

**SCHOOL DISTRICT OF NEW BERLIN**

**FINANCIAL STATEMENTS**

**June 30, 2018**

**SCHOOL DISTRICT OF NEW BERLIN**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>FINANCIAL SECTION</b>	
<b>Independent Auditor's Report</b>	1
<b>Management's Discussion and Analysis</b>	3
<b>Basic Financial Statements</b>	
<b>District-wide Financial Statements</b>	
Statement of Net Position	11
Statement of Activities	12
<b>Fund Financial Statements</b>	
Balance Sheet – Governmental Funds	13
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	14
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Net Position – Fiduciary Funds	16
<b>Notes to the Basic Financial Statements</b>	18
<b>Supplementary Information</b>	
<b>Required Supplementary Information</b>	
Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund	42
Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Special Education Fund	43
Schedule of Changes in the District's Total OPEB Liability and Related Rations	44
Schedule of Changes in the District's Total Pension Liability - Supplemental Pension	45
Schedule of Proportionate Share of the Net Pension Liability (Asset) – Wisconsin Retirement System	46
Schedule of Contributions – Wisconsin Retirement System	47
Notes to Required Supplementary Information	48

**SCHOOL DISTRICT OF NEW BERLIN**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>Supplementary Information</b>	
<b>Other Supplementary Information</b>	
Combining Balance Sheet – Nonmajor Governmental Funds	50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	51
Schedule of Changes in Assets and Liabilities – Agency Funds	52
 <b>SINGLE AUDIT SECTION</b>	
Schedule of Expenditures of Federal Awards	54
Schedule of Expenditures of State Awards	56
Notes to the Schedules of Expenditures of Federal and State Awards	57
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	58
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance and the State Single Audit Guidelines	60
Schedule of Findings and Questioned Costs	63
Corrective Action Plan	66
Summary Schedule of Prior Audit Findings	67

## INDEPENDENT AUDITOR'S REPORT

Board of Education  
School District of New Berlin  
New Berlin, Wisconsin

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of New Berlin, as of and for the year ended June 30, 2018, 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 error or fraud.

### *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 of material misstatement.

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of New Berlin as of June 30, 2018, and the respective changes in financial position, where applicable, and the respective budgetary comparisons for the General Fund and Special Education Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

The District has implemented GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* for the year ended June 30, 2018. Our opinions are 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, budgeting comparison schedules, and Schedule of Funding Progress for Postemployment Benefit Plan, Schedule of Proportionate Share of the Net Pension Liability (Asset) Wisconsin Retirement System and Schedule of Contributions Wisconsin Retirement System, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The financial information listed in the table of contents as supplemental financial information; and the schedules of expenditures of federal awards and state awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and by the Wisconsin Department of Administration; are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental financial information and schedules of expenditures of federal awards and state awards are the responsibility of management and was 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 supplemental financial information and the schedules of expenditures of federal awards and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our reports dated \_\_\_\_\_, 2019 on our consideration of the School District of New Berlin's internal control over financial reporting and 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* and should be read in conjunction with this report in considering the results of the audit.

FELD, SCHUMACHER & COMPANY, LLP



West Allis, Wisconsin  
March 15, 2019

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**School District of New Berlin  
Management's Discussion and Analysis  
For the Year Ended June 30, 2018**

The School District of New Berlin is a public-school district operating kindergarten through grade 12<sup>th</sup> and limited community programs in accordance with laws and regulations of the State of Wisconsin. Laws and regulations determine the way compliance will be demonstrated, including financial report preparation. This management's discussion and analysis of financial information is an overview of financial activity and identification of changes in financial position comparing current year financial results to the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

In conformity with generally accepted accounting principles following pronouncements of the Governmental Accounting Standards Board the district's basic financial statements are prepared from a dual perspective:

- 1) Entity wide statements to report the district's overall financial operations with a focus on financial position and
- 2) Fund financial statements that provide information on specific governmental activities and to demonstrate compliance with regulatory requirements for segregation of assets.

In addition to individual financial statements, the district prepares *notes to the financial statements* to provide further explanation of financial information that is essential to the full understanding of those statements.

**FINANCIAL ANALYSIS**

**The District as a Whole**

The *statement of net position* reports all assets and liabilities, with the difference between the two reported as *net position*. The *statement of activities* reports the revenues earned and expenses incurred during the year and shows how the district's net position changed. These statements are prepared under the accrual basis of accounting whereby revenues and assets are recognized when earned and liabilities are recognized when goods or services are provided, regardless of when cash is exchanged.

Table 1, below, a Condensed Statement of Net Position reports the district's net position increased \$3.8 million, primarily as a result of district's share of a multi-employer shared pension liability, the Wisconsin Retirement System.

**School District of New Berlin  
Management's Discussion and Analysis  
For the Year Ended June 30, 2018**

<b>Condensed Statement of Net Position</b>			
<i>(in thousands of dollars)</i>			
	<b>Governmental Activities</b>		<b>%</b>
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b>Change</b>
			<b>2017 - 2018</b>
Current assets	18,424	14,837	24.2%
Net capital assets	68,020	68,847	-1.2%
Other long-term assets	19,827	11,840	67.5%
<b>Total assets</b>	<b><u>106,272</u></b>	<b><u>95,524</u></b>	11.3%
Long-term debt outstanding	49,869	51,326	-2.8%
Other liabilities	30,745	22,373	37.4%
<b>Total liabilities</b>	<b><u>80,614</u></b>	<b><u>73,699</u></b>	9.4%
Net investment in capital assets	43,078	39,900	8.0%
Restricted assets	8,993	14,999	-40.0%
Unrestricted net position	(26,413)	(33,074)	-20.1%
<b>Total net position</b>	<b><u>25,658</u></b>	<b><u>21,825</u></b>	17.6%

*Note: totals may not add due to rounding.*

The district's investment in capital assets (land, buildings, and equipment), less related outstanding debt used to acquire those assets, represents over 100% of total net position. Assets held for repayment of debt, by the State of Wisconsin for the multi-employer shared pension program, for completion of capital projects or revenues raised for specific purposes account for 35% of total net position, resulting in a negative unrestricted net position. These assets are restricted for:

**Restricted net position by reason**

Repayment of debt	877
Pension (WRS)	3,763
Capital projects	2,126
Community services	393
School nutrition services	1,044
Special revenue trust	791
<b>Total restricted assets</b>	<b><u>8,993</u></b>



**School District of New Berlin  
Management's Discussion and Analysis  
For the Year Ended June 30, 2018**

Table 2, below, the Condensed Statement of Changes in Net Position provides additional information about the cost of activities that led to the change in net position. The increase is caused primarily by recognition of the district's share of the multi-employer shared pension plan.

<b>Condensed Statement of Changes in Net Position</b> <i>(in thousands of dollars)</i>			
	<b>Governmental Activities</b>		<b>%</b>
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b>Change 2017 - 2018</b>
<b>Revenues</b>			
<b>Program revenues</b>			
Charges for services	2,667	2,871	-7.7%
Operating grants & contributions	4,041	3,604	10.8%
<b>General revenues</b>			
Property taxes	51,745	50,973	1.5%
State & federal formula aid	4,714	4,578	2.9%
Other	1,058	727	31.2%
<b>Total revenues</b>	<b><u>64,226</u></b>	<b><u>62,755</u></b>	<b>2.3%</b>
<b>Expenses</b>			
Instruction	32,836	34,197	-4.1%
Pupil & instructional services	4,685	5,119	-9.3%
Management & overhead	6,725	6,982	-3.8%
Facilities & transportation	9,468	7,497	20.8%
Debt payments	1,642	1,704	-3.8%
Other	5,038	5,365	-6.5%
<b>Total expenses</b>	<b><u>60,393</u></b>	<b><u>60,864</u></b>	<b>-0.8%</b>
<b>Change in net position</b>	<b><u>3,833</u></b>	<b><u>1,891</u></b>	
<i>Note: totals may not add due to rounding.</i>			

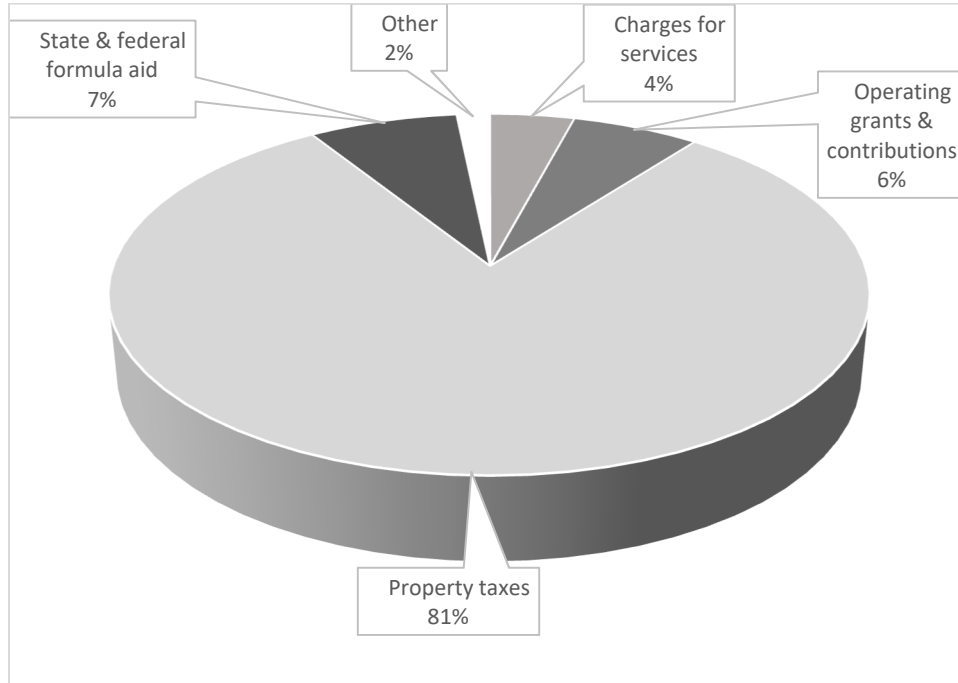
The district's primary financing sources are property taxes and general state aid. School funding regulations restrict the amount by which these two revenue sources, in combination, may be increased. This restriction, called revenue limits, is intended to help hold down the rate of property tax increases throughout the state.

General state aid is paid per a formula that takes into consideration the district's spending and property values as compared to spending and property values for the state as a whole.

