

**SCHOOL DISTRICT OF NEW BERLIN**

**FINANCIAL STATEMENTS**

**June 30, 2015**

SCHOOL DISTRICT OF NEW BERLIN

TABLE OF CONTENTS

	<u>Page</u>
<b>FINANCIAL SECTION</b>	
<b>Independent Auditor's Report</b>	1
<b>Management's Discussion and Analysis</b>	4
<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	40
Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Special Education Fund	41
Schedule of Funding Progress for Postemployment Benefit Plan and Pension Plan	42
Schedule of Proportionate Share of the Net Pension Liability (Asset) – Wisconsin Retirement System	43
Schedule of Contributions – Wisconsin Retirement System	44
Notes to Required Supplementary Information	45

**SCHOOL DISTRICT OF NEW BERLIN**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>Other Supplementary Information</b>	
Combining Balance Sheet – Nonmajor Governmental Funds	47
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	48
Schedule of Changes in Assets and Liabilities – Agency Funds	49
 <b>SINGLE AUDIT SECTION</b>	
Schedule of Expenditures of Federal Awards	51
Schedule of Expenditures of State Awards	52
Notes to the Schedules of Expenditures of Federal and State Awards	53
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	54
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 and the State Single Audit Guidelines	56
Schedule of Findings and Questioned Costs	58

## INDEPENDENT AUDITOR'S REPORT

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

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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to 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, 2015, and the respective changes in financial position, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As described in Note 11, the District has implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* for the year ended June 30, 2015. 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, Schedule of Funding Progress for Postemployment Benefit Pension Plan, Schedule of Proportionate Share of the Net Pension Liability (Asset)-Wisconsin Retirement System, Schedule of Contributions-Wisconsin Retirement System, and budgetary schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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 other supplementary information; and the schedules of expenditures of federal awards and state awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration; are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary 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.

### ***Report Issued in Accordance with Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 1, 2015 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 grants. 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

*Feld, Schumacher & Company, LLP*

West Allis, Wisconsin  
December 1, 2015

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**School District of New Berlin  
Management's Discussion and Analysis  
For the Year Ended June 30, 2015**

The School District of New Berlin (SDNB) is a public school district operating kindergarten through grade 12 and limited community programs in accordance with laws and regulations of the State of Wisconsin that determine the manner in which 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**

The district's basic financial statements are prepared in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board resulting in dual perspective statements:

- 1) Government-wide financial statements report the district's overall financial operations with a focus on financial position, in a manner similar to private sector financial reporting.
- 2) Fund financial statements that provide information on specific governmental activities to demonstrate compliance with regulatory requirements for segregation of assets.

In addition to individual financial statements, the district prepares notes to the financial statements and supplementary schedules to provide further explanation of financial information to enhance the full understanding of the financial statements.

Financial statements are audited each year by an independent certified public accountant in compliance with state and federal law.

**FINANCIAL ANALYSIS**

**Government-wide financial statements**

The statement of net position reports all assets and liabilities, with the difference between the two reported as net position. This statement is prepared using the accrual basis of accounting whereby revenues and assets are recognized when earned and liabilities are recognized when good or services are provided, regardless of when cash is exchanged.

As shown in the Condensed Statement of Net Position below, the district's net position improved about \$11.3 million, \$6.9 million as a result of new accounting standards that require recognition of assets and liabilities held by the Wisconsin Retirement System, a shared-cost, multiple employer pension plan, and \$4.4 million surplus for the year.

**School District of New Berlin  
Management's Discussion and Analysis  
For the Year Ended June 30, 2015**

<b>Table 1</b>			
<b>Condensed Statement of Net Position</b>			
<i>(in thousands of dollars)</i>			
(2014 has not been restated for GASB 68)			
	<b>Governmental Activities</b>		<b>%</b>
	<b><u>2015</u></b>	<b><u>2014</u></b>	<b>Change</b>
			<b>2014 - 2015</b>
Current and other assets	25,042	27,908	-10.3%
Net capital assets	58,889	57,514	2.4%
Net pension assets and deferred outflows	9,942	2,319	328.8%
<b>Total assets and deferred outflows</b>	<b><u>93,873</u></b>	<b><u>87,741</u></b>	7.0%
Current liabilities	8,717	0	
Long-term debt outstanding	49,747	57,279	-13.1%
Other liabilities and deferred inflows	23	6,392	-99.6%
<b>Total liabilities and deferred inflows</b>	<b><u>58,487</u></b>	<b><u>63,671</u></b>	-8.1%
Net investment in capital assets	18,164	13,234	37.3%
Restricted assets	13,836	5,708	142.4%
Unrestricted net position	3,385	5,128	-34.0%
<b>Total net position</b>	<b><u>35,385</u></b>	<b><u>24,071</u></b>	47.0%

