequent expenditures, except in cases where inventories are offset by unearned revenues.

Due To/From Other Funds - The amounts reported on the statement of net position for receivable/payable from external parties represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type.

Interfund Transactions - Non-exchange transactions which are not borrowing/lending (will not be repaid) are recorded as operating transfers, and exchange transactions are recorded as revenues and expenses. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

Capital Assets - Capital assets are reported at actual cost or estimated historical costs, based on appraisals conducted by an independent third-party professional appraisal firm. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar amount 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 are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 1,000	Straight-line	50 years
Building improvements	\$ 1,000	Straight-line	20-30 years
Site improvements	\$ 1,000	Straight-line	10-20 years
Furniture and equipment	\$ 1,000	Straight-line	5-20 years
Computer and related technology	\$ 1,000	Straight-line	5-10 years
Vehicles	\$ 1,000	Straight-line	8-10 years
Library books*	\$ 1,000	Straight-line	7 years

* For purposes of determining the capitalization threshold for these items the District groups all purchases for the year.

MANITOWOC PUBLIC SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2015

NOTE 1 - Summary of Significant Accounting Policies - Continued

Compensated Absences - The District's policy permits employees to accumulate earned, but unused vacation benefits, which are eligible for payment upon separation from government service.

Generally, sick leave can be accumulated depending on the employment agreement. Accumulated sick time may not be taken in compensation upon retirement. The District accrues that sick leave which it deems probable of payout for employee health insurance credit.

The liability for compensated absences is reported as incurred in the government-wide statements. A liability for those amounts is recorded in the government funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary related benefits where applicable.

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

Deferred Outflows and Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The District has two items that qualify for reporting in this category. They are the deferred charge on refunding and Wisconsin Retirement System pension reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The Wisconsin Retirement System pension results from changes in the pension plan.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The District does not have any items which qualify for reporting in this category.

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

Net Position Classifications - Net position represents the difference between the total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by

MANITOWOC PUBLIC SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2015

NOTE 1 - Summary of Significant Accounting Policies - Continued

the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Fund Balance Classifications - The District classifies its fund equity as follows: 1) nonspendable fund balance consists of equity not in a spendable form or is legally or contractually required to be maintained intact, 2) restricted fund balance consists of equity constrained to specific purposes by their providers, externally imposed by creditors, constitutional provisions or by enabling legislation, 3) committed fund balance consists of equity constrained to specific purposes by the District itself, using its highest level of decision making authority - Board of Education policies, 4) assigned fund balance consists of equity the governing body intends to use for a specific purpose, intent can be expressed by the governing body. The Board of Education has authorized the Director of Business Services to assign fund balances through its financial management policy and 5) unassigned fund balance consists of equity available for any purpose.

When net losses occur, it is the District's policy to record the net loss against unassigned fund balance, then assigned fund balance, then committed fund balance and lastly to restricted fund balance. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Changes in Accounting Principles - The District has implemented GASB Statement No. 68 *Accounting to Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date* in 2015.

NOTE 2 - Cash and Investments

State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, state obligations, U.S. Treasury obligations, U.S. agency issues, repurchase agreements and other investments secured by federal securities, 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. No significant violations of these restrictions occurred during the year.

As of June 30, 2015, the District had the following investment:

<u>Investment</u>	<u>Weighted Average Maturities</u>	<u>Fair Value</u>
State of Wisconsin Investment Pool	Less than one year	\$ 3,430
Wisconsin Investment Series Cooperative	Less than one year	<u>4,504,525</u>
TOTAL INVESTMENTS		<u>\$ 4,507,955</u>

Fair (Market) Value of Deposits and Investments - Deposits and investments are reported at fair value. At June 30, 2015, the fair value of the District's deposits and investments approximated original cost, therefore no fair value adjustments were necessary.

MANITOWOC PUBLIC SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2015

NOTE 2 - Cash and Investments - Continued

Investment Pool Information - Participation in the State of Wisconsin Local Government Investment Pool is voluntary. The Pool's regulatory oversight is provided by state statutes and its investment board. The fair value of the District's position in the Pool is the same as the value of the Pool shares. At June 30, 2015, the Pool's fair value was 100 percent of book value.

Determining Fair Value - Fair value of the District's deposits and investments are determined as follows:

- 1) Deposits and investments with stated interest rates (savings account and certificate of deposits) are stated at cost, and
- 2) State of Wisconsin Local Government Investment Pool fair value is determined by the Pool's investment board based on published market quotations.
- 3) Wisconsin Investment Series Cooperative savings account is stated at cost.

Income Allocation - Interest income is generally allocated to the fund that owns the certificate of deposit, money market account, savings account, and investment. Interest income from special education, food service, and scholarship trust funds is reported in the general fund.

Interest Rate Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to mature or may be tendered for purchase at the option of the holder within not more than 7 years of the date acquired. The District does not have a formal investment policy that would further limit investment maturities as a means of further managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investment policy that would further limit its investment choices. The State of Wisconsin Local Government Investment Pool and Wisconsin Investment Series Cooperative are not rated.

Custodial Credit Risk - Deposits - Custodial credit is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy in place for custodial credit risk. The State of Wisconsin's Public Deposit Guarantee Fund created under Chapter 34 of the Wisconsin Statutes protects the municipality's designated public depositories against any losses of public funds up to \$400,000 subject to the total amount of the Guarantee Fund available. As of June 30, 2015, \$15,666,680 of the District's \$15,781,197 bank balance was exposed to custodial credit risk as uninsured collateral pledged by the bank in the bank's name.