**School District of New Berlin  
Management's Discussion and Analysis  
For the Year Ended June 30, 2018**

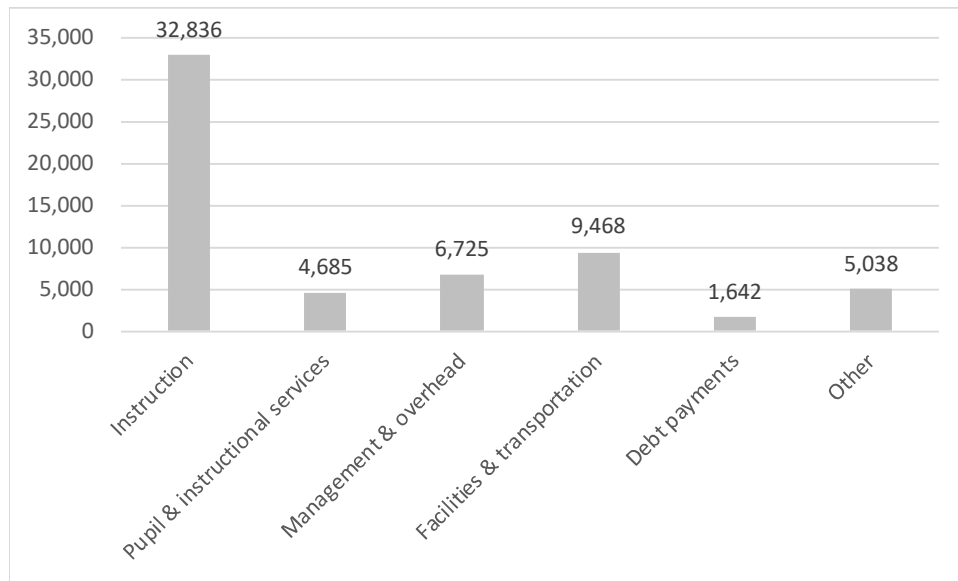
The following chart illustrates the relative proportion of revenues that provide funding for governmental activities reported in the accompanying statement of activities.

**Revenues by Category**



Expenses for the direct instruction of pupils' accounts for the largest single category, followed by facilities and transportation as shown in the follow chart.

**Expenses by Category**



**School District of New Berlin  
Management's Discussion and Analysis  
For the Year Ended June 30, 2018**

**Fund financial statements**

Fund financial statements are prepared on a modified accrual basis of accounting and are designed to demonstrate regulatory compliance and report limitation and restrictions on district assets. Funds are classified as either major or minor depending on the amount of financial activity as compared to financial activity for the district as a whole. Major funds are presented separately on both the *balance sheet* and the *statement of revenues, expenditures and changes in fund balance* whereas non-major funds are combined into a single, aggregated column. Information for each individual non-major fund is provided separately as supplementary information. Fund statements have the following characteristics.

- A fund is a grouping of related accounts that is used to maintain control over resources that are segregated for specific activities and to demonstrate compliance with finance related legal requirements. Fund statements generally provide information that may be useful in evaluating a district's near-term financing requirements.
- Generally, the focus of fund financial statements is narrower than that of the entity wide statements, reporting on inflows and outflows of spendable resources.
- The district has two kinds of funds: *governmental* and *fiduciary*. *Governmental funds* include the general, special revenue trust, debt service, capital projects, food service and community service. The district has one *fiduciary fund*, an agency fund for student and parent organizations.
- The district serves as a trustee, or *fiduciary*, for student and parent organizations. The assets of these organizations do not directly benefit nor are under the direct control of the district. The district's responsibility is limited to ensuring the assets reported in these funds are used only for their intended purposes. *Fiduciary* activities are excluded from the entity wide financial statements because the district cannot use these assets to finance its operations.
- The district adopts an annual appropriation budget for the general fund. Although special education activities are reported in the general fund, the district prepares a separate budgetary comparison statement in compliance with regulatory requirements.

**Governmental Funds**

The district completed the year with a total governmental fund balance of \$14.7 million including \$5.2 million restricted for repayment of outstanding long-term debt and other purposes. The general fund balance increased 1.7 million as a result of favorable weather, lower than expected medical benefit costs and reduced spending on facility maintenance and remodeling projects.

**Budgetary highlights.** In the general fund:

- The budget for regular operations anticipated a \$1.3 million reduction in fund balance, the actual result was a \$1.7 million increase.
- Total expenditures for special education was about \$392,637 lower than budget reflecting the portion of medical costs allocated to this fund.

**School District of New Berlin  
Management's Discussion and Analysis  
For the Year Ended June 30, 2018**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of the fiscal year, the district had invested \$106.8 million in a broad range of capital assets, including buildings, sites, and equipment, an increase of \$2.5 million, representing a major upgrade to the HVAC system at New Berlin West Middle / High School. Total accumulated depreciation on these assets is \$38.8 million, including depreciation expense in the current year of \$3.4 million.

**Long-Term Debt**

At year-end, the district had \$49.9 million in general obligation debt outstanding. Significant activity for the year included:

- Retired \$5.6 million of bonds, notes and capital leases.
- Borrowed \$4 million to perform the HVAC upgrades referenced above.

The district long-term debt is considered "investment grade, based on its credit rating of Aa2 from Moody's Investor Services.

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

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

1. Facility maintenance and remodeling projects approved by a prior school board will not be completed due to cost increases on completed projects exhausting available resources.
2. The Board of Education approved a resolution to submit a referendum to the taxpayers for a non-recurring increase to the revenue limit of \$5,000,000 each year for 5 years.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is prepared to provide a general overview of the district's finances and to demonstrate the district's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Roger J Dickson, Chief Finance and Operations Officer at School District of New Berlin, 4333 S Sunnyslope Rd, New Berlin, WI, 53151 or call 262-789-6210 or email [roger.dickson@nbexcellence.org](mailto:roger.dickson@nbexcellence.org).

**BASIC FINANCIAL STATEMENTS**

**SCHOOL DISTRICT OF NEW BERLIN**  
**STATEMENT OF NET POSITION**  
**June 30, 2018**

**ASSETS**

**Current assets**

Cash and investments	\$ 10,319,958
Receivables	
Taxes	6,732,267
Accounts	194,492
Due from other governments	1,174,605
Inventories and prepaids	<u>2,500</u>
<b>Total current assets</b>	<b><u>18,423,822</u></b>

**Noncurrent assets**

Land	989,028
Construction in progress	1,924,470
Buildings and improvements	95,537,217
Furniture, equipment and vehicles	8,358,961
Less accumulated depreciation	<u>(38,789,262)</u>
<b>Total noncurrent assets</b>	<b><u>68,020,414</u></b>

**Other assets**

Multi-employer shared pension asset	<u>5,275,567</u>
<b>Total other assets</b>	<b><u>5,275,567</u></b>

**Deferred outflows of resources**

Deferred outflows of resources from pensions	<u>14,551,819</u>
--	-------------------

**Total assets and deferred outflows of resources** \$ 106,271,622

**LIABILITIES**

**Current liabilities**

Accounts payable	\$ 1,130,547
Payroll and benefits payable	2,548,668
Accrued interest	392,647
Due to other governments	3,955
Unearned revenue	61,128
Current portion, long-term obligations	<u>4,790,479</u>
<b>Total current liabilities</b>	<b><u>8,927,424</u></b>

**Noncurrent liabilities**

Noncurrent portion, long-term obligations	<u>45,078,401</u>
---	-------------------

**Other liabilities**

Net OPEB liability	10,420,675
Pension liability	<u>122,981</u>
<b>Total other liabilities</b>	<b><u>10,543,656</u></b>

**Deferred Inflows of Resources**

Deferred inflows of resources from pensions	<u>16,064,422</u>
---	-------------------

**Total liabilities and deferred inflows of resources** 80,613,903

**NET POSITION**

Net investment in capital assets	43,077,951
Restricted	8,993,051
Unrestricted	<u>(26,413,283)</u>
<b>Total net position</b>	<b><u>25,657,719</u></b>

**Total liabilities, deferred inflows of resources and net position** \$ 106,271,622

See notes to basic financial statements.

**SCHOOL DISTRICT OF NEW BERLIN**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2018

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
<b>Governmental activities</b>				
<b>Instruction</b>				
Regular instruction	\$ 24,401,403	\$ 1,000,534	\$ 641,281	\$ (22,759,588)
Vocational instruction	892,279	17,281	52,047	(822,951)
Special instruction	5,240,122	-	1,874,491	(3,365,631)
Other instruction	2,302,120	184,966	-	(2,117,154)
<b>Total instruction</b>	<b>32,835,923</b>	<b>1,202,781</b>	<b>2,567,819</b>	<b>(29,065,323)</b>
<b>Support services</b>				
Pupil services	1,780,823	-	299,939	(1,480,884)
Instructional staff services	2,903,977	-	437,598	(2,466,379)
General administration	818,871	-	-	(818,871)
School administration	2,793,095	-	-	(2,793,095)
Business services	965,953	-	-	(965,953)
Buildings and grounds	6,677,755	-	83,071	(6,594,684)
Pupil transportation	2,789,804	-	206,993	(2,582,811)
Other business services	1,695,611	1,101,093	348,432	(246,086)
Central services	3,520,543	182,521	97,530	(3,240,492)
Insurance	451,708	57,213	-	(394,495)
Debt service	1,642,182	-	-	(1,642,182)
Other support services	806,963	-	-	(806,963)
Community services	710,135	123,377	-	(586,758)
<b>Total support services</b>	<b>27,557,421</b>	<b>1,464,204</b>	<b>1,473,563</b>	<b>(24,619,654)</b>
<b>Total governmental activities</b>	<b>\$ 60,393,344</b>	<b>\$ 2,666,985</b>	<b>\$ 4,041,382</b>	<b>(53,684,977)</b>
<b>General revenues</b>				
Property taxes				
General purposes				44,900,791
Debt services				6,844,658
State & federal aids not restricted to specific functions				4,714,332
Interest and investment on earnings				193,762
Donations				482,746
Miscellaneous				381,378
<b>Total general revenues</b>				<b>57,517,667</b>
<b>Change in net position</b>				<b>3,832,690</b>
Net position, beginning of year as restated				21,825,029
<b>Net position, end of year</b>				<b>\$ 25,657,719</b>

See notes to basic financial statements.

**SCHOOL DISTRICT OF NEW BERLIN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2018**

	General Fund	Debt Service Funds	Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and investments	\$ 4,212,764	\$ 876,742	\$ 2,991,297	\$ 2,239,155	\$ 10,319,958
Receivables					
Taxes	6,732,267	-	-	-	6,732,267
Accounts	164,792	-	-	29,699	194,491
Due from other governments	1,144,851	-	-	29,754	1,174,605
Other current assets	2,500	-	-	-	2,500
<b>Total assets</b>	<b>12,257,174</b>	<b>876,742</b>	<b>2,991,297</b>	<b>2,298,608</b>	<b>18,423,821</b>
<b>Liabilities and fund balance</b>					
<b>Liabilities</b>					
Accounts payable	265,011	-	865,537	-	1,130,548
Payroll and benefits payable	2,538,398	-	-	10,270	2,548,668
Due to other governments	3,955	-	-	-	3,955
Unearned revenue	375	-	-	60,753	61,128
<b>Total liabilities</b>	<b>2,807,739</b>	<b>-</b>	<b>865,537</b>	<b>71,023</b>	<b>3,744,299</b>
<b>Fund balance</b>					
Restricted	-	876,742	2,125,760	2,227,585	5,230,087
Unassigned	9,449,435	-	-	-	9,449,435
<b>Total fund balance</b>	<b>9,449,435</b>	<b>876,742</b>	<b>2,125,760</b>	<b>2,227,585</b>	<b>14,679,522</b>
<b>Total liabilities and fund balance</b>	<b>\$ 12,257,174</b>	<b>\$ 876,742</b>	<b>\$ 2,991,297</b>	<b>\$ 2,298,608</b>	

**Total net position reported for governmental activities in the Statement of Net Position are different from the amount reported above as total governmental fund balance because:**

Capital and other long-term assets used in governmental activities are not financial resources and therefore are not reported in the fund balance sheet. The following assets are reported in the Statement of Net Position:

Governmental capital assets	\$ 106,809,674	
Governmental accumulated depreciation	(38,789,262)	\$ 68,020,412

The district's share of the Wisconsin Retirement System, a cost-sharing multiple-employer defined benefit pension plan, are not reported in the fund balance sheet but are reported in the Statement of Net Position:

Total deferred outflows	14,551,819	
Total deferred inflows	(16,064,422)	
WRS pension asset (liability)	5,275,567	3,762,964

Certain long-term obligations are not reported in the fund balance sheet, but are reported in the Statement of Net Position:

Net supplemental pension asset (liability)	(122,981)	
Net OPEB liability	(10,420,675)	(10,543,656)

Long-term liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund balance sheet. These liabilities are reported in the Statement of Net Position:

Capital leases	(425,227)	
Bonds & notes payable	(48,580,000)	
Deferred finance premium	(863,653)	
Accrued interest on long-term obligations	(392,643)	(50,261,523)

**Total net position - governmental activities** **\$ 25,657,719**

See notes to the basic financial statements.