*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 51% of total net position. Restricted assets are for repayment of debt, the State of Wisconsin for pension plan, completion of capital projects and revenues raised for specific purposes. Restricted assets account for 39% of total net position and are held for:

<u>Restricted net position by fund</u>	
Repayment of debt	1,039
Capital projects	2,601
Community services	353
School nutrition services	1,171
Special revenue trust	573
Pension - Wisconsin Retirement System	8,099
<b>Total restricted assets</b>	<b><u>13,836</u></b>

The *statement of activities*, summarized below, reports revenues earned and expenses incurred during the year and shows how the district's net position changed. The following condensed statement shows that net position has improved \$3.2 million and \$4.4 million in the 2014 and 2015 years, respectively.



**School District of New Berlin  
Management's Discussion and Analysis  
For the Year Ended June 30, 2015**

<b>Table 2</b>			
<b>Change in Net Position</b>			
<i>(in thousands of dollars)</i>			
(2014 has not been restated for GASB 68)			
	<b>Governmental Activities</b>		<b>%</b>
	<b><u>2015</u></b>	<b><u>2014</u></b>	<b>Change</b>
			<b>2014 - 2015</b>
<b>Revenues</b>			
<b>Program revenues</b>			
Charges for services	2,887	2,967	-2.8%
Operating grants & contributions	3,373	3,253	3.6%
<b>General revenues</b>			
Property taxes	49,143	47,495	3.4%
State & federal formula aid	5,328	5,730	-7.5%
Other	2,491	451	81.9%
<b>Total revenues</b>	<b><u>63,222</u></b>	<b><u>59,896</u></b>	5.3%
<b>Expenses</b>			
Instruction	29,577	28,241	4.5%
Pupil & instructional services	4,763	4,176	12.3%
Management & overhead	6,246	6,008	3.8%
Facilities & transportation	11,951	8,706	27.1%
Debt payments	1,798	3,439	-91.2%
Other	4,517	6,090	-34.8%
<b>Total expenses</b>	<b><u>58,852</u></b>	<b><u>56,660</u></b>	3.7%
<b>Change in net position</b>	<b><u>4,370</u></b>	<b><u>3,236</u></b>	

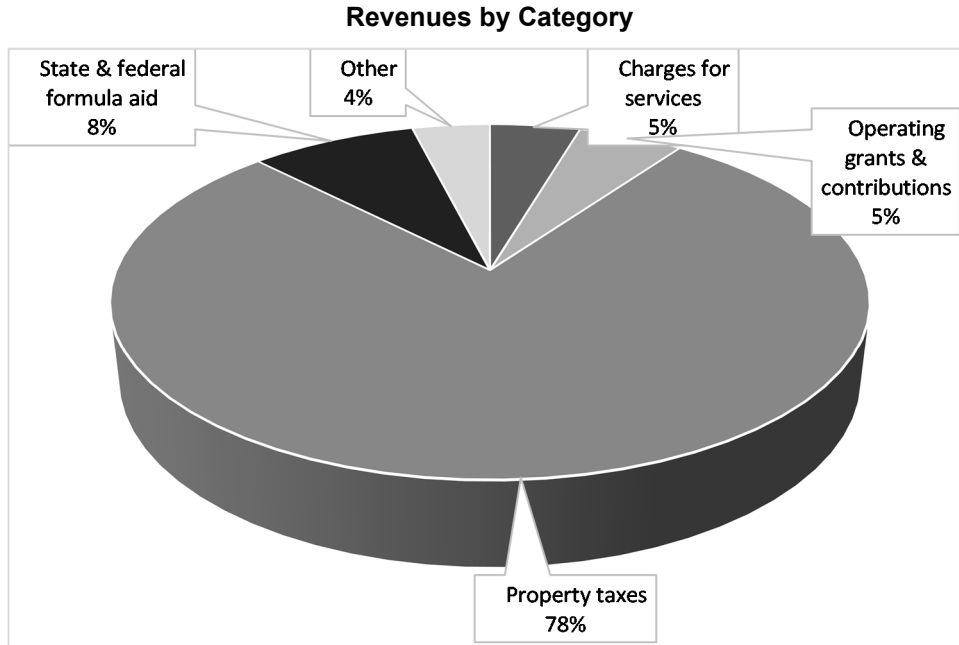
*Note: totals may not add due to rounding.*