MANITOWOC PUBLIC SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2015

NOTE 3 - Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 972,709	\$ -	\$ -	\$ 972,709
Capital assets being depreciated:				
Land improvements	1,499,877	328,330	-	1,828,207
Buildings and improvements	66,266,843	630,163	-	66,897,006
Furniture and equipment	7,787,630	459,000	(282,572)	7,964,058
Vehicles	305,082	23,164	-	328,246
Total capital assets being depreciated	<u>75,859,432</u>	<u>1,440,657</u>	<u>(282,572)</u>	<u>77,017,517</u>
Total capital assets	<u>76,832,141</u>	<u>1,440,657</u>	<u>(282,572)</u>	<u>77,990,226</u>
Less accumulated depreciation for:				
Land improvements	(874,839)	(79,667)	-	(954,506)
Buildings and improvements	(37,135,727)	(2,136,339)	-	(39,272,066)
Furniture and equipment	(5,775,476)	(553,945)	282,572	(6,046,849)
Vehicles	(284,155)	(7,505)	-	(291,660)
Total accumulated depreciation	<u>(44,070,197)</u>	<u>(2,777,456)</u>	<u>282,572</u>	<u>(46,565,081)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>31,789,235</u>	<u>(1,336,799)</u>	<u>-</u>	<u>30,452,436</u>
Capital assets, net of accumulated depreciation	<u>\$ 32,761,944</u>	<u>\$ (1,336,799)</u>	<u>\$ -</u>	<u>\$ 31,425,145</u>

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 191,455
Vocational instruction	31,610
Special education instruction	13,662
Other instruction	16,871
Pupil services	231
Instructional staff services	4,526
General administration services	2,033
Building administration services	7,817
Business services	2,957
Operations and maintenance	2,478,544
Food service	4,955
Central services	19,586
Other support services	3,209
Total	<u>\$ 2,777,456</u>

The District does not capitalize interest on general fixed asset projects.

MANITOWOC PUBLIC SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2015

NOTE 4 - Long-Term Obligations

Long-term obligations of the District are as follows:

					Amounts
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Notes payable	\$ 5,335,000	\$ 5,000,000	\$ (1,040,000)	\$ 9,295,000	\$ 625,000
Leases payable	959,815	11,900	(242,929)	728,786	242,929
Vested vacation pay	48,720	-	(27,398)	21,322	21,322
Vested sick pay	243,758	634	(18,039)	226,353	226,353
Supplemental pension	198,461	174,470	(106,926)	266,005	128,430
Net OPEB obligation	<u>2,222,136</u>	<u>538,481</u>	<u>(314,465)</u>	<u>2,446,152</u>	<u>239,750</u>
Total	<u>\$ 9,007,890</u>	<u>\$ 5,725,485</u>	<u>\$ (1,749,757)</u>	<u>\$ 12,983,618</u>	<u>\$ 1,483,784</u>

Interest cost incurred during the year totaled \$325,579. Total interest paid during the year aggregated \$294,126.

General Obligation Debt - All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. The general obligation debt is expected to be repaid with general property taxes. General obligation debt at June 30, 2015, is comprised of the following individual issues:

<u>Description</u>	<u>Issue Dates</u>	<u>Interest Rates (%)</u>	<u>Date of Maturity</u>	<u>Balance 6/30/15</u>
Notes Payable	12/1/09	3.50%	9/15/19	\$ 2,010,000
Notes Payable	9/1/10	4.35%	4/1/20	1,615,000
Notes Payable	11/14/12	1.75%	4/1/21	1,035,000
Notes Payable	7/2/14	2.50-3.00%	4/1/24	<u>4,635,000</u>
Total General Obligation Debt				<u>\$ 9,295,000</u>

The note issued in 2009 above is a Qualified School Construction Note (QSCB) which is part of a federal program under which the federal government pays the interest either directly to the bond holders or through a rebate to the District for the total interest paid. There is no interest cost to the District resulting in a 0% interest rate on these notes. Generally Accepted Accounting Principles requires non-interest bearing notes to have interest imputed on the outstanding principal balance. \$70,350 of interest on these notes has been imputed based on an equivalent rate the District would pay for interest bearing notes/bonds and will be paid by the federal government. The following aggregate cash flow requirements include this imputed interest.

General Obligation Debt Limit Calculation - The 2014 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$2,308,460,588. The legal debt limit and margin of indebtedness as of June 30, 2015, in accordance with section 67.03(1)(b) of Wisconsin Statutes follows:

MANITOWOC PUBLIC SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2015

NOTE 4 - Long-Term Obligations - Continued

Debt limit (10% of \$2,308,460,588)	\$ 230,846,059
Deduct long-term applicable to debt margin	(9,295,000)
Amount available in Debt Service Fund	-
Margin of indebtedness	<u>\$ 221,551,059</u>

Maturities of Long-Term Obligations - Aggregate principal and interest payments for the retirement of long-term debt obligations are as follows:

Year Ending June 30	Principal	Interest	Total
2016	\$ 625,000	\$ 284,528	\$ 909,528
2017	332,000	265,778	597,778
2018	669,000	265,778	934,778
2019	1,457,500	265,778	1,723,278
2020	2,021,500	230,603	2,252,103
2021-2024	<u>4,190,000</u>	<u>263,885</u>	<u>4,453,885</u>
	<u>\$ 9,295,000</u>	<u>\$ 1,576,350</u>	<u>\$ 10,871,350</u>

NOTE 5 - Wisconsin Retirement System

General Information about the Pension Plan

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

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.

MANITOWOC PUBLIC SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2015

NOTE 5 - Wisconsin Retirement System - Continued

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

The WRS also provides death and disability benefits for employees.

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

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

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

During the reporting period, the WRS recognized \$2,226,937 in contributions from the employer.

Contribution rates as of June 30, 2015 are:

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

MANITOWOC PUBLIC SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2015

NOTE 5 - Wisconsin Retirement System - Continued

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

At June 30, 2015, the District reported a liability (asset) of (\$5,729,141) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the District's proportion was 0.23324522%, which was a decrease of 0.00309345% from its proportion measured as of December 31, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$2,261,213.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 830,547	\$ -
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	2,774,327	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	56,939	-
Employer contributions subsequent to the measurement date	1,343,021	-
Total	\$ 5,004,834	\$ -

\$1,343,021 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$ 719,636	\$ -
2017	719,636	-
2018	719,636	-
2019	719,636	-
2020	719,636	-
Thereafter	\$ 63,633	\$ -

MANITOWOC PUBLIC SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2015

NOTE 5 - Wisconsin Retirement System - Continued

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

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

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

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

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

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

MANITOWOC PUBLIC SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2015

NOTE 5 - Wisconsin Retirement System - Continued

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

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
District's proportionate share of the net pension liability (asset)	\$ 16,162,892	\$ (5,729,141)	\$ (23,018,583)

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

Payables to the Pension Plan - The District reported a payable of \$851,924 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

NOTE 6 - Interfund Balance and Activity

Interfund receivable and payable balances on June 30, 2015, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Debt service	\$ 47,073
Debt service	General	<u>600,000</u>
		<u>\$ 647,073</u>

The above balance resulted from the timing differences between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. All amounts are due within one year. For the statement of net position, interfund balances which are owed within the governmental activities are netted and eliminated.