**SCHOOL DISTRICT OF NEW BERLIN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2018**

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 44,404,278	\$ 6,844,658	\$ -	\$ 496,513	\$ 51,745,449
Other local sources	1,344,188	5,201	50,230	1,708,018	3,107,637
Intermediate sources	273,426	-	-	69,822	343,248
State sources	6,708,007	-	-	13,117	6,721,124
Federal sources	1,551,773	-	-	335,315	1,887,088
Other sources	393,474	28,016	-	-	421,490
<b>Total revenues</b>	<b>54,675,146</b>	<b>6,877,875</b>	<b>50,230</b>	<b>2,622,785</b>	<b>64,226,036</b>
<b>Expenditures</b>					
<b>Instruction</b>					
Regular instruction	19,440,173	-	-	34,247	19,474,420
Vocational instruction	861,808	-	-	6,284	868,092
Special instruction	5,150,848	-	-	-	5,150,848
Other instruction	2,197,922	-	-	64,048	2,261,970
<b>Total instruction</b>	<b>27,650,751</b>	<b>-</b>	<b>-</b>	<b>104,579</b>	<b>27,755,330</b>
<b>Support services</b>					
Pupil services	1,753,337	-	-	-	1,753,337
Instructional staff services	2,888,632	-	-	88	2,888,720
General administration	812,445	-	-	-	812,445
School administration	2,771,254	-	-	990	2,772,244
Business services	957,224	-	-	-	957,224
Buildings and grounds	6,132,878	-	1,924,470	82,171	8,139,519
Pupil transportation	2,787,247	-	-	707	2,787,954
Other business services	156,975	-	-	1,494,697	1,651,672
Central services	3,135,631	-	-	2,233	3,137,864
Insurance	451,708	-	-	-	451,708
Debt service payments	467,016	7,205,353	-	-	7,672,369
Other support services	815,978	-	-	10,318	826,296
<b>Total support services</b>	<b>23,130,325</b>	<b>7,205,353</b>	<b>1,924,470</b>	<b>1,591,204</b>	<b>33,851,352</b>
<b>Community services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>708,185</b>	<b>708,185</b>
<b>Non-program</b>					
General tuition payments	2,625,659	-	-	53,817	2,679,476
Other non-program	25,998	121	-	116	26,235
<b>Total non-program</b>	<b>2,651,657</b>	<b>121</b>	<b>-</b>	<b>53,933</b>	<b>2,705,711</b>
<b>Total expenditures</b>	<b>53,432,733</b>	<b>7,205,474</b>	<b>1,924,470</b>	<b>2,457,901</b>	<b>65,020,578</b>
Excess of revenues over (under) expenditures	1,242,413	(327,599)	(1,874,240)	164,884	(794,542)
<b>Other financing sources</b>					
Premium from debt refinancing	-	107,995	-	-	107,995
Proceeds from long-term debt	434,467	-	4,000,000	-	4,434,467
<b>Total other financing sources</b>	<b>434,467</b>	<b>107,995</b>	<b>4,000,000</b>	<b>-</b>	<b>4,542,462</b>
<b>Net Change in Fund Balances</b>	<b>1,676,880</b>	<b>(219,604)</b>	<b>2,125,760</b>	<b>164,884</b>	<b>3,747,920</b>
<b>Fund balances, beginning of year</b>	<b>7,772,555</b>	<b>1,096,346</b>	<b>-</b>	<b>2,062,701</b>	<b>10,931,602</b>
<b>Fund balances, end of year</b>	<b>\$ 9,449,435</b>	<b>\$ 876,742</b>	<b>\$ 2,125,760</b>	<b>\$ 2,227,585</b>	<b>\$ 14,679,522</b>

See notes to the basic financial statements.

**SCHOOL DISTRICT OF NEW BERLIN  
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, 2018**

**Net change in fund balance - total governmental funds** \$ 3,747,920

**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 but are reported as an increase of assets in the Statement of Net Position. The value of the assets is allocated over their estimated useful lives as annual depreciation expense in the Statement of Activities:

Capital outlay reported as expenditures in governmental fund statements	\$ 2,552,524	
Assets disposed, reported as a gain (loss) in the Statement of Net Position	(3,971)	
Depreciation expense reported in the Statement of Activities	<u>(3,375,055)</u>	(826,502)

Payments on behalf of retirees for post-employment benefits (OPEB) are recorded on a pay-as-you-go basis in the fund statements. In the Statement of Activities, OPEB is reported on the accrual basis based on an actuarial valuation:

The amount of contributions reported as an expenditure on fund statements	814,698	
The amount of OPEB expense reported on Statement of Activities	(781,686)	
Change in supplemental pension liability	<u>35,243</u>	68,255

Contributions to the cost-sharing, multiple-employer defined benefit pension plan are recorded as expenditures in governmental fund statements when made. In the Statement of Activities pension expenses are recognized on an accrual basis:

WRS pension expense, including changes in deferred inflows and outflows, reported on Statement of Activities	(2,485,287)	
Contributions	<u>1,823,107</u>	(662,180)

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. Proceeds from long-term debt is reported as other financing sources in the governmental funds but as an increase in long-term debt in the Statement of Net Position. Changes in principal outstanding are not reported on the Statement of Activities.

The amount of long-term debt proceeds in the current year	(4,434,467)	
The amount of long-term debt principal payments in the current year	<u>5,913,349</u>	1,478,882

Costs of issuance for long-term obligations are an expenditure in the governmental funds but are capitalized and amortized over the life of the debt in the Statement of Activities. Deferred finance premium is income in the governmental funds but is recorded as unearned income and amortized in the Statement of Activities.

Premium on debt issuance	(107,995)	
Less finance premium recognized this year	<u>86,370</u>	(21,625)

Accrued employee leave benefits are not recorded in the governmental funds but are recognized as an expense in the Statement of Activities.

Change in vested employee benefits		17,472
------------------------------------	--	--------

In governmental funds interest payments on outstanding long-term debt are reported as an expenditure when paid. In the Statement of Activities interest is reported as incurred.

The amount of interest accrued during the current period is:	(392,647)	
The amount of interest accrued during the prior period was:	<u>423,115</u>	30,468

**Change in net position - governmental activities** \$ 3,832,690

See notes to the basic financial statements.

**SCHOOL DISTRICT OF NEW BERLIN  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2018**

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 394,308
<b>Total assets</b>	<u><u>\$ 394,308</u></u>
<b>Liabilities</b>	
Due to student groups	\$ 382,344
Other liabilities	11,964
<b>Total liabilities</b>	<u><u>\$ 394,308</u></u>

See notes to the basic financial statements.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**SCHOOL DISTRICT of NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**Note 1 – Summary of Significant Accounting Policies**

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

**Reporting Entity**

The School District of New Berlin is organized as a common school district governed by an elected seven-member school board. The District operates grades pre-kindergarten through grade 12 and is comprised of one taxing District.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity nor does it have any component units.

The financial reporting entity consists of (a) organizations for which the standalone government is financially accountable and (b) the standalone government that is controlled by a separately elected governing body that is legally and fiscally independent. All of the accounts of the District comprise the standalone government.

**BASIS OF PRESENTATION**

**District-Wide Statements:**

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. The District does not report any business-type activities.

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

**Fund Financial Statements:**

Financial Statements of the reporting entity are organized into funds, each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets/deferred outflows of resources, liabilities/deferred inflows of resources, net position/fund equity, revenues, and expenditures/expenses.

**SCHOOL DISTRICT of NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**Note 1 – Summary of Significant Accounting Policies (continued)**

Funds are organized as major funds or non-major funds within the governmental statements. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the district or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund met the 10% test is at least 5% of the corresponding total for all governmental funds combined.
- c. In addition, any other governmental fund that the District believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

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

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

**Capital Projects Fund** – This fund accounts for resources to purchase or construct capital assets.

The District reports the following nonmajor funds:

**Special Revenue Trust Fund** – This fund accounts for donation and gifts from private parties that are used for district operations.

**Food Service Fund** – The Food Service Funds accounts for financial transactions related to operation of the National School Lunch Program.

**Community Service Fund** - This fund accounts for programs and services available to the community.

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

**Measurement Focus and Basis of Accounting**

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

**SCHOOL DISTRICT of NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**Note 1 – Summary of Significant Accounting Policies (continued)**

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 financial 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 positions may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

**Use of Estimates**

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

**Budgetary Control**

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in measurement focus and basis of accounting. Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes. The legally adopted budget and budgetary expenditure control is exercised at the function level in the General Fund and at the fund level for all other funds. Reported budget amounts are as originally adopted or as amended by School Board resolution. Appropriations lapse at year end unless specifically carried over.

**Cash and Investments**

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

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.

All investments are stated at fair value. Determination of fair value for investments is based on quoted market prices.

**SCHOOL DISTRICT of NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Property Tax Levy**

Under Wisconsin law, personal property taxes and first installment real estate taxes are collected by city, town, and village treasurers or clerks who then make proportional settlement with the school district and county treasurer for those taxes collected on their behalf. 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's property taxes are levied on or around October 31<sup>st</sup> on the equalized property valuation certified by the Department of Revenue. As permitted by a collecting municipality's ordinance, taxes may be paid in full or two or more installments with the first installment payable the subsequent January 31<sup>st</sup>, and a final payment no later than the following July 31<sup>st</sup>. 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<sup>th</sup>, and by the 20<sup>th</sup> of each subsequent month thereafter. On or before August 20<sup>th</sup>, the County Treasurer makes full settlement to the District for any remaining balance. The County assumes all responsibility for delinquent real property taxes.

Property taxes are recognized as revenue in the period for which the taxes are levied. All property taxes are considered due on January 1<sup>st</sup>, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30<sup>th</sup> and are available to pay current liabilities.

State and federal general and categorical aids and other entitlements are recognized as revenue in the period the District is entitled to the resources and the amounts are available. Revenue in expenditure-driven programs are recognized as revenue when the qualifying expenditures have been incurred and the amounts are available. Amounts owed to the District which are not paid in the current reporting period are recorded as receivables. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenue susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, and investment income. Other general revenues are recognized as revenue when received in cash or when measurable and available

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

**Accounts Receivable**

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

**Inventories and Prepaid Items**

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased. Prepaid items represent payments made by the District for which benefits will not be received prior to July 1st.

**Due to/Due from other funds**

Amounts reported on the governmental funds Balance Sheet for due to and due from other funds represent amounts due between different funds. Eliminations have been made for amounts due to and due from within the governmental activity fund type in preparing the Statement of Net Position.