The District relies primarily on property taxes and general purpose 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.

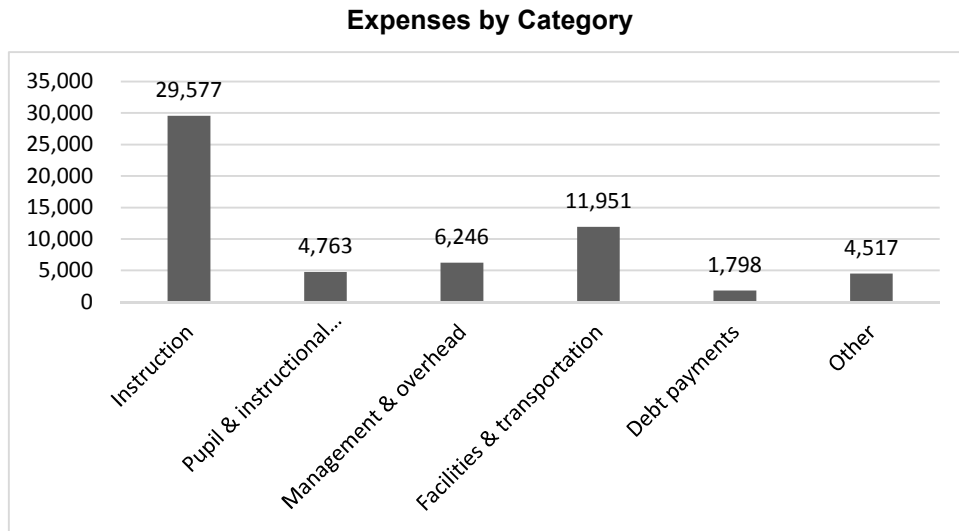
General state aid is paid according to a formula that takes into consideration the district's spending and property values as compared to spending and property values for the state as a whole. The SDNB has a relatively high per pupil expenditure and is located in a higher than average property value community, resulting in continuous declines in state support.

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

**School District of New Berlin  
Management's Discussion and Analysis  
For the Year Ended June 30, 2015**



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



**Fund financial statements**

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 are narrower than government-wide statements and provide information that may be useful in evaluating a district's near-term financing requirements.

**School District of New Berlin  
Management's Discussion and Analysis  
For the Year Ended June 30, 2015**

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 government-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.

The district completed the year with a total governmental fund balance of \$20.5 million including \$5.7 million restricted for specific purposes.

- Total fund balance declined \$1.7 million as a result of intentional usage for planned capital projects.
- The unassigned fund balance is 22% of expenditures.

**Budgetary highlights.** The district adopts an annual appropriation budget for the general fund that includes costs for special education. Although special education financial transactions are reported in the general fund, a separate budgetary comparison statement, in compliance with regulatory requirements, is presented.

- In the general fund, the budget had a \$1.5 million unfavorable variance:
  - Revenues were greater than budget due to higher than expected local and federal sources.
  - Expenditures were greater than budget as a result of completing several capital projects ahead of schedule. The district also experienced a much higher than anticipated charge for students attending other school districts.
- Actual expenditures for special education was about \$200,000 less than budgeted due primarily to savings in transportation costs.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of the fiscal year, the district had invested over \$88 million in a broad range of capital assets, including buildings, sites, and equipment, an increase of \$3.1 million, offset by dispositions of \$1.7 million, including an unneeded elementary school. Total accumulated depreciation on these assets is \$29.5 million, including depreciation expense in the current year of \$2 million.