MANITOWOC PUBLIC SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2015

NOTE 6 - Interfund Balance and Activity - Continued

Interfund transfers at June 30, 2015 were as follows:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General	Debt service	\$ 1,102,428
General	Capital projects	600,000
Debt service	General	1,007

Generally, transfers are used to move revenue from the fund that collects them to the fund that the budget requires to expend them and use unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 7 - Post Employment Benefits Other Than Pensions

Plan Description - Health insurance benefits are provided to certain groups of full time employees. The administrators are eligible for post employment health and dental benefits. The benefits differ depending upon the administrator's hire date. For administrators hired prior to July 1, 2004; the District will contribute 80% of the medical and dental premiums on behalf of the retiree until Medicare-eligibility. For those hired on or after July 1, 2004, the District's contributions will be limited to either \$714 or 80% of the medical premium and \$76 or 80% of the dental premium whichever is less, until Medicare eligibility.

The teacher group receives health insurance, if at retirement they are 57 years of age or older and have 15 years of service in the District. The District's annual contribution to medical insurance will be limited to 50% of the annual medical premiums, but not to exceed \$6,000 for a family plan and \$3,000 for a single plan. The benefit is for up to eight (8) years or until Medicare-eligibility, whichever comes first.

The District's single-employer self-insurance medical plan allows retirees to remain in the same medical and dental plan as active employees. The employer is required to record an implicit rate subsidy as another post employment benefit even though the retiree pays 100% of the premium and the employer pays 0%.

Funding Policy - Premiums under the Plan for post employment healthcare benefits are funded by retirees via co-pays paid to the District in accordance with rates established by the District and from the District itself from the appropriate governmental funds on a pay-as-you-go basis. For the year ended June 30, 2015, contributions rates for plan members were \$150 - \$1,636 per participant per month and \$214 - \$1,385 from the District, depending on the type of retiree plan. Plan members receiving benefits paid \$464,148 and the District paid \$188,332 for current year premiums due.

Annual OPEB Cost and Net OPEB Obligation:

The medical plan membership consisted of the following as of July 1, 2013, the date of the latest actuarial valuation:

Retirees receiving health and dental benefits	67
Active plan members	550
Total	617

MANITOWOC PUBLIC SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2015

NOTE 7 - Post Employment Benefits Other Than Pensions - Continued

The annual cost of other post employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The pay as you go cost for OPEB benefits was \$314,465 for fiscal year 2015. The annual required contribution for fiscal year 2015 was \$535,326, with the annual OPEB cost of \$538,481. The OPEB obligation for health and dental benefit costs through fiscal year 2015 was \$2,446,152.

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

Annual required contribution	\$	535,326
Interest on net OPEB obligation		88,885
Adjustment to annual required contribution		<u>(85,730)</u>
Annual OPEB cost		538,481
Contributions made		<u>(314,465)</u>
Increase in net OPEB obligation		224,016
Net OPEB obligation - beginning of year		<u>2,222,136</u>
Net OPEB obligation - end of year	\$	<u><u>2,446,152</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation - End of Year
6/30/13	\$956,781	29.41%	\$ 2,083,423
6/30/14	\$538,284	74.23%	\$ 2,222,136
6/30/15	\$538,481	58.40%	\$ 2,446,152

Funding Status and Funding Progress - As of July 1, 2013, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits equaled \$5,542,248, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,542,248.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as RSI following the notes to the financial statements, is to present multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However,

MANITOWOC PUBLIC SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2015

NOTE 7 - Post Employment Benefits Other Than Pensions - Continued

because the District maintains no Plan assets, information relative to Plan assets required disclosures is not applicable.

The valuation, dated July 1, 2013, was based upon the data provided by the District to Key Benefit Concepts, LLC. In performing the actuarial study, Key Benefit Concepts, LLC utilized the premium rate history of the District's medical plans, and projected a stream of expected premium rates for each year in the future based on the data as of July 1, 2013. As such, the first year (fiscal year 2013-14) trends and expected future costs have been derived from historical premium rates for active employees and retirees.

There are no legal or contractual funding limitations that would potentially affect the projection of benefits for financial accounting purposes. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

The actuarial valuation, dated July 1, 2013, used the unit credit cost method. The assumptions and methods used in the valuation were: value of assets-fair market value, 4% investment return, 3% per annum salary increases, 7.5% - 5% medical healthcare cost trend rate, 5% dental healthcare cost trend rate and level percentage amortization method over 30 years with open period.

NOTE 8 - Supplemental Pension

Description and Funding Policy - The District will provide payment of the actuarial reduction to the Wisconsin Retirement System (WRS), if any, in the event of an Administrator's or Teacher's retirement prior to the age of 65.

Supplemental Pension (Stipend) Benefit - Administrators that do not participate in the District's medical plan upon their retirement will instead receive a cash benefit in lieu of such participation. The amount of this benefit is determined by individual years of service. The District will also provide all Administrators with an additional benefit wherein they will receive a retirement stipend based upon a percentage of their average salary prior to retirement. Furthermore, those classified as Teachers, Paraprofessionals, Clerical, Custodians and Non-Represented will also receive a stipend (cash benefit) upon their retirement based upon their individual years of service with the District.

Eligibility for this benefit varies by date of hire, if hired before July 1, 2003, and a minimum age of 54 with ten years of service; to being hired after July 1, 2003, and a minimum age of 57 with ten years of service.

Since retirees receive a pension benefit from the Wisconsin Retirement System (WRS), these post employment pension benefits (stipend benefit) are supplemental to the WRS benefit and therefore, we refer to them as a supplemental pension benefit. The benefit does not issue a separate annual financial report.

Annual Pension Costs and Actuarial Assumptions Used - The District's annual pension costs for the year ended June 30, 2015, and related actuarial assumptions used for the current year and related information for each Plan is as follows:

MANITOWOC PUBLIC SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2015

NOTE 8 - Supplemental Pension - Continued

Annual required contribution	\$	174,188
Interest on net pension obligation		7,938
Adjustment to annual required contribution		<u>(7,656)</u>
Annual pension cost		174,470
Contributions made		<u>(106,926)</u>
Increase in net pension obligation		67,544
Net pension obligation - beginning of year		<u>198,491</u>
Net pension obligation - end of year	\$	<u><u>266,035</u></u>

The net pension obligation is included in long-term obligation on the statement of net position.