**SCHOOL DISTRICT of NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Capital Assets**

Capital assets are reported at actual costs or estimated historical costs. The District uses a minimum capitalization limit of \$5,000. Donated assets are reported at estimated fair market value at the time received.

**Long-term Obligations**

All long-term debt to be repaid from governmental resources is reported as liabilities in the District-wide statements. The long-term debt consists primarily of bonds and notes payable, capital leases and accrued compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as revenue and payment of principal and interest are reported as expenditures.

In governmental funds, debt issuance premiums received are recognized in the current period. For the district-wide financial statements, these amounts are amortized over the life of the debt issue.

**COMPENSATED ABSENCES AND OTHER EMPLOYEE BENEFITS**

**Vacation**

The District's policy allows employees to earn varying amounts of vacation pay for each year depending on the total number of years employed. Accrued vacation not used during the fiscal year is recorded as a compensated absence liability.

**Sick Pay**

The District's policy does not allow accumulated sick pay benefits to vest. Unused accumulated employee sick pay benefits are forfeited upon retirement or termination of employment. Benefits are recorded as expenditure in the year used.

**Postemployment Benefits**

Teachers and certain administrative, clerical, and support personnel may be entitled to postemployment retirement benefits for employees who have provided specified minimum years of service to the District. Under the early retirement options, the District is liable at June 30 for varying amounts of health benefits (see Note 3).

**Pensions**

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

**SCHOOL DISTRICT of NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Deferred Outflows/Inflows of Resources**

In March 2012, the GASB issued statement No. 65 – *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This standard was implemented effective July 1, 2013.

In addition, to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources which represents a consumption of net position that applies to a future period(s) and is not be recognized as an outflow of resources (expense/expenditures) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources, representing an acquisition of net position that applies to a future period and is not be recognized as an inflow of resources (revenue) until that time.

**EQUITY CLASSIFICATIONS**

**District-Wide Statements**

Equity is classified as Net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net or accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested capital assets, net of related debt.
- b. Restricted - Consists of net position with constraints placed on use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

It is the practice of the District to spend restricted amounts first followed by unrestricted amounts when expenditures are incurred for purposes for which amounts in any of the net position classifications could be used.

**Fund Statements**

Governmental fund equity is classified as fund balance in the following categories:

- a. Nonspendable - Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted - Amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- c. Committed - Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the School Board, the District's highest level of decision-making authority.

**SCHOOL DISTRICT of NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**Note 1 – Summary of Significant Accounting Policies (continued)**

- d. Assigned - Amounts that are intended to be used for a particular purpose expressed by the School Board of other authorized committee or individual.
- e. Unassigned - All amounts not included in other spendable classifications.

It is the practice of the District to spend restricted amounts before unrestricted, and committed amounts first followed by assigned then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the fund balance classifications could be used.

The District's policy is to strive to maintain a minimum general fund balance of at least 10% of the subsequent year's general fund expenditures.

**Note 2 – Detailed Disclosures Regarding Assets and Revenues**

**Cash and Investments**

Deposits in local and area banks are insured by the FDIC in the amount of \$250,000 per depositor at each financial institution. As of June 30, 2018 all deposits of District were placed in financial institutions that provide 100% collateral for all amounts held.

Bank deposits are subject to *custodial credit risk* which is the risk that in the event of a bank failure, the District's deposits may not be returned. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

For investments, interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to greater risk.

Investment of District funds is restricted by state statutes. Available deposits and investments are limited to:

1. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association maturing in three years or less.
2. Bonds or securities of any county, city, drainage district, technical college district, district, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, or by the University of Wisconsin Hospitals and Clinics Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government pooled investment fund.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

**SCHOOL DISTRICT of NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**Note 2 – Detailed Disclosures Regarding Assets and Revenues (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 on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of school district accounting funds is reported in the General Fund.

At June 30, 2018 the District had the following investments:

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months	6 - 24 Months
Wisconsin Investment Series Cooperative				
Cash Management Series	Amortized cost	\$ 701	\$ 701	\$ 0
Investment Series	Amortized cost	12,071,781	12,071,781	(0)
Savings Deposit Account	Cost	5,464	5,464	(0)
<b>Total investments</b>		<u>\$ 12,077,946</u>	<u>\$ 12,077,946</u>	<u>\$ (0)</u>

Fluctuating cash flows during the year due to tax collection, receipt of state aid and/or proceeds from borrowing may have resulted in temporary balances exceeding insured amounts by substantially higher amounts than reported at the balance sheet date.

**SCHOOL DISTRICT of NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**Note 2 – Detailed Disclosures Regarding Assets and Revenues (continued)**

**Capital Assets**

Capital asset balances and activity for the year ended June 30, 2018 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Sites (land)	\$ 989,028	\$ -	\$ -	\$ 989,028
Construction in progress	-	1,924,470	-	1,924,470
Total capital assets not being depreciated	<u>989,028</u>	<u>1,924,470</u>	<u>-</u>	<u>2,913,498</u>
Depreciable capital assets				
Site Improvements	3,540,303	115,225	-	3,655,528
Buildings & building improvements	91,615,498	266,190	-	91,881,688
Furniture and equipment	7,647,171	246,639	(3,971)	7,889,839
Vehicles	469,122	-	-	469,122
Total depreciable capital assets	<u>103,272,094</u>	<u>628,054</u>	<u>(3,971)</u>	<u>103,896,177</u>
Less accumulated depreciation for:				
Site improvements	(1,561,643)	(147,410)	-	(1,709,053)
Buildings & building improvements	(29,371,039)	(2,246,911)	-	(31,617,950)
Furniture and equipment	(4,217,939)	(941,990)	3,971	(5,155,958)
Vehicles	(263,586)	(42,715)	-	(306,301)
Total accumulated depreciation	<u>(35,414,207)</u>	<u>(3,379,026)</u>	<u>3,971</u>	<u>(38,789,262)</u>
<b>Total depreciable capital assets, net of accumulated depreciation</b>	<b>67,857,887</b>	<b>(2,750,972)</b>	<b>-</b>	<b>65,106,915</b>
<b>Governmental activities capital assets, net of accumulated depreciation</b>	<b>\$ 68,846,915</b>	<b>\$ (826,502)</b>	<b>\$ -</b>	<b>\$ 68,020,412</b>

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 1,987,777
Vocational instruction	11,516
Special education instruction	4,487
Other instruction	7,723
Pupil services	500
Instructional staff services	51,852
General administration	196
School administration	1,177
Buildings & grounds (includes construction in progress)	830,981
Other business services (incl food service)	48,294
Central services	432,572
Community services	1,951
<b>Total depreciation for governmental activities</b>	<b><u>\$ 3,379,026</u></b>

**SCHOOL DISTRICT of NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**Note 3 – Detailed Disclosures Regarding Liabilities and Expenses/Expenditures**

**Long-term Obligations**

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due within One Year</b>
<b>General obligation debt</b>					
Bonds and notes payable					
Bonds	\$ 49,335,000	\$ 4,000,000	\$ 5,470,000	\$ 47,865,000	\$ 4,510,000
Notes	715,000	-	-	715,000	-
Refunding premium	842,028	107,995	86,370	863,653	91,506
<b>Total general obligation debt</b>	<b>50,892,028</b>	<b>4,107,995</b>	<b>5,556,370</b>	<b>49,443,653</b>	<b>4,601,506</b>
<b>Other liabilities:</b>					
Capital leases	434,109	434,467	443,349	425,227	280,479
<b>Total other liabilities</b>	<b>434,109</b>	<b>434,467</b>	<b>443,349</b>	<b>425,227</b>	<b>280,479</b>
<b>Total governmental activity</b>					
<b>long-term liabilities</b>	<b>\$ 51,326,137</b>	<b>\$ 4,542,462</b>	<b>\$ 5,999,719</b>	<b>\$ 49,868,880</b>	<b>\$ 4,881,985</b>

Payments on bonds and notes are made by the debt service fund. Interest incurred and paid on long-term obligations were \$1,648,734 and \$1,679,202, respectively.

The full faith, credit, and taxing powers of the District secure all general obligation debt, including business-type activities, if any. Bonds payable is comprised of the following individual issues:

<b>Government Activities</b>					
	<b>Original Amount</b>	<b>Issue Dates</b>	<b>Interest Rates</b>	<b>Date of Maturity</b>	<b>Balance 6/30/2018</b>
Bonds payable	\$ 5,330,000	3/22/2010	2.0-3.3%	3/1/2021	\$ 885,000
Bonds payable	11,995,000	2/16/2011	3.5-5.5%	3/1/2029	11,870,000
Bonds payable	1,290,000	2/21/2001	4.0-4.4%	3/1/2025	1,290,000
Bonds payable	9,720,000	6/19/2012	2.0-2.5%	3/1/2025	7,555,000
Bonds payable	715,000	8/16/2001	4.20%	3/1/2020	715,000
Bonds payable	8,200,000	10/15/2013	3.00%	3/1/2028	7,460,000
Bonds payable	9,995,000	2/24/2014	2.18%	3/1/2025	6,960,000
Bonds payable	9,995,000	11/16/2015	2.0-2.375%	3/1/2029	8,130,000
Bonds payable	9,995,000	8/10/2017	2.94%	3/1/2032	3,715,000
					<b>\$ 48,580,000</b>

The legal debt limit and margin of indebtedness is set at 10% of equalized value by Section 67.03(1)(b), Wisconsin Statutes. The margin of indebtedness at June 30, 2018 is:

Equalized value certified by the Wisc. Dept. of Revenue for 2017	<u>\$4,779,770,578</u>
Maximum allowable indebtedness at 10% of equalized value	477,977,058
Long-term debt applicable to debt margin	<u>48,580,000</u>
<b>Margin of indebtedness</b>	<b><u>\$429,397,058</u></b>

**SCHOOL DISTRICT of NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**Note 3 – Detailed Disclosures Regarding Liabilities and Expenses/Expenditures (continued)**

Aggregate cash flow requirements for retirement of long-term principal and interest on bonds as of June 30, 2018 is as follows:

<b>Year ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 4,510,000	\$ 1,526,840	\$ 6,036,840
2020	4,255,000	1,419,967	5,674,967
2021	4,070,000	1,332,935	5,402,935
2022	4,375,000	1,224,941	5,599,941
2023	4,485,000	1,112,272	5,597,272
2024-2028	22,680,000	3,251,715	25,931,715
2029-2033	4,205,000	149,053	4,354,053
2034-2038	-	-	-
<b>Totals</b>	<b>\$ 48,580,000</b>	<b>\$ 10,017,723</b>	<b>\$ 58,597,723</b>

**Wisconsin Retirement System (WRS) 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.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>

**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 occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

**SCHOOL DISTRICT of NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**Note 3 – Detailed Disclosures Regarding Liabilities and Expenses/Expenditures (continued)**

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

<b>Year</b>	<b>Core Fund Adjustment</b>	<b>Variable Fund Adjustment</b>
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
2015	2.9	2
2016	0.5	(5.0)
2017	2.0	4.0

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

During the reporting period, the WRS recognized \$1,823,107 in contributions from the employer.