### **Long-Term Debt**

At year-end the district had \$53.4 million in general obligation debt outstanding, following retirement of \$3.8 million. The district's credit ratings from Moody's Investor Services is Aa1.

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

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

1. The district will complete a number of facility maintenance and remodeling projects over the next two to three year by using:
  - ✓ \$1.9 million of proceeds from the sale of unneeded property and
  - ✓ \$4.3 million of fund balance from the general fund.
2. Issue \$5.1 million general obligation debt to update HVAC at two elementary schools.

**School District of New Berlin  
Management's Discussion and Analysis  
For the Year Ended June 30, 2015**

**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.

**BASIC FINANCIAL STATEMENTS**

**SCHOOL DISTRICT OF NEW BERLIN**  
**STATEMENT OF NET POSITION**  
June 30, 2015

**ASSETS**

**Current assets**

Cash and investments	\$ 18,516,031
Receivables	
Taxes	5,449,766
Accounts	73,115
Due from other governments	1,003,573
<b>Total current assets</b>	<b><u>25,042,485</u></b>

**Noncurrent assets**

Land	1,390,299
Buildings and improvements	83,035,896
Furniture, equipment and vehicles	3,918,379
Less accumulated depreciation	<u>(29,455,088)</u>
<b>Total noncurrent assets</b>	<b><u>58,889,486</u></b>

**Other assets**

Net pension asset	4,339,880
OPEB assets	<u>1,842,347</u>
<b>Total other assets</b>	<b><u>6,182,227</u></b>

**Deferred outflows of resources**

Deferred outflows of resources from pensions	<u>3,758,947</u>
--	------------------

**Total assets and deferred outflows of resources** **\$ 93,873,145**

**LIABILITIES**

**Current liabilities**

Accounts payable	\$ 1,720,076
Payroll and benefits payable	2,720,918
Accrued interest	467,104
Deposits payable	50,998
Unearned revenue	92,992
Current portion, long-term obligations	<u>3,665,000</u>
<b>Total current liabilities</b>	<b><u>8,717,088</u></b>

**Noncurrent liabilities**

Noncurrent portion, long-term obligations	<u>49,747,225</u>
---	-------------------

**Other liabilities**

Pension liability	<u>21,032</u>
-------------------	---------------

**Total liabilities** **58,485,345**

**Deferred Inflows of Resources**

Deferred inflows of resources from pensions	<u>2,172</u>
---	--------------

**Total liabilities and deferred inflows of resources** **58,487,517**

**NET POSITION**

Net investment in capital assets	18,164,486
Restricted	13,836,289
Unrestricted	<u>3,384,853</u>
<b>Total net position</b>	<b><u>35,385,628</u></b>

**Total liabilities, deferred inflows of resources and net position** **\$ 93,873,145**

See notes to basic financial statements.

**SCHOOL DISTRICT OF NEW BERLIN**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2015

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	\$ 21,819,239	\$ 1,144,346	\$ 530,941	\$ (20,143,952)
Vocational instruction	819,442	73,184	17,107	(729,151)
Special instruction	4,746,903	10,942	1,646,254	(3,089,707)
Other instruction	2,191,376	71,977	-	(2,119,399)
<b>Total instruction</b>	<b>29,576,960</b>	<b>1,300,449</b>	<b>2,194,302</b>	<b>(26,082,208)</b>
<b>Support services</b>				
Pupil services	1,702,614	-	23,727	(1,678,887)
Instructional staff services	3,060,744	-	491,903	(2,568,841)
General administration	751,609	-	-	(751,609)
School administration	2,407,062	-	-	(2,407,062)
Business services	784,929	-	-	(784,929)
Buildings and grounds	9,317,783	-	16,558	(9,301,225)
Pupil transportation	2,632,727	-	224,896	(2,407,831)
Other business services	1,894,965	1,245,387	410,324	(239,254)
Central services	3,225,352	-	11,191	(3,214,161)
Insurance	407,530	874	-	(406,656)
Debt service	1,798,054	-	-	(1,798,054)
Other support services	971,136	-	204	(970,932)
Community services	320,914	340,481	-	19,567
<b>Total support services</b>	<b>29,275,420</b>	<b>1,586,741</b>	<b>1,178,803</b>	<b>(26,509,876)</b>
<b>Total governmental activities</b>	<b>\$ 58,852,380</b>	<b>\$ 2,887,191</b>	<b>\$ 3,373,105</b>	<b>(52,592,084)</b>
<b>General revenues</b>				
Property taxes				
General purposes				42,522,957
Debt services				5,437,983
Capital projects				1,182,000
State & federal aids not restricted to specific functions				5,328,242
Interest and investment on earnings				20,387
Donations				170,305
Gain on sale of assets				1,936,036
Miscellaneous				364,279
<b>Total general revenues</b>				<b>56,962,189</b>
<b>Change in net position</b>				<b>4,370,105</b>
Net positions, beginning of year (restated)				31,015,523
<b>Net position, end of year</b>				<b>\$ 35,385,628</b>