The actuarial valuation, dated July 1, 2013, used the projected unit credit cost method. The assumptions and methods used in the valuation were: value of assets-fair market value, 4% investment return, 3% per annum salary increases and level percentage amortization method over 30 years with open period.

Trend Information - The following table of information is provided to assist users in assessing the Plan's progress in accumulating sufficient assets to pay benefits when due.

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>Pension Cost</u>	<u>Percentage of</u> <u>Annual Pension</u> <u>Cost Contributed</u>	<u>Net Pension</u> <u>Obligation -</u> <u>End of Year</u>
6/30/13	\$149,877	54.3%	\$ 171,023
6/30/14	\$174,431	84.3%	\$ 198,461
6/30/15	\$174,470	61.3%	\$ 266,005

NOTE 9 - Fund Balance and Net Position

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

<u>Governmental Fund</u>	<u>Purpose</u>	<u>Amount</u>
General		
Nonspendable	Prepaid expenses	\$ 10,834
Restricted	Self-insurance	\$ 3,304,602
Restricted	Contractual obligation	\$ 728,786
Committed	Specific expenses	\$ 1,139,178
Assigned	Specific expenses	\$ 3,980,337
Special projects		
Restricted	DPI regulation	\$ 354,735
Capital projects		
Restricted	DPI regulation	\$ 5,032,903
Food service		
Nonspendable	Inventory	\$ 61,044
Restricted	DPI regulation	\$ 278,337

MANITOWOC PUBLIC SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2015

NOTE 9 - Fund Balance and Net Position - Continued

Governmental Activities

General

Restricted	Self-insurance	\$ 3,304,602
Restricted	Contractual obligation	\$ 728,786
Special projects		
Restricted	DPI regulation	\$ 354,735
Capital projects		
Restricted	DPI regulation	\$ 5,032,903
Food service		
Restricted	DPI regulation	\$ 278,337

NOTE 10 - Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters. The District manages these risks through the purchase of commercial insurance, except for self-insured health and dental benefits as described in Note 14. Settled claims have not exceeded commercial coverage in any of the past three years and there has been no significant reduction in insurance coverage from coverage in the prior year.

NOTE 11 - Capital Leases

The District leases equipment under capital leases. These assets are included in the capital assets with a cost value of \$1,214,643. The future minimum lease payments for these leases are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2016	\$ 242,929
2017	242,929
2018	<u>242,928</u>
Total minimum lease payments	728,786
Less: amount representing interest	-
Present value of net minimum lease payments	<u>\$ 728,786</u>

NOTE 12 - Commitments and Contingent Liabilities

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

The District is aware that a number of their older school buildings contain some level of asbestos in which they will incur removal costs upon remodeling, selling, or abandoning these buildings at some future date. However, at this point, the District does not feel they have enough information to reasonably estimate the fair value of the asset retirement obligation and have not recorded a liability.

MANITOWOC PUBLIC SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2015

NOTE 12 - Commitments and Contingent Liabilities - Continued

The District has entered into an agreement with Brandt Buses for transportation services. The agreement runs through 2019 with estimated increases of 1.5 - 2.0% per year.

NOTE 13 - Limitation of School District Revenue

Wisconsin statutes limit the amount of revenue school districts may derive from general school aids and property taxes. This limitation does not apply to revenue needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following: (a) a resolution of the school board or by a referendum prior to August 12, 1993 and (b) a referendum on or after August 12, 1993.

NOTE 14 - Self-Funded Insurance

Self-Insured Risk - The District's self insurance is accounted for in the general fund, with appropriate charges to other funds as payroll is incurred in the other funds. Benefit maximums contained in the Plan limit the District's total liability under the Plan. An administrator processes claims and the District is liable for administrative expenses.

Claims Liabilities - The District records an estimated liability for health and dental care claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience.

Unpaid Claims Liabilities - The following represent the changes in approximate aggregate liabilities for health and dental care for the current and prior year.

	Year Ended <u>June 30, 2015</u>	Year Ended <u>June 30, 2014</u>
Beginning liability balance	\$ 1,822,111	\$ 2,035,531
Claims and changes in estimates	8,936,221	10,189,226
Claim payments	<u>(9,086,043)</u>	<u>(10,402,646)</u>
Ending liability balance	<u>\$ 1,672,289</u>	<u>\$ 1,822,111</u>

Claim payments are principally funded through charges to employees, which are paid through payroll deductions, and employer contributions to the health and dental plan.

NOTE 15 - Change in Accounting Principles

The change in accounting principles adjustment of \$10,689,836 on the statement of activities is due to the adoption of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