Contribution rates as of June 30, 2018 are:

<b>Employee Category</b>	<b>Employee</b>	<b>Employer</b>
General (including teachers, executives, and elected officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%



**SCHOOL DISTRICT of NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**Note 3 – Detailed Disclosures Regarding Liabilities and Expenses/Expenditures (continued)**

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

At June 30, 2018, the New Berlin School District reported an asset of \$5,275,567 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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 New Berlin School District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the District's proportion was .17%, which was the same as its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the New Berlin School District recognized pension expense of \$2,301,899.

At June 30, 2018, the New Berlin School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Differences between expected and actual experience	\$ 6,702,739	\$ (3,135,319)
Net differences between projected and actual earnings on pension plan investments	5,646,389	(12,897,167)
Changes in assumptions	1,042,349	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	47,967	(31,938)
Employer contributions subsequent to the measurement date	1,112,375	-
<b>Totals</b>	<b>\$ 14,551,819</b>	<b>\$ (16,064,424)</b>

\$1,112,375 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<b>Year Ended June 30, 2018</b>	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
2018	\$ 5,378,222	\$ (4,793,926)
2019	4,761,088	(4,792,622)
2020	1,702,726	(3,517,363)
2021	1,584,752	(2,959,466)
2022	12,657	(46)

**SCHOOL DISTRICT of NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**Note 3 – Detailed Disclosures Regarding Liabilities and Expenses/Expenditures (continued)**

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<b>Actuarial Assumptions</b>	
Actuarial valuation date	December 31, 2016
Measurement date	December 31, 2017
Actuarial cost method	Entry Age
Asset valuation method	Fair Value
Long-term expected rate of return	7.2%
Discount rate	7.2%
Salary increases	
Inflation	3.2%
Seniority / Merit	0.2% - 5.6%
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 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 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:

**SCHOOL DISTRICT of NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**Note 3 – Detailed Disclosures Regarding Liabilities and Expenses/Expenditures (continued)**

<b>Asset Allocation Targets and Expected Returns</b>			
<b>As of December 31, 2017</b>			
<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	50	8.2	5.3
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	100	7.9	5.0
New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%			
Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations			

*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 3.31%. 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 New Berlin School District's proportionate share of the net pension liability (asset) to changes in the discount rate.* The following presents the New Berlin School District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the New Berlin School 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:

	<b>1% Decrease to Discount Rate</b>	<b>Current Discount Rate</b>	<b>1% Increase to Discount Rate</b>
	<b>6.20%</b>	<b>7.20%</b>	<b>8.20%</b>
Proportionate share of the net pension liability (asset)	\$ 13,649,694	\$ (5,275,567)	\$ (19,659,352)

**SCHOOL DISTRICT of NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**Note 3 – Detailed Disclosures Regarding Liabilities and Expenses/Expenditures (continued)**

*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.

**Other Postemployment Benefits**

This year the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment benefit plans other than pensions*. This standard allows the district to report its actuarially determined net OPEB asset or liability.

**General Information about the OPEB Plan**

**Plan Description.** The District operates a single-employer retiree benefit plan that provides postemployment medical insurance benefits to eligible employees and their spouses. No assets have been accumulated to fund future benefits. The employer makes all contributions on a pay-as-you-go basis. The District paid \$814,698 of benefits for the year ended June 30, 2018.

**Benefits provided.** The Plan provides health insurance benefits for retirees and their dependents. The District shall pay 100% of the single or 75% of the family medical premiums for a maximum period of 8 years. The benefit is granted to teachers and supervisors who are at least age 57 and have a minimum of 20 years of service with the District, and to administrators who are at least age 57 and have a minimum of 10 years of service with the District.

**Employees covered by benefit terms.** At July 1, 2016, the date of the most recent valuation, the following employees were covered by the benefit terms:

Active plan participants fully eligible	13
Active plan participants not fully eligible	342
Retirees and Beneficiaries	<u>350</u>
Total	<u>705</u>

**Total OPEB Liability**

The District’s net OPEB liability was measured as of June 30, 2018 and the total pension liability used to calculate the net OPEB liability was determined by an actuarial valuation as July 1, 2016.

**Actuarial assumptions.** The total OPEB liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	July 1, 2016
Measurement Date of Net Pension Liability (Asset)	June 30, 2018
Actuarial Cost Method:	Entry Age Normal, level percentage of salary
Inflation Rate:	2.5%
Medical Care Trend Rate:	7.0% decreasing by .50% per year down to 6.5%, then by .10% per year down to 5.0%, and level thereafter.
Discount Rate:	3.75%
20-Year Municipal Bond Yield:	3.75%
Source:	Bond Buyer 20-Bond Go Index
Actuarial Assumptions:	Based on an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-2014.
Mortality:	Wisconsin 2012 Mortality Table

**SCHOOL DISTRICT of NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**Note 3 – Detailed Disclosures Regarding Liabilities and Expenses/Expenditures (continued)**

*Discount rate.* The discount rate used was 3.75%. Expected benefit payments by year were discounted at the municipal bond rate of 3.75%. The equivalent single rate is the discount rate.

**Changes in the Total OPEB Liability-Current Year**

	<b>Total OPEB Liability (a)</b>
Balances at June 30, 2017	\$ 10,453,687
Changes from the prior year:	
Service cost	404,542
Interest cost	377,144
Assumption changes	-
Changes of benefit terms	-
Differences between Expected and Actual Experience	-
Benefit payments	(814,698)
Total net changes	(33,012)
Balances at June 30, 2018	\$ 10,420,675

**Sensitivity of the total OPEB liability to changes in the discount rate.**

The following presents the total OPEB liability at June 30, 2018 of the District, calculated using the discount rate of 3.75 percent, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage point higher (4.75 percent) than the current rate:

	<b>1% Decrease to Discount Rate (2.75%)</b>	<b>Selected Discount Rate (3.75%)</b>	<b>1% Increase to Discount Rate (4.75%)</b>
Total OPEB Liability	\$11,240,067	\$10,420,675	\$9,685,122

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.**

The following presents the total OPEB liability at June 30, 2018 of the District, calculated using the healthcare cost trend rates of 3.8 percent in Year 1, then 7.0 percent decreasing to 5.0 percent, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (2.8 percent in year 1, then 6.0 percent decreasing to 4.0 percent) or 1-percentage point higher (4.8 percent in year 1, then 8.0 percent decreasing to 6.0 percent) than the current rate:

	<b>1% Decrease (6.5% decreasing to 4.0%)</b>	<b>Healthcare Cost Trend Rates (7.5% decreasing to 5.0%)</b>	<b>1% Increase to (8.5% decreasing to 6.0%)</b>
Total OPEB Liability	\$9,597,101	\$10,420,675	\$11,394,605

**SCHOOL DISTRICT of NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**Note 3 – Detailed Disclosures Regarding Liabilities and Expenses/Expenditures (continued)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2018, the District recognized OPEB expense of \$781,686. This is the first year the district implemented GASB 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*. The actuarial study did not calculate any deferred inflows and outflows at this point. Components of OPEB expense were as follows:

Fiscal Year Ending	June 30, 2018
Components of OPEB Expense	
Service cost	\$ 404,542
Interest cost	377,144
Total	\$ 781,686
Deferred Outflows and Inflows of Resources	\$ -

**Supplemental Pension (Stipend) Plan**

The District provides a stipend benefit to 2 Active Administrators hired prior to July 1, 2012 based upon a percentage of their final salary at retirement. As of June 30, 2016 the final administrators eligible for this benefit retired and the District recognized the full liability. The District has \$0 of net plan assets accumulated for payment of these future benefits. The employer will pay \$35,243 each year for 5 years fully satisfying the obligation.

The district's annual pension cost and net pension obligation for the current year is:

Total future payments to be made	\$158,224
Contributions made on prior liability	<u>(35,243)</u>
Obligation (asset) at end of year	<u>\$122,981</u>

**Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions, workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverages for any risk of loss during the past year.

**Self-funded Insurance Program**

The District provides self-funded health and dental benefits for its employees. An administrator is responsible for the approval, processing and payment of claims, after which the District is billed for reimbursement. The District is also responsible for a monthly administrative fee. The Plan reports on a fiscal year ending June 30.

The Plan is registered with the Wisconsin Office of the Commissioner of Insurance as an employee welfare plan. Accounting and budgeting requirements for the Plan are established by the Wisconsin Department of Public Instruction.

As part of the medical care coverage of the Plan, the District purchased specific stop-loss insurance for claims in excess of \$250,000 per individual. The District does not have aggregate stop-loss coverage for medical. The District has no stop-loss insurance for the Plan's dental or vision care coverage.

**SCHOOL DISTRICT of NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**Note 3 – Detailed Disclosures Regarding Liabilities and Expenses/Expenditures (continued)**

At June 30, 2018, the District has reported a liability of \$391,984 for estimated unreported claims which were incurred on or before June 30, 2018.

Changes for this liability amount for the years ended June 30, 2018 and 2017 were as follows:

<u>Year</u>	<u>Balance Beginning of Year</u>	<u>Current Changes</u>	<u>Claim Payments</u>	<u>Balance End of Year</u>
2018	820,619	7,181,141	7,609,776	391,984
2017	472,556	10,312,202	9,964,139	820,619

**Note 4 - Governmental Activities Net Position**

Governmental activities net position reported on the government-wide statement of net position at June 30, 2018 includes the following:

Net investment in capital assets	
Capital assets, net of accumulated depreciation	\$ 68,020,413
Related long-term debt outstanding	(24,942,462)
<b>Total net investment in capital assets</b>	<b><u>43,077,951</u></b>
Restricted	<u>8,993,051</u>
Unrestricted	<u>(26,413,283)</u>
<b>Total governmental activities net position</b>	<b><u>\$ 25,657,719</u></b>

**Note 5 - Governmental Fund Balances**

Governmental fund balances reported on the fund financial statements at June 30, 2018 include the following:

<b>Restricted</b>	
Debt service fund	\$ 876,742
Capital projects fund	2,125,761
Food service fund	1,043,936
Community service fund	392,828
Special revenue trust fund	790,823
<b>Total restricted fund balance</b>	<b><u>5,230,090</u></b>
<b>Unassigned</b>	
General fund	<u>9,449,434</u>
<b>Total governmental fund balance</b>	<b><u>\$ 14,679,524</u></b>

**SCHOOL DISTRICT of NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**Note 6 – Limitation on School District Revenues**

Wisconsin statutes limit the amount of revenues school districts may derive from general school aids and property taxes. The annual revenue increase from these sources is limited to an allowable per member increase which is determined by the legislature.

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 7 – Operating Leases**

The District leases equipment under non-cancelable operating leases under terms expiring the fiscal year ending June 30, 2021. The future minimum lease payments are:

Year Ended June 30	Amount
2019	\$ 55,392
2020	\$ 46,206
2021	\$ 27,006

**Note 8 – Commitments and Contingent Liabilities**

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

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowance, if any, would be immaterial.

**Note 9 - Explanation of Certain Differences Between Governmental Fund Statements and District-Wide Statements**

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

**a. Statement of Net Position**

Capital assets and other long-term assets used in government funds are not financial resources and therefore, not reported in the funds.

Capital assets, net of accumulated depreciation	\$ 68,020,412
Deferred outflows - Wisconsin Retirement System	14,551,819
Net pension asset - Wisconsin Retirement System	5,275,567
<b>Total asset adjustment</b>	<b>\$ 87,847,798</b>



**SCHOOL DISTRICT of NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**Note 9 - Explanation of Certain Differences Between Governmental Fund Statements and District-Wide Statements**

**a. Statement of Net Position (continued)**

Long-term liabilities applicable to District governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the Statement of Net Position.