See notes to basic financial statements.

**SCHOOL DISTRICT OF NEW BERLIN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2015**

	General Fund	Debt Service Funds	Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and investments	\$ 12,734,949	\$ 1,039,188	\$ 2,597,679	\$ 2,144,215	\$ 18,516,031
Receivables					
Taxes	5,449,766	-	-	-	5,449,766
Accounts	8,886	-	33,675	30,554	73,115
Due from other governments	1,003,573	-	-	-	1,003,573
<b>Total assets</b>	<b>\$ 19,197,174</b>	<b>\$ 1,039,188</b>	<b>\$ 2,631,354</b>	<b>\$ 2,174,769</b>	<b>\$ 25,042,485</b>
<b>Liabilities and fund balance</b>					
<b>Liabilities</b>					
Accounts payable	\$ 1,666,042	\$ -	\$ 30,342	\$ 23,692	\$ 1,720,076
Payroll and benefits payable	2,720,917	-	-	-	2,720,917
Deposits payable	50,998	-	-	-	50,998
Unearned revenue	39,177	-	-	53,815	92,992
<b>Total liabilities</b>	<b>4,477,134</b>	<b>-</b>	<b>30,342</b>	<b>77,507</b>	<b>4,584,983</b>
<b>Fund balance</b>					
Restricted	-	1,039,188	2,601,012	2,097,262	5,737,462
Committed	732,538	-	-	-	732,538
Unassigned	13,987,502	-	-	-	13,987,502
<b>Total fund balance</b>	<b>14,720,040</b>	<b>1,039,188</b>	<b>2,601,012</b>	<b>2,097,262</b>	<b>20,457,502</b>
<b>Total liabilities and fund balance</b>	<b>\$ 19,197,174</b>	<b>\$ 1,039,188</b>	<b>\$ 2,631,354</b>	<b>\$ 2,174,769</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	88,344,574	
Governmental accumulated depreciation	(29,455,088)	
Supplemental pension liability	(21,032)	
Net OPEB assets	<u>1,842,347</u>	60,710,801

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

Total deferred outflows	3,758,947	
Total deferred inflows	(2,172)	
WRS net pension asset	<u>4,339,880</u>	8,096,655

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

Bonds & notes payable	(52,720,000)	
Deferred finance premium	(692,225)	
Accrued interest on long-term obligations	<u>(467,105)</u>	(53,879,330)