**MANITOWOC PUBLIC SCHOOL DISTRICT
MANITOWOC, WISCONSIN**

**REQUIRED
SUPPLEMENTARY INFORMATION**

MANITOWOC PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015

	ORIGINAL BUDGETED AMOUNTS			FINAL BUDGETED AMOUNTS			ACTUAL AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	SPECIAL			SPECIAL			SPECIAL			
	GENERAL	EDUCATION	TOTAL	GENERAL	EDUCATION	TOTAL	GENERAL	EDUCATION	TOTAL	
REVENUES										
Property taxes	\$ 19,381,032	\$ -	\$ 19,381,032	\$ 19,381,032	\$ -	\$ 19,381,032	\$ 19,378,959	\$ -	\$ 19,378,959	\$ (2,073)
Other local sources	457,620	7,000	464,620	457,620	7,000	464,620	567,207	-	567,207	102,587
Interdistrict sources	446,600	48,800	495,400	446,600	48,800	495,400	631,449	25,305	656,754	161,354
State sources	31,330,532	2,221,600	33,552,132	31,365,532	2,221,600	33,587,132	31,316,115	2,220,048	33,536,163	(50,969)
Federal sources	1,713,845	1,653,312	3,367,157	1,713,845	1,653,312	3,367,157	1,625,705	1,395,295	3,021,000	(346,157)
Other sources	101,310	910	102,220	101,310	910	102,220	157,131	5,759	162,890	60,670
TOTAL REVENUES	53,430,939	3,931,622	57,362,561	53,465,939	3,931,622	57,397,561	53,676,566	3,646,407	57,322,973	(74,588)
EXPENDITURES										
Current										
Instruction										
Regular instruction	23,910,132	-	23,910,132	23,590,431	-	23,590,431	23,271,584	-	23,271,584	318,847
Vocational instruction	1,750,234	(14,339)	1,735,895	1,767,557	(3,713)	1,763,844	1,642,078	4,968	1,647,046	116,798
Special instruction	-	8,133,939	8,133,939	-	8,006,044	8,006,044	-	7,907,316	7,907,316	98,728
Other instruction	2,363,049	2,000	2,365,049	2,461,509	7,000	2,468,509	2,388,542	2,390	2,390,932	77,577
Total instruction	28,023,415	8,121,600	36,145,015	27,819,497	8,009,331	35,828,828	27,302,204	7,914,674	35,216,878	611,950
Support services										
Pupil services	1,735,799	1,203,018	2,938,817	1,764,929	1,235,733	3,000,662	1,543,466	1,155,276	2,698,742	301,920
Instructional staff services	1,999,966	350,997	2,350,963	2,089,649	383,649	2,473,298	2,016,405	343,751	2,360,156	113,142
General administration services	456,225	-	456,225	490,809	20,000	510,809	465,776	-	465,776	45,033
Building administration services	2,898,239	-	2,898,239	2,904,302	-	2,904,302	2,854,875	-	2,854,875	49,427
Business services	527,153	-	527,153	530,904	16,200	547,104	504,649	16,200	520,849	26,255
Operations and maintenance	4,582,463	-	4,582,463	4,474,958	-	4,474,958	4,607,806	17,561	4,625,367	(150,409)
Pupil transportation	1,475,634	246,418	1,722,052	1,418,645	296,922	1,715,567	1,417,494	276,477	1,693,971	21,596
Central services	1,545,962	-	1,545,962	1,623,382	-	1,623,382	1,619,487	-	1,619,487	3,895
Insurance	591,910	-	591,910	591,910	-	591,910	565,197	-	565,197	26,713
Other support services	594,497	-	594,497	620,935	-	620,935	589,215	-	589,215	31,720
Total support services	16,407,848	1,800,433	18,208,281	16,510,423	1,952,504	18,462,927	16,184,370	1,809,265	17,993,635	469,292
Non-program transactions	1,934,630	166,531	2,101,161	1,934,630	132,479	2,067,109	1,899,866	109,603	2,009,469	57,640
Debt service										
Interest	5,000	-	5,000	5,000	-	5,000	3,946	-	3,946	1,054
Capital outlay	698,643	38,360	737,003	828,886	32,610	861,496	392,605	-	392,605	468,891
TOTAL EXPENDITURES	47,069,536	10,126,924	57,196,460	47,098,436	10,126,924	57,225,360	45,782,991	9,833,542	55,616,533	1,608,827
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,361,403	(6,195,302)	166,101	6,367,503	(6,195,302)	172,201	7,893,575	(6,187,135)	1,706,440	1,534,239
OTHER FINANCING SOURCES (USES)										
Transfer (to) other funds	(7,298,221)	-	(7,298,221)	(7,904,321)	-	(7,904,321)	(7,889,563)	-	(7,889,563)	14,758
Transfer from other funds	-	6,195,302	6,195,302	-	6,195,302	6,195,302	1,007	6,187,135	6,188,142	(7,160)
TOTAL OTHER FINANCING SOURCES (USES)	(7,298,221)	6,195,302	(1,102,919)	(7,904,321)	6,195,302	(1,709,019)	(7,888,556)	6,187,135	(1,701,421)	7,598
NET CHANGE IN FUND BALANCE	(936,818)	-	(936,818)	(1,536,818)	-	(1,536,818)	5,019	-	5,019	1,541,837
FUND BALANCE - BEGINNING OF YEAR	15,396,801	-	15,396,801	15,396,801	-	15,396,801	15,396,801	-	15,396,801	-
FUND BALANCE - END OF YEAR	\$ 14,459,983	\$ -	\$ 14,459,983	\$ 13,859,983	\$ -	\$ 13,859,983	\$ 15,401,820	\$ -	\$ 15,401,820	\$ 1,541,837

The accompanying notes are an integral part of these statements.

MANITOWOC PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE SPECIAL PROJECT FUND
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES				
Other local sources	\$ 65,980	\$ 141,980	\$ 134,158	\$ (7,822)
TOTAL REVENUES	<u>65,980</u>	<u>141,980</u>	<u>134,158</u>	<u>(7,822)</u>
EXPENDITURES				
Current				
Instruction				
Regular instruction	35,800	116,550	116,498	52
Total instruction	<u>35,800</u>	<u>116,550</u>	<u>116,498</u>	<u>52</u>
Support services				
Pupil services	-	430	430	-
Building administration services	-	590	582	8
Pupil transportation	-	19,230	19,221	9
Other support services	17,000	17,000	1,889	15,111
Total support services	<u>17,000</u>	<u>37,250</u>	<u>22,122</u>	<u>15,128</u>
Capital Outlay	<u>25,000</u>	-	-	-
TOTAL EXPENDITURES	<u>77,800</u>	<u>153,800</u>	<u>138,620</u>	<u>15,180</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(11,820)	(11,820)	(4,462)	7,358
OTHER FINANCING SOURCES (USES)				
Surplus reappropriated	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(11,820)	(11,820)	(4,462)	7,358
FUND BALANCE - BEGINNING OF YEAR	<u>359,197</u>	<u>359,197</u>	<u>359,197</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 347,377</u>	<u>\$ 347,377</u>	<u>\$ 354,735</u>	<u>\$ 7,358</u>

The accompanying notes are an integral part of these statements.

