**PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 21, 2016**

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold, nor may offers to buy be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b) (1), except for the omission of certain information described in the rule, but is subject to revision, amendment, and completion in a Final Official Statement.

**NEW ISSUE**
Bank Qualified

Moody's Rated "A1"
(See "RATING" herein)

***In the opinion of Griggs Law Office LLC, Bond Counsel, assuming continuing compliance with the requirements of the Internal Revenue Code of 1986 (the "Code"), interest on the Bonds is excluded from gross income and is not an item of tax preference for federal income tax purposes under existing law. See "TAX EXEMPTION" for a more detailed discussion of federal tax consequences of owning the Bonds. Interest on the Bonds is not exempt from present Wisconsin income taxes. The Bonds will be designated by the District as "Qualified Tax Exempt Obligations" for purposes of Section 265 of the Code.***

# $2,480,000
# JOINT SCHOOL DISTRICT NUMBER 2, VILLAGE OF GENOA CITY, TOWN OF BLOOMFIELD AND VILLAGE OF BLOOMFIELD
## Walworth County, Wisconsin
## General Obligation School Improvement Bonds

Dated: October 20, 2016

Due: April 1, 2017 - 2036

The $2,480,000 General Obligation School Improvement Bonds (the "Bonds") will be dated October 20, 2016 and will be in the denomination of $5,000 each or any multiple thereof. The Bonds will mature serially on April 1 of the years 2017 through 2036. Interest shall be payable commencing on April 1, 2017 and semi-annually thereafter on October 1 and April 1 of each year. Associated Trust Company, National Association, Green Bay, Wisconsin will serve as paying agent for the Bonds.

**MATURITY SCHEDULE***

| (April 1) | Amount* | Rate | Yield | CUSIP [1] Base 372357 | (April 1) | Amount* | Rate | Yield | CUSIP [1] Base 372357 |
|---|---|---|---|---|---|---|---|---|---|
| 2017 | $225,000 | | | | 2027 | $115,000 | | | |
| 2018 | 100,000 | | | | 2028 | 120,000 | | | |
| 2019 | 100,000 | | | | 2029 | 120,000 | | | |
| 2020 | 100,000 | | | | 2030 | 125,000 | | | |
| 2021 | 100,000 | | | | 2031 | 130,000 | | | |
| 2022 | 105,000 | | | | 2032 | 135,000 | | | |
| 2023 | 105,000 | | | | 2033 | 140,000 | | | |
| 2024 | 105,000 | | | | 2034 | 140,000 | | | |
| 2025 | 110,000 | | | | 2035 | 145,000 | | | |
| 2026 | 110,000 | | | | 2036 | 150,000 | | | |

The Bonds are being issued pursuant to Chapter 67 of the Wisconsin Statutes. The Bonds will be general obligations of the Joint School District Number 2, Village of Genoa City, Town of Bloomfield and Village of Bloomfield, Wisconsin (the "District") for which its full faith and credit and taxing powers are pledged which taxes may, under current law, be levied without limitation as to rate or amount. The proceeds from the sale of the Bonds will be used for the purpose of paying the cost of energy efficiency improvements to school district buildings. (See "THE FINANCING PLAN" herein.)

The Bonds maturing April 1, 2025 and thereafter are subject to call and prior redemption on April 1, 2024 or any date thereafter, in whole or in part, from maturities selected by the District and by lot within each maturity at par plus accrued interest to the date of redemption. All or a portion of the Bonds may be issued as one or more term bonds, upon election by the successful bidder. (See "REDEMPTION PROVISIONS" herein.)

The Financial Advisor to the District is: **BAIRD**

The Bonds will be issued only as fully registered Bonds and will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as the securities depository of the Bonds. Individual purchases will be made in book-entry form only in denominations of $5,000 principal amount or any integral multiple thereof. Purchasers of the Bonds will not receive certificates representing their interest in the Bonds purchased. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

***The District's Bonds are offered when, as and if issued subject to the approval of legality by Griggs Law Office LLC, Bond Counsel, Milwaukee, Wisconsin. Quarles & Brady LLP will act as Disclosure Counsel for the District. The anticipated settlement date for this issue is on or about October 20, 2016.***

**SALE DATE: SEPTEMBER 29, 2016**

**SALE TIME: 9:30 A.M. CT**

**Preliminary, subject to change.*

*[1] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright(c) 2016 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for services provided by CGS. CUSIP® numbers are provided for convenience of reference only. None of the District, the Financial Advisor, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.*

**JOINT SCHOOL DISTRICT NUMBER 2, VILLAGE OF GENOA CITY**
**TOWN OF BLOOMFIELD AND VILLAGE OF BLOOMFIELD**
**(Walworth County, Wisconsin)**

## SCHOOL BOARD

Jaye Tritz, President
Patrick Sherman, Vice President
Jason Schoolfield, Treasurer
William Engelman, Clerk
Karen Druszczak, Deputy Clerk

## ADMINISTRATION

Kellie Bohn, Superintendent
Dr. Mary DeYoung, Business Manager
Steve Zorich, Director of Special Education
Pamela Larson, Middle School Principal
Teresa Curley, Elementary School Principal

## PROFESSIONAL SERVICES

| | |
|---|---|
| **School District Attorney:** | Buelow, Vetter, Buikema, Olson & Vliet LLC, Waukesha, Wisconsin |
| **Financial Advisor** | Robert W. Baird & Co. Incorporated, Milwaukee, Wisconsin |
| **Bond Counsel:** | Griggs Law Office LLC, Milwaukee, Wisconsin |
| **Disclosure Counsel:** | Quarles & Brady LLP, Milwaukee, Wisconsin |
| **Paying Agent:** | Associated Trust Company, National Association, Green Bay, Wisconsin |

## REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement is being distributed in connection with the sale of the Bonds referred to in this Official Statement and may not be used, in whole or in part, for any other purpose. No dealer, broker, salesman or other person is authorized to make any representations concerning the Bonds other than those contained in this Official Statement, and if given or made, such other information or representations may not be relied upon as statements of the Joint School District Number 2, Village of Genoa City, Town of Bloomfield and Village of Bloomfield, Wisconsin (the "District"). This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such an offer, solicitation or sale.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by the District, from time to time (collectively, the “Official Statement”), may be treated as a final Official Statement with respect to the Bonds described herein that is deemed final by the District as of the date hereof (or of any such supplement or amendment).

Unless otherwise indicated, the District is the source of the information contained in this Official Statement. Certain information in this Official Statement has been obtained by the District or on its behalf from The Depository Trust Company and other non-District sources that the District believes to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information. Nothing contained in this Official Statement is a promise of or representation by Robert W. Baird & Co. Incorporated (the "Financial Advisor"). The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed and the Underwriter will review the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor and the Underwriter do not guarantee the accuracy or completeness of such information. The information and opinions expressed in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale made under this Official Statement shall, under any circumstances, create any implication that there has been no change in the financial condition or operations of the District or other information in this Official Statement, since the date of this Official Statement.

This Official Statement contains statements that are “forward-looking statements” as that term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. When used in this Official Statement, the words “estimate,” “intend,” “project” or “projection,” “expect” and similar expressions are intended to identify forward-looking statements. Forward-looking statements are subject to risks and uncertainties, some of which are discussed herein, that could cause actual results to differ materially from those contemplated in such forward-looking statements. Investors and prospective investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this Official Statement.

This Official Statement should be considered in its entirety. No one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, ordinances, reports or other documents are referred to in this Official Statement, reference should be made to those documents for more complete information regarding their subject matter.

The Bonds will not be registered under the Securities Act of 1933, as amended, or the securities laws of any state of the United States, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity shall have passed upon the accuracy or adequacy of this Official Statement.

**IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OR MAY NOT OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT NOTICE. THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER THE BONDS ARE RELEASED FOR SALE AND THE BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE BONDS INTO INVESTMENT ACCOUNTS.**

## TABLE OF CONTENTS


| | Page |
|---|---|
| SCHOOL BOARD | 2 |
| ADMINISTRATION | 2 |
| PROFESSIONAL SERVICES | 2 |
| REGARDING USE OF THIS OFFICIAL STATEMENT | 3 |
| SUMMARY | 5 |
| INTRODUCTORY STATEMENT | 6 |
| THE FINANCING PLAN | 6 |
| REDEMPTION PROVISIONS | 6 |
| ESTIMATED SOURCES AND USES | 6 |
| CONSTITUTIONAL AND STATUTORY CONSIDERATIONS AND LIMITATIONS CONCERNING THE DISTRICT'S POWER TO INCUR INDEBTEDNESS | 7 |
| THE RESOLUTIONS | 8 |
| THE DISTRICT | 8 |
| GENERAL INFORMATION | 12 |
| DEMOGRAPHIC AND ECONOMIC INFORMATION | 12 |
| TAX LEVIES, RATES AND COLLECTIONS | 14 |
| EQUALIZED VALUATIONS | 15 |
| INDEBTEDNESS OF THE DISTRICT | 16 |
| FINANCIAL INFORMATION | 18 |
| GENERAL FUND SUMMARY | 19 |
| UNDERWRITING | 20 |
| RATING | 20 |
| REVENUE LIMITS ON WISCONSIN SCHOOL DISTRICTS | 20 |
| TAX EXEMPTION | 21 |
| DESIGNATION AS QUALIFIED TAX-EXEMPT OBLIGATIONS | 24 |
| CONTINUING DISCLOSURE | 24 |
| BOOK-ENTRY-ONLY SYSTEM | 24 |
| LITIGATION | 26 |
| LEGAL MATTERS | 26 |
| MUNICIPAL BANKRUPTCY | 26 |
| FINANCIAL ADVISOR | 27 |
| MISCELLANEOUS | 27 |
| AUTHORIZATION | 27 |

Appendix A: Basic Financial Statements and Related Notes for the year ended June 30, 2015
Appendix B: Form of Continuing Disclosure Certificate
Appendix C: Form of Legal Opinion
Appendix D: Official Notice of Sale and Bid Form

## SUMMARY

| | |
|---|---|
| ***District:*** | Joint School District Number 2, Village of Genoa City, Town of Bloomfield and Village of Bloomfield, Walworth County, Wisconsin. |
| ***Issue:*** | $2,480,000 General Obligation School Improvement Bonds. |
| ***Dated Date:*** | October 20, 2016. |
| ***Interest Due:*** | Commencing April 1, 2017 and on each October 1 and April 1 thereafter. Interest on the Bonds will be computed on the basis of a 30-day month and a 360-day year. |
| ***Principal Due:*** | April 1 of the years 2017 through 2036. |
| ***Redemption Provision:*** | The Bonds maturing on and after April 1, 2025 shall be subject to call and prior payment on April 1, 2024 or on any date thereafter at par plus accrued interest. The amounts and maturities of the Bonds to be redeemed shall be selected by the District. If less than the entire principal amount of any maturity is to be redeemed, the Bonds of that maturity which are to be redeemed shall be selected by lot. Notice of such call shall be given by sending a notice thereof by registered or certified mail, facsimile or electronic transmission, overnight express delivery, or in any other manner required by DTC not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.<br><br>All or a portion of the Bonds may be issued as one or more term bonds, upon election by the successful bidder. (See “REDEMPTION PROVISIONS” herein.) |
| ***Security:*** | The full faith, credit and resources of the District are pledged to the payment of the principal of and the interest on the Bonds as the same become due and, for said purposes, there are levied on all the taxable property in the District, direct, annual irrepealable taxes in each year and in such amounts which will be sufficient to meet such principal and interest payments when due. Under current law, such taxes may be levied without limitation as to rate or amount. |
| ***Purpose:*** | The proceeds from the sale of the Bonds will be used for the purpose of paying the cost of energy efficiency improvements to school district buildings. (See "THE FINANCING PLAN" herein.) |
| ***Tax Status:*** | Interest on the Bonds is excludable from gross income for federal income tax purposes. (See "TAX EXEMPTION” herein.) |
| ***Bank Qualification:*** | The Bonds are designated as “qualified tax-exempt obligations.” |
| ***Credit Rating:*** | This issue has been assigned an “A1” rating by Moody's Investors Service, Inc. (See “RATING” herein.) |
| ***Bond Years:*** | 25,329.11 years. |
| ***Average Life:*** | 10.213 years. |
| ***Record Date:*** | The 15th day of the calendar month next preceding each interest payment date. |

*Information set forth on this page is qualified by the entire Official Statement. A full review of the Official Statement should be made by potential investors.*

## INTRODUCTORY STATEMENT

This Official Statement presents certain information relating to the Joint School District Number 2, Village of Genoa City, Town of Bloomfield and Village of Bloomfield, Wisconsin (the “District" and the "State" respectively) in connection with the sale of the District's $2,480,000 General Obligation School Improvement Bonds (the "Bonds"). The Bonds are issued pursuant to the Constitution and laws of the State and the resolutions (the “Resolutions”) adopted by the School Board (the "Board") and other proceedings and determinations related thereto.

All summaries of statutes, documents and the Resolutions contained in this Official Statement are subject to all the provisions of, and are qualified in their entirety by reference to such statutes, documents and the Resolutions, and references herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Resolutions. Copies of the Resolutions may be obtained from the Financial Advisor (defined herein) upon request.

## THE FINANCING PLAN

By way of a resolution adopted July 18, 2016 (the “Authorizing Resolution”), the Board authorized the issuance of general obligation bonds in an amount not to exceed $2,500,000 for the purpose of paying the cost of energy efficiency improvements to school district buildings (the "Project").

## REDEMPTION PROVISIONS

***Optional Redemption***

The Bonds maturing April 1, 2025 and thereafter are subject to call and prior redemption on April 1, 2024 or any date thereafter, in whole or in part, from maturities selected by the District and by lot within each maturity at par plus accrued interest to the date of redemption.

***Mandatory Redemption***

All or a portion of the Bonds may be issued as one or more term bonds, upon election by the successful bidder as provided in the official notice of sale.

Such term bonds shall be subject to mandatory sinking fund redemption. Such term bonds shall have a stated maturity or maturities of April 1, in such years as determined by the successful bidder. The term bonds shall be subject to mandatory sinking fund redemption and final payment(s) at maturity of 100% of the principal amount thereof, plus accrued interest to the redemption date or dates and in amounts consistent with the maturity schedule on the cover of this Official Statement.

## ESTIMATED SOURCES AND USES*

| | |
|---|---|
| **Sources of Funds:** | |
| Par Amount of Bonds | $2,480,000 |
| Reoffering Premium | 77,520 |
| TOTAL SOURCES | $2,557,520 |
| | |
| **Uses of Funds:** | |
| Deposit to Project Construction Fund | $2,480,000 |
| Costs of Issuance (Including Underwriter’s Discount) | 67,325 |
| Bid Premium for Deposit to Debt Service Fund | 10,195 |
| TOTAL USES | $2,557,520 |

**Preliminary, subject to change.*

## CONSTITUTIONAL AND STATUTORY CONSIDERATIONS AND LIMITATIONS CONCERNING THE DISTRICT'S POWER TO INCUR INDEBTEDNESS

The Constitution and laws of the State limit the power of the District (and other municipalities of the State) to issue obligations and to contract indebtedness. Such constitutional and legislative limitations include the following, in summary form and as generally applicable to the District.

### ***Purpose***

The District may not borrow money or issue notes or bonds therefor for any purpose except those specified by statute, which include among others the purposes for which the Bonds are being issued.

### ***General Obligation Bonds***

The principal amount of every sum borrowed by the District and secured by an issue of bonds may be payable at one time in a single payment or at several times in two or more installments; however, no installment may be made payable later than the termination of twenty years immediately following the date of said bonds. The Board of the District is required to levy a direct, annual, irrepealable tax sufficient in amount to pay the interest on such bonds as it falls due and also to pay and discharge the principal thereof at maturity. Bonds issued by the District to refinance or refund outstanding notes or bonds issued by the District may be payable no later than twenty years following the original date of such notes or bonds.

### ***Refunding Bonds***

In addition to being authorized to issue bonds, the District is authorized to borrow money using refunding bonds for refunding existing debt. To evidence such indebtedness, the District must issue to the lender its refunding bonds (with interest) payable within a period not exceeding twenty years following the initial date of the debt to be refunded. Such refunding bonds constitute a general obligation of the District. Refunding bonds are not subject to referendum.

### ***Promissory Notes***

The District is also authorized to borrow money using notes for any public purpose. To evidence such indebtedness, the District must issue to the lender its promissory notes (with interest) payable within a period not exceeding ten years following the date of said notes. Such notes constitute a general obligation of the District. Notes issued by the District to refinance or refund outstanding notes issued by the District may be payable no later than twenty years following the original date of such notes, or ten years, whichever is less.

### ***Bond or Note Anticipation Notes***

In anticipation of issuing general obligation bonds or notes, the District is authorized to borrow money using bond or note anticipation notes. The bond or note anticipation notes shall in no event be general obligations of the District, and do not constitute an indebtedness of the District, nor a charge against its general credit or taxing power. The bond or note anticipation notes are payable only from (a) proceeds of the bond or note anticipation notes set aside for payment of interest on the bond or note anticipation notes as they become due, and (b) proceeds to be derived from the issuance and sale of general obligation bonds or notes which proceeds are pledged for the payment of the principal of and interest on the bond or note anticipation notes. The maximum term of any bond or note anticipation notes (including any refunding) is five years.

### ***Temporary Borrowing***

The Board of the District may, on its own motion, borrow money in such sums as may be needed to meet the immediate expenses of maintaining the schools in the District during the then current school year. No such loan or loans shall be made to extend beyond November 1 of the following year nor in any amount exceeding one-half of the estimated receipts for the operation and maintenance of the District for the current school year in which the loan is made.

### ***Debt Limit***

The District has the power to contract indebtedness for purposes specified by statute so long as the principal amount thereof does not exceed five percent of the equalized value of taxable property within the District. For information with respect to the District's percent of legal debt incurred, see the caption "INDEBTEDNESS OF THE DISTRICT - Debt Limit," herein.

## THE RESOLUTIONS

The following are summaries of certain provisions of the Resolutions adopted by the District pursuant to the procedures prescribed by Wisconsin Statutes. Reference is made to the resolutions for complete recitals of their terms.

### ***The Authorizing Resolution***

By way of the Authorizing Resolution adopted on July 18, 2016, the Board authorized the issuance of general obligation bonds in an amount not to exceed $2,500,000 for the purpose of paying the cost of the Project.

In accordance with Chapter 67 of the Wisconsin Statutes, the District published a notice to the electors and held a public hearing for informational purposes only regarding the Authorizing Resolution, the Project and the financing on August 2, 2016. The Wisconsin Statutes provide that the Authorizing Resolution is subject to approval at a referendum if, within 30 days after the public hearing, a sufficient petition requesting a referendum is filed by the District electors. The petition period expired on September 1, 2016 without a sufficient petition having been filed.

### ***The Award Resolution***

By way of a resolution to be adopted on September 29, 2016 (the "Award Resolution"), the Board will accept (or reject) the bid of the Underwriter (defined herein) for the purchase of the Bonds, provide the details and form of the Bonds, and set out certain covenants with respect thereto. The Award Resolution pledges the full faith, credit and resources of the District to payments of the principal and interest on the Bonds. Pursuant to the Award Resolution, the amount of direct, annual, irrepealable taxes levied for collection in the years 2017 through 2036 which will be sufficient to meet the principal and interest payments on the Bonds when due will be specified (or monies to pay such debt service will otherwise be appropriated). The Award Resolution establishes separate and distinct from all other funds of the District a debt service fund with respect to payment of principal and interest on the Bonds.

## THE DISTRICT

The administration of the District is exercised by a School Board (the "Board"). The Board consists of five members who are elected for staggered three-year terms of office. The Board elects a President, Vice President, Clerk, Treasurer and Deputy Clerk from among its members for one-year terms. The Board is empowered to employ a Superintendent to conduct the affairs and programs of the District.

Common school districts hold an annual meeting, which may incorporate a public hearing, prior to adopting the budget for the ensuing year. The Board shall present at the annual meeting a full, itemized written report. The report shall state all receipts and expenditures of the District since the last annual meeting, the current cash balance of the District, the amount of the deficit and the bills payable of the District, the amount necessary to be raised by taxation for the support of the schools of the District for the ensuing year and the amount required to pay the principal and interest of any debt due during the ensuing year. The report shall also include the budget summary. The Board has the power and duty, among other things, to make rules for the organization, gradation, and government of the schools of the District, enter into agreements with other governmental units, tax for operation and maintenance, engage employees including a Superintendent and purchase school equipment.

### ***The Board***

| Name | Expiration of Term |
|---|---|
| Jaye Tritz, President | April, 2017 |
| Patrick Sherman, Vice President | April, 2019 |
| Jason Schoolfield, Treasurer | April, 2018 |
| William Engelman, Clerk | April, 2018 |
| Karen Druszczak, Deputy Clerk | April, 2019 |

*Source: The District.*

### ***Administration***

| Name | Title | Years of Service |
| --- | --- | --- |
| Kellie Bohn | Superintendent / | 16* |
| Dr. Mary DeYoung | Business Manager | 8 |
| Steve Zorich | Director of Special Education | 1* |
| Pamela Larson | Middle School Principal | 2* |
| Teresa Curley | Elementary School Principal | 3 |

**Ms. Kellie Bohn is in her first year as Superintendent for the District. She served as the District's Middle School principal for fourteen years. Mr. Steve Zorich previously served over thirty years in the Lake Geneva Jt 1 School District and the Lake Geneva-Genoa City UHS District. Ms. Pamela Larson previously served for eight years in the Lake Geneva Jt 1 School District and the Walworth Jt. School District #1.*
*Source: The District.*

### ***District Facilities***

| Facility | Constructed/Additions |
| --- | --- |
| Brookwood Elementary School | 1908/1934/1964/1977/1989 |
| Brookwood Middle School | 1999/2008 |

*Source: The District.*

### ***School Enrollments***

| Year | Total Pre-K thru 8* |
| --- | --- |
| 2011-12 | 655 |
| 2012-13 | 639 |
| 2013-14 | 635 |
| 2014-15** | 673 |
| 2015-16 | 679 |
| 2016-17*** | 686 |
| 2017-18*** | 693 |
| 2018-19*** | 700 |
| 2019-20*** | 707 |
| 2020-21*** | 714 |

**Pupil count is based on the 3rd Friday in September.*
***The District started a 4K program in 2014-15.*
****Projected enrollments are based on one percent growth per year.*
*Source: The District.*

### ***Employment Relations***

| Department | Number of Employees* |
| --- | --- |
| Teachers | 47 |
| Administration | 5 |
| Instructional Aides | 8 |
| Secretaries | 3 |
| Custodians | 4 |
| Nurse | 1 |
| Total | 68 |

**Headcount.*
*Source: The District.*

## ***Labor Contracts***

| Organization | Employee Group Represented | Contract Expiration* |
|---|---|---|
| The Southern Lakes United Educators | Certified Staff | June 30, 2016 |

**Collective bargaining may cover total base wages only. The above organization has not yet voted for re-certification*

*Source: The District*

The District considers its relationship with the employee group to be very good.

All eligible District personnel are covered by the Municipal Employment Relations Act ("MERA") of the Wisconsin Statutes. Pursuant to that law, employees have rights to organize and, after significant changes were made to the law in 2011, very limited rights to collectively bargain with municipal employers. MERA was amended by 2011 Wisconsin Act 10 (the "Act") and by 2011 Wisconsin Act 32.

As a result of the 2011 amendments to MERA, the District is prohibited from bargaining collectively with municipal employees with respect to any factor or condition of employment except total base wages. Even then, the District is limited to increasing the base wages only by any increase in the previous year's consumer price index (unless the District were to seek approval for a higher increase through a referendum). Ultimately, the District can unilaterally implement the wages for a collective bargaining unit.

Under the changes to MERA, impasse resolution procedures were removed from the law for municipal employees of the type employed by the District, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. As a practical matter, it is anticipated that strikes will be rare. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is the base wage rates, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement.

Due to the changes described above, the Board is free to unilaterally determine and promulgate policies, benefits and other terms and conditions of employment. Accordingly, the Board approved an Employee Handbook, which became effective July 1, 2012. The Employee Handbook sets forth policies, procedures and benefits for employees of the nature that were previously set forth in labor contracts. The Employee Handbook's terms are subject to change at the sole discretion of the District and are not subject to grievance or arbitration by the unions. However, individual employees are allowed to file a grievance if they are disciplined or terminated. However, under the changes to MERA, the Board, rather than an arbitrator, is the final decision-maker regarding any grievance, though the grievance must be heard by an impartial hearing officer before reaching the Board.

## ***Pension Plan***

All eligible employees in the District are covered under the Wisconsin Retirement System (“WRS”) established under Chapter 40 of the Wisconsin Statutes. 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 ("Chapter 40"). The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

District employees are required to contribute half of the actuarially determined contributions, and the District may not pay the employees' required contribution. The total retirement plan contributions (including both the District's and the employees' contributions) for the fiscal years ended June 30, 2014 and June 30, 2013 were $446,860 and $401,438, respectively. During the fiscal year ended June 30, 2015 ("Fiscal Year 2015"), the District's portion of contributions to WRS (not including any employee contributions) totaled $229,461.

The District implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") for Fiscal Year 2015.

GASB 68 requires calculation of a net pension liability for the pension plan. The net pension liability is calculated as the difference between the pension plan's total pension liability and the pension plan's fiduciary net position. The pension plan's total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on what has been earned only up to that date, without taking into account any benefits earned after that date. The pension plan's fiduciary net position is the market value of plan assets formally set aside in a trust and restricted to paying pension plan benefits. If the pension plan's total pension liability exceeds the pension plan's fiduciary net position, then a net pension liability results. If the pension plan's fiduciary net position exceeds the pension plan's total pension liability, then a net pension asset results.

As of December 31, 2014, the total pension liability of the WRS was calculated as $89.7 billion and the fiduciary net position of the WRS was calculated as $92.2 billion, resulting in a net pension asset of $2.5 billion.

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for June 30, 2015, the District reported an asset of $579,995 for its proportionate share of the net pension asset of the WRS. The net pension asset was measured as of December 31, 2014 based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. The District's proportion was 0.02361280% of the aggregate WRS net pension asset as of December 31, 2014.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of the net pension liability of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see Note 7 in "Appendix A - Basic Financial Statements and Related Notes for the year ended June 30, 2015" attached hereto.

***<u>Other Post Employment Benefits</u>***

The District provides "other post-employment benefits" ("OPEB") (i.e., post-employment benefits, other than pension benefits, owed to its employees and former employees) through a single-employer defined benefit plan to employees who have terminated their employment with the District and have satisfied specified eligibility standards. Membership of the plan consisted of six retirees receiving benefits and no active plan members as of July 1, 2014, the date of the latest actuarial valuation.

OPEB calculations are required to be updated every three years and prepared in accordance with Statement No. 45 of the Governmental Accounting Standards Board (“GASB 45”) regarding retiree health and life insurance benefits, and related standards. An actuarial study for the District was last completed by Key Benefit Concepts, LLC in March, 2015 with an actuarial valuation date of July 1, 2014.

The Employee Handbook provides no post-employment benefits for current staff. The District has established a Fund 73 Trust Fund for retirees eligible to receive post-employment benefits.

The District is required to expense the estimated yearly cost of providing post-retirement benefits representing a level of funding that, if paid on an ongoing basis, is project to cover costs and amortize unfunded actuarial liabilities over an a given period not to exceed 30 years. Such annual accrual expense is referred to as the "annual required contribution”. As shown in the District's Financial Statements for the fiscal year ended June 30, 2015 (“Fiscal Year 2015”), the District's annual required contribution was $7,556. For Fiscal Year 2015, contributions to the plan totaled $29,089, which was 384.98% of the annual required contribution. The District's funding practice has been to fully fund the yearly amount of benefit premiums on a "pay-as-you-go-basis", with additional discretionary contributions to its Trust Fund to accumulate assets for future benefits.

The plan's ratio of actuarial value of assets to actuarial accrued liability for benefits (the "Funded Ratio") as of the most recent actuarial valuation date, July 1, 2014, was 0%. As of July 1, 2014, the actuarial accrued liability was $211,976, and the actuarial value of assets was $171,471, resulting in an unfunded actuarial accrued liability of $40,505.

For more information, see Note 8 in "Appendix A - Basic Financial Statements and Related Notes for the Year Ended June 30, 2015" attached hereto.

## GENERAL INFORMATION

### ***Location***

The District is located in Walworth County, on the Wisconsin-Illinois border and serves the entire Village of Genoa City and a portion of the Village of Bloomfield and the Town of Bloomfield. The District is approximately 43 miles southwest of Milwaukee, 80 miles southeast of Madison, and 65 miles northwest of Chicago. The District is situated within an hour drive of several major metropolitan areas, including Milwaukee, Beloit, Janesville and Madison, Wisconsin and Rockford, Illinois. U.S. Highway 12 runs through the District and is easily accessible via Interstate 43 and State Highway 50.

### ***Education***

The District provides educational opportunities for students in pre-kindergarten through the eighth grade and is one of four elementary school districts which feed into the Lake Geneva-Genoa City Union High School District. Facilities include one elementary school and one middle school. Student enrollment for the 2015-16 school year was 679 students.

### ***Post-Secondary Education***

Post-secondary education is provided by the University of Wisconsin - Whitewater, a four-year institution. Gateway Technical College serves the technical training needs of the area with associate degree and vocational education programs offered in the areas of agricultural services, allied health, nursing, business, marketing, trade and industry, general education, as well as apprenticeship trades. Other educational facilities located within a 75-mile radius of the District include the University of Wisconsin - Madison, University of Wisconsin - Milwaukee, University of Wisconsin - Parkside in Racine, Beloit College, located in Beloit; Carroll University, located in Waukesha; Carthage College, located in Kenosha; Marquette University and the Milwaukee School of Engineering, located in Milwaukee.

## DEMOGRAPHIC AND ECONOMIC INFORMATION

### ***Population***

| | Walworth County | Village of Genoa City | Village of Bloomfield* | Town of Bloomfield* |
|---|---|---|---|---|
| Preliminary Estimate, 2016 | 102,593 | 3,044 | 4,643 | 1,581 |
| Estimate, 2015 | 102,469 | 3,051 | 4,685 | 1,600 |
| Estimate, 2014 | 102,837 | 3,058 | 4,680 | 1,595 |
| Estimate, 2013 | 102,579 | 3,058 | 4,639 | 1,628 |
| Census, 2010 | 102,228 | 3,042 | -- | 6,278 |

**The Village of Bloomfield incorporated a majority of the township in December of 2011.*

*Source: Wisconsin Department of Administration, Demographic Services Center.*

### ***Per Return Adjusted Gross Income***

| | State of Wisconsin | Walworth County | Village of Genoa City | Village of Bloomfield | Town of Bloomfield |
|---|---|---|---|---|---|
| 2014 | $52,050 | $55,540 | $45,030 | $43,610 | $45,480 |
| 2013 | 50,670 | 49,330 | 44,150 | 41,950 | 43,630 |
| 2012 | 49,900 | 48,870 | 45,000 | 41,470 | 43,180 |
| 2011 | 47,640 | 47,700 | 43,100 | 34,200 | 43,580 |
| 2010 | 46,958 | 45,834 | 41,490 | * | 40,384 |

**No data available. The Village of Bloomfield incorporated a majority of the township in December of 2011.*

*Source: Wisconsin Department of Revenue, Division of Research and Policy.*

***Unemployment Rate***

| | State of Wisconsin | Walworth County |
|---|---|---|
| June, 2016 | 4.4% | 4.5% |
| June, 2015 | 4.8 | 5.0 |
| | | |
| Average, 2015 | 4.6% | 4.8% |
| Average, 2014 | 5.4 | 5.6 |
| Average, 2013 | 6.7 | 6.8 |
| Average, 2012 | 7.0 | 7.2 |
| Average, 2011 | 7.8 | 8.0 |

*Source: Wisconsin Department of Workforce Development.*

***Largest Employers***

The largest employers in the District include the District with 67 employees, PFI Fashions Inc., a screen printing manufacturer with 45 employees, Robinson Wholesale Inc., a sporting goods retail store with 40 employees and Electrical Material Co., a metal goods manufacturer with 39 employees. The District's proximity to the City of Lake Geneva and surrounding area provides additional employment opportunities for residents. The largest employers in Walworth County are listed below.

| Name | Type of Business | Number of Employees |
|---|---|---|
| University of Wisconsin-Whitewater | Education | 1,333 |
| Grand Geneva Resort & Spa (Marcus Hotel) | Resort | 1,100 |
| Walworth County | County Government | 1,083 |
| Birds Eyes Foods LLC | Manufacturer- fruits & vegetables | 700 |
| Miniature Precision Components | Automotive industry parts supplier | 500 |
| Aurora Lakeland Medical Center | Healthcare | 500 |
| Abbey Resort | Resort | 490 |
| Wal-mart | Retail | 485 |
| Pentair, Inc. | Water and fluid power pumps | 400 |
| Elkhorn Area School District | Education | 388 |

*Source: Infogroup (www.salesgenie.com), the District and direct employer contacts.*

***Largest Taxpayers***

| Taxpayer Name | Type of Business | 2015 Assessed Valuation | 2015 Equalized Valuation |
|---|---|---|---|
| Series F of Lg5 LLC(1) | Residential | $8,433,400 | $8,160,735 |
| WES-LAND of Wisconsin LLC(2) | Industrial building products | 4,257,300 | 4,233,191 |
| Pioneer Estates of Lake Geneva(3) | Commercial | 3,778,500 | 3,618,966 |
| Prime Genoa Properties, LLC (2) | Commercial | 2,189,000 | 2,176,604 |
| Individual(1) | Commercial/Residential | 2,180,100 | 2,109,614 |
| Individual(1) | Residential | 2,054,100 | 1,987,688 |
| Individual(1) | Residential | 1,775,000 | 1,717,611 |
| Nippersink Country Club Inc.(1) | Commercial | 1,718,400 | 1,662,841 |
| Robinson Properties, Inc.(2) | Commercial | 1,634,200 | 1,624,945 |
| Individual(3) | Residential | 1,351,800 | 1,294,725 |
| | TOTAL | $29,371,800 | $28,586,920 |

The above taxpayers represent 8.02% of the District's 2015 Equalized Value (TID IN) ($356,564,253).

*(1) Village of Bloomfield.*
*(2) Village of Genoa City.*
*(3) Town of Bloomfield.*

*Source: Villages of Genoa City and Bloomfield and the Town of Bloomfield.*

## TAX LEVIES, RATES AND COLLECTIONS

Personal property taxes, special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31. Real property taxes may be paid in full by January 31 or in two equal installments payable by January 31 and July 31. Municipalities also have the option of adopting payment plans which allow taxpayers to pay their real property taxes and special assessments in three or more installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. Amounts paid on or before January 31 are paid to the town, city or village treasurer. Amounts paid after January 31 are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case payment is made to the town, city or village treasurer. Any amounts paid after July 31 are paid to the county treasurer. For municipalities which have not adopted an installment payment plan, the town, city or village treasurer settles with other taxing jurisdictions for collections through the preceding month on January 15 and February 20. For municipalities which have adopted an installment payment plan, the town, city or village treasurer settles with other taxing jurisdictions for collections through the preceding month on January 15, February 15 and the 15th day of each month following a month in which an installment payment is due. On or before August 20, the county treasurer must settle in full with the underlying taxing districts for all real property taxes and special taxes. The County Board may authorize its County Treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may then recover any tax delinquencies by enforcing the lien on the property and retain any penalties or interest on the delinquencies for which it has settled. Since, in practice, all delinquent real estate taxes are withheld from the county's share of taxes, the District receives 100 percent of the real estate taxes it levies.

Set forth below are the taxes levied and the tax rate per $1,000 equalized value on all taxable property within the District.

| Levy Year | Collection Year | District Tax Rate* | District Levy* | Uncollected Taxes As of August 20th of Each Year | Percent of Levy Collected |
|---|---|---|---|---|---|
| 2015 | 2016 | $7.66 | $2,732,821 | -0- | 100.00% |
| 2014 | 2015 | 7.77 | 2,617,746 | -0- | 100.00 |
| 2013 | 2014 | 7.92 | 2,540,310 | -0- | 100.00 |
| 2012 | 2013 | 8.56 | 2,237,994 | -0- | 100.00 |
| 2011 | 2012 | 6.92 | 2,150,979 | -0- | 100.00 |

**The District's tax rate and levy figure for 2016-17 is not yet available.*

*Source: Wisconsin Department of Public Instruction.*

***2015-16 Proportionate Amounts of Local Tax Revenue***
***Per Municipality Based on 2015 Equalized Valuation***

| Municipality | 2015 Equalized Valuation (TID OUT) | Percent of Levy | Amount of Levy* |
|---|---|---|---|
| Village of Genoa City | $169,642,800 | 47.577063% | $1,300,196 |
| Village of Bloomfield | 145,254,592 | 40.737283 | 1,113,277 |
| Town of Bloomfield | 41,666,861 | 11.685652 | 319,348 |
| TOTAL | $356,564,253 | 100.000000% | $2,732,821 |

**The District's levy for collection year 2016-17 is not yet available.*

*Source: Wisconsin Department of Revenue.*

## EQUALIZED VALUATIONS

All equalized valuations of property in the State of Wisconsin are determined by the State of Wisconsin, Department of Revenue, Supervisor of Assessments Office. Equalized valuations are the State's estimate of full market value. The State determines assessed valuations of all manufacturing property in the State. Assessed valuations of residential and commercial property are determined by local assessors.