**Total net position - governmental activities** **\$ 35,385,628**

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, 2015**

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 42,380,957	\$ 5,437,983	\$ 1,182,000	\$ 142,000	\$ 49,142,940
Other local sources	1,075,057	857	5,150	1,566,094	2,647,158
Intermediate sources	477,906	-	-	-	477,906
State sources	6,740,013	-	-	14,504	6,754,517
Federal sources	1,525,616	-	-	395,820	1,921,436
Other sources	151,544	27,867	132,872	-	312,283
<b>Total revenues</b>	<b>52,351,093</b>	<b>5,466,707</b>	<b>1,320,022</b>	<b>2,118,418</b>	<b>61,256,240</b>
<b>Expenditures</b>					
<b>Instruction</b>					
Regular instruction	18,293,278	-	-	-	18,293,278
Vocational instruction	724,887	-	-	-	724,887
Special instruction	4,830,702	-	-	-	4,830,702
Other instruction	2,251,459	-	-	-	2,251,459
<b>Total instruction</b>	<b>26,100,326</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,100,326</b>
<b>Support services</b>					
Pupil services	1,730,943	-	-	-	1,730,943
Instructional staff services	3,103,335	-	-	-	3,103,335
General administration	758,344	-	-	-	758,344
School administration	2,450,725	-	-	-	2,450,725
Business services	794,461	-	-	-	794,461
Buildings and grounds	8,947,015	-	3,557,537	1,800	12,506,352
Pupil transportation	2,634,758	-	-	-	2,634,758
Other business services	450,789	-	-	1,410,347	1,861,136
Central services	3,382,301	-	-	2,968	3,385,269
Insurance	407,530	-	-	-	407,530
Debt service payments	291,206	5,536,967	-	-	5,828,173
Other support services	959,968	-	-	-	959,968
<b>Total support services</b>	<b>25,911,375</b>	<b>5,536,967</b>	<b>3,557,537</b>	<b>1,415,115</b>	<b>36,420,994</b>
<b>Community services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>320,914</b>	<b>320,914</b>
<b>Non-program</b>					
General tuition payments	2,029,653	-	-	-	2,029,653
Other non-program	11,168	-	-	-	11,168
<b>Total non-program</b>	<b>2,040,821</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,040,821</b>
<b>Total expenditures</b>	<b>54,052,522</b>	<b>5,536,967</b>	<b>3,557,537</b>	<b>1,736,029</b>	<b>64,883,055</b>
Excess (deficiency) of revenues over expenditures	(1,701,429)	(70,260)	(2,237,515)	382,389	(3,626,815)
<b>Other financing sources</b>					
Proceeds from sale of capital assets	3,853	-	1,954,449	-	1,958,302
<b>Total other financing sources</b>	<b>3,853</b>	<b>-</b>	<b>1,954,449</b>	<b>-</b>	<b>1,958,302</b>
<b>Net Change in Fund Balances</b>	<b>(1,697,576)</b>	<b>(70,260)</b>	<b>(283,066)</b>	<b>382,389</b>	<b>(1,668,513)</b>
<b>Fund balances, beginning of year</b>	<b>16,417,616</b>	<b>1,109,448</b>	<b>2,884,078</b>	<b>1,714,873</b>	<b>22,126,015</b>
<b>Fund balances, end of year</b>	<b>\$ 14,720,040</b>	<b>\$ 1,039,188</b>	<b>\$ 2,601,012</b>	<b>\$ 2,097,262</b>	<b>\$ 20,457,502</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, 2015**

**Net change in fund balance - total governmental funds** \$(1,668,513)

**Amounts reported for governmental activities in the Statement of Activities that 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	3,411,297	
Proceeds from sale of capital assets reported as other financing sources in governmental fund statements	(1,958,302)	
Gain on disposal of assets, reported as a general revenue in the Statement of Activities	1,936,036	
Depreciation expense reported in the Statement of Activities	<u>(2,013,975)</u>	1,375,056

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	951,512	
The amount of OPEB expense reported on Statement of Activities	<u>(1,427,937)</u>	(476,425)

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:

Supplemental pension costs	(21,032)	
Pension expense reported on Statement of Activities	(592,848)	
Contributions and changes in deferred inflows	<u>1,693,535</u>	1,079,655

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 principal payments in the current year	<u>3,836,533</u>	3,836,533
---	------------------	-----------

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.

Less finance premium from prior years recognized this year	<u>30,214</u>	30,214
--	---------------	--------

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:	(467,104)	
The amount of interest accrued during the prior period is:	<u>660,687</u>	193,583

**Change in net position - governmental activities** **\$ 4,370,103**

See notes to the basic financial statements.

**SCHOOL DISTRICT OF NEW BERLIN**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**For the Year Ended June 30, 2015**

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 470,125
<b>Total assets</b>	<u><u>470,125</u></u>
<b>Liabilities</b>	
Accounts payable	28,057
Due to student groups	442,068
<b>Total liabilities</b>	<u><u>\$ 470,125</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, 2015**

**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 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 is 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 and business-type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities. 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 (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:**

Fund 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.

Funds are organized as major funds or non-major funds within the governmental, proprietary and fiduciary statements. An emphasis is placed on major funds within the governmental and proprietary 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

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2015**

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

**Fund Financial Statements: (continued)**

- b. The same element of the individual governmental fund or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise 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, proprietary funds, and fiduciary funds, even the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise 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:

**Food Service Fund** - Food Service Funds accounts for the 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.

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.