MANITOWOC PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE CAPITAL PROJECTS FUND
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES				
Other local sources	\$ 220,000	\$ 220,000	\$ 8,205	\$ (211,795)
Other sources	-	-	114,871	114,871
TOTAL REVENUES	<u>220,000</u>	<u>220,000</u>	<u>123,076</u>	<u>(96,924)</u>
EXPENDITURES				
Capital Projects	115,000	215,000	47,560	167,440
Total support services	115,000	215,000	47,560	167,440
Capital outlay	2,805,288	2,705,288	1,039,290	1,665,998
TOTAL EXPENDITURES	<u>2,920,288</u>	<u>2,920,288</u>	<u>1,086,850</u>	<u>1,833,438</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,700,288)</u>	<u>(2,700,288)</u>	<u>(963,774)</u>	<u>1,736,514</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	191,389	191,389
Transfer from general fund	-	600,000	600,000	-
Long-term borrowing	5,000,000	5,000,000	5,000,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,000,000</u>	<u>5,600,000</u>	<u>5,791,389</u>	<u>191,389</u>
NET CHANGE IN FUND BALANCE	2,299,712	2,899,712	4,827,615	1,927,903
FUND BALANCE - BEGINNING OF YEAR	<u>205,288</u>	<u>205,288</u>	<u>205,288</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 2,505,000</u></u>	<u><u>\$ 3,105,000</u></u>	<u><u>\$ 5,032,903</u></u>	<u><u>\$ 1,927,903</u></u>

The accompanying notes are an integral part of these statements.

MANITOWOC PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE FOOD SERVICE FUND
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES				
Other local sources	\$ 692,530	\$ 704,436	\$ 695,359	\$ (9,077)
State sources	38,210	38,210	38,721	511
Federal sources	1,282,450	1,270,544	1,226,507	(44,037)
Other sources	500	500	8,035	7,535
TOTAL REVENUES	<u>2,013,690</u>	<u>2,013,690</u>	<u>1,968,622</u>	<u>(45,068)</u>
EXPENDITURES				
Current				
Support services				
Food service	2,001,292	2,001,292	1,947,332	53,960
Capital Outlay	5,000	5,000	8,762	(3,762)
TOTAL EXPENDITURES	<u>2,006,292</u>	<u>2,006,292</u>	<u>1,956,094</u>	<u>50,198</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>7,398</u>	<u>7,398</u>	<u>12,528</u>	<u>5,130</u>
NET CHANGE IN FUND BALANCE	7,398	7,398	12,528	5,130
FUND BALANCE - BEGINNING OF YEAR	<u>326,853</u>	<u>326,853</u>	<u>326,853</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 334,251</u>	<u>\$ 334,251</u>	<u>\$ 339,381</u>	<u>\$ 5,130</u>

The accompanying notes are an integral part of these statements.

MANITOWOC PUBLIC SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
JUNE 30, 2015

NOTE 1 - Budgetary Information - Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction, which is in accordance with generally accepted accounting principles. The legally adopted budget and budgetary expenditure control is exercised at the two-digit sub-function level in the General Fund and at the function level for all other funds. Reported budget amounts are as originally adopted or as amended by the School Board resolution.

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

1. Based upon requests from District staff, District Administration recommends budget proposals to the School Board.
2. 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.
3. 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.
4. Pursuant to the public budget hearing, the School Board may alter the proposed budget.
5. After the School Board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire School Board.
6. Appropriations lapse at year-end unless authorized as a carryover by the School Board. The portion of fund balance representing carryover appropriations is reported as a reserve of fund balance.
7. Encumbrance accounting is not used by the District.
8. Budgets are adopted on a basis consistent with generally accepted accounting principles.

NOTE 2 - Excess of Actual Expenditure Over Budget - The following functions had an excess of actual expenditures over budget.

General/Special Education	Operations and maintenance	\$ 150,409
Food Service	Capital outlay	3,762

MANITOWOC PUBLIC SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS - POST EMPLOYMENT HEALTHCARE
YEAR ENDED JUNE 30, 2015

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL Percentage of Covered Payroll ((b - a) / c)
<u>Post Employment Healthcare</u>						
2013						
07/01/11	\$ -	\$ 8,758,363	\$ 8,758,363	0.00%	\$ 31,724,234	27.61%
2014						
07/01/13	\$ -	\$ 5,542,248	\$ 5,542,248	0.00%	\$ 31,805,361	17.43%
2015						
07/01/13	\$ -	\$ 5,542,248	\$ 5,542,248	0.00%	\$ 32,148,633	17.24%
<u>Supplemental Pension</u>						
2013						
07/01/11	\$ -	\$ 1,215,652	\$ 1,215,652	0.00%	\$ 31,724,234	3.83%
2014						
07/01/13	\$ -	\$ 1,753,514	\$ 1,753,514	0.00%	\$ 31,805,361	5.51%
2015						
07/01/13	\$ -	\$ 1,753,514	\$ 1,753,514	0.00%	\$ 32,148,633	5.45%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
<u>Post Employment Healthcare</u>			
2013	\$ 956,781	\$ 281,352	29.41%
2014	\$ 538,284	\$ 399,571	74.23%
2015	\$ 538,481	\$ 314,465	58.40%
<u>Supplemental Pension</u>			
2013	\$ 149,877	\$ 81,445	54.34%
2014	\$ 174,431	\$ 146,993	84.27%
2015	\$ 174,470	\$ 106,926	61.29%

MANITOWOC PUBLIC SCHOOL DISTRICT
WISCONSIN RETIREMENT SYSTEM SCHEDULES
 JUNE 30, 2015

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

	<u>2015</u>
Proportion of the net pension liability (asset)	0.23324522%
Proportionate share of the net pension liability (asset)	\$ (5,729,141)
Covered employee payroll	\$ 31,813,322
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-18.01%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%

SCHEDULE OF CONTRIBUTIONS
 Last 10 Fiscal Years *

	<u>2015</u>
Contractually required contribution	\$ 2,226,937
Contributions in relation to the contractually required contribution	<u>(2,226,937)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered employee payroll	\$ 31,813,322
Contributions as a percentage of covered employee payroll	7.00%

* The amounts presented for each fiscal year were determined as of the calendar year end which occurred with the fiscal year.

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

Notes to Required Supplementary Information for the Year Ended June 30, 2015

Changes of benefit terms - there were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes of assumptions - there were no changes in the assumptions.