Supplemental pension liability	\$ (122,981)
Deferred inflows - Wisconsin Retirement System	(16,064,422)
Net OPEB liability	(10,420,675)
Bonds and notes payable	(48,580,000)
Refunding premium	(863,653)
Accrued interest	(392,643)
Capital leases	<u>(425,227)</u>
<b>Total liability adjustment</b>	<u><u>\$ (76,869,601)</u></u>
<b>Combined adjustment</b>	<u><u>\$ 10,978,197</u></u>

**b. Statement of Activities**

Under the modified accrual basis of accounting used in the governmental funds, expenditures are recognized for transactions that are normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported when the liability is incurred. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues.

Other postemployment benefits, including supplemental pension	\$ 68,255
Pension liabilities (assets) - Wisconsin Retirement System	(662,180)
Vested employee benefits	<u>17,472</u>
	<u><u>(576,453)</u></u>

Capital related differences include (1) the difference between proceeds from 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 capitalization and depreciation expense on those items as recorded in the statement of activities.

Depreciation expense	(3,375,055)
Proceeds from sale of capital assets	(3,971)
Capital expenditures	2,552,524
Loss on disposal of capital assets	<u>-</u>
	<u><u>(826,502)</u></u>

**SCHOOL DISTRICT of NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**Note 9 - Explanation of Certain Differences Between Governmental Fund Statements and District-Wide Statements**

**b. Statement of Activities (continued)**

Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenues and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability and principal payments are recorded as a reduction of liabilities.

Amounts borrowed	(4,434,467)
Principal payments on long-term debt	5,913,349
Amortized deferred finance premiums	(21,625)
Accrued interest on long-term debt	30,468
	1,487,725
<b>Combined adjustment</b>	<b>\$ 84,770</b>

**Note 10 - Subsequent Events**

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed 2019. The Board of Education approved a resolution to advance a referendum seeking taxpayer approval to increase the revenue limit on a non-recurring basis for \$5,000,000 per year for 5 years. If approved, these funds will become part of the annual operating budget.

**Note 11 - Change in Accounting Principle and Prior-Period Adjustment**

The District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment benefit plans other than pensions*. This standard allows the district to report its actuarially determined net OPEB asset or liability. To account for the beginning net OPEB liability and asset arising from the district's OPEB plans, beginning net position has been restated as follows:

Net position as previously reported on July 1, 2017	\$33,682,568
Adjust beginning net OPEB liability	(11,857,539)
Net position as restated	\$21,825,029

**Note 12 - Recently Issued Accounting Standards**

The Governmental Accounting Standards Board (GASB) recently approved the following statements which were not implemented for these financial statements:

The GASB issued Statement No. 83 *Certain Asset Retirement Obligations* in November 2016. This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for Asset Retirement Obligations. The requirements of the related Statement are effective for financial Statement periods beginning after June 15, 2018.

**SCHOOL DISTRICT of NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**Note 12 - Recently Issued Accounting Standards (continued)**

The GASB issued Statement No. 84 *Fiduciary Activities* in January 2017. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The requirements of the related Statement are effective for financial Statement periods beginning after December 15, 2018.

The GASB issued Statement No. 87 Leases in June 2017. This statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of the related Statement are effective for financial Statement periods beginning after December 15, 2019.

The GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* in April 2018. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The requirements of the related statement are effective for financial statement periods beginning after June 15, 2018.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of the related Statement are effective for financial statement periods beginning after June 15, 2018.

The effect these standards may have on future financial statements is not determinable at this time.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHOOL DISTRICT OF NEW BERLIN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 44,404,278	\$ 44,404,278	\$ 44,404,278	\$ -
Other local sources	1,262,109	1,262,109	1,344,188	82,078
Intermediate sources	116,864	116,864	231,152	114,288
State sources	4,991,915	4,991,915	5,041,038	49,123
Federal sources	494,517	494,517	495,269	752
Other sources	284,269	284,269	261,226	(23,043)
<b>Total revenues</b>	<b>51,553,952</b>	<b>51,553,952</b>	<b>51,777,151</b>	<b>223,199</b>
<b>Expenditures</b>				
Instruction				
Regular instruction	20,386,003	20,386,003	19,440,173	945,830
Vocational instruction	906,586	906,586	861,808	44,778
Other instruction	2,085,165	2,085,165	2,197,922	(112,757)
<b>Total instruction</b>	<b>23,377,754</b>	<b>23,377,754</b>	<b>22,499,903</b>	<b>877,850</b>
Support services				
Pupil services	968,519	968,519	936,022	32,497
Instructional staff services	2,632,844	2,632,844	2,477,217	155,627
General administration	726,477	726,477	812,445	(85,968)
School administration	2,841,608	2,841,608	2,771,254	70,353
Fiscal services	755,319	755,319	944,622	(189,303)
Buildings and grounds	6,358,005	6,358,005	6,038,206	319,799
Pupil transportation	2,278,256	2,278,256	2,363,441	(85,185)
Other business services	152,954	152,954	156,975	(4,020)
Central services	3,640,450	3,640,450	3,128,012	512,438
Insurance	497,091	497,091	451,708	45,383
Principal and interest	454,349	454,349	467,016	(12,667)
Other support services	1,637,385	1,637,385	815,978	821,407
<b>Total support services</b>	<b>22,943,257</b>	<b>22,943,257</b>	<b>21,362,896</b>	<b>1,580,360</b>
<b>Non-program</b>				
Tuition payments	1,970,048	1,970,048	2,014,027	(43,979)
Other non-program	-	-	25,166	(25,165)
<b>Total non-program</b>	<b>1,970,048</b>	<b>1,970,048</b>	<b>2,039,193</b>	<b>(69,144)</b>
<b>Total expenditures</b>	<b>48,291,058</b>	<b>48,291,058</b>	<b>45,901,992</b>	<b>2,389,067</b>
Excess revenues over expenditures	3,262,894	3,262,894	5,875,159	2,612,266
<b>Other financing sources (uses)</b>				
Transfers from other funds	28,239	28,239	21,967	(6,272)
Transfers to other funds	(5,053,622)	(5,053,622)	(4,654,713)	398,909
Proceeds from sale of capital assets	11,000	11,000	-	(11,000)
Borrowed amounts	450,000	450,000	434,467	(15,533)
<b>Total other financing sources (uses)</b>	<b>(4,564,383)</b>	<b>(4,564,383)</b>	<b>(4,198,279)</b>	<b>366,104</b>
<b>Net Change in Fund Balance</b>	<b>(1,301,489)</b>	<b>(1,301,489)</b>	<b>1,676,880</b>	<b>2,978,370</b>
<b>Fund balance, beginning of year</b>	<b>7,772,555</b>	<b>7,772,555</b>	<b>7,772,555</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 6,471,066</b>	<b>\$ 6,471,066</b>	<b>\$ 9,449,435</b>	<b>\$ 2,978,370</b>

See notes to the basic financial statements.

**SCHOOL DISTRICT OF NEW BERLIN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**SPECIAL EDUCATION FUND**  
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
<b>Revenues</b>				
Intermediate sources	\$ 11,877	\$ 11,877	\$ 42,274	\$ 30,397
State sources	1,540,960	1,540,960	1,666,969	126,009
Federal sources	1,180,819	1,180,819	1,056,504	(124,315)
Other sources	-	-	132,248	132,248
<b>Total revenues</b>	<b>2,733,656</b>	<b>2,733,656</b>	<b>2,897,995</b>	<b>164,339</b>
<b>Expenditures</b>				
<b>Instruction</b>				
Special instruction	5,432,792	5,432,792	5,150,848	281,944
<b>Total instruction</b>	<b>5,432,792</b>	<b>5,432,792</b>	<b>5,150,848</b>	<b>281,944</b>
<b>Support services</b>				
Pupil services	795,398	795,398	817,314	(21,916)
Instructional staff services	440,908	440,908	411,415	29,493
Fiscal services	8,200	8,200	12,603	(4,403)
Buildings and grounds	17,820	17,820	94,672	(76,852)
Pupil transportation	563,480	563,480	423,807	139,673
Central services	22,401	22,401	7,619	14,782
<b>Total support services</b>	<b>1,848,207</b>	<b>1,848,207</b>	<b>1,767,430</b>	<b>80,777</b>
<b>Non-program</b>				
Tuition payments	478,040	478,040	611,632	(133,592)
Other non-program	-	-	831	(831)
<b>Total non-program</b>	<b>478,040</b>	<b>478,040</b>	<b>612,463</b>	<b>(134,423)</b>
<b>Total expenditures</b>	<b>7,759,039</b>	<b>7,759,039</b>	<b>7,530,741</b>	<b>228,298</b>
Excess revenues over expenditures	(5,025,383)	(5,025,383)	(4,632,746)	392,637
<b>Other financing sources (uses)</b>				
Transfers from other funds	5,053,622	5,053,622	4,654,713	398,909
Transfers to other funds	(28,239)	(28,239)	(21,967)	(6,272)
<b>Total other financing sources (uses)</b>	<b>5,025,383</b>	<b>5,025,383</b>	<b>4,632,746</b>	<b>392,637</b>
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See notes to the basic financial statements.

**SCHOOL DISTRICT OF NEW BERLIN**  
**Required Supplementary Information**  
**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY**  
**AND RELATED RATIOS**  
**Last 10 Fiscal Year (built prospectively)**

	<b>2018</b>
<b>TOTAL OPEB LIABILITY</b>	
Service cost	\$ 404,542
Interest	377,144
Changes in assumptions	-
Differences between expected and actual experience	-
Benefit payments	(814,698)
Net change in total pension liability	(33,012)
Total OPEB liability - beginning	10,453,687
Total OPEB liability - ending	\$ 10,420,675
Covered Payroll	\$ 25,237,724
Total pension liability as a percentage of covered payroll	41.29%

(See Notes 3 and Notes to Required Supplementary Information)

**SCHOOL DISTRICT OF NEW BERLIN**  
**Required Supplementary Information**  
**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL PENSION LIABILITY -**  
**SUPPLEMENTAL PENSION**  
**Last 10 Fiscal Year (built prospectively)**

	<b>2018</b>
<b>TOTAL OPEB LIABILITY</b>	
Service cost	\$ -
Interest	-
Changes in assumptions	-
Differences between expected and actual experience	-
Benefit payments	(35,243)
Net change in total pension liability	(35,243)
Total pension liability - beginning	158,224
Total pension liability - ending	\$ 122,981
 Covered Payroll	 N/A
Total pension liability as a percentage of covered payroll	N/A
 (See Note 3 and Notes to Required Supplementary Information)	



**SCHOOL DISTRICT of NEW BERLIN  
REQUIRED SUPPLEMENTARY INFORMATION  
WISCONSIN RETIREMENT SYSTEMS  
Last 10 Fiscal Years (which may be built prospectively)**

**Schedule of Proportionate Share of the Net Pension Liability (Asset)**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Proportion of net pension liability (asset)	17.800%	17.400%	1.740%	13.600%
Proportionate share of new pension liability (asset)	\$ (5,275,567)	\$ 1,442,886	\$ 2,829,254	\$ (4,339,880)
Covered employee payroll	\$ 26,484,703	\$ 25,536,566	\$ 24,960,530	\$ 24,193,417
Plan fiduciary net position as a percentage of total pension liability (asset)	102.9%	99.1%	98.2%	102.74%

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

**SCHOOL DISTRICT of NEW BERLIN  
REQUIRED SUPPLEMENTARY INFORMATION  
WISCONSIN RETIREMENT SYSTEMS  
Last 10 Fiscal Years (which may be built prospectively)**

**Schedule of Contributions**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contributions	\$ 1,823,107	\$ 1,685,622	\$ 1,697,315	\$ 1,693,539
Contributions made	(1,823,107)	(1,685,622)	(1,697,315)	(1,693,539)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 26,484,703	\$ 25,536,566	\$ 24,960,530	\$ 24,193,417
Contributions as a percentage of covered payroll	6.9%	6.6%	6.8%	7.0%

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

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**Year Ended June 30, 2018**

**Note 1 - Excess Expenditures Over Appropriations**

The following functional expenditure categories reported an excess of actual costs over budget:

**General fund**

General administration	(85,968)
Fiscal services	(189,303)
Pupil transportation	(85,185)

**Special education fund**

Buildings and grounds	(76,852)
-----------------------	----------

**Note 2 - Schedule of Changes in Net OPEB liability(asset) and related ratios**

*Changes of benefit terms.* There were no changes of benefit terms for the district's OPEB plan.