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2015**

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

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 object 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.

**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 before 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.

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2015**

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

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2013 tax levy is used to finance operations of the District's fiscal year ended June 30, 2014. 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.

Aid, Entitlements, and other revenues state general and categorical aids and other entitlements are recognized as revenues in the period the District is entitled to the resources and the amounts are available. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred and the amounts are available. Amounts owed to the District which are not available are recorded as receivables and unavailable revenues. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

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

**Inventories and Prepaid Items**

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

A reserve for these non-liquid assets (inventories and prepaid items) have been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

**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 same fund type in preparing the Statement of Net Position.

**Capital Assets**

Capital assets are reported at actual costs or estimated historical costs, based on appraisals conducted by an independent third-party professional appraisal firm. The District uses a minimum capitalization limit of \$2,500. Donated assets are reported at estimated fair market value at the time received.



**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2015**

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

**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. At June 30, 2014 the District reported \$722,439 of unamortized premiums.

**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. Employees must use their entire vacation during the fiscal year thus, vacation pay is not cumulative.

**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 are entitled to early retirement benefits for those employees who have provided specified minimum years of service to the District. Under the early retirement options, the District is liable at June 30, 2015 for varying amounts of health and life insurance 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.

**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. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then.

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2015**

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

**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. GASB 54 requires the fund balance amounts to be reported 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).
- 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 fund balance of at least 10% of the subsequent year budget.

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2015**

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

**Cash and Investments**

Custodial credit risk for deposits 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 investment pool.
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.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 per depositor at each financial institution. Bank accounts and the local government investment pool are also insured by the state Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual organizations. This coverage has not been considered. At June 30, 2015 none of the District's deposits were uninsured. Bank deposits are subject to custodial credit risk.

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.

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2015**

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

At June 30, 2015 the District had the following investments:

<u>Investment</u>	<u>Fair Value</u>	<u>Risk Potential</u>
Wisconsin Investment Series Cooperative	<u>\$19,763,967</u>	Credit, Interest rate

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.

**Capital Assets**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Sites (land)	\$ 1,390,299	\$ -	\$ -	\$ 1,390,299
Construction in progress	5,358,617	-	(5,358,617)	-
Total capital assets not being depreciated	<u>6,748,916</u>	<u>-</u>	<u>(5,358,617)</u>	<u>1,390,299</u>
Depreciable capital assets				
Site Improvements	2,634,678	-	-	2,634,678
Buildings & building improvements	72,801,240	8,472,178	(872,200)	80,401,218
Furniture and equipment	4,103,719	297,736	(854,742)	3,546,713
Vehicles	371,666	-	-	371,666
Total depreciable capital assets	<u>79,911,303</u>	<u>8,769,914</u>	<u>(1,726,942)</u>	<u>86,954,275</u>
Less accumulated depreciation for:				
Site improvements	(1,214,123)	(102,110)	-	(1,316,233)
Buildings & building improvements	(24,591,940)	(1,645,712)	863,478	(25,374,174)
Furniture and equipment	(2,999,795)	(266,153)	841,198	(2,424,750)
Vehicles	(339,931)	-	-	(339,931)
Total accumulated depreciation	<u>(29,145,789)</u>	<u>(2,013,975)</u>	<u>1,704,676</u>	<u>(29,455,088)</u>
<b>Total depreciable capital assets, net of accumulated depreciation</b>	<u><b>50,765,514</b></u>	<u><b>6,755,939</b></u>	<u><b>(22,266)</b></u>	<u><b>57,499,187</b></u>
<b>Governmental activities capital assets, net of accumulated depreciation</b>	<u><b>\$ 57,514,430</b></u>	<u><b>\$ 6,755,939</b></u>	<u><b>\$ (5,380,883)</b></u>	<u><b>\$ 58,889,486</b></u>

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 1,779,532
Vocational instruction	105,742
Other instruction	286
Buildings and grounds	86,203
Other business services	33,830
Central services	8,382
<b>Total depreciation for governmental activities</b>	<u><b>\$ 2,013,975</b></u>