**MANITOWOC PUBLIC SCHOOL DISTRICT
MANITOWOC, WISCONSIN**

**OTHER
SUPPLEMENTARY INFORMATION**

MANITOWOC PUBLIC SCHOOL DISTRICT
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2015

	<u>BALANCE</u> <u>JUNE 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>BALANCE</u> <u>JUNE 30, 2015</u>
<u>ASSETS</u>				
Cash and investments	\$ 76,829	\$ 672,592	\$ 668,508	\$ 80,913
TOTAL ASSETS	<u>76,829</u>	<u>672,592</u>	<u>668,508</u>	<u>80,913</u>
<u>LIABILITIES</u>				
Due to student organizations				
Elementary	19,529	99,445	106,417	12,557
Junior High	18,161	179,183	177,238	20,106
High	39,139	393,964	384,853	48,250
TOTAL LIABILITIES	<u>\$ 76,829</u>	<u>\$ 672,592</u>	<u>\$ 668,508</u>	<u>\$ 80,913</u>

MANITOWOC PUBLIC SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

Awarding Agency Pass-Through Agency Award Description	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL CATALOG NUMBER	PROGRAM OR AWARD AMOUNT	ACCRUED	REVENUES		ACCRUED
				RECEIVABLE (UNEARNED REVENUE) JULY 1, 2014	GRANTOR REIMBURSE- MENTS	EXPENDITURES	RECEIVABLE (UNEARNED REVENUE) JUNE 30, 2015
U.S. DEPARTMENT OF AGRICULTURE							
Wisconsin Department of Public Instruction							
School Breakfast Program							
July 1, 2014 - June 30, 2015	None	10.553	N/A	\$ -	\$ 102,353	\$ 104,437	\$ 2,084
Food Distribution							
July 1, 2014 - June 30, 2015	None	10.555	N/A	-	115,168	115,168	-
National School Lunch Program							
July 1, 2014 - June 30, 2015	None	10.555	N/A	-	850,799	869,595	18,796
Special Milk Program for Children							
July 1, 2014 - June 30, 2015	None	10.556	N/A	-	4,000	4,125	125
Summer Food Service Program							
July 1, 2013 - June 30, 2014	None	10.559	N/A	28,208	28,208	-	-
July 1, 2014 - June 30, 2015	None		N/A	-	38,443	81,973	43,530
Total Child Nutrition Cluste				<u>28,208</u>	<u>1,138,971</u>	<u>1,175,298</u>	<u>64,535</u>
Team Nutrition Grant							
July 1, 2013 - June 30, 2014	14-3290-SG	10.574	N/A	1,359	1,359	-	-
Fresh Fruit and Vegetable Program							
July 1, 2014 - June 30, 2015	None	10.582	N/A	-	51,210	51,210	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE				<u>29,567</u>	<u>1,191,540</u>	<u>1,226,508</u>	<u>64,535</u>
U.S. DEPARTMENT OF EDUCATION							
Wisconsin Department of Public Instruction							
Title I - Grants to Local Educational Agencies							
July 1, 2013 - June 30, 2014	14-36-3290-TIA	84.010	N/A	393,797	393,797	-	-
July 1, 2014 - June 30, 2015	15-36-3290-TIA		\$ 1,179,844	-	740,974	1,051,379	310,405
				<u>393,797</u>	<u>1,134,771</u>	<u>1,051,379</u>	<u>310,405</u>
Special Education - Grants to States IDEA (Flow Thru)							
July 1, 2013 - June 30, 2014	2014-3290-730-341	84.027	N/A	437,429	437,429	-	-
July 1, 2014 - June 30, 2015	2015-3290-730-341		1,306,556	-	834,952	1,074,508	239,556
Special Education - High Cost							
July 1, 2014 - June 30, 2015	None	84.027	N/A	-	5,255	5,255	-
IDEA Discretionary							
July 1, 2013 - June 30, 2014	14-26-3290-IDEA40	84.027	N/A	4,139	4,139	-	-
Special Education - Preschool Grants							
July 1, 2013 - June 30, 2014	2014-3290-730-347	84.173	N/A	11,983	11,983	-	-
July 1, 2014 - June 30, 2015	2015-3290-730-347		38,562	-	34,224	38,562	4,338
Total IDEA Cluster				<u>453,551</u>	<u>1,327,982</u>	<u>1,118,325</u>	<u>243,894</u>
Career and Technical Education - Basic Grants to States							
July 1, 2013 - June 30, 2014	None	84.048	N/A	49,642	49,642	-	-
July 1, 2014 - June 30, 2015	None		47,640	-	32,644	47,640	14,996
Twenty-First Century Community Learning Centers - Jefferson Elementary							
July 1, 2013 - June 30, 2014	None	84.287	N/A	46,223	46,223	-	-
July 1, 2014 - June 30, 2015	None		75,000	-	57,106	72,892	15,786
Twenty-First Century Community Learning Centers - Washington Jr. High							
July 1, 2013 - June 30, 2014	None	84.287	N/A	33,450	33,450	-	-
July 1, 2014 - June 30, 2015	None		101,302	-	61,887	90,282	28,395
English Language Acquisition Grants							
July 1, 2013 - June 30, 2014	14-36-3290-TIIIA-Formula	84.365	N/A	18,629	18,629	-	-
July 1, 2014 - June 30, 2015	15-36-3290-TIIIA-Formula		77,883	-	-	68,230	68,230
Improving Teacher Quality State Grants							
July 1, 2013 - June 30, 2014	14-34-3290-TIIA-Formula	84.367	N/A	229,893	229,893	-	-
July 1, 2014 - June 30, 2015	15-34-3290-TIIA-Formula		254,738	-	18,183	251,521	233,338
TOTAL U.S. DEPARTMENT OF EDUCATION				<u>1,225,185</u>	<u>3,010,410</u>	<u>2,700,269</u>	<u>915,044</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Wisconsin Department of Health Services							
Medical Assistance							
July 1, 2014 - June 30, 2015	None	93.778	N/A	-	223,539	312,512	88,973
Wisconsin Board for People with Development Disabilities							
Development Disabilities Projects of National Significance							
July 1, 2013 - June 30, 2014	None	93.631	N/A	3,007	3,007	-	-
July 1, 2014 - June 30, 2015	None		N/A	-	984	984	-
Employment First Community Action Team Grant:							
July 1, 2013 - June 30, 2014	None	93.630	N/A	2,765	2,765	-	-
July 1, 2014 - June 30, 2015	None		N/A	-	2,235	7,235	5,000
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>5,772</u>	<u>232,530</u>	<u>320,731</u>	<u>93,973</u>
TOTAL FEDERAL AWARDS				<u>\$ 1,260,524</u>	<u>\$ 4,434,480</u>	<u>\$ 4,247,508</u>	<u>\$ 1,073,552</u>

The accompanying notes are an integral part of these statements.

MANITOWOC PUBLIC SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2015

Awarding Agency Pass-Through Agency <u>Award Descriptor</u>	STATE I.D. <u>NUMBER</u>	PROGRAM OR AWARD <u>AMOUNT</u>	<u>REVENUE</u>	
			<u>GRANTOR/ STATE REIMBURSEMENTS</u>	<u>EXPENDITURES</u>
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION				
Cost reimbursement Programs - Nonmajor State Programs				
Wisconsin Department of Public Instruction				
Career and Technical Education Incentive	255.950			
July 1, 2014 - June 30, 2015		\$ -	\$ 33,000	\$ 33,000
TOTAL WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION			<u>33,000</u>	<u>33,000</u>
Entitlement Programs - Major State Programs				
Special Education and School Age Parents:	255.101			
Internal District Programs		N/A	2,218,662	
Equalization Aids	255.201	N/A	29,195,920	
Per Pupil Aid	255.945	N/A	788,100	
TOTAL MAJOR PROGRAMS			<u>32,202,682</u>	
Nonmajor State Programs				
State School Lunch Aid	255.102	N/A	20,058	
Common School Fund Library Aid	255.103	N/A	240,807	
Bilingual/Bicultural Aid	255.106	N/A	67,795	
General Transportation Aid	255.107	N/A	60,652	
Wisconsin Morning Milk Program	255.109	N/A	12,859	
High Cost Special Education Aid	255.210	N/A	1,386	
School Breakfast Program	255.344	N/A	5,804	
Student Achievement Guarantee in Educatio	255.504	N/A	749,153	
TOTAL NONMAJOR PROGRAMS			<u>1,158,514</u>	
TOTAL WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION			<u>33,394,196</u>	
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT				
Entitlement Program - Nonmajor State Program				
Youth Apprenticeship Gran	445.112	N/A	67,984	
WISCONSIN ENVIRONMENTAL EDUCATION BOARD				
Entitlement Program - Nonmajor State Program				
University of Wisconsin-Stevens Poin				
Wisconsin Environmental Education Gran	None	N/A	994	
WISCONSIN DEPARTMENT OF NATURAL RESOURCES				
Entitlement Program - Nonmajor State Program				
Aquatic Invasive Species Control Grant	370.663	N/A	193	
Payment in Lieu of Taxes	None	N/A	9,570	
TOTAL WISCONSIN DEPARTMENT OF NATURAL RESOURCES			<u>9,763</u>	
WISCONSIN DEPARTMENT OF REVENUE				
Entitlement Program - Nonmajor State Program				
Exempt Computer Aic	None	N/A	95,815	
UNIVERSITY OF WISCONSIN - GREEN BAY				
Entitlement Program - Nonmajor State Program				
Grants to Improve Teaching and Learning Prograr	None	N/A	6,132	
TOTAL STATE ASSISTANCE			<u>\$ 33,574,884</u>	

The accompanying notes are an integral part of these statements.

MANITOWOC PUBLIC SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2015

NOTE 1 - Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of Manitowoc Public 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* and the *State Single Audit Guidelines*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

NOTE 2 - Summary of Significant Accounting Policies

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

NOTE 3 - Special Education and School Age Parents Program

2014-2015 eligible costs under the State Special Education Program are \$8,426,609.

NOTE 4 - Food Distribution Program

Non-monetary assistance is reported in the schedule of federal awards at the fair market value of the commodities received and used.

NOTE 5 - Subrecipient Pass-Through

Kiel Area School District - 84.365 Title III - English Language Acquisition Grants \$3,076

Two Rivers Public School District - 84.365 Title III - English Language Acquisition Grants \$3,348

Valders Area School District - 84.365 Title III - English Language Acquisition Grants \$242

**MANITOWOC PUBLIC SCHOOL DISTRICT
MANITOWOC, WISCONSIN**

OTHER REPORTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education
Manitowoc Public School District
Manitowoc, Wisconsin

We 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 the Manitowoc Public School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Manitowoc Public School District's basic financial statements, and have issued our report thereon dated December 1, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Manitowoc Public 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Manitowoc Public School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Manitowoc Public 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

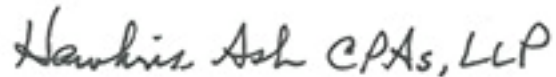
Compliance and Other Matters

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

Purpose of this Report

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

HAWKINS ASH CPAS, LLP

A handwritten signature in cursive script that reads "Hawkins Ash CPAs, LLP".

Manitowoc, Wisconsin
December 1, 2015



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133
AND STATE SINGLE AUDIT GUIDELINES**

To the Board of Education
Manitowoc Public School District
Manitowoc, Wisconsin

Report on Compliance for Each Major Federal Program

We have audited the Manitowoc Public School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and *State Single Audit Guidelines* that could have a direct and material effect on each of the Manitowoc Public School District's major federal and state programs for the year ended June 30, 2015. The Manitowoc Public School District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Manitowoc Public School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Manitowoc Public 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 or state programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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

HAWKINS ASH CPAS, LLP



Manitowoc, Wisconsin
December 1, 2015

MANITOWOC PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to the financial statements?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal control over financial reporting:

Material weakness identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133 Section .510(1)?

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173	IDEA Cluster

State Assistance

Internal control over financial reporting:

Material weakness identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported

MANITOWOC PUBLIC SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
 JUNE 30, 2015

Type of auditors' report issued on compliance
 for major programs: Unmodified
 Any audit findings disclosed that are required to
 be reported in accordance with *State*
Single Audit Guidelines? _____ Yes ___X___ No

Identification of major state programs:

<u>State ID Number</u>	<u>Name of State Program or Cluster</u>
255.101	Special Education and School Age Parents
255.201	General Equalization Aid
255.925	Per Pupil Aid

Dollar threshold used to distinguish between:
 Type A and Type B federal programs: \$300,000
 Type A and Type B state programs: \$100,000

Auditee qualified as a low-risk auditee? ___X___ Yes _____ No

Section II & III - Financial Statements, Federal and State Award Findings and Questioned Costs

None

Section IV - Prior Year Findings

None