Set forth in the table below are equalized valuations of property located within the District for the years 2011 through 2015. The District's Equalized Valuation (TID IN) has decreased by 7.87 percent since 2011. The average annual percentage change is -2.03 percent.

| Year | Equalized Valuation (TID IN) | Equalized Valuation (TID OUT) |
|---|---|---|
| 2015 | $356,564,253 | $356,564,253 |
| 2014 | 337,102,143 | 337,102,143 |
| 2013 | 320,711,750 | 320,711,750* |
| 2012 | 338,091,243 | 261,432,543 |
| 2011 | 387,004,272 | 310,814,472 |

**Represents a Tax Increment District ("TID") closure. The District has no active TIDs.*

*Source: Wisconsin Department of Revenue.*

**THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

## INDEBTEDNESS OF THE DISTRICT

***Direct Indebtedness***

Set forth below is the direct general obligation indebtedness of the District, including principal and interest payments due on existing debt as well as debt service on the Bonds. Interest on the Bonds has been estimated at an average rate of 2.83 percent. The average life of the new issue of Bonds is 10.213 years and bond years are 25,329.11.

| | Outstanding Notes & Bonds | | New Issue - Bonds | | Total Debt Service |
|---|---|---|---|---|---|
| Year | Principal | Interest | Principal* | Interest* | Requirements* |
| 2016 | $865,000 | $132,978 | | | $997,978 |
| 2017 | 850,000 | 116,223 | $225,000 | $59,875 | 1,251,098 |
| 2018 | 375,000 | 100,985 | 100,000 | 58,400 | 634,385 |
| 2019 | 385,000 | 91,825 | 100,000 | 56,400 | 633,225 |
| 2020 | 390,000 | 84,075 | 100,000 | 54,400 | 628,475 |
| 2021 | 400,000 | 76,175 | 100,000 | 52,400 | 628,575 |
| 2022 | 405,000 | 68,125 | 105,000 | 50,350 | 628,475 |
| 2023 | 415,000 | 58,888 | 105,000 | 48,250 | 627,138 |
| 2024 | 425,000 | 47,325 | 105,000 | 46,150 | 623,475 |
| 2025 | 440,000 | 34,350 | 110,000 | 44,000 | 628,350 |
| 2026 | 455,000 | 20,925 | 110,000 | 41,250 | 627,175 |
| 2027 | 470,000 | 7,050 | 115,000 | 37,875 | 629,925 |
| 2028 | -- | -- | 120,000 | 34,350 | 154,350 |
| 2029 | -- | -- | 120,000 | 30,750 | 150,750 |
| 2030 | -- | -- | 125,000 | 27,075 | 152,075 |
| 2031 | -- | -- | 130,000 | 23,250 | 153,250 |
| 2032 | -- | -- | 135,000 | 19,275 | 154,275 |
| 2033 | -- | -- | 140,000 | 15,150 | 155,150 |
| 2034 | -- | -- | 140,000 | 10,950 | 150,950 |
| 2035 | -- | -- | 145,000 | 6,675 | 151,675 |
| 2036 | -- | -- | 150,000 | 2,250 | 152,250 |
| | 5,875,000 | 838,923 | 2,480,000 | 719,075 | 9,912,998 |
| Less 2016 Sinking Funds | (865,000) | (132,978) | 0 | 0 | (997,978) |
| TOTAL | $5,010,000 | $705,945 | $2,480,000 | $719,075 | $8,915,020 |

**Preliminary, subject to change.*

***Other Financings***

The District has borrowed annually for cash flow purposes in the previous five years as shown below.

| Amount | Dated | Due |
|---|---|---|
| $650,000 | August 5, 2016 | August 4, 2017 |
| 650,000 | August 6, 2015 | August 5, 2016 |
| 650,000 | September 2, 2014 | September 1, 2015 |
| 650,000 | September 3, 2013 | September 2, 2014 |
| 650,000 | August 31, 2012 | September 1, 2013 |

The District anticipates borrowing for cash flow purposes in the future consistent with previous borrowings.

***Future Financings***

The District does not anticipate issuing any additional general obligation debt in the next twelve months.

The District is currently in the very preliminary stages of future facility planning. There is a potential that the District could be borrowing for facilities within the next year.

***Default Record***

The District has no record of default on any prior debt repayment obligations.

***Overlapping and Underlying Indebtedness***

Set forth below is information relating to the outstanding overlapping and underlying indebtedness of the District.

| Name of Entity | Amount of Debt (Net of 2016 Principal Payments) | Percent Chargeable to District | Outstanding Debt Chargeable to District |
|---|---|---|---|
| Walworth County | $18,350,000 | 2.67% | $489,945 |
| Gateway Technical College District* | 67,325,000 | 0.89 | 599,193 |
| Lake Geneva-Genoa City Joint High School | 10,260,000 | 10.02 | 1,028,052 |
| Village of Genoa City | 4,700,000 | 100.00 | 4,700,000 |
| Village of Bloomfield | 5,745,770 | 39.34 | 2,260,386 |
| Town of Bloomfield | 0 | 39.61 | 0 |
| TOTAL | $106,380,770 | | $9,077,575 |

**Gateway Technical College District ("GTC") anticipates issuing $1,000,000 General Obligation Promissory Notes, Series 2016-2017D in October 2016. This amount is included in the figure shown above. GTC anticipates the issuance of $3,000,000 in general obligation long-term debt within the next twelve months. GTC borrows annually pursuant to its capital improvement plans and plans to borrow an additional $12,000,000 in 2017. These are preliminary projections and are subject to change. These amounts are not included in the figure shown above.*

NOTE: This summary may not reflect all of the District's outstanding overlapping and underlying indebtedness.

*Source: Wisconsin Department of Revenue. Information provided by each municipal entity through publicly available disclosure documents available on EMMA.msrb.org and the Wisconsin Department of Public Instruction and direct inquiries.*

***Statistical Summary***

The table below reflects direct, overlapping and underlying bonded indebtedness net of all 2016 principal payments.

| | |
|---|---|
| 2015 Equalized Valuation as certified by Wisconsin Department of Revenue | $356,564,253 |
| Direct Bonded Indebtedness Including the Bonds | $7,490,000 |
| Direct, Overlapping and Underlying Bonded Indebtedness Including the Bonds | $16,567,575 |
| Direct Bonded Indebtedness as a Percentage of Equalized Valuation | 2.10% |
| Direct, Overlapping and Underlying Bonded Indebtedness as a Percentage of Equalized Valuation | 4.65% |
| Population of District (2014 Estimate)* | 5,221 |
| Direct Bonded Indebtedness Per Capita | $1,434.59 |
| Direct, Overlapping and Underlying Bonded Indebtedness Per Capita | $3,173.26 |

**Source: U.S. Census Bureau.*

### ***Debt Limit***

As described under the caption "CONSTITUTIONAL AND STATUTORY CONSIDERATIONS AND LIMITATIONS CONCERNING THE DISTRICT'S POWER TO INCUR INDEBTEDNESS--Debt Limit," the total indebtedness of the District may not exceed five percent of the equalized value of property in the District. Set forth in the table below is a comparison of the outstanding indebtedness of the District as of the closing of the Bonds, as a percentage of the applicable debt limit.

| | |
|---|---|
| Equalized Valuation (2015) as certified by Wisconsin Department of Revenue | $356,564,253 |
| Legal Debt Percentage Allowed | 5.00% |
| Legal Debt Limit | $17,828,213 |
| Direct Bonded Indebtedness Including the Bonds | $7,490,000 |
| Unused Margin of Indebtedness | $10,338,213 |
| Percent of Legal Debt Incurred | 42.01% |
| Percentage of Legal Debt Available | 57.99% |

## FINANCIAL INFORMATION

The financial operations of the District are conducted primarily through a series of state mandated funds. All revenues except those attributable to the building funds and other funds authorized by State law are accounted for in the general fund, and any lawful expenditure of the District must be made from the appropriate fund and recorded therein.

As in other areas of the United States, the financing of public education in the State is subject to changing legislation, variations in public opinion, examination of financing methods through litigation and other matters. For these reasons the District cannot anticipate with certainty all of the factors which may influence the financing of its future activities.

### ***Budgeting Process***

The District is required by State law to annually formulate a budget and to hold an annual meeting thereon prior to the determination of the amounts to be financed in whole or in part by general property taxes, funds on hand or estimated revenues from other sources. Such budget must list existing indebtedness of the District and all anticipated revenue from all sources during the ensuing year and must also list all proposed appropriations for each department, activity and reserve account of the District during the ensuing year.

As part of the budgeting process, budget requests are submitted during the last half of the fiscal year by the teachers and departmental administrators of each school to their respective principals, who thereafter review and revise such requests and submit them, with their recommendations, to the Superintendent of the District. After review and adjustment by the administrative staff of the District, the proposed budget is presented to the full Board, at which time the proposed budget is reviewed with the District's administrative staff. After further review and adjustment, the proposed budget is again submitted to the full Board each year. The proposed budget is formally adopted by the Board after the annual meeting is held and finalized in October.

## GENERAL FUND SUMMARY
## FOR YEARS ENDED JUNE 30

| Revenues | 2017 BUDGET [1] | 2016 ESTIMATE [1] | 2015 ACTUAL [1] | 2014 ACTUAL [1] | 2013 ACTUAL [1][2] |
|---|---|---|---|---|---|
| Local sources | $1,753,942 | $1,747,235 | $1,332,001 | $1,804,304 | $1,441,741 |
| Interdistrict sources | 198,090 | 167,564 | 136,352 | 137,097 | 68,065 |
| Intermediate sources | 39,723 | 303 | 17,457 | 0 | 162 |
| State sources | 4,940,480 | 4,898,421 | 4,837,508 | 5,028,079 | 4,703,893 |
| Federal sources | 239,500 | 256,140 | 252,845 | 225,641 | 228,272 |
| Other revenue | 11,200 | 29,811 | 12,151 | 10,493 | 21,492 |
| Total revenues | 7,182,935 | 7,099,474 | 6,588,314 | 7,205,614 | 6,463,625 |
| Expenditures | | | | | |
| Instruction | 3,617,196 | 3,373,007 | 3,968,801 | 3,862,958 | 3,650,040 |
| Support services | 2,742,904 | 2,787,989 | 2,101,299 | 2,379,423 | 2,234,909 |
| Non-Program | 822,835 | 948,823 | 747,058 | 636,161 | 494,869 |
| Total Expenditures | 7,182,935 | 7,109,819 | 6,817,158 | 6,878,542 | 6,379,818 |
| Excess of revenues over (under) expenditures | 0 | (10,345) | (228,844) | 327,072 | 83,807 |
| Other financing sources (uses) | | | | | |
| Operating transfers in (out) | 0 | 0 | 16,907 | 0 | (202,183)[2] |
| Net other financing sources (uses) | 0 | 0 | 16,907 | 0 | (202,183) |
| Excess of revenues and other sources over (under) expenditures and other uses | 0 | (10,345) | (211,937)[3] | 327,072 | (118,376) |
| Fund balances - beginning of year | 918,200 | 928,545 | 1,140,482 | 813,410 | 931,786 |
| Fund balances - end of year | $918,200 | $918,200 | $928,545 | $1,140,482 | $813,410 |

*[1] The figures reflect the District's adoption of Statement No. 54 of the Governmental Accounting Standards Board, which include what was previously separately identified as the special education fund within the general fund.*

*[2] The District underlevied Fund 39 debt service fund by $202,183 in order to control the District's total levy increase. This amount was transferred from Fund 10 to make the debt payment.*

*[3] The District budgeted the use of $200,000 for roof repairs.*

The amounts shown for the fiscal years ending June 30, 2013 through June 30, 2015 are excerpts from the audit reports that have been prepared by Chamberlain & Henningfield, Certified Public Accounts, LLP, Lake Geneva, Wisconsin (the "Auditor"). The amounts shown for the year ending June 30, 2016 are estimated results and the amounts shown for the year ending June 30, 2017 are shown on a budgetary basis, and such amounts have been provided by the District. The comparative statement of revenues, expenditures and changes in fund balances should be read in conjunction with the other financial statements and notes thereto appearing at Appendix A to this Official Statement.

### ***Financial Statements***

A copy of the District's Basic Financial Statements and Related Notes for the fiscal year ended June 30, 2015, including the accompanying independent auditor's report, is included as Appendix A to this Official Statement. Potential purchasers should read such financial statements in their entirety for more complete information concerning the District's financial position. Such financial statements have been audited by the Auditor (defined herein), to the extent and for the periods indicated thereon. The District has not requested the Auditor to perform any additional examination, assessment or evaluation with respect to such financial statements since the date thereof, nor has the District requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the District since the date of the financial statements, in connection with the issuance of the Bonds, the District represents that there has been no material adverse change in the financial position or results of operations of the District, nor has the District incurred any material liabilities, which would make such financial statements misleading.

## UNDERWRITING

The Bonds have been purchased at a public sale by a group of Underwriters for whom ______________________ is acting as Managing Underwriter (the "Underwriter"). The Underwriter intends to offer the Bonds to the public initially at the prices which produce the yields set forth on the cover page of this Official Statement plus accrued interest from October 20, 2016, if any, which prices may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) at prices lower than the public offering prices. In connection with this offering, the Underwriter may over allocate or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

## RATING

This issue has been assigned an "A1" rating by Moody's Investors Service, Inc. Such rating reflects only the views of such organizations and explanations of the significance of such rating may be obtained from the rating agencies furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies, if in the judgment of such rating agencies circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Undertaking described under the heading "CONTINUING DISCLOSURE" neither the District nor the Underwriter undertakes responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such rating or to oppose any such revision or withdrawal.

## REVENUE LIMITS ON WISCONSIN SCHOOL DISTRICTS

The Wisconsin Statutes impose revenue limits on Wisconsin school districts, including the District. The Wisconsin Statutes previously allowed for some annual per pupil increases without voter approval, but the current Wisconsin Statutes prohibit any increase without voter approval. For example, in general terms, for the 2013-14 school year and the 2014-15 school year, a school district could increase its average revenues per pupil without voter approval by no more than $75.00 per pupil in each school year. Under the current Wisconsin Statutes, school districts cannot increase their average revenues per pupil for the 2015-16 school year or any school year thereafter unless they seek voter approval at referendum. These provisions of the Wisconsin Statutes may change in the future.

The revenue limit is increased by funds needed for payment of debt service on general obligation debt authorized before the effective date of the revenue limit statutes (August 12, 1993) (the “Effective Date”) and debt service on obligations issued to refund such debt. Debt authorized after the Effective Date is exempt from the revenue limits if approved at a referendum, as is debt service on obligations issued to refund such debt. The payment of debt service on the Bonds by the District is subject to the revenue limits.

Pursuant to the Award Resolution, the District levied a direct annual irrepealable tax sufficient to pay the principal of and interest on the Bonds. While the tax levied to repay the principal of and interest on the Bonds is subject to the revenue limits, the provisions of Section 121.92(2)(C) of the Wisconsin Statutes provide that no penalties for exceeding the revenue limit can reduce the property taxes levied for the purpose of paying the principal of and interest on valid bonds or notes issued by the District. However, to the extent that funds levied to pay debt service on the Bonds use up amounts available within the revenue limits, there would be fewer funds remaining within the revenue limits to finance District operations.

Section 121.91(4)(o) of the Wisconsin Statutes allows a school board to adopt a resolution to increase its revenue limit by the amount spent by a school district in any school year on a project to implement energy efficiency measures or to purchase energy efficiency products, including the payment of debt service on bonds or notes issued to finance the project, if the requirements set forth in Section 121.91(4)(o) of the Wisconsin Statutes are met. Under current administrative rules, a single resolution may be adopted that is valid for the entire term of the debt and includes all of the years in which the exemption applies. It cannot be predicted whether or how these rules may be changed in the future.

To the extent any portion of the Project qualifies for such exception, the Board may adopt a resolution to increase its revenue limit in the future pursuant to the energy revenue limit exception to pay related debt service. However, it cannot be predicted whether the Board will adopt such a resolution or whether any portion of the Project will qualify for such exception and whether any future State legislation will alter or amend the energy revenue limit exception. In particular, there have been recent proposals by certain State legislators to eliminate the energy revenue limit exemption. The District cannot predict whether, or in what form, any such proposals may be brought to the State Legislature or whether any such legislation may be passed in the future. If the District does not or is unable to increase its revenue limit pursuant to such exception, debt service would have to be paid from amounts available within the revenue limits.

## TAX EXEMPTION

In the opinion of Griggs Law Office LLC, Milwaukee, Wisconsin, Bond Counsel, interest on the Bonds is excluded from gross income for present Federal income tax purposes, except for the treatment of interest on Bonds owned by certain corporations and other taxpayers as discussed in "Aspects of Federal Taxation."

The District will issue its certificate to the effect that on the basis of the facts, estimates and circumstances in existence on the date of delivery of the Bonds, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" under Section 148 of the Internal Revenue Code. The District has covenanted that it will comply with all requirements of the Internal Revenue Code to ensure that interest on the Bonds continues to be excluded from gross income for federal income tax purposes.

The interest on the Bonds is not excluded from income and therefore is not exempt from present Wisconsin income taxes.

Prospective purchasers of the Bonds should consult their tax advisors to determine the specific tax consequences of their owning the Bonds.

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether, or in what form, any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the Bonds may be enacted. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

### ***Aspects Of Federal Taxation***

The Internal Revenue Code of 1986, as amended (the "Code"), includes many requirements for interest on the Bonds to be and to continue to be excluded from gross income. These requirements apply to the District. The proceedings of the District and the documents relating to the Bonds include covenants and provisions which, if complied with by the District, meet the requirements of the Code. Failure to comply with certain of these covenants and provisions may cause interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds.

Assuming continuing compliance by the District with the covenants and provisions referred to above, interest on the Bonds will not, under present law, be includable in the gross income of registered owners for federal income tax purposes, except for the treatment of interest on notes owned by certain corporations described below.

### ***Effect On Corporations***

The Code provides for an alternative minimum tax ("AMT") for corporations which is levied in addition to the regular corporate tax in certain cases. The AMT, if any, is based upon the corporation's alternative minimum taxable income ("AMTI"), which is taxable income with certain adjustments. One adjustment used in computing AMTI of a corporation is an amount equal to seventy-five percent (75%) of the excess of the corporation's "adjusted current earnings" over its AMTI. "Adjusted current earnings" includes certain tax-exempt interest including interest on the Bonds.

### ***Effect On Other Taxpayers***

Prospective purchasers of the Bonds should be aware that Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution (within the meaning of Section 265(b)(5)), that portion of a holder's interest expense allocated to interest on the Bonds.

The District will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265 of the Internal Revenue Code of 1986 relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expenses that is allocable to carrying and acquiring tax-exempt obligations.

Insurance companies subject to the tax imposed by Section 831 of the Code should be aware that the Code reduces the deduction for loss reserves by fifteen percent (15%) of the sum of certain items, including interest on the Bonds.

Interest on the Bonds earned by certain foreign corporations doing business in the United States may be subject to a branch profits tax imposed by Section 884 of the Code. Passive investment income including interest on the Bonds may be subject to federal income taxation under Section 1375 of the Code for certain S corporations.

Finally, Section 86 of the Code requires recipients of certain Social Security and Railroad Retirement benefits to take into account receipts or accruals of interest on the Bonds in determining gross income.

### ***Original Issue Discount***

To the extent that the initial public offering price of certain of the Bonds is less than the principal amount payable at maturity, such Bonds ("Discounted Bonds") will be considered to be issued with original issue discount. The original issue discount is the excess of the stated redemption price at maturity of a Discounted Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Bonds were sold (issue price). With respect to a taxpayer who purchases a Discounted Bond in the initial public offering at the issue price and who holds such Discounted Bond to maturity, the full amount of original issue discount will constitute interest that is not includible in the gross income of the owner of such Discounted Bond for federal income tax purposes and such owner will not, subject to the caveats and provisions herein described, realize taxable capital gain upon payment of such Discounted Bond upon maturity.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Bond, on days that are determined by reference to the maturity date of such Discounted Bond. The amount treated as original issue discount on a Discounted Bond for a particular semiannual accrual period is generally equal to (a) the product of (i) the yield to maturity for such Discounted Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discounted Bond at the beginning of the particular accrual period if held by the original purchaser; and less (b) the amount of any interest payable for such Discounted Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If a Discounted Bond is sold or exchanged between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

For federal income tax purposes, the amount of original issue discount that is treated as having accrued with respect to such Discounted Bond is added to the cost basis of the owner in determining gain or loss upon disposition of a Discounted Bond (including its sale, exchange, redemption, or payment at maturity). Amounts received upon disposition of a Discounted Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain.

The accrual or receipt of original issue discount on the Discounted Bonds may result in certain collateral federal income tax consequences for the owners of such Discounted Bonds. The extent of these collateral tax consequences will depend upon the owner's particular tax status and other items of income or deduction. In the case of corporate owners of Discounted Bonds, a portion of the original issue discount that is accrued in each year will be included in adjusted current earnings for purposes of calculating the corporation's alternative minimum tax liability. Corporate owners of any Discounted Bonds should be aware that such accrual of original issue discount may result in an alternative minimum tax liability although the owners of such Discounted Bonds will not receive a corresponding cash payment until a later year.

The Code contains additional provisions relating to the accrual of original issue discount. Owners who purchase Discounted Bonds at a price other than the issue price or who purchase such Discounted Bonds in the secondary market should consult their own tax advisors with respect to the tax consequences of owning the Discounted Bonds. Under the applicable provisions governing the determination of state and local taxes, accrued interest on the Discounted Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year. Owners of Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds.

***Bond Premium***

To the extent that the initial offering price of certain of the Bonds is more than the principal amount payable at maturity, such Bonds ("Premium Bonds") will be considered to have bond premium.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Bonds.

## DESIGNATION AS QUALIFIED TAX-EXEMPT OBLIGATIONS

The District will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265 of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

## CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "SEC"), pursuant to the Securities Exchange Act of 1934 (the "Rule"), the District shall covenant pursuant to the Award Resolution adopted by the Board to enter into an undertaking (the "Undertaking") for the benefit of holders including beneficial holders of the Bonds to provide certain customarily prepared and publicly available financial information and operating data relating to the District annually to the Municipal Securities Rulemaking Board (the "MSRB"), and to provide notices of the occurrence of certain events enumerated in the Rule electronically or in the manner otherwise prescribed by the MSRB to the MSRB. **The Undertaking provides that the annual report will be filed not later than April 1 of each year commencing April 1, 2017.** The details and terms of the Undertaking, as well as the information to be contained in the annual report or the notices of material events, are set forth in the Continuing Disclosure Certificate to be executed and delivered by the District at the time the Bonds are delivered. Such Certificate will be in substantially the form attached hereto as Appendix B. A failure by the District to comply with the Undertaking will not constitute an event of default on the Bonds (although holders will have the right to obtain specific performance of the obligations under the Undertaking). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The District is required to file its continuing disclosure information using the Electronic Municipal Market Access ("EMMA") system. Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

The District failed to timely file its operating data for the fiscal years ended June 30, 2011 and June 30, 2012. The District has since filed its operating data in the manner prescribed by the MSRB. In the previous five years, the District did not provide timely notice of all bond insurer rating changes. Except to the extent the preceding is deemed to be material, in the previous five years, the District has not failed to comply in all material respects with any previous undertakings under the Rule. The District has established procedures to help ensure filing of audited financial statements and operating data are made in a timely manner in the future to the MSRB.

## BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from District or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to District or Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

## LITIGATION

There is no controversy or litigation of any nature now pending or, to the knowledge of the District, threatened, restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the District taken with respect to the issuance or sale thereof.

## LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving legal opinion of Griggs Law Office LLC, Bond Counsel. Such opinion will be issued on the basis of the law existing at the time of the issuance of the Bonds. A copy of such opinion will be available at the time of the delivery of the Bonds.

Quarles & Brady LLP has been retained by the District to serve as Disclosure Counsel to the District with respect to the Bonds. Although, as Disclosure Counsel to the District, Quarles & Brady LLP has assisted the District with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Bonds for any investor.

Quarles & Brady LLP from time to time serves as counsel to the Financial Advisor with respect to issuers other than the District and transactions other than the issuance of the Bonds.

## MUNICIPAL BANKRUPTCY

Municipalities (including school districts such as the District) are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Wisconsin law contains no express authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Bonds are outstanding, in a way that would allow the District to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the District to file for relief under Chapter 9. If, in the future, the District were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the District could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the District is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the District could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Bonds could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Bonds, and there could ultimately be no assurance that holders of the Bonds would be paid in full or in part on the Bonds. Further, under such circumstances, there could be no assurance that the Bonds would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Bonds could be viewed as having no priority (a) over claims of other creditors of the District; (b) to any particular assets of the District, or (c) to revenues otherwise designated for payment to holders of the Bonds.

Moreover, if the District were determined not to be a "municipality" for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the Bonds would not occur.

## FINANCIAL ADVISOR

Robert W. Baird & Co. Incorporated, Milwaukee, Wisconsin has acted as Financial Advisor to the District in connection with the issuance of the Bonds.

## MISCELLANEOUS

Any statement made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement by the District Clerk has been duly authorized by the District.

In accordance with the Rule, the Preliminary Official Statement is deemed final except for the omission of certain information described in the Rule.

## AUTHORIZATION

This Official Statement has been approved for distribution to prospective purchasers and the Underwriter of the Bonds. The District, acting through the District President and Clerk, will provide to the Underwriter of the Bonds at the time of delivery of the Bonds, a certificate confirming that, to the best of its knowledge and belief, the Official Statement with respect to the Bonds, together with any supplements thereto, at the time of the adoption of the Award Resolution and at the time of delivery of the Bonds, was true and correct in all material respects and did not at any time contain an untrue statement of a material fact or omit to state a material fact required to be stated, where necessary to make the statements in light of the circumstances under which they were made, not misleading.

**JOINT SCHOOL DISTRICT NUMBER 2,**
**VILLAGE OF GENOA CITY, TOWN OF BLOOMFIELD**
**AND VILLAGE OF BLOOMFIELD**

By /s/

District Clerk

# APPENDIX A

## BASIC FINANCIAL STATEMENTS
## AND RELATED NOTES

## JOINT SCHOOL DISTRICT NUMBER 2,
## VILLAGE OF GENOA CITY, TOWN OF BLOOMFIELD
## AND VILLAGE OF BLOOMFIELD
## Walworth County, Wisconsin

## For Year Ended June 30, 2015

## Chamberlain & Henningfield, CPAs, LLP
## Lake Geneva, Wisconsin

*A copy of the District's Basic Financial Statements and Related Notes for the fiscal year ended June 30, 2015 including the accompanying independent auditor's report, is included as Appendix A to this Official Statement. Potential purchasers should read such financial statements in their entirety for more complete information concerning the District's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The District has not requested the Auditor to perform any additional examination, assessment or evaluation with respect to such financial statements since the date thereof, nor has the District requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the District since the date of the financial statements, in connection with the issuance of the Bonds, the District represents that there has been no material adverse change in the financial position or results of operations of the District, nor has the District incurred any material liabilities, which would make such financial statements misleading.*

GENOA CITY JOINT #2 SCHOOL DISTRICT

GENOA CITY, WISCONSIN

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2015

GENOA CITY JOINT #2 SCHOOL DISTRICT
JUNE 30, 2015

TABLE OF CONTENTS


| | Page |
|---|---|
| Independent Auditor's Report | 1 – 3 |
| Management's Discussion and Analysis | 4 – 9 |
| BASIC FINANCIAL STATEMENTS | |
| District wide financial statements | |
| Statement of Net Position | 10 – 11 |
| Statement of Activities | 12 |
| Fund Financial Statements | |
| Balance Sheet – Governmental Funds | 13 |
| Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position | 14 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | 15 |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities | 16 |
| Fiduciary Fund Financial Statements | |
| Statement of Fiduciary Net Position | 17 |
| Statement of Changes in Fiduciary Net Position | 18 |
| NOTES TO BASIC FINANCIAL STATEMENTS | 19 – 41 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Budgetary Comparison Schedule – General Fund | 42 |
| Schedule of Proportionate Share of Net Pension Asset | 43 |
| Schedule of Proportionate Share of Contributions | 44 |
| Schedule of Funding Progress | 45 |

TABLE OF CONTENTS – Continued

REQUIRED SUPPLEMENTARY INFORMATION
Notes to Required Supplementary Information 46 – 47

OTHER SUPPLEMENTARY INFORMATION
Student Organization Funds
Schedule of Changes in Assets and Liabilities – Pupil Activity Fund 48

FEDERAL AND STATE AWARDS SECTION

Schedule of Expenditures of Federal Awards 49

Schedule of State Financial Assistance 50

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance 51

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 52 – 53

Schedule of Findings and Questioned Costs 54 – 55

Schedule of Prior Year Audit Findings 56

Chamberlain & Henningfield
Certified Public Accountants, LLP

INDEPENDENT AUDITOR'S REPORT

Board of Education
Genoa City Joint #2 School District
Genoa City, Wisconsin

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Genoa City Joint #2 School District ("District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

421 Broad Street
P.O. Box 1119 • Lake Geneva, WI 53147
Phone: 262-249-1100 • Fax: 262-249-1763

N6359 Hwys 12/67
P.O. Box 170 • Elkhorn, WI 53121
Phone: 262-742-2777 • Fax: 262-742-4153

e-mail: info@cchcpas.com • www.cchcpas.com

***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 Genoa City Joint #2 School District 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***
*Change in Accounting Principle*
As discussed in Note 14 to the financial statements, during the year ended June 30, 2015, the District adopted new accounting guidance, GASB Statement 68, Accounting and Financial Reporting for Pensions. 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 and other Required Supplementary Information 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 basic financial statements that collectively comprise the Genoa City Joint #2 School District's basic financial statements. The schedule of changes in assets and liabilities – pupil activity fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and 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, and Non-profit Organizations* and the Wisconsin State Single Audit Guidelines, respectively, and also are not a required part of the basic financial statements of the Genoa City Joint #2 School District.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2015, on our consideration of Genoa City Joint #2 School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Genoa City Joint #2 School District's internal control over financial reporting and compliance.

Chamberlain & Henningfield, CPAs, LLP

CHAMBERLAIN & HENNINGFIELD, CPAs, LLP
Lake Geneva, Wisconsin

November 30, 2015

# GENOA CITY J2 SCHOOL DISTRICT
# MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A STATEMENT)
# JUNE 30, 2015

The discussion and analysis of Genoa City Joint #2 School District's 2014-2015 financial performance provides an overall review of financial activities for the fiscal year. The analysis focuses on the school district's financial performance as a whole. Efforts have been made to provide comparison to prior year data when such data is available. It should be read in conjunction with the District's financial statements, which immediately follow this section.

## FINANCIAL HIGHLIGHTS

Total assets of the district are $12,292,795 Total net position after deducting liabilities is $6,195,684. Actual beginning net position, as adjusted was $5,745,066. This represents an increase in net position of $450,618.

In terms of general fund operations, we had an excess of Expenditures and Other Uses over Revenues and Other Sources of $211,937. This decreased our fund balance from $1,140,482 at the beginning of the year to $928,545 at the end of the year. This was the benchmark statistic used in previous financial statements to judge fiscal performance.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This section of the financial report consists of three parts-management's discussion and analysis, basic financial statements (district-wide and fund statements) including notes to the financial statements, and other required supplementary information.

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 statement provides further explanation of some of the information in the statements and provides 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.

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1 Organization of Genoa City Joint #2 School District Annual Financial Report**

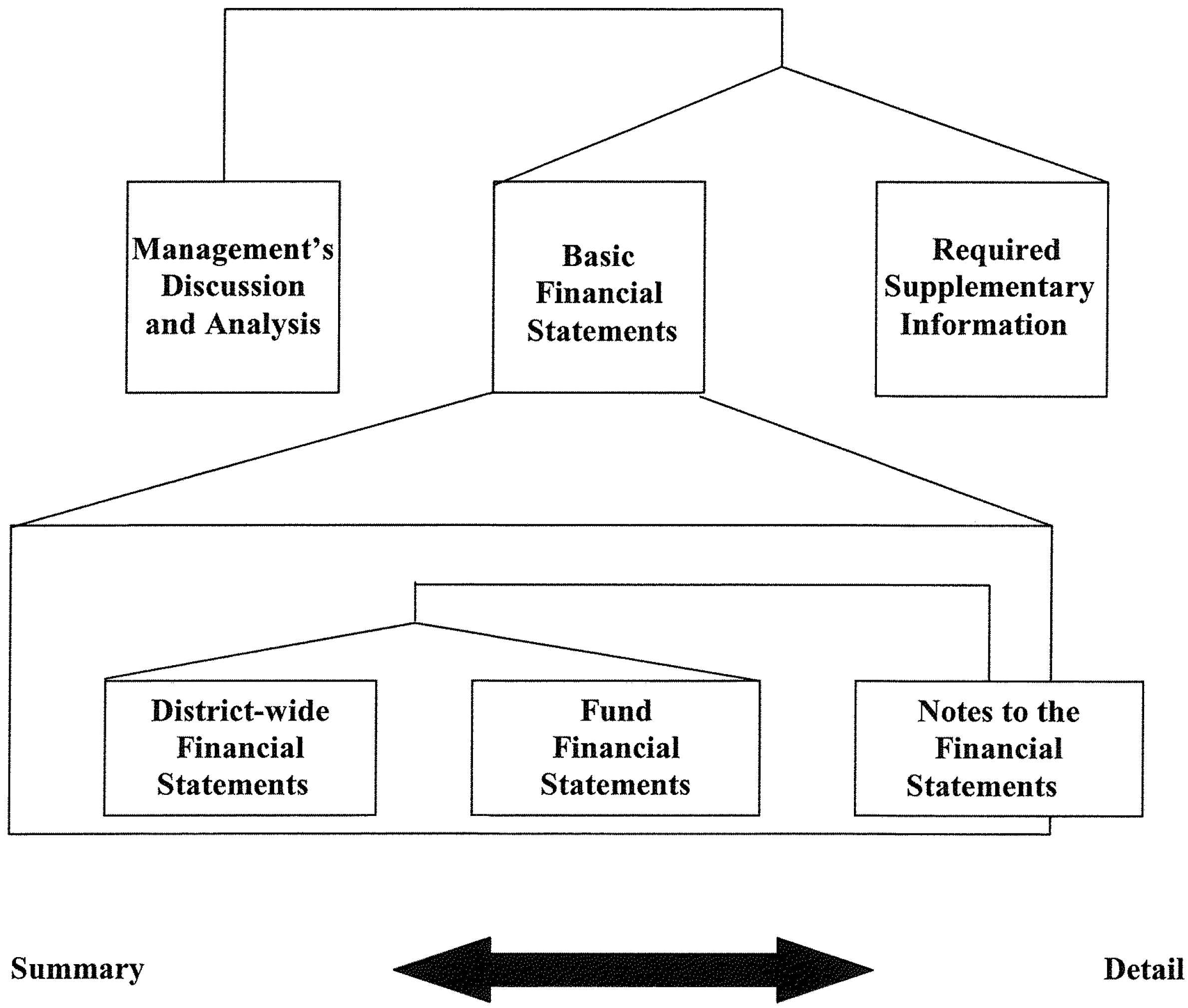

Figure A-2 summarizes the major features of the district's financial statement, including the portion of the district's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

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

| Figure A-2 | District Wide Statements | Fund Financial Statements | |
|---|---|---|---|
| | | Governmental | Fiduciary |
| Scope | Entire district (Except fiduciary Funds.) | The activities of the District that are not fiduciary, such as instructional, support services, 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, and Statement of activities. | Balance sheet and Statement of revenues, expenditures, and changes in fund balance. | Statement of fiduciary net position, and Statement of changes in fiduciary net position. |
| Basis of accounting and measurement focus | Accrual accounting.<br><br>Economic resources focus. | Modified accrual accounting.<br><br>Current financial resources focus. | Accrual accounting.<br><br>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 are 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; 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 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 shown as governmental activities.

Most of the district's basic services are included here, such as regular and special education, transportation, support services, 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. Consequently, the 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 fund information does not report on long-term commitments as are reported on the district-wide statements. Therefore an explanation of the differences between the governmental funds and the district-wide statements is included either at the bottom of the governmental funds statements or as a separate schedule.

- *Fiduciary* funds – The district serves as a trustee, or *fiduciary*, for 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 ANALYSES

## Balance Sheet

Table 1, provides a summary of the district's net position for the periods ending June 30, 2015 and 2014. The calculation of net position includes an unrestricted asset amount of $1,917,337. The Statement of Net Position – Governmental Fund Types breaks this amount down between the different funds. The calculation of net position uses historical costs for facilities that may not reflect the true value. The facilities are in excellent condition as sufficient funds are appropriated annually for preventative maintenance and nothing is deferred.

| Table 1 | Governmental Activities 2015 | Governmental Activities 2014 |
|---|---|---|
| Current and other assets | $1,713,313 | $2,012,952 |
| Capital assets | 9,999,487 | 10,266,652 |
| Net pension asset | 579,995 | -- |
| Total assets | $12,292,795 | $12,279,604 |
| | | |
| Deferred outflows of resources | $480,090 | $ -- |
| | | |
| Current liabilities | $1,511,266 | $1,517,269 |
| Long-term debt outstanding | 5,059,407 | 5,941,269 |
| Total liabilities | $6,570,673 | $7,458,709 |
| | | |
| Deferred inflows of resources | $6,528 | $ -- |
| | | |
| Net position | | |
| Net investment in capital assets | $4,110,482 | $3,601,061 |
| Restricted | 167,865 | 209,468 |
| Unrestricted | 1,917,337 | 1,010,366 |
| Total net position | $6,195,684 | $4,820,895 |

Table 2, below shows the changes in net position for the fiscal years ended June 30, 2015 and 2014 from all governmental activities.

| Table 2 | Governmental Activities 2015 | Governmental Activities 2014 |
|---|---|---|
| Revenues: | | |
| Program revenues | | |
| Charge for services | $ -- | $ -- |
| Operating grants & contributions | 362,733 | 292,694 |
| General revenues | | |
| Property taxes | 2,617,746 | 2,540,310 |
| State and Federal aid | 4,762,386 | 4,961,027 |
| Other | 196,621 | 3,117,724 |
| Total revenues | $7,939,486 | $10,911,755 |
| | | |
| Expenses: | | |
| Instruction | 3,845,212 | 3,716,213 |
| Support Services | 2,006,218 | 2,291,960 |
| Non-program | 747,058 | 636,161 |
| Debt Services | 544,898 | 2,440,677 |
| Depreciation – unallocated | 345,482 | 355,629 |
| Total expenses | $7,488,868 | $9,440,640 |
| | | |
| Change in net position | $450,618 | $1,471,115 |
| | | |
| Beginning net position | $4,820,895 | $3,349,780 |
| Prior period adjustment | 924,171 | -- |
| Net position as adjusted | $5,745,066 | $3,349,780 |
| | | |
| Ending net position | $6,195,684 | $4,820,895 |

# FUND SUMMARY

## General Fund

The General Fund, the main operating fund of the district, remains in a good financial position. The current General Fund Balance represents approximately 14% of expenditures.

Approximately 20% of revenues come from property taxes, which are guaranteed by the County of Walworth. The School Board certifies taxes in November to the Municipal Clerks. The clerks pay the District's proportionate share of collections in January and February. The balance of the taxes are then paid to the County by July 31st and remitted to the School District in August. This year taxes receivable at year-end were $808,745. State and federal aid accounts for approximately 77% of revenues. The State makes equalization aid payments periodically throughout the fiscal year. Payments are made in September, December, March, and June with the largest amounts being paid in December and March. In order to have enough cash flow to meet the district's responsibilities the District does temporary borrowing through a Tax and Revenue Anticipation Note. The other 3% comes from student fees, and miscellaneous revenues.

In previous years we had a fairly steady enrollment trend. This year we had a slight decline in enrollment. Our enrollment trend has allowed the district to maintain a balanced budget under current State Revenue Limit Laws, however we tax to the maximum under the law and are allowed only the increase set yearly by the State, which limits flexibility.

The School District adopts an Interim Budget at the Annual Meeting of the electors in July. The Original Budget is adopted in October when the final Revenue Limit calculations are completed. The Final Budget is adopted after final adjustments are calculated at year-end. This procedure keeps the district in compliance with all State Statutes. Significant differences between the original budget and the final budget were due primarily to technology decisions and Act 10 implementations.

## Debt Service Fund

The Debt Service Fund has a Fund Balance at year-end of $155,108. The Debt Service balance includes $69,903 that is used to pay debt service interest payments in October, which is prior to receiving our first property tax payment in January. The District was able to refinance our debt service obligation in the 2013-14 and the 2014-15 fiscal years thus lowering the interest rate and the interest payments due. Debt service payments come solely from property taxes and any interest earned on those taxes. The Fund Balance is restricted and can only be used for debt service payments.

## Balance of Governmental Funds

The balance of the governmental funds is either funded in part by grants or reliant on the general fund for revenue sources. They are listed in the body of the audit statement.

## Factors Bearing on District's Future

In the 2014-15 school year the District implemented a four-year-old kindergarten program, which over time will help to increase student numbers. In addition the District expects enrollment to slowly increase as the economy improves and housing developments in the Genoa City and Bloomfield areas begin construction again. State and Federal aids are expected to remain fairly close to last year's allocations.

The District has adopted an Other Post Employment Benefit (OPEB) Trust, which is accounted for in Fund 73. This Fund will be used to account for post-employment benefits paid and to account for the assets separately held according to the required guidelines.

## Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and 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, Kellie Bohn, District Administrator, 1020 Hunters Ridge Drive, Genoa City, Wisconsin 53128, (262) 279-1053.

# BASIC FINANCIAL STATEMENTS

GENOA CITY JOINT #2 SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2015

| | Governmental Activities |
|---|---|
| **ASSETS** | |
| Current assets | |
| Cash and investments | $ 743,493 |
| Taxes receivable | 808,745 |
| Due from other funds | 64,033 |
| Due from other governments | 97,042 |
| Total current assets | 1,713,313 |
| Noncurrent assets | |
| Capital assets | |
| Sites | 83,226 |
| Buildings and improvements | 14,131,402 |
| Furniture and equipment | 2,195,766 |
| Less: accumulated depreciation | (6,410,907) |
| Total capital assets | 9,999,487 |
| Net pension asset | 579,995 |
| Total noncurrent assets | 10,579,482 |
| TOTAL ASSETS | 12,292,795 |
| **DEFERRED OUTFLOWS OF RESOURCES** | |
| Deferred outflows from changes in net pension asset | 480,090 |

See Notes to Financial Statements

GENOA CITY JOINT #2 SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2015

| | |
|---|---|
| LIABILITIES | |
| Current liabilities | |
| Accounts payable | 26,833 |
| Accrued salaries and related items | 594,193 |
| Accrued interest payable | 20,133 |
| Current portion of long-term obligations | 870,107 |
| Total current liabilities | 1,511,266 |
| Noncurrent liabilities | |
| Noncurrent portion of long term obligations | 5,059,407 |
| Total noncurrent liabilities | 5,059,407 |
| TOTAL LIABILITIES | 6,570,673 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred inflows of resources from changes in net pension asset | 6,528 |
| NET POSITION | |
| Net investment in capital assets | 4,110,482 |
| Restricted for: | |
| Debt Service | 159,230 |
| Capital Expansion | 8,635 |
| Unrestricted | 1,917,337 |
| TOTAL NET POSITION | $ 6,195,684 |

GENOA CITY JOINT #2 SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the year ended June 30, 2015

| Functions\Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Net (Expenses) Revenue and Changes in Net Position |
|---|---|---|---|---|
| Governmental activities | | | | |
| Instruction: | | | | |
| Undifferentiated Curriculum | $ 2,173,309 | $ - | $ 149,249 | $ (2,024,060) |
| Regular Curriculum | 1,396,551 | - | - | (1,396,551) |
| Vocational Curriculum | 2,930 | - | 182,950 | 180,020 |
| Special Education | 247,656 | | | (247,656) |
| Co-curricular activities | 24,766 | - | - | (24,766) |
| Support: | | | | - |
| Pupil services | 205,171 | - | - | (205,171) |
| Instructional staff services | 219,299 | - | 21,416 | (197,883) |
| General administration | 259,787 | - | - | (259,787) |
| School building administration | 316,426 | - | - | (316,426) |
| Business administration | 861,464 | - | 9,118 | (852,346) |
| Central services | 29,205 | - | - | (29,205) |
| Insurance and judgments | 75,716 | - | - | (75,716) |
| Other support services | 39,150 | - | - | (39,150) |
| Nonprogram | 747,058 | - | - | (747,058) |
| Debt services | 544,898 | - | - | (544,898) |
| Depreciation - unallocated * | 345,482 | - | - | (345,482) |
| Total school district | $ 7,488,868 | $ - | $ 362,733 | (7,126,135) |

| | |
|---|---|
| General revenues: | |
| Property taxes | |
| General purpose | 1,314,418 |
| Debt service | 1,303,328 |
| State and federal aids not restricted to specific functions | 4,762,386 |
| Interest income | 3,067 |
| Miscellaneous income | 193,554 |
| TOTAL GENERAL REVENUES | 7,576,753 |
| Change in net position | 450,618 |
| Net position - Beginning of year | 4,820,895 |
| Prior period adjustment | 924,171 |
| Net position - Beginning of year - as adjusted | 5,745,066 |
| Net position - End of year | $ 6,195,684 |

* This amount excludes depreciation that is included in the direct expenses of the various programs.

See Notes to Financial Statements

GENOA CITY JOINT #2 SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2015

| | General Fund | Debt Service Fund | Other Governmental Funds (Capital Expansion Fund) | Total Governmental Funds |
|---|---|---|---|---|
| ASSETS | | | | |
| Cash and investments | $ 579,750 | $ 155,108 | $ 8,635 | $ 743,493 |
| Taxes receivable | 808,745 | - | - | 808,745 |
| Due from other funds | 64,033 | - | - | 64,033 |
| Due from other governments | 97,042 | - | - | 97,042 |
| TOTAL ASSETS | $ 1,549,570 | $ 155,108 | $ 8,635 | $ 1,713,313 |
| LIABILITIES | | | | |
| Accounts payable | $ 26,832 | $ - | $ - | $ 26,832 |
| Accrued salaries and related items | 594,193 | - | - | 594,193 |
| TOTAL LIABILITIES | 621,025 | - | - | 621,025 |
| FUND BALANCES | | | | |
| Restricted | 4,122 | 155,108 | 8,635 | 167,865 |
| Committed | 200,000 | - | - | 200,000 |
| Unassigned | 724,423 | - | - | 724,423 |
| TOTAL FUND BALANCES | 928,545 | 155,108 | 8,635 | 1,092,288 |
| TOTAL LIABILITIES AND FUND BALANCES | $ 1,549,570 | $ 155,108 | $ 8,635 | $ 1,713,313 |

GENOA CITY JOINT #2 SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2015

| | | |
|---|---|---|
| Total fund balance - governmental activities | | $ 1,092,288 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. | | |
| Governmental capital assets | 16,410,394 | |
| Governmental accumulated depreciation | (6,410,907) | |
| | | 9,999,487 |
| The District's proportionate share of the WRS pension plan exceeds its obligation. This is reported as an asset on the statement of net position, but it is not reported in the governmental funds. | | 579,995 |
| Deferred inflows and outflows of resources related to pensions are applicable to future periods and therefore, are not reported in the governmental funds. | | 473,562 |
| Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of: | | |
| Bonds and notes payable | 5,889,006 | |
| Accrued interest on long term debt | 20,133 | |
| Unused vested employee benefits | 40,509 | |
| | | (5,949,648) |
| Total net position - governmental funds | | $ 6,195,684 |

See Notes to Financial Statements

GENOA CITY JOINT #2 SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the year ended June 30, 2015

| | General Fund | Debt Service Fund | Other Governmental Funds (Capital Expansion Fund) | Total Government Funds |
|---|---|---|---|---|
| REVENUES | | | | |
| Local sources | $ 1,332,001 | $ 1,303,328 | $ 8 | $ 2,635,337 |
| Interdistrict sources | 136,352 | - | - | 136,352 |
| Intermediate sources | 17,457 | - | - | 17,457 |
| State sources | 4,837,508 | - | - | 4,837,508 |
| Federal sources | 252,845 | - | - | 252,845 |
| Other | 12,151 | - | - | 12,151 |
| TOTAL REVENUES | 6,588,314 | 1,303,328 | 8 | 7,891,650 |
| EXPENDITURES | | | | |
| Instruction | | | | |
| Current | 3,968,801 | - | - | 3,968,801 |
| Support service | | | | |
| Current | 2,042,171 | - | - | 2,042,171 |
| Capital outlay | 48,163 | - | - | 48,163 |
| Debt service | 10,965 | 5,434,456 | - | 5,445,421 |
| Nonprogram | 747,058 | - | - | 747,058 |
| TOTAL EXPENDITURES | 6,817,158 | 5,434,456 | - | 12,251,614 |
| Excess of Revenues Over (Under) Expenditures | (228,844) | (4,131,128) | 8 | (4,359,964) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Debt proceeds | 16,907 | 4,090,986 | - | 4,107,893 |
| Net Other Financing Sources (Uses) | 16,907 | 4,090,986 | - | 4,107,893 |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | (211,937) | (40,142) | 8 | (252,071) |
| Fund Balances - Beginning of Year | 1,140,482 | 195,250 | 8,627 | 1,344,359 |
| Fund Balances - End of Year | $ 928,545 | $ 155,108 | $ 8,635 | $ 1,092,288 |

GENOA CITY JOINT #2 SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended June 30, 2015

| | | |
|---|---|---|
| Net change in fund balances - total governmental funds | | $ (252,071) |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. | | |
| Capital outlay report in governmental fund statements | 183,675 | |
| Depreciation expense report in the statement of activities | (450,840) | |
| Amount by which capital outlays are greater (less) than depreciation in the current period. | | (267,165) |
| Vested 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 | | |
| Special termination benefits paid in the current year | 30,931 | |
| Special termination benefits earned in the current year | - | |
| Amounts paid are greater (less) than amounts earned by | | 30,931 |
| In governmental funds, loan proceeds are recorded as a receipt when loans are entered into. In the statement of activities, proceeds are reported as an addition to long-term debt. | | (3,991,907) |
| Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. | | |
| The amount of long-term debt principal payments in the current year is: | | 4,768,492 |
| In the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. | | |
| Pension employer contributions made | 344,608 | |
| Pension expense | (215,222) | |
| | | 129,386 |
| 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 | 224,452 | |
| The amount of interest accrued during the current period | (191,500) | |
| Interest paid is greater (less) than interest accrued by | | 32,952 |
| Change in net position - governmental activities | | $ 450,618 |

GENOA CITY JOINT #2 SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2015

| | Employee Benefit Trust Fund<br>Post Employment Health Benefit | Agency Funds |
|---|---|---|
| Assets | | |
| Cash and investments | $ 171,467 | $ 20,229 |
| Total assets | $ 171,467 | $ 20,229 |
| Liabilities | | |
| Due to student organizations | $ - | $ 20,229 |
| Due to other funds | 64,033 | - |
| Total liabilities | 64,033 | $ 20,229 |
| NET POSITION | | |
| Restricted | 107,434 | |
| Total liabilities and net position | $ 171,467 | |

See Notes to Financial Statements

GENOA CITY JOINT #2 SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the year ended June 30, 2015

| | Employee Benefit Trust Fund |
|---|---|
| | Post Employment Health Benefit |
| **Additions** | |
| Investment earnings | $ 3,081 |
| Total additions | 3,081 |
| **Deductions** | |
| Unrealized losses on investments | 3,085 |
| Other post employment benefits expense | 64,033 |
| Total deductions | 67,118 |
| Change in net position | (64,037) |
| Net position - Beginning of year | 171,471 |
| Net position - End of year | $ 107,434 |

NOTES TO BASIC FINANCIAL STATEMENTS

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

### A. INTRODUCTION

The Genoa City Joint #2 School District is organized as a common school district. The District, governed by a five member elected school board, operates grades 4K through 8 and is comprised of all or parts of three taxing Districts.

The financial statements of the Genoa City Joint #2 School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below.

The reporting entity for the District is based upon criteria set forth by the Governmental Accounting Standards Board. All functions of the District for which it exercises oversight responsibility are included. The oversight responsibility includes, but is not limited to, financial interdependency between the District and the governmental entity; control by the District over selection of the entity's governing authority or designation of management; the ability of the District to significantly influence operations of the entity; and whether the District is responsible for the accountability for fiscal matters.

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

## *NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued*

### B. Basis of Presentation, continued

*Fund Financial Statements*

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

The District reports the following major governmental funds:

General Fund - The General Fund is the operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in other funds.

Debt Service Funds – Debt Service Funds are used to account for financial resources from segregated tax levy, and other designated revenues used for the retirement of long-term capital debt.

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

### C. Component Units

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

### D. 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. Non-exchange 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,

## *NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued*

### D. Measurement Focus and Basis of Accounting, continued

and donations are 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 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.

### E. Property Tax Levy

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

The District tax levy is certified in November of the current fiscal year for collection by the taxing municipalities based on the past October 1 full or "equalized" value. As permitted by a collecting municipality's ordinance, taxes may be paid in full in two or more installment s with the first installment payable the subsequent January 31, and a final payment no later than the following July 31$^{st}$. 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 15$^{th}$, and by the 20$^{th}$ of each subsequent month thereafter. On or before August 20$^{th}$, the county treasurer makes full settlement to the District for any remaining balance. The County assumes all responsibility for delinquent real estate property taxes.

## *NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued*

### E. PROPERTY TAX LEVY, continued

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2014 tax levy is used to finance operation 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.

### F. CASH AND INVESTMENTS

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. All funds share common (pooled) checking and investment accounts unless regulations require separate investment accounts.

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

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

The District's Trust Fund (Fund 73), set up to fund the Districts OPEB obligation, has an investment policy different than the other funds. Under the investment policy for the Trust Fund the District is able to invest in the following:

- Domestic Equity:
  - Common Stocks
  - Convertible Notes and Bonds
  - Convertible Preferred Stocks

- International Equity:
  - Stocks of Non-U.S. Companies (Ordinary Shares)
  - American Depository Receipts (ADRs)

- Fixed Income – Investment Grade:
  - Global Government and Agency Securities
  - Treasury Inflation Protected Securities (TIPS)

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

**F. CASH AND INVESTMENTS, continued**

- Global Corporate Notes and Bonds (rated BBB or higher by Standard and Poors and/or BAA or higher by Moodys)
- Mortgage Backed Bonds
- Preferred Stock
- Municipal Bonds

- Fixed Income – Other:
  - Emerging Markets Fixed Income Securities
  - Global High Yield Bonds – Non-Investment Grade (rated lower than BBB by Standard & Poors and/or lower than BAA by Moodys)

- Cash Equivalents:
  - Treasury Bills
  - Money Market Funds
  - Commercial Paper
  - Banker's Acceptances
  - Repurchase Agreements
  - Certificates of Deposit
  - Guaranteed Investment Contracts (GICs)

**G. 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.

**H. CAPITAL ASSETS**

Capital assets are reported at actual cost. Donated assets are reported at estimated fair market value at the time received.

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

## *NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued*

### H. Capital Assets, continued

| | Capitalization Threshold | Depreciation Method | Estimated Useful Life |
|---|---|---|---|
| Buildings | $1,000 | Straight-line | 50 years |
| Building improvements | $1,000 | Straight-line | 50 years |
| Site improvements | $1,000 | Straight-line | 20 years |
| Furniture & equipment | $1,000 | Straight-line | 5 to 20 years |
| Computers and related Technology* | $1,000 | Straight-line | 5 years |
| Textbooks* | $1,000 | Straight-line | 5 years |

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

### I. Net Position

Net position represents the difference between assets and liabilities and deferred inflows and outflows of resources.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of 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.

### J. Fund Balance

The Government Accounting Standards Board (GASB) defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- *Non-spendable* - amounts that cannot be spent either because they are in non-spendable form – inventory and prepaid expenses - or because they are legally or contractually required to be maintained intact – the principal of a scholarship fund.
- *Restricted* - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments such as the fund balance in debt service and capital projects funds.
- *Committed* - amounts that can be used only for specific purposes determined by a formal action of the School Board. The School Board is the highest level of decision-

## *NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued*

### J. Fund Balance, continued

making authority for the District. Commitments maybe established, modified, or rescinded only through the same type of action it employed to previously commit those amounts. Any action to commit fund balance must occur prior to the end of the fiscal year.

- *Assigned* - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. This would include residual amounts in governmental funds other than the general fund.
- *Unassigned* – is available for any purpose and is only reported in the general fund except for any negative fund balances in the other funds.

The District's policy is to maintain a minimum fund balance of at least 15% of anticipated General Fund expenditures budgeted for the subsequent fiscal year. The District's fund balance is currently in excess of 15% of expenditures.

### K. Use of Estimates

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

### L. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows or resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense\expenditure) until then. *Deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Changes in the net pension asset not included in pension expense are required to be reported as deferred outflows of resources. See footnote 7 for additional information.

### M. Pensions

For purposes of measuring the net pension 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

## *NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued*

### M. PENSIONS, continued

when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

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

Differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the statement of activities fall into one of three broad categories. The amounts shown in the reconciliations represent:

1. Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities. The long-term expenses reported below recognize the change in vested employee benefits.

2. Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the statement of activities.

3. Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest expense is recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

## *NOTE 3. CASH AND INVESTMENTS*

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

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the District's deposits may not be returned. Deposits in banks are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of $250,000 for demand (noninterest-bearing) and for time (interest-bearing) deposits. In addition, the State of Wisconsin has a State Guarantee Fund, which provides a maximum of $400,000 per entity above the amount provided by the FDIC. However, due to the relatively small size of the Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.

At year-end, the carrying amount of the District's deposits was $935,189 and the bank balance was $1,057,219. Of the bank balance, FDIC insurance covered $451,914, and $400,000 was covered by the State Guarantee Fund. The remaining balance of $205,305 was insured through CDARS (Certificate of Deposit Account Registry Service).

Investments:

| Investments | Cost | Fair Value/ Carrying Amt. |
|---|---|---|
| Fund 73 Trust Accounts | $167,614 | $171,467 |
| Total investments | $167,614 | 171,467 |
| Total Cash Deposits | | 763,722 |
| Total Cash and Investments | | $935,189 |

| | |
|---|---|
| Cash, deposits, and investment allocation: | |
| Governmental Activities | $743,493 |
| Fiduciary and agency funds | 191,696 |
| Total cash, deposits, and investments | $935,189 |

During the year, the District maintained bank balances for short periods of time, which substantially exceeded the insured limits as a result of receiving material amounts of tax monies, and/or federal and state aid.

***NOTE 3. CASH AND INVESTMENTS, continued***

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 upon 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.

For investments, interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. Investments held for longer periods are subject to greater risk. As a means of limiting exposure to fair value losses arising from rising interest rates, the school district investment is limited to maturities of less than one year. Further, investment maturities are structured to match cash flow requirements avoiding the need to sell securities on the open market prior maturity.

Credit risk is the risk that an issuer or other counter-party to an investment will not fulfill its obligation. Wisconsin Statue 66.04(2) and 67.11(2) restrict investment of temporarily idle cash reducing a district's exposure to such risk. The School Board has adopted an investment policy pursuant to these statutes, which allows the District to invest in time deposits, securities guaranteed by the U.S. Government, securities of the Wisconsin Local Pooled Investment Fund and commercial paper if the security has the highest or second highest rating of a nationally recognized rating agency. The District minimizes credit risk by limiting investments to the safest type of securities, consistent with state law and School Board policy, and diversifying in the investment portfolio.

Custodial credit risk for investment is the risk that, in the event of the failure of the counter-party, the District will not be able to recover the value of its investments. The Districts' agent in the District's name holds all investments exposed to custodial risk.

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

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association that is authorized to transact business in Wisconsin if the time deposit matures in not more than three years.
- Bonds or securities issued or guaranteed as to principal or interest by the federal government or by a commission, board, or other instrumentality of the federal government (U.S. Treasuries and U.S. agencies).
- Bonds or securities of any Wisconsin county, city, drainage district, technical college district, village, town, or school district.
- Bonds issued by a local exposition district, local professional baseball park district, or local professional stadium district created under subchapter III or IV of chapter 229 of the Wisconsin statutes or bonds issued by the University of Wisconsin Hospitals or Clinics Authority.

## NOTE 3. CASH AND INVESTMENTS, continued

- Any security maturing in seven years or less of the acquisition date with either the highest or second highest rating category of a nationally recognized rating agency.
- Securities of open-end management investment companies or investment trusts if the portfolio is collateralized by bonds or securities, subject to various conditions and investment options.
- A local government investment pool, subject to certain conditions. The District has adopted an investment policy which permits all investments allowed under the state statutes as described above.

## NOTE 4. CHANGES IN CAPITAL ASSETS

| | Balances July 1, 2014 | Additions | Removals | Balances June 30, 2015 |
|---|---|---|---|---|
| Governmental activities: | | | | |
| Sites | $ 83,226 | $ -- | $ -- | $ 83,226 |
| Buildings | 14,095,161 | 36,241 | -- | 14,131,402 |
| Equipment | 2,048,332 | 147,434 | -- | 2,195,766 |
| Totals | $16,226,719 | $183,675 | $ -- | $16,410,394 |
| Accumulated depreciation | (5,960,067) | (450,840) | -- | (6,410,907) |
| Governmental activities capital assets, net of accumulated depreciation | $10,266,652 | ($267,165) | $ -- | $9,999,487 |

Depreciation expense was charged to governmental functions as follows:

| | |
|---|---|
| Undifferentiated curriculum | $17,979 |
| Regular curriculum | 77,749 |
| Business administration | 9,630 |
| Depreciation not allocated to a specific function | 345,482 |
| Total depreciation for governmental activities | $450,840 |

## *NOTE 5. LONG-TERM OBLIGATIONS*

Long-term obligations of the District are as follows:

| | Balances July 1, 2014 | Additions | Removals | Balances June 30, 2015 | Amounts Due Within One year |
|---|---|---|---|---|---|
| General Obligation Bonds | $ 4,575,000 | $ -- | $ 4,115,000 | $ 460,000 | $ 150,000 |
| General Obligation Bonds | -- | 3,975,000 | -- | 3,975,000 | 65,000 |
| General Obligation Bonds | 2,085,000 | -- | 645,000 | 1,440,000 | 650,000 |
| Capital leases | 5,591 | 16,907 | 8,492 | 14,006 | 5,107 |
| Subtotal | 6,665,591 | 3,991,907 | 4,768,492 | 5,889,006 | 870,107 |
| OPEB Expense | 71,440 | -- | 30,931 | 40,509 | -- |
| Totals | $ 6,737,031 | $3,991,907 | $ 4,799,423 | $ 5,929,515 | $ 870,107 |

Total interest paid during the year aggregated $224,452.

**General Obligation Debt**

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

| Description | Issue Dates | Interest Rates (%) | Dates of Maturity | Balances 6/30/15 |
|---|---|---|---|---|
| Bonds payable | 1/06/14 | 1.0 to 2.0 | 4/1/18 | $1,440,000 |
| Bonds payable | 4/08/08 | 4.0 to 4.38 | 4/1/28 | 460,000 |
| Bonds payable | 4/1/15 | 1.2 to 3.0 | 4/1/27 | 3,975,000 |
| | | | | $5,875,000 |

The 2014 equalized valuation of the District as certified by the Wisconsin Department of Revenue is $337,102,143. The legal debt limit and margin of indebtedness as of June 30, 2015, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

| | |
|---|---|
| Debt limit (5% of $337,102,143) | $ 16,855,107 |
| Deduct long-term debt applicable to debt margin | 5,875,000 |
| Margin of indebtedness | $10,980,107 |

## *NOTE 5. LONG-TERM OBLIGATIONS, continued*

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

| Year Ended June 30 | Principal | Interest | Amount |
|---|---|---|---|
| 2016 | $865,000 | $304,887 | $1,169,887 |
| 2017 | 850,000 | 291,231 | 1,141,231 |
| 2018 | 375,000 | 271,377 | 646,377 |
| 2019 | 385,000 | 95,675 | 480,675 |
| 2020 | 390,000 | 87,975 | 477,975 |
| 2021-2025 | 2,085,000 | 311,075 | 2,396,075 |
| 2026-2030 | 925,000 | 41,850 | 966,850 |
| Totals | $5,875,000 | $1,404,070 | $7,279,070 |

## *NOTE 6. CAPITAL LEASES, AS LESSEE*

The following is an analysis of the leased property under capital lease by major classes:

| | June 30, 2015 |
|---|---|
| Equipment | $16,907 |

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2015:

| Year Ended June 30, | |
|---|---|
| 2016 | $5,496 |
| 2017 | 5,496 |
| 2018 | 3,664 |
| Total Minimum Lease Payments | 14,656 |
| Less: Amount Representing Interest | (650) |
| Present Value of Net Minimum Lease Payments | $ 14,006 |

## *NOTE 7. EMPLOYEE RETIREMENT PLANS*

### *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.

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:

***NOTE 7. EMPLOYEE RETIREMENT PLANS, continued***

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

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

During the reporting period, the WRS recognized $229,461 in contributions from the employer

Contribution rates as of June 30, 2015 are:

| Employee Category | Employee | Employer |
|---|---|---|
| General (including teachers) | 6.8% | 6.8% |

At June 30, 2015, the District reported an asset of $579,995 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the District's proportion was .02361280%, which was an increase of .0017154% from its proportion measured as of December 31, 2013.

For the year ended June 30, 2015, the District recognized pension expense of $226,114.

***NOTE 7. EMPLOYEE RETIREMENT PLANS, continued***

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

| | **Deferred Outflows of Resources** | **Deferred Inflows of Resources** |
|---|---|---|
| Differences between expected and actual experience | $84,081 | $ -- |
| Changes in assumptions | -- | -- |
| Net differences between projected and actual earnings on pension plan investments | 280,862 | -- |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | -- | 6,528 |
| Employer contributions subsequent to the measurement date | 115,147 | -- |
| **Total** | $480,090 | $6,528 |

The amount of $115,147 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 asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Year ended June 30: | Deferred Outflow of Resources | Deferred Inflows of Resources |
|---|---|---|
| 2015 | $71,783 | $1,212 |
| 2016 | 71,783 | 1,212 |
| 2017 | 71,783 | 1,212 |
| 2018 | 71,783 | 1,212 |
| 2019 | 71,783 | 1,212 |
| Thereafter | 6,029 | 468 |

***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:

***NOTE 7. EMPLOYEE RETIREMENT PLANS, continued***

| | |
|---|---|
| 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:<br>Inflation<br>Seniority/Merit | <br>3.2%<br>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% |

## *NOTE 7. EMPLOYEE RETIREMENT PLANS, 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 asset to changes in the discount rate.* The following presents the District's proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what the District's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

| | **1% Decrease to Discount Rate (6.20%)** | **Current Discount Rate (7.20%)** | **1% Increase To Discount Rate (8.20%)** |
|---|---|---|---|
| District's proportionate share of the net pension asset | $1,636,266 | ($579,995) | ($2,330,308) |

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

Payables to the pension plan at June 30, 2015 were $29,612. This represents contributions earned as of June 30, 2015, but for which payment was not remitted to the pension plan until subsequent to year-end.

## *NOTE 8. OTHER POST EMPLOYMENT BENEFITS*

**Plan Description** – The Genoa City Joint #2 School District operates a single-employer retiree benefit plan that provides postemployment health benefits to eligible employees and their spouses. There are currently 5 retired members in the plan. Benefits and eligibility for employees were originally established and amended through collective bargaining with the recognized bargaining agent for each group and include postemployment health coverage. With the passage of Act 10 these benefits are no longer part of the collective bargaining definition.

***NOTE 8. OTHER POST EMPLOYMENT BENEFITS, continued***

**Funding Policy** – The District uses a Fund 73 to account for the invested plan assets accumulated for payment of future benefits. For the fiscal year ended June 30, 2015 the balance of invested plan assets was $171,467.

**Annual OPEB Cost and Net OPEB Obligation** – The Districts annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), and 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 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 paid from the plan, and changes in the District's net OPEB obligation.

| | Government Activities |
|---|---|
| Annual required contribution | $7,556 |
| Interest on net OPEB | 3,929 |
| Adjustment to annual required contribution | (13,327) |
| Annual OPEB cost (expense) | (1,842) |
| Adjustment | (29,089) |
| Change in OPEB obligation | (30,931) |
| OPEB obligation at beginning of year | 71,440 |
| OPEB obligation at end of year | $40,509 |

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were:

| Fiscal Year Ended | Annual OPEB Cost(Expense) | Percentage of Annual OPEB cost Contributed | Net OPEB Obligation |
|---|---|---|---|
| 6/30/2015 | ($1,842) | 1,579% | $40,509 |
| 6/30/2014 | $19,026 | 976% | $71,440 |
| 6/30/2013 | $19,240 | 129% | $238,076 |

**Funded Status and Funding Progress -** As of July 1, 2014, the most recent actuarial valuation date, for the period July 1, 2014 through June 30, 2015, the District's unfunded actuarial accrued liability (UAAL) was $40,505. There are no active employees covered by the plan.

## *NOTE 8. OTHER POST EMPLOYMENT BENEFITS, continued*

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

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

In the July 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a rate of 5.5% to discount expected liabilities to the valuation date. Implicit in these rates is a 3% assumed rate of inflation. The initial healthcare trend rate was 7.5% decreasing .5% per year down to 6.5%, then by .1% per year down to 5%, and level thereafter. Mortality rates were set based upon the Group Annuity Reserve Unisex Table 1994 projected to 2002 set forward 3 years for males and set back 3 years for females. All of the demographic figures closely approximate the December 31, 2013 Wisconsin Retirement Systems annual report. The UAAL is being amortized as a level percent of unfunded actuarial accrued liability with a 3% increase. The remaining amortization period as of June 30, 2015 was 6 years.

## *NOTE 9. FUND BALANCES AND NET POSITION*

Net Position

Detail related to restricted net position for debt service is as follows:

| | |
|---|---|
| Restricted for Debt Service: | |
| General Fund | $4,122 |
| Debt Service Funds | 155,108 |
| Total Restricted for Debt Service | $159,230 |

## *NOTE 9. FUND BALANCES AND NET POSITION, continued*

Fund Balances
Portions of fund balances may be classified for specific purposes. Detail related to fund balances of governmental funds is as follows:

| | | |
|---|---|---|
| Restricted | | |
| General Fund | | $4,122 |
| Debt Service Fund | | 155,108 |
| Capital Expansion Fund | | 8,635 |
| | Total Restricted | 167,865 |
| Committed | | |
| General Fund | | 200,000 |
| Unassigned | | |
| General Fund | | 724,423 |
| | Total Governmental Fund Balance | $1,092,288 |

## *NOTE 10. ADVANCED REFUNDING*

On April 1, 2015, $3,975,000 of refunding bonds were issued and sold. The issuance of the 2015 bonds, with an average interest rate of 2.18% was for the purpose of advance refunding the outstanding principal on the 2008 G.O bonds.

The net proceeds of $4,090,986 (including $115,986 in bond premium, and payment of $37,225 of underwriting fees, insurance and other issuance costs) plus a district payment of $33,563, were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds and notes. As a result $3,975,000 of the 2008 G.O. bonds are considered to be defeased and the liability for those bonds has been removed.

The cash flow requirements on the refunded bonds prior to the advance refunding was $5,914,190 from 2016 to 2028. The cash flow requirements after the advance refunding on the 2015 refunding bonds are $4,803,100 for 2016 to 2027. The advance refunding resulted in an economic gain (the difference between the present value of the debt service payments on the old and new debt) of $125,153.

*Prior year defeasance*
In fiscal year 2014, the District defeased $2,500,000 of the 2004 G.O. Refunding Bonds by placing funds in escrow sufficient to meet the future debt service requirements as they become due. Accordingly, the trust account assets and liability for the defeased debt is not included in

## *NOTE 10. ADVANCED REFUNDING, continued*

the District's financial statements. As of June 30, 2015, $1,910,000 of the defeased bonds remained outstanding.

## *NOTE 11. LIMITATION ON SCHOOL DISTRICT REVENUES*

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

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

## *NOTE 12. INSURANCE RISK MANAGEMENT*

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

## *NOTE 13. INTERGOVERNMENTAL FINANCIAL DEPENDENCY*

The District depends on financial resources flowing from, or associated with, both the Federal Government and the State of Wisconsin. Because of the dependency, the District is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with US Treasury Securities because of actions by foreign government and other holders of publicly held US Treasury Securities.

During fiscal year ending June 30, 2015, the District received $252,845 from the federal government and $4,837,508 from Wisconsin, which are 3% and 61%, respectively, of total District revenues reported by the District for charges for services, operating grants and contributions, and general revenues. Funds flowing from the federal and state governments to the District are subject to changes to federal and state laws and appropriations. Based on the reported financial position of the federal and state government, including disclosures concerning fiscal sustainability, it is at least reasonably possible that events will occur in the near term that will significantly affect the flows of federal funds to the District.

## ***NOTE 14. CHANGE IN ACCOUNTING PRINCIPLE***

On July 1, 2014, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* to better present the entire net pension (asset) related to the Wisconsin Retirement System pension plan.

## ***NOTE 15. PRIOR PERIOD ADJUSTMENT***

An adjustment of $924,171 has been made to increase June 30, 2015 net position. The adjustment was a result of implementing GASB 68. The adjustment was to establish beginning balances for the net pension asset related to pensions for the WRS multi-employer defined benefit plan.

## ***NOTE 16. DATE OF MANAGEMENT'S REVIEW***

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through November 30, 2015, the date that the financial statements were available to be issued.

# REQUIRED SUPPLEMENTARY INFORMATION

GENOA CITY JOINT #2 SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the year ended June 30, 2015

| | Budgeted Amounts Original | Budgeted Amounts Final | Actual | Variance with Final Budget Favorable (Unfavorable) |
|---|---|---|---|---|
| REVENUES | | | | |
| Local sources | $ 1,326,735 | $ 1,326,735 | $ 1,332,001 | $ 5,266 |
| Interdistrict sources | 119,043 | 119,043 | 136,352 | 17,309 |
| Intermediate sources | - | - | 17,457 | 17,457 |
| State sources | 4,792,919 | 4,792,919 | 4,837,508 | 44,589 |
| Federal sources | 153,683 | 153,683 | 252,845 | 99,162 |
| Other | 12,112 | 12,112 | 12,151 | 39 |
| TOTAL REVENUES | 6,404,492 | 6,404,492 | 6,588,314 | 183,822 |
| EXPENDITURES | | | | |
| Instruction | 3,732,876 | 3,707,876 | 3,968,801 | (260,925) |
| Support service | 2,053,286 | 2,078,286 | 2,101,299 | (23,013) |
| Non program | 739,802 | 739,802 | 747,058 | (7,256) |
| TOTAL EXPENDITURES | 6,525,964 | 6,525,964 | 6,817,158 | (291,194) |
| Excess of Revenues Over Expenditures | (121,472) | (121,472) | (228,844) | (107,372) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Debt proceeds | - | - | 16,907 | (16,907) |
| Operating transfers (out) | (187,905) | (187,905) | - | 187,905 |
| Net Other Financing Sources (Uses) | (187,905) | (187,905) | 16,907 | 170,998 |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | (309,377) | (309,377) | (211,937) | 63,626 |
| Fund Balance - Beginning of Year | 1,140,482 | 1,140,482 | 1,140,482 | - |
| Fund Balance - End of Year | $ 831,105 | $ 831,105 | $ 928,545 | $ 63,626 |

GENOA CITY JOINT #2 SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTINATE SHARE
OF THE NET PENSION ASSET
WISCONSIN RETIREMENT SYSTEM
For the year ended June 30, 2015
Last 10 Fiscal Years*

| | 2015 |
|---|---|
| District's proportion of the net pension asset | 0.0236128% |
| District's proportionate share of the net pension asset | 579,995 |
| District's covered-employee payroll | 3,278,004 |
| Net pension asset as a percentage of covered-employee payroll | 17.69% |
| Plan fiduciary net position as a percentage of the total pension asset | 102.74% |

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

*GASB Pronouncements 67 and 68 require the presentation of the last 10 prior fiscal years completed under these pronouncements. The fiscal years completed prior to the enactment of these pronouncements are not required to be presented in this schedule.

GENOA CITY JOINT #2 SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTINATE SHARE
OF CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
For the year ended June 30, 2015
Last 10 Fiscal Years*

| | |
|---|---|
| Contractually required contributions | 229,461 |
| Contributions in relation to the contractually required contributions | 229,461 |
| Contribution deficiency (excess) | - |
| District's covered-employee payroll | 3,278,004 |
| Contributions as a percentage of covered-employee payroll | 7% |

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

*GASB Pronouncements 67 and 68 require the presentation of the last 10 prior fiscal years completed under these pronouncements. The fiscal years completed prior to the enactment of these pronouncements are not required to be presented in this schedule.

GENOA CITY JOINT #2 SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS
For the year ended June 30, 2015

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) Projected Unit Credit | Unfunded AAL (UAAL) | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|---|---|---|---|---|---|
| 7/1/2014 | $171,471 | $211,976 | $40,505 | $0 | 0% |
| 7/1/2011 | $0 | $324,425 | $324,425 | $185,136 | 175% |
| 7/1/2008 | $0 | $1,858,290 | $1,858,290 | n\a | n\a |

## ***NOTE 1. BUDGETARY ACCOUNTING***

Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. The legally adopted budget and budgetary expenditure control is exercised at the object level for all funds. Reported budget amounts are as originally adopted or as amended by School Board resolution.

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

- Based upon requests from District staff, District administration recommends budget proposals to the school board.

- The school board prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.

- A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.

- Pursuant to the public budget hearing, the school board may make alterations to the proposed budget.

- Once the school board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire school board.

- Appropriations lapse at year end unless authorized as a carryover by the school board. The portion of fund balance representing carryover appropriations is reported as a reserved fund balance.

## *NOTE 2. BUDGETARY PRESENTATION*

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1 to the financial statements; however, the District adopts a budget for the special education fund which is reported with the general fund in accordance with generally accepted accounting principles. An explanation of the difference between revenues, expenditures, and other financing sources (uses) for budgetary funds on budgetary fund basis and a GAAP general fund basis is summarized below:

| | Total Budgetary Amounts | Special Education Fund | GAAP Budgetary Amounts |
|---|---|---|---|
| Local sources | $1,326,735 | $ -- | $1,326,735 |
| Inter-district sources | 119,043 | -- | 119,043 |
| Intermediate sources | 17,428 | 17,428 | -- |
| State sources | 4,837,507 | 44,588 | 4,792,919 |
| Federal sources | 288,064 | 134,381 | 153,683 |
| Other sources | 12,112 | -- | 12,112 |
| Total Revenues | $6,600,889 | $196,397 | $6,404,492 |
| Instruction | $3,975,499 | $242,623 | $3,732,876 |
| Support service | 2,111,548 | 58,262 | 2,053,286 |
| Non-program | 823,219 | 83,417 | 739,802 |
| Total expenditures | $6,910,266 | $384,302 | $6,525,964 |
| Operating transfers in | $187,905 | $187,905 | $ -- |
| Operating transfers out | (187,905) | -- | (187,905) |
| Net other financing sources (uses) | $ -- | $187,905 | ($187,905) |

## *NOTE 3. WISCONSIN RETIREMENT SYSTEM*

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

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

# OTHER SUPPLEMENTARY INFORMATION

GENOA CITY JOINT #2 SCHOOL DISTRICT
STUDENT ORGANIZATION FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES -
PUPIL ACTIVITY FUND
For the year ended June 30, 2015

| | Balance 7/1/2014 | Additions | Deductions | Balance 6/30/2015 |
|---|---|---|---|---|
| ASSETS | | | | |
| Cash | $ 20,689 | $ 52,795 | $ 53,255 | $ 20,229 |
| TOTAL ASSETS | $ 20,689 | $ 52,795 | $ 53,255 | $ 20,229 |
| LIABILITIES | | | | |
| Due to student organizations | $ 20,689 | $ 52,795 | $ 53,255 | $ 20,229 |
| TOTAL LIABILITIES | $ 20,689 | $ 52,795 | $ 53,255 | $ 20,229 |

# FEDERAL AND STATE AWARDS SECTION

GENOA CITY JOINT #2 SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015

| Awarding Agency/ Pass-Through Agency Award Description | Federal Catalog Number | Program Or Award Amount | Accrued Receivable July 1, 2014 | Federal Disbursements/ Expenditures | Receipts | Accrued Receivable June 30, 2015 |
|---|---|---|---|---|---|---|
| U.S. Department of Education: | | | | | | |
| Small School Rural Achievement Program | 84.358A | | | | | |
| July 1, 2014 to June 30, 2015 | | | $ - | $ 66,357 | $ 66,357 | $ - |
| Wis. Dept of Public Instruction: | | | | | | |
| IASA Title I-A | 84.010 | | | | | |
| July 1, 2013 to June 30, 2014 | | | 11,279 | - | 11,279 | - |
| July 1, 2014 to June 30, 2015 | | $64,931 | - | 64,931 | 64,931 | - |
| *Special Education Cluster* | | | | | | |
| CESA #2 | | | | | | |
| High Cost Special Education Aid | 84.027 | | | | | |
| July 1, 2014 to June 30, 2015 | | $15,489 | - | 15,489 | 15,489 | - |
| IDEA Discretionary | 84.027 | | | | | |
| July 1, 2014 to June 30, 2015 | | $19,350 | - | 19,350 | 19,350 | - |
| IDEA Flow Through | 84.027 | | | | | |
| July 1, 2013 to June 30, 2014 | | | 21,584 | - | 21,584 | - |
| July 1, 2014 to June 30, 2015 | | $98,129 | - | 67,954 | 60,218 | 7,736 |
| IDEA Preschool Entitlement | 84.173 | | | | | |
| July 1, 2013 to June 30, 2014 | | | 1,096 | - | 1,096 | - |
| July 1, 2014 to June 30, 2015 | | $1,383 | - | 804 | 804 | - |
| *Total Special Education Cluster* | | | 22,680 | 103,597 | 118,541 | 7,736 |
| Teacher Training - Quality Teachers | | | | | | |
| IASA Title II | 84.367 | | | | | |
| July 1, 2013 to June 30, 2014 | | | 2,328 | - | 2,328 | - |
| July 1, 2014 to June 30, 2015 | | $15,258 | - | 15,258 | 15,258 | - |
| Total U.S. Department of Education | | | 36,287 | 250,143 | 278,694 | 7,736 |
| Total Federal Assistance | | | $ 36,287 | $ 250,143 | $ 278,694 | $ 7,736 |

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

GENOA CITY JOINT #2 SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2015

| Awarding Agency/ Pass-through Agency Award Description | State I.D. Number | Accrued Receivable July 1, 2014 | State Reimbursements | Expenditures | Accrued Receivable June 30, 2015 |
|---|---|---|---|---|---|
| WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION | | | | | |
| Entitlement Programs | | | | | |
| Major State Programs | | | | | |
| Handicapped Pupils and School Age Parents: | | | | | |
| Internal District Programs | 255.101 | $ - | $ 40,502 | $ 40,502 | $ - |
| Pupil Transportation | 255.107 | - | 9,118 | 9,118 | - |
| Equalization Aid | 255.201 | 87,981 | 4,106,636 | 4,093,787 | 75,132 |
| TOTAL MAJOR PROGRAMS | | 87,981 | 4,156,256 | 4,143,407 | 75,132 |
| Nonmajor State Programs | | | | | |
| Common School Fund | 255.103 | - | 21,416 | 21,416 | - |
| High Cost Special Education Aid | 255.210 | - | 4,086 | 4,086 | - |
| Educator Effectiveness Grant | 255.940 | - | 4,160 | 4,160 | - |
| Per Pupil Adjustment Aid | 255.945 | - | 95,400 | 95,400 | - |
| Exempt Computer Aid | | 5,672 | 5,672 | 4,836 | 4,836 |
| TOTAL NONMAJOR PROGRAMS | | 5,672 | 130,734 | 129,898 | 4,836 |
| TOTAL STATE ASSISTANCE | | $ 93,653 | $ 4,286,990 | $ 4,273,305 | $ 79,968 |

GENOA CITY JOINT #2 SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2015

## *NOTE 1. BASIS OF PRESENTATION*

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the Genoa City Joint #2 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 basic financial statements.

## *NOTE 2. SPECIAL EDUCATON AND SCHOOL AGE PARENTS PROGRAM*

The 2014-2015 eligible costs under the State Special Education Program are $245,968.

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

Board of Education
Genoa City Joint #2 School District
Genoa City, 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 Genoa City Joint #2 School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Genoa City Joint #2 School District's basic financial statements and have issued our report thereon dated November 30, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Genoa City Joint #2 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 Genoa City Joint #2 School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Genoa City Joint #2 School District's internal control over financial reporting.

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 over financial reporting 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.

We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses and questioned costs that we consider to be significant deficiencies (Findings 2015-1 and 2015-2).

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Genoa City Joint #2 School District's financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2015-1 and 2015-2.

**Genoa City Joint #2 School District's Response to Findings**

Genoa City Joint #2 School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Genoa City Joint #2 School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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.

Chamberlain & Henningfield CPAs LLP

CHAMBERLAIN & HENNINGFIELD, CPAs, LLP
Lake Geneva, Wisconsin

November 30, 2015

GENOA CITY JOINT #2 SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2015

**Section 1 - Summary of Auditor's Results**

*Financial Statements*

| | | |
|---|---|---|
| Type of auditor's report issued: | Unmodified | |
| Internal control over financial reporting: | | |
| Material weakness identified | ______ yes | X no |
| Significant deficiency(ies) identified that are not considered to be material weakness(es) | X yes | ______ none reported |
| Noncompliance material to the financial statements? | ______ yes | X no |

*State Awards*

| | | |
|---|---|---|
| Internal control over financial reporting: | | |
| Material weakness identified? | ______ yes | X no |
| Significant deficiency(ies) identified that are not considered to be material weakness(es) | X yes | ______ none reported |
| Type of auditor's report issued on compliance for major programs: | Unmodified | |
| Any audit findings disclosed that are required to be reported in accordance with State Single Audit Guidelines? | ______ yes | X no |

Identification of major state programs:

| State ID Number | Name of State Program |
|---|---|
| 255.101 | Special Education and School Age Parents |
| 255.107 | Pupil Transportation |
| 255.201 | General Equalization |

GENOA CITY JOINT #2 SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2015

**Section II - Financial Statement Findings**

2015-1 **Condition** - The District does not maintain proper segregation of duties.

**Criteria** - Duties should be spread amongst the staff to ensure that no one staff person has control over an entire portion of an accounting process.

**Cause** - The size of the District does not make it feasible to hire sufficient staff required for proper segregation of duties.

**Effect** - The lack of segregation of duties could result in the override of management controls.

**Recommendations** - The District's management and board should exercise sufficient control and oversight to ensure the controls that have been implemented have been properly followed.

**Views of Responsible Officials** - The District will segregate the duties as much as possible and maintain sufficient management oversight.

2015-2 **Condition** - The District has the audit firm prepare the financial statements.

**Criteria** - Staff should be sufficiently knowledgeable to prepare the financial statements and related footnotes.

**Cause** - The size of the District does not make it feasible to hire sufficient staff required for the preparation of the financial statements.

**Effect** - The audit firm's preparation of the financial statements removes a level of oversight on the part of the District.

**Recommendations** - The District's staff should obtain sufficient training to become knowledgeable in the preparation of the financial statements.

**Views of Responsible Officials** - The District will seek additional training to better understand the financial statement concepts.

**Section III - Federal and State Award Findings**

2015-1 **Condition** - The District does not maintain proper segregation of duties.

**Criteria** - Duties should be spread amongst the staff to ensure that no one staff person has control over an entire portion of an accounting process.

**Cause** - The size of the District does not make it feasible to hire sufficient staff required for proper segregation of duties.

**Effect** - The lack of segregation of duties could result in the override of management controls.

**Recommendations** - The District's management and board should exercise sufficient control and oversight to ensure the controls that have been implemented have been properly followed.

**Views of Responsible Officials** - The District will segregate the duties as much as possible and maintain sufficient management oversight.

GENOA CITY JOINT #2 SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the year ended June 30, 2015

*Schedule of Prior Year Findings*

2014-1 **Condition** - The District does not maintain proper segregation of duties.

**Recommendations** - The District's management and board should exercise sufficient control and oversight to ensure the controls that have been implemented have been properly followed.

**Current year status** - District continues to segregate duties as much as possible and attempt to provide sufficient oversight to ensure controls are working properly. This continues to be a finding at 2015-1.

# APPENDIX B

# FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the School District No. 2, Village of Genoa City, Town of Bloomfield and Village of Bloomfield, Walworth County, Wisconsin (the "Issuer") in connection with the issuance of $2,480,000 General Obligation School Improvement Bonds, dated October 20, 2016 (the "Securities"). The Securities are being issued pursuant to a Resolution, dated September 29, 2016 (the "Resolution"). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Securities and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"National Repository" shall mean the Municipal Securities Rulemaking Board electronically through the Electronic Municipal Market Access system, available at www.emma.msrb.org, or such other website as may be determined from time to time by the Securities and Exchange Commission.

"Obligated Person" shall mean any person, including an issuer of municipal securities, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Securities.

"Participating Underwriter" shall mean any of the original underwriters of the Securities required to comply with the Rule in connection with the offering of the Securities.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time including any official interpretations thereof.

Section 3. Provision of Annual Reports.

(a) The Issuer shall, at least annually no later than April 1 of each year commencing April 1, 2017, provide to the National Repository in an electronic format as prescribed by the National Repository, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate.

(b) Documents provided to the National Repository shall be accompanied by identifying information as prescribed by the National Repository.

(c) The Issuer shall determine each year prior to providing the Annual Report the electronic address of the National Repository.

(d) If the Issuer is unable or fails to provide to the National Repository an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the National Repository in the format prescribed by the National Repository.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) The Issuer's audited financial statements. The financial statements will be prepared in accordance with Generally Accepted Accounting Principles.

(b) The Issuer's Annual Budget.

Any or all of the items listed above may be incorporated by reference from documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the National Repository or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. (Currently located at 1900 Duke Street, Suite 600, Alexandria, VA 22314, (703) 797-6600.) The Issuer shall clearly identify each document so incorporated by reference.

Section 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events to the extent applicable to the Securities:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities or other material events affecting the tax status of the Securities;

(7) Modification to rights of holders of the Securities, if material;

(8) Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Securities, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

(13) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified in subsection (a) (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine under applicable legal standards if such event would constitute material information, within the meaning of the Rule, for holders or beneficial owners of the Securities, provided, that any event under subsection (a) (1), (3), (4), (5), (8) (tender offers only), (9), (11) or (12) will always be deemed to be material.

(c) If the Issuer determines that knowledge of the occurrence of a Listed Event would be material, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the event, file a notice of such occurrence with the National Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Securities.

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder or beneficial owner of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders and beneficial owners from time to time of the Securities, and shall create no rights in any other person or entity.

Date: October ___, 2016

SCHOOL DISTRICT NO. 2, VILLAGE OF GENOA CITY, TOWN OF BLOOMFIELD AND VILLAGE OF BLOOMFIELD
WALWORTH COUNTY, WISCONSIN

By________________________________________
William Engelman, District Clerk

# APPENDIX C

# FORM OF LEGAL OPINION

GRIGGS LAW OFFICE LLC
500 West Silver Spring Drive, Suite K-200
Glendale, Wisconsin 53217

ATTORNEYS AT LAW
Telephone (414) 375-2630
Fax (414) 375-2631

# LEGAL OPINION

We have served as bond counsel with regard to:

$2,480,000
JOINT SCHOOL DISTRICT NO. 2,
VILLAGE OF GENOA CITY, TOWN OF BLOOMFIELD
AND VILLAGE OF BLOOMFIELD
WALWORTH COUNTY, WISCONSIN
GENERAL OBLIGATION SCHOOL IMPROVEMENT BONDS
DATED OCTOBER 20, 2016

We hereby certify that we have examined a transcript of proceedings of the governing body of the Joint School District No. 2, Village of Genoa City, Town of Bloomfield and Village of Bloomfield, relative to the authorization, issuance and sale of the aforesaid Bonds. We have also examined the law and such other documents furnished to us as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the transcript of proceedings and other certifications furnished to us without undertaking to verify the same by independent investigation.

The Bonds are numbered 1 and upward; are in the denomination of $5,000 or any integral multiple thereof; bear interest at the rates set forth below; and mature serially on April 1 of each year, in the years and principal amounts as follows:

| Year of Maturity | Principal Amount | Interest Rate |
|---|---|---|
| 2017 | $225,000 | _.___% |
| 2018 | 100,000 | _.___ |
| 2019 | 100,000 | _.___ |
| 2020 | 100,000 | _.___ |
| 2021 | 100,000 | _.___ |
| 2022 | 105,000 | _.___ |
| 2023 | 105,000 | _.___ |
| 2024 | 105,000 | _.___ |
| 2025 | 110,000 | _.___ |
| 2026 | 110,000 | _.___ |

| Year of Maturity | Principal Amount | Interest Rate |
|---|---|---|
| 2027 | $115,000 | _.___% |
| 2028 | 120,000 | _.___ |
| 2029 | 120,000 | _.___ |
| 2030 | 125,000 | _.___ |
| 2031 | 130,000 | _.___ |
| 2032 | 135,000 | _.___ |
| 2033 | 140,000 | _.___ |
| 2034 | 140,000 | _.___ |
| 2035 | 145,000 | _.___ |
| 2036 | 150,000 | _.___ |

Interest is payable semi-annually on April 1 and October 1 of each year commencing on April 1, 2017 until the aforesaid principal amount is paid in full.

At the option of the District, the Bonds maturing on and after April 1, 2025 are subject to redemption prior to maturity on April 1, 2024 or on any date thereafter. Said Bonds are redeemable as a whole or in part, by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

We further certify that we have examined a sample of the Bonds and find the same to be in proper form.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Based on our examinations, we are of the opinion, as of the date hereof and under existing law, as follows:

1. The Bonds are valid and binding general obligations of the District.

2. All taxable property in the territory of the District is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. The District is required by law to include in its annual tax levy the principal and interest coming due on the Bonds except to the extent the necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Bonds.

3. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax

imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that enforcement of the Bonds may also be subject to the exercise of judicial discretion in appropriate cases.

GRIGGS LAW OFFICE LLC

# APPENDIX D

# OFFICIAL NOTICE OF SALE AND BID FORM FOR

# $2,480,000
# JOINT SCHOOL DISTRICT NUMBER 2, VILLAGE OF GENOA CITY, TOWN OF BLOOMFIELD AND VILLAGE OF BLOOMFIELD
# Walworth County, Wisconsin
# General Obligation School Improvement Bonds

**Sale Data:**

| | |
|---|---|
| **Sale Date and Time:** | Thursday, September 29, 2016<br>9:30 a.m. Central Time |
| **Place**: | Robert W. Baird & Co. Incorporated<br>Public Finance Department<br>777 East Wisconsin Avenue, 25th Floor<br>Milwaukee, Wisconsin 53202<br><br>Attention: Ms. Katherine Voss<br>Phone: (414) 298-7702<br>Fax: (414) 298-7354<br><br>Bids will be accepted electronically<br>via PARITY |

OFFICIAL NOTICE OF SALE

$2,480,000
JOINT SCHOOL DISTRICT NO. 2
VILLAGE OF GENOA CITY, TOWN OF BLOOMFIELD AND VILLAGE OF BLOOMFIELD,
WALWORTH COUNTY, WISCONSIN
GENERAL OBLIGATION SCHOOL IMPROVEMENT BONDS
DATED OCTOBER 20, 2016

---

Bids will be received for purchase of all but no part of the above Bonds in the office of Robert W. Baird & Co., 777 East Wisconsin Avenue, 25th Floor, Milwaukee, Wisconsin 53202, the District's Financial Advisor, until 9:30 a.m. (Central Time) on:

SEPTEMBER 29, 2016

at which time the bids will be opened. Bids may be mailed, delivered or submitted by fax to Robert W. Baird & Co. at (414) 298-7354, or submitted electronically via PARITY, as described below. Signed bids, without final price or coupons, may be submitted to Robert W. Baird & Co. prior to the time of sale. The bidder shall be responsible for submitting to Robert W. Baird & Co. the final bid price and coupons, by telephone (414) 765-3827 or fax (414) 298-7354 for inclusion in the submitted bid. A meeting of the School Board will be held on September 29, 2016 for the purpose of taking action on such bids as may be received.

Dates and Maturities: The Bonds will be dated October 20, 2016 and will mature serially on April 1 of each year, in the years and principal amounts as follows:

| Year | Amount* | Year | Amount* |
|---|---|---|---|
| 2017 | $ 225,000 | 2027 | $115,000 |
| 2018 | 100,000 | 2028 | 120,000 |
| 2019 | 100,000 | 2029 | 120,000 |
| 2020 | 100,000 | 2030 | 125,000 |
| 2021 | 100,000 | 2031 | 130,000 |
| 2022 | 105,000 | 2032 | 135,000 |
| 2023 | 105,000 | 2033 | 140,000 |
| 2024 | 105,000 | 2034 | 140,000 |
| 2025 | 110,000 | 2035 | 145,000 |
| 2026 | 110,000 | 2036 | 150,000 |

Interest: Interest on said Bonds will be payable on April 1 and October 1 of each year commencing on April 1, 2017 to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the fifteenth day (whether or not a business day) of the month next preceding said interest payment date. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the MSRB.

---

*Preliminary, subject to change. The District reserves the right, after bids are opened and prior to award, to increase or reduce the principal amount of the individual maturities of the Bonds. Any such increase or reduction will be made in multiples of $5,000 in any of the maturities. The aggregate principal amount of the Bonds will remain the same.

Term Bonds: Bids for the Bonds may contain a maturity schedule providing for any combination of serial and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above.

Mandatory Redemption: Any term bonds specified shall be subject to mandatory sinking fund redemption in part prior to their scheduled maturity dates on April 1 of certain years, as more fully described in the Dates and Maturities section herein, at a price of par plus accrued interest to the date of redemption.

Optional Redemption: At the option of the District, the Bonds maturing on April 1, 2025 and thereafter are subject to redemption prior to maturity on April 1, 2024 or on any date thereafter. Said Bonds are redeemable as a whole or in part, from maturities selected by the District and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

Undertaking to Provide Continuing Disclosure: In order to assist bidders in complying with S.E.C. Rule 15c2-12(b)(5), the District will undertake, pursuant to the Award Resolution and a Continuing Disclosure Certificate, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Final Official Statement.

Registration: The Bonds will be issued as fully registered Bonds without coupons and, when issued, will be registered only in the name of CEDE & CO., as nominee for The Depository Trust Company, New York, New York ("DTC").

DTC Book Entry Only System: UTILIZATION OF DTC IS REQUIRED. BIDS FOR THE BONDS MAY NOT PROVIDE FOR THE BONDS TO BE ISSUED ON A NON-DTC BASIS. DTC will act as securities depository of the Bonds. A single Bond certificate for each maturity will be issued to DTC and immobilized in its custody. Individual purchases will be made in book-entry form only pursuant to the rules and procedures established between DTC and its participants, in the principal amount of $5,000 and integral multiples thereof. Individual successful bidders will not receive certificates evidencing their ownership of the Bonds purchased. The successful bidder shall be required to deposit the Bond certificates with DTC as a condition to delivery of the Bonds. The District will make payments of principal and interest on the Bonds on the dates set forth above, to DTC or its nominee as registered owner of the Bonds in next-day funds. Transfer of said payments to participants of DTC will be the responsibility of DTC; transfer of said payments to beneficial owners by DTC participants will be the responsibility of such participants and other nominees of beneficial owners all as required by DTC rules and procedures. No assurance can be given by the District that DTC, its participants and other nominees of beneficial owners will make prompt transfer of said payments as required by DTC rules and procedures. The District assumes no liability for failures of DTC, its participants or other nominees to promptly transfer said payments to beneficial owners of the Bonds.

Depository: In the event that the securities depository relationship with DTC for the Bonds is terminated and the School Board does not appoint a successor depository, the School

Board will prepare, authenticate and deliver, at its expense, fully registered certificate Bonds in the denominations of $5,000 or any integral multiple thereof in the aggregate principal amount of Bonds of the same interest rate or rates then outstanding to the beneficial owners of the Bonds.

Fiscal Agent: The Bonds shall be distributed to the owners in fully-registered form by the fiscal agent for the District (the "Fiscal Agent") in the denomination of $5,000 or any integral multiple thereof. Associated Trust Company, National Association will serve as the District's Fiscal Agent with respect to the Bonds. Such Fiscal Agent will be designated by the District at the time of the sale of the Bonds. The Bonds shall be payable as to interest by check or draft of the Fiscal Agent mailed to the registered owners whose names appear on the books of the Fiscal Agent at the close of business on the first day of each calendar month of each interest payment date and as to principal by presentation of the Bonds at the office of the Fiscal Agent. The District will pay all costs relating to the registration of the Bonds.

Security and Purpose: The Bonds are general obligations of the District. The principal of and interest on the Bonds will be payable from ad valorem taxes, which may be levied without limitation as to rate or amount upon all of the taxable property located in the District. The Bonds shall be issued for the purpose of paying the costs of energy efficiency improvements to school district buildings.

Designation as Qualified Tax-Exempt Obligations: The District has designated the Bonds to be "qualified tax-exempt obligations" pursuant to the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, and in support of such designation, the Clerk or other officer of the District charged with the responsibility for issuing the Bonds, shall provide an appropriate certificate of the District as of the date of delivery and payment for the Bonds.

Type of Bid – Amount: Bids must be submitted either: (1) to Robert W. Baird & Co. as set forth herein; or (2) electronically via PARITY, in accordance with this Official Notice of Sale within a one hour period prior to the time of sale, but no bids will be received after the time established above for the opening of bids. If any provisions in this Notice conflict with any instructions or directions set forth in PARITY, this Official Notice of Sale shall control. The normal fee for use of PARITY may be obtained from PARITY, and such fee shall be the responsibility of the bidder. For further information about PARITY, potential bidders may contact ROBERT W. BAIRD & CO., 25th Floor, 777 East Wisconsin Avenue, Milwaukee, Wisconsin 53202 or PARITY, c/o i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, telephone (212) 849-5021. The District and Robert W. Baird & Co. assume no responsibility or liability for bids submitted through PARITY.

Each bidder shall be solely responsible for making necessary arrangements to access PARITY for purposes of submitting its electronic bid in a timely manner and in compliance with the requirements of this Official Notice of Sale. Neither the District, its agents nor PARITY shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the District, its agents nor PARITY shall be responsible for a bidder's failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY. The District is using the services of PARITY solely as a communication mechanism to conduct the electronic bidding for the Bonds, and PARITY is not an agent of the District.

The District may regard the electronic transmission of the bid via the electronic service (including information about the purchase price for the Bonds and interest rate or rates to be borne by the Bonds and any other information included in such transmission) as though the same information were submitted on the bid form and executed on behalf of the bidder by a duly authorized signatory. If the bid is accepted by the District, the terms of the bid form, this Official Notice of Sale, and the information transmitted through the electronic service shall form a contract, and the bidder shall be bound by the terms of such contract.

For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the District, as described in this Official Notice of Sale and in the written form of Official Bid Form. All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale and the form of Official Bid Form.

Bid Specifications: Bids will be received on an interest rate basis in integral multiples of One-Twentieth (1/20) or One-Eighth (1/8) of One Percent (1%). All Bonds of the same maturity shall bear the same interest rate. No bid for less than One Hundred Percent (100%), TWO MILLION FOUR HUNDRED EIGHTY THOUSAND DOLLARS ($2,480,000) and no bid for more than One Hundred Two Percent (102%), TWO MILLION FIVE HUNDRED TWENTY-NINE THOUSAND SIX HUNDRED DOLLARS ($2,529,600) plus accrued interest to the date of delivery will be considered. The Bonds shall be awarded to a responsible bidder whose proposal results in the lowest true interest cost to the District.

Good Faith Deposit: A Good Faith Deposit ("Deposit") in the form of a cashier's check payable to the District in the amount of FORTY NINE THOUSAND SIX HUNDRED DOLLARS ($49,600) is required for each bid to be considered. If a check is used, it must accompany each bid. In the alternative, a deposit in the amount of FORTY NINE THOUSAND SIX HUNDRED DOLLARS ($49,600) shall be made by the winning bidder by federal wire transfer as directed by the District Clerk or Treasurer to be received by the District no later than 1:00 p.m. prevailing Central Time on the day of the bid opening (Thursday, September 29, 2016) as a guarantee of good faith on the part of the bidder to be forfeited as liquidated damages if such bid be accepted and the bidder fails to take up and pay for the Bonds. No interest on the Deposit will accrue to the successful bidder. Upon delivery of the Bonds, the Deposit will be applied to the purchase price of the Bonds or returned to the successful bidder. Good faith checks of unsuccessful bidders will be returned by overnight delivery for next day receipt sent not later than the first business day following the sale.

**Underwriter to Pay Issuance Costs: The underwriter shall be responsible for paying all costs of issuance on behalf of the District. These costs include the financial advisor fee, attorney fees, rating agency fee, paying agent fee and the fees for preparing and printing the Preliminary and Final Official Statement and other miscellaneous expenses of the District incurred in connection with the offering and delivery of the Bonds. The total of these costs is $51,100.**

Ratings: The District has applied for a rating on the Bonds from Moody's Investors Service, Inc. and will pay the costs associated with obtaining such rating.

Bond Insurance at Bidder's Option: If the Bonds qualify for insurance, the purchase of any such insurance policy shall be at the sole option and expense of the successful bidder. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the successful bidder including any other rating agency fees. Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the successful bidder shall not constitute cause for failure or refusal by the successful bidder to accept delivery on the Bonds.

Delivery: The Bonds shall be delivered in typewritten form, one Bond per maturity, to the Depository Trust Company, securities depository of the Bonds for the establishment of book-entry accounts at the direction of the successful bidder, within approximately forty-five (45) days after the award. Payment at the time of delivery must be made in federal or other immediately available funds. In the event delivery is not made within sixty (60) days after the date of the sale of the Bonds, the successful bidder may, prior to tender of the Bonds, at its option, be relieved of its obligation under the contract to purchase the Bonds and its good faith check shall be returned, but no interest shall be allowed thereon.

Legality: The successful bidder will be furnished without cost, the unqualified approving legal opinion of Griggs Law Office LLC of Milwaukee, Wisconsin. A transcript of the proceedings relative to the issuance of the Bonds (including a No-litigation Certificate and a Continuing Disclosure Certificate) shall be furnished to the successful bidder without cost.

CUSIP Numbers: The District will assume no obligation for the assignment of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon. The District will permit such numbers to be assigned to and printed on the Bonds at the expense of the successful bidder, but neither the failure to print such numbers on any Bonds nor any error with respect thereto will constitute cause for failure or refusal by the successful bidder to accept delivery of the Bonds.

Reoffering Prices: Simultaneously with or before delivery of the Bonds, the successful bidder shall furnish to the District a certificate, made on the best knowledge, information and belief of the successful bidder, acceptable to bond counsel, stating the initial reoffering prices to the public of each maturity of the Bonds and further stating that a substantial amount of each maturity of the Bonds was sold to the public or final purchasers thereof (not including bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at or below such initial reoffering prices together with such other information as may be required by the District to enable it to determine the "issue price" of the Bonds awarded to such bidder as defined in Section 1274 of the Internal Revenue Code of 1986.

Official Statement: Upon the sale of the Bonds, the District will publish a Final Official Statement in substantially the same form as the Preliminary Official Statement. Promptly after the sale date, but in no event later than seven business days after such date, the District will provide the successful bidder (i.e., the sole underwriter or the senior managing underwriter of the syndicate to which the Bonds are awarded) an electronic copy of the Official Statement in pdf format.

The District shall designate the successful bidder as its agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter, if any. Each underwriter executing and delivering an Official Bid Form with respect to the Bonds agrees thereby that if its bid is accepted by the District (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all participating Underwriters of the Bonds, if any, for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

The successful bidder agrees to supply to the District all necessary pricing information and any Participating Underwriter identification necessary to complete the Final Official Statement within 24 hours after the award of the Bonds.

Certification Regarding Official Statement: The District will deliver, at closing, a certificate, executed by an appropriate officer of the District acting in such officer's official capacity, to the effect that the facts contained in the Official Statement relating to the District and the Bonds are true and correct in all material respects, and that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The District also agrees to notify the successful bidder of any material developments impacting the District or the Bonds of which the District becomes aware within 60 days after the delivery of the Bonds.

Irregularities: The School Board reserves the right to reject any and all bids and to waive any and all irregularities.

Information: Additional information may be obtained by addressing inquiries to: Robert W. Baird & Co., 777 East Wisconsin Avenue, 25th Floor, Milwaukee, Wisconsin 53202; Attention: Katherine Voss, (414) 298-7702.

Kellie Bohn
District Administrator
Genoa Joint School District No. 2
1020 Hunter's Ridge Drive
Genoa City, WI 53128
(262) 279-1051

**SEPTEMBER 29, 2016**

# BID FORM

## JOINT SCHOOL DISTRICT NUMBER 2,
## VILLAGE OF GENOA CITY, TOWN OF BLOOMFIELD
## AND VILLAGE OF BLOOMFIELD
## Walworth County, Wisconsin
## $2,480,000 General Obligation School Improvement Bonds

Mr. Jaye Tritz, President
and Members of the School Board
JOINT SCHOOL DISTRICT NUMBER 2
VILLAGE OF GENOA CITY, TOWN OF BLOOMFIELD
AND VILLAGE OF BLOOMFIELD
1020 Hunter's Ridge Drive
Genoa City, WI 53128

Dear Mr. Tritz and Members of the School Board:

For all but no part of your issue of $2,480,000 General Obligation School Improvement Bonds (the "Bonds") said bid being no less than $2,480,000 (100% of par) nor more than $2,529,600 (102% of par) we offer to pay a price of $_____________. The dated and delivery date of the Bonds is October 20, 2016. The Bonds shall bear interest as follows:

| (April 1) | Rate | (April 1) | Rate | (April 1) | Rate |
|---|---|---|---|---|---|
| 2017 | ________% | 2024 | ________% | 2031 | ________% |
| 2018 | ________% | 2025 | ________% | 2032 | ________% |
| 2019 | ________% | 2026 | ________% | 2033 | ________% |
| 2020 | ________% | 2027 | ________% | 2034 | ________% |
| 2021 | ________% | 2028 | ________% | 2035 | ________% |
| 2022 | ________% | 2029 | ________% | 2036 | ________% |
| 2023 | ________% | 2030 | ________% | | |

The Bidder elects to have the following Term Bonds:

| Final Maturity Date | For Years | Amount |
|---|---|---|
| April 1, _____ | __________ to _________ | $_____________ |
| April 1, _____ | __________ to _________ | $_____________ |
| April 1, _____ | __________ to _________ | $_____________ |

This bid is made subject to all the terms and conditions of the Official Notice of Sale heretofore received and the Official Notice of Sale heretofore published, all terms and conditions which are made a part hereof as fully as though set forth in full in this bid.

The District reserves the right, after bids are opened and prior to the award, to increase or reduce the principal amount of the individual serial maturities set forth above. Any such increase or reduction will be made in multiples of $5,000 within any of the maturities. The aggregate principal amounts of the Bonds will remain the same.

**The underwriter shall be responsible for paying all costs of issuance on behalf of the District. These costs include the financial advisor fee, attorney fees, paying agent fee, rating agency fee and the fees for preparing and printing the Preliminary and Final Official Statement and other miscellaneous expenses of the District incurred in connection with the offering and delivery of the Bonds. The total of these costs is $51,100.**

**Good Faith Deposit:** A cashier's check in the amount of $49,600 may be submitted contemporaneously with the bid or, in the alternative, a deposit in the amount of $49,600 shall be made by the winning bidder by federal wire transfer as directed by the District Clerk or District Treasurer to be received by the District no later than 1:00 p.m. prevailing Central Time on the day of the bid opening (September 29, 2016) as a guarantee of good faith on the part of the bidder to be forfeited as liquidated damages if such bid be accepted and the bidder fails to take up and pay for the Bonds.

______________________________________
Managing Underwriter

Direct Contact and Phone Number: ______________________________________
By: ______________________________________

Please attach a list of account members

For your information, but not as a condition of this bid, the above interest rates result in:

Net Interest Cost $_____________ True Interest Rate ______________%

The foregoing offer is hereby accepted this 29th day of September 2016 by the Members of the School Board and in recognition therefore is signed by the Officers empowered and authorized to make such acceptance.

______________________ President

______________________ District Clerk