**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For The Year Ended June 30, 2015**

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

**Long-term Obligations**

Long-term liability balances and activity for the year ended June 30, 2015 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
<b>General obligation debt</b>					
Bonds and notes payable					
Bonds	\$ 55,490,000	\$ -	\$ 3,485,000	\$ 52,005,000	\$ 3,665,000
Notes	785,000	-	70,000	715,000	-
Refunding premium	722,439	-	30,214	692,225	-
Total general obligation debt	<u>56,997,439</u>	<u>-</u>	<u>3,585,214</u>	<u>53,412,225</u>	<u>3,665,000</u>
<b>Other liabilities:</b>					
Capital leases	<u>281,533</u>	<u>-</u>	<u>281,533</u>	<u>-</u>	<u>-</u>
<b>Total governmental activity long-term liabilities</b>	<u>\$ 57,278,972</u>	<u>\$ -</u>	<u>\$ 3,866,747</u>	<u>\$ 53,412,225</u>	<u>\$ 3,665,000</u>

Payments on bonds and notes are made by the debt service fund. Interest incurred and paid on long-term obligations were \$2,141,700 and \$1,981,966, 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>					
	<u>Original Amount</u>	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Date of Maturity</u>	<u>Balance 6/30/2015</u>
Bonds payable	\$ 10,000,000	4/1/2005	3.0-5.0%	3/1/2025	\$ 1,130,000
Bonds payable	22,530,000	2/6/2006	3.75-5.0%	3/1/2025	7,515,000
Bonds payable	5,330,000	3/22/2010	2.0-3.3%	3/1/2021	3,610,000
Bonds payable	11,995,000	2/16/2011	3.5-5.5%	3/1/2029	11,995,000
Bonds payable	1,290,000	2/21/2011	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	9,385,000
Notes payable	715,000	8/16/2010	4.20%	3/1/2020	715,000
Bonds payable	8,200,000	10/15/2013	3.00%	3/1/2028	8,025,000
Bonds payable	9,995,000	2/24/2014	2.18%	3/1/2025	9,055,000
					<u>\$ 52,720,000</u>

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, 2015 is:

Equalized value certified by Wisconsin Department of Revenue for 2014:	<u>\$4,328,411,397</u>
Margin of indebtedness at 10%	432,841,140
Deduct long-term debt applicable to debt margin net of debt service funds available for debt retirement	<u>56,720,000</u>
<b>Margin of indebtedness</b>	<u>\$ 380,121,140</u>

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2015**

**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, 2015 is as follows:

Year ended June 30	Principal	Interest	Total
2016	\$ 3,665,000	\$ 1,868,415	\$ 5,533,415
2017	3,745,000	1,756,503	5,501,503
2018	3,875,000	1,636,879	5,511,879
2019	4,010,000	1,511,329	5,521,329
2020	4,135,000	1,373,079	5,508,079
2021-2025	19,745,000	5,072,301	24,817,301
2026-2030	13,545,000	1,596,910	15,141,910
<b>Totals</b>	<b>\$ 52,720,000</b>	<b>\$ 14,815,416</b>	<b>\$ 67,535,416</b>

**Wisconsin Retirement System**

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For The Year Ended June 30, 2015**

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

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

During the reporting period, the WRS recognized \$1,693,539 in contributions from the employer.

Contribution rates as of June 30, 2015 are:

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

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

At June 30, 2015, the New Berlin School District reported an asset of \$4,339,880 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District’s proportion of the net pension asset was based on the New Berlin School District’s share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the District’s proportion was 17.7%, which was the same as its proportion measured as of December 31, 2013.

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2015**

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

For the year ended June 30, 2015, the New Berlin School District recognized pension expense of \$582,537.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 629,148	\$ -
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	2,101,579	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	2,172
Employer contributions subsequent to the measurement date	1,028,220	-
<b>Total</b>	<b>\$ 3,758,947</b>	<b>\$ 2,172</b>

\$1,028,220 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflow of Resources	Deferred Inflows of Resources
2015	\$ 537,123	\$ 403
2016	537,123	403
2017	537,123	403
2018	537,123	403
2019	537,123	403
Thereafter	\$ 45,111	\$ 156

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

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

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



**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For The Year Ended June 30, 2015