*Changes of assumptions.* The discount rate was changed from 3.00% to 3.75% as of June 30, 2018.

**Note 3 - Schedule of Changes in total pension liability – Supplemental pension**

The supplemental pension was not included in the actuarial study due to the circumstances described in Note 3 of the financial statements. The Schedule of changes in total pension liability – Supplemental pension is included to disclose the changes in the total pension liability in the format that is consistent with new pension standards.

**Note 4 - 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**

**SCHOOL DISTRICT OF NEW BERLIN  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2018**

	<b>Community Service Fund</b>	<b>Food Service Fund</b>	<b>Special Revenue Trust Fund</b>	<b>Package Cooperative Program Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>					
Cash and investments	\$ 380,747	\$ 1,102,340	\$ 785,822	\$ (29,754)	\$ 2,239,155
Accounts receivable	23,527	1,172	5,000	-	29,699
Due from other governments	-	-	-	29,754	29,754
<b>Total assets</b>	<b>\$ 404,274</b>	<b>\$ 1,103,512</b>	<b>\$ 790,822</b>	<b>\$ -</b>	<b>\$ 2,298,608</b>
<b>Liabilities and fund balance</b>					
<b>Liabilities</b>					
Payroll and benefits payable	\$ 10,270	\$ -	\$ -	\$ -	\$ 10,270
Unearned revenue	1,175	59,578	-	-	60,753
<b>Total liabilities</b>	<b>11,445</b>	<b>59,578</b>	<b>-</b>	<b>-</b>	<b>71,023</b>
<b>Fund balance</b>					
Restricted	392,829	1,043,934	790,822	-	2,227,585
<b>Total fund balances</b>	<b>392,829</b>	<b>1,043,934</b>	<b>790,822</b>	<b>-</b>	<b>2,227,585</b>
<b>Total liabilities and fund balances</b>	<b>\$ 404,274</b>	<b>\$ 1,103,512</b>	<b>\$ 790,822</b>	<b>\$ -</b>	<b>\$ 2,298,608</b>

See notes to the basic financial statements.

**SCHOOL DISTRICT OF NEW BERLIN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2018**

	Community Service Fund	Food Service Fund	Special Revenue Trust Fund	Package Cooperative Program Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 496,513	\$ -	\$ -	\$ -	\$ 496,513
Local sources	207,237	1,103,593	397,188	-	1,708,018
Intermediate sources	-	-	-	69,822	69,822
State sources	-	13,117	-	-	13,117
Federal sources	-	335,315	-	-	335,315
<b>Total revenues</b>	<b>703,750</b>	<b>1,452,025</b>	<b>397,188</b>	<b>69,822</b>	<b>2,622,785</b>
<b>Expenditures</b>					
<b>Instruction</b>					
Regular instruction	-	-	18,242	16,005	34,247
Vocational instruction	-	-	6,284	-	6,284
Other instruction	-	-	64,048	-	64,048
<b>Total instruction</b>	<b>-</b>	<b>-</b>	<b>88,574</b>	<b>16,005</b>	<b>104,579</b>
<b>Support services</b>					
Instructional staff services	-	-	88	-	88
School administration	-	-	990	-	990
Buildings and grounds	-	78,455	3,716	-	82,171
Transportation	-	-	707	-	707
Other business services	-	-	139,628	-	139,628
School food service	-	1,355,069	-	-	1,355,069
Central services	-	-	2,233	-	2,233
Other support services	-	10,318	-	-	10,318
<b>Total support services</b>	<b>-</b>	<b>1,443,842</b>	<b>147,362</b>	<b>-</b>	<b>1,591,204</b>
<b>Community services</b>	<b>708,185</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>708,185</b>
<b>Non-program charges</b>					
Contracted instructional services	-	-	-	53,817	53,817
Adjustments	-	116	-	-	116
<b>Total non-program charges</b>	<b>-</b>	<b>116</b>	<b>-</b>	<b>53,817</b>	<b>53,933</b>
<b>Total expenditures</b>	<b>708,185</b>	<b>1,443,958</b>	<b>235,936</b>	<b>69,822</b>	<b>2,457,901</b>
Excess of revenues over (under) expenditures	<b>(4,435)</b>	<b>8,067</b>	<b>161,252</b>	<b>-</b>	<b>164,884</b>
<b>Net change in fund balances</b>	<b>(4,435)</b>	<b>8,067</b>	<b>161,252</b>	<b>-</b>	<b>164,884</b>
<b>Fund balance, beginning of year</b>	<b>397,264</b>	<b>1,035,867</b>	<b>629,570</b>	<b>-</b>	<b>2,062,701</b>
<b>Fund balance, end of year</b>	<b>\$ 392,829</b>	<b>\$ 1,043,934</b>	<b>\$ 790,822</b>	<b>\$ -</b>	<b>\$ 2,227,585</b>

See notes to the basic financial statements.

**SCHOOL DISTRICT OF NEW BERLIN**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**PUPIL ACTIVITY FUNDS**  
**For the Year Ended June 30, 2018**

	<b>Balance 7/1/2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance 6/30/2018</b>
<b>ASSETS</b>				
Cash and investments	\$ 475,615	\$ 586,106	\$ 667,413	\$ 394,308
	<u>\$ 475,615</u>	<u>\$ 586,106</u>	<u>\$ 667,413</u>	<u>\$ 394,308</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 9,375	\$ 481,556	\$ 490,931	\$ -
Due to student organizations	454,394	669,498	741,548	382,344
Other liabilities	11,846	43,927	43,809	11,964
	<u>\$ 475,615</u>	<u>\$ 1,194,981</u>	<u>\$ 1,276,288</u>	<u>\$ 394,308</u>

See notes to the basic financial statements.

**SINGLE AUDIT SECTION**



**SCHOOL DISTRICT OF NEW BERLIN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2018

Federal Catalog Number	Program or Award Amount	Pass-through Entity Identification Number	Accrued Receivable 7/1/2017	Expenditures Grantor	Revenues Grantor Reimbursements	Accrued Receivable 6/30/2018
<b>U.S. Department of Education</b>						
<b>State of Wisconsin</b>						
<b>Wisconsin Department of Public Instruction</b>						
<b>Special Education Cluster</b>						
<u>Individuals with Disabilities Education Act (IDEA) - Flow Through</u>						
84.027		2018-673925-IDEA-341				
	July 1, 2016 to June 30, 2017		\$ 373,617	\$ -	\$ 373,617	\$ -
	July 1, 2017 to June 30, 2018		-	879,114	290,626	588,488
<u>Individuals with Disabilities Education Act (IDEA) - Flow Through (EIS)</u>						
84.027		2018-673925-IDEA-341				
	July 1, 2016 to June 30, 2017		\$ 201,950	69,795	-	69,795
	July 1, 2017 to June 30, 2018		\$ 156,132	-	117,291	70,263
						47,028
<u>Individuals with Disabilities Education Act Preschool PL-99-457</u>						
84.173		2018-673925-Preschool-347				
	July 1, 2016 to June 30, 2017		\$ 60,311	31,840	-	31,840
	July 1, 2017 to June 30, 2018		\$ 62,021	-	24,342	10,797
						13,545
<b>CESA #11</b>						
<u>Transition Improvement Grant</u>						
84.027		2018-749911-IDEA-342				
	July 1, 2017 to June 30, 2018		\$ 10,000	600	-	600
<u>Transit of federal aids</u>						
84.027		2018-749911-IDEA-342				
	July 1, 2017 to June 30, 2018	N/A	-	7,357	7,357	-
			<u>475,852</u>	<u>1,028,104</u>	<u>854,895</u>	<u>649,061</u>
<b>Total Special Education Cluster</b>						
<b>Career Education Cluster</b>						
<b>CESA #1</b>						
<u>Carl Perkins Grant</u>						
84.048		2018-749901-CP-CTE-400				
	July 1, 2016 to June 30, 2017		\$ 14,487	5,227	-	5,227
	July 1, 2017 to June 30, 2018		\$ 13,376	-	12,253	11,765
						488
<b>WCTC</b>						
<u>WCTC Youth Apprentice</u>						
84.048		2018-768808-CP-CTE-400				
	July 1, 2016 to June 30, 2017		\$ 5,327	5,327	-	5,327
	July 1, 2017 to June 30, 2018		\$ 21,787	-	21,788	12,067
						9,721
<u>WCTC Career Prep Tech Support</u>						
84.048		2018-768808-CP-CTE-400				
	July 1, 2016 to June 30, 2017		\$ 1,364	1,364	-	1,364
	July 1, 2017 to June 30, 2018		84.048 \$ 1,361	-	1,361	1,361
			<u>11,918</u>	<u>35,402</u>	<u>37,111</u>	<u>10,209</u>
<b>Total Career Education Cluster</b>						
<b>Title I programs</b>						
<u>IASA Title I</u>						
84.010		2018-673925-TITLE I -141				
	July 1, 2016 to June 30, 2017		\$ 149,594	28,503	-	28,503
	July 1, 2017 to June 30, 2018		\$ 132,114	-	109,894	77,961
						31,933
<b>Greendale School District</b>						
<u>IASA Title I</u>						
84.010		N/A				
	July 1, 2017 to June 30, 2018	N/A	-	1,503	1,503	-
<b>Milwaukee Public Schools</b>						
<u>IASA Title I</u>						
84.010		N/A				
	July 1, 2017 to June 30, 2018	N/A	-	55,829	26,075	29,754
<b>Waukesha School District</b>						
<u>IASA Title I</u>						
84.010		N/A				
	July 1, 2017 to June 30, 2018	N/A	-	4,214	4,214	-
<b>Wauwatosa School District</b>						
<u>IASA Title I</u>						
84.010		N/A				
	July 1, 2017 to June 30, 2018	N/A	-	2,716	2,716	-
<b>West Allis - West Milwaukee School District</b>						
<u>IASA Title I</u>						
84.010		N/A				
	July 1, 2017 to June 30, 2018	N/A	-	5,560	5,560	-
			<u>28,503</u>	<u>179,716</u>	<u>146,532</u>	<u>61,687</u>
<b>Total Title I programs</b>						

See Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

**SCHOOL DISTRICT OF NEW BERLIN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2018

Federal Catalog Number	Program or Award Amount	Pass-through Entity Identification Number	Accrued	Expenditures	Revenues	Accrued
			Receivable 7/1/2017	Grantor	Grantor Reimbursements	Receivable 6/30/2018
<b>Title IIA Quality Teachers and Principals</b>						
84.367		2018-673925-TITLE II -365				
	July 1, 2016 to June 30, 2017		8,002	-	8,002	-
	July 1, 2017 to June 30, 2018		-	45,168	25,309	19,859
<b>Total U.S. Department of Education</b>			<u>524,275</u>	<u>1,288,390</u>	<u>1,071,849</u>	<u>740,816</u>
<b>U.S. Department of Agriculture</b>						
<b>State of Wisconsin</b>						
<b>Wisconsin Department of Public Instruction</b>						
<b>School Nutrition Cluster</b>						
<u>Food Distribution</u>						
10.555		2018-673925-NSL-547				
	July 1, 2016 to June 30, 2017	N/A	-	97,333	97,333	-
<u>National School Lunch Program</u>						
10.555		2018-673925-NSL-547				
	July 1, 2017 to June 30, 2018	N/A	-	237,982	237,982	-
<b>Total School Nutrition Cluster</b>			<u>-</u>	<u>335,315</u>	<u>335,315</u>	<u>-</u>
<b>Total U.S. Department of Agriculture</b>			<u>-</u>	<u>335,315</u>	<u>335,315</u>	<u>-</u>
<b>U.S. Department of Health and Human Services</b>						
<b>Wisconsin Department of Health Services</b>						
<u>Medicaid Reimbursement</u>						
93.778		44210200				
	July 1, 2015 to June 30, 2016	N/A	-	105,287	105,287	-
	July 1, 2016 to June 30, 2017	N/A	18,860	26,648	45,508	-
	July 1, 2017 to June 30, 2018	N/A	-	153,047	111,410	41,637
<b>Total Medicaid Reimbursement and U.S. Department of Health and Human Services</b>			<u>18,860</u>	<u>284,982</u>	<u>262,205</u>	<u>41,637</u>
<b>Totals</b>			<u>\$ 543,135</u>	<u>\$ 1,908,687</u>	<u>\$ 1,669,369</u>	<u>\$ 782,453</u>

See Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

**SCHOOL DISTRICT OF NEW BERLIN  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
For the Year Ended June 30, 2018**

<u>Awarding Agency/Pass-Through Agency/Award Description</u>	<u>State ID Number</u>	<u>Pass-through Entity Identification Number</u>	<u>Accrued Receivable 7/1/2017</u>	<u>Revenue/ Expenditures</u>	<u>State Reimbursements</u>	<u>Accrued Receivable 6/30/2018</u>
<b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>						
<b>Entitlement Programs</b>						
Major State Programs						
Per Pupil Adjustment Aid	255.945	673925-113	\$ -	\$ 2,006,550	\$ 2,006,550	\$ -
Handicapped Pupils and School Age Parents	255.101	673925-100	-	1,656,969	1,656,969	-
General Equalization Aid	255.201	673925-116	38,296	1,186,832	1,184,723	40,405
Integration Aid - Non-resident	255.204	673925-106	-	76,934	76,934	-
<b>WISCONSIN DEPARTMENT OF REVENUE</b>						
Exempt Computer Aid		N/A	315,025	319,656	315,025	319,656
<b>Total Major Programs</b>			<u>353,321</u>	<u>5,246,941</u>	<u>5,240,201</u>	<u>360,061</u>
<b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>						
<b>Entitlement Programs</b>						
Nonmajor State Programs						
Pupil Transportation Aid	255.107	673925-113	-	100,227	100,227	-
General Special Adjustment Aid	255.203	673925-118	-	239,203	230,761	8,442
Common School Library Fund	255.103	673925-104	-	162,350	162,350	-
Assessment and Readiness	255.956	673925-166	-	10,650	10,650	-
Special Education Transition Grant	255.960	673925-168	-	10,000	10,000	-
Financial Literacy Reality Store Model	255.367	673925-146	7,452	-	7,452	-
State School Lunch Aid	255.102	673925-107	-	13,117	13,117	-
Technical Incentive Grant	255.950	673925-151	-	27,240	27,240	-
Educator Effectiveness - Teachscape	255.940	673925-154	-	26,240	-	26,240
<b>Total Nonmajor Programs</b>			<u>7,452</u>	<u>589,027</u>	<u>561,797</u>	<u>34,682</u>
<b>Total Entitlement Programs</b>			360,773	5,835,968	5,801,998	394,743
<b>CESA</b>						
Transit of state aid		N/A	-	2,885	1,735	1,150
<b>WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT</b>						
Fast Forward Health Occupations		N/A	7,401	-	7,401	-
<b>Totals</b>			<u>\$ 368,174</u>	<u>\$ 5,838,853</u>	<u>\$ 5,811,134</u>	<u>\$ 395,893</u>

See accompanying Notes to Schedules of Expenditures of Federal and State Awards.

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**Year Ended June 30, 2018**

**Note 1 - Basis of Presentation**

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state award activity of the School District of New Berlin ("the District") under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the Wisconsin State Single Audit guidelines. Because the Schedules present only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87 Cost Principles for State, Local, and Indian Tribal Governments (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the Wisconsin Single Audit Guidelines, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance Section 200.414 Indirect (F&A) Costs.

**Note 3 - Oversight Agencies**

The District's federal oversight agency for audit is the U.S. Department of Education. The District's state cognizant agency is the Wisconsin Department of Public Instruction.

**Note 4 - Eligible Costs for Special Education**

Costs for special education eligible for state special education categorical aid is \$6,542,003 for the year end June 30, 2018.

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

Board of Education  
School District of New Berlin  
New Berlin, Wisconsin

We have audited, in accordance with the auditing standards generally accept in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the School District of New Berlin (the "District") as of and for the year ended June 30, 2018, and have issued our report thereon dated March 15, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over 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. This report is intended for the information of the Board of Education, management, federal and state awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

FELD, SCHUMACHER & COMPANY, LLP

*Feld, Schumacher & Company, LLP*  
West Allis, Wisconsin  
March 15, 2019

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND THE  
STATE SINGLE AUDIT GUIDELINES**

Board of Education  
School District of New Berlin  
New Berlin, Wisconsin

**Report on Compliance for Each Major Federal and State Program**

We have audited the compliance of the School District of New Berlin (the "District") with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018. We have also audited the compliance of the District with the types of compliance requirements described in the State Single Audit Guidelines issued by the Wisconsin Department of Administration and the Wisconsin Public School District Audit Manual, issued by the Wisconsin Department of Public Instruction that are applicable to each of its major state programs for the year ended June 30, 2018. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration and the *Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction. Those standards, the Uniform Guidance and the State Single Audit Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program have occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

## **Basis for Qualified Opinion on State Pupil Transportation Aid**

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding State ID Number 255.107, *State Pupil Transportation Aid* as described in **Finding 2018-01** for Eligibility.

## **Qualified Opinion on State Pupil Transportation Aid**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on State Pupil Transportation Aide for the year ended June 30, 2018.

The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

## **Unmodified Opinion on Each of the Other Major Federal and State Programs**

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal and state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2018.

## **Report on Internal Control Over Compliance**

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

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

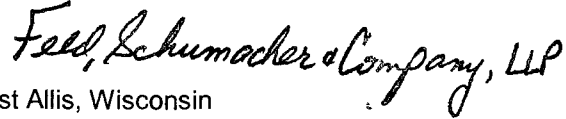
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies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



**Purpose of this Report**

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

FELD, SCHUMACHER & COMPANY, LLP

A handwritten signature in black ink that reads "Feld, Schumacher & Company, LLP". The signature is written in a cursive, flowing style.

West Allis, Wisconsin  
March 15, 2019

**SCHOOL DISTRICT OF NEW BERLIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2018**

**Section I: Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued	Unmodified	
Internal control over financial reporting		
Material weakness(es) identified?	___ yes	_X_ no
Significant deficiency(ies) identified?	___ yes	_X_ no
Noncompliance material to financial statements noted?	___ yes	_X_ no

**Federal Awards**

Internal control over major programs		
Material weakness(es) identified?	___ yes	_X_ no
Significant deficiency(ies) identified?	___ yes	_X_ no
Type of auditor's report issued on compliance for major programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Title 2 CFR Part 200.516(a)?	___ yes	_X_ no

Identification of major programs

<u>CFDA NUMBER(S)</u>	<u>Name of Federal Program or Cluster</u>
84.027	IDEA Cluster
84.027	IDEA Flowthrough
84.173	IDEA - Flowthrough (EIS)
84.027	Preschool Entitlement
	Transition and Improvement

Dollar threshold used to distinguish between Type A & Type B programs	<u>\$750,000</u>	
Auditee qualified as low-risk auditee?	_X_ yes	___ no





**SCHOOL DISTRICT OF NEW BERLIN  
CORRECTIVE ACTION PLAN  
For the Year Ended June 30, 2018**

**Finding:**

WI Stats 121.58(2)(am) requires the pupil to be actually transported to receive aid. The District relied on information supplied to them by the transportation company. The information was inaccurate and overstated the number of pupils transported.

**Corrective Action Plan**

The School District of New Berlin has modified its procedures for counting students that are transported at the secondary level. Students are now required to scan their identification badge the first time they ride a bus. The student's card is then marked with a special sticker that cannot be removed. At the end of the year the district will collect student rider information, upload to the Student Management System and run reports to confirm the student attended school on the date the student's identification card was scanned. At the elementary schools a staff member will have a listing of all students by bus route and will confirm that each student rides the bus at least one time during the year. The ridership date for each student will be entered into the student management system. All reports for state transportation aid claims will be created from the student management system.

**SCHOOL DISTRICT OF NEW BERLIN  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2018**

**State - Handicapped Pupils and School Age Parents - Significant Deficiency: Compliance and Internal Control**

**Finding 2017-1**

WI Stats 121.58(2)(am) requires the pupil to be actually transported to receive aid. The District relied on information supplied to them by the transportation company. The information was inaccurate and overstated the number of pupils transported.

Criteria: The Wisconsin Department of Public Instruction requires special education students actually receive transportation to receive state transportation aid.

Condition: The special education students did not ride the bus and the bus transportation company reported they did; the district did not have adequate procedures in place to catch this error. The district did not have staff assigned to check the bus company reports.

Questioned Costs: Unknown

Effect: The district was in violation of the DPI requirements that special education students receive bus transportation to receive aid. These costs may be disallowed.

Recommendation: The district should implement procedures to verify the transportation company's data.

District's Response: To ensure transportation is documented appropriately, at the start of the school year and at the beginning of the second semester, the district will compare reports identifying 1) all students with transportation in their IEP and 2) all students receiving transportation.

When a request to provide transportation is submitted to Teaching and Learning-Student Services, the district will determine if the request is for a student with a disability and review the IEP to ensure transportation is included. A record of such requests will be maintained in the Student Services office.

**STATUS:** The corrective action plan was not fully implemented, as a result a similar condition occurred in 2017-18. See Finding 2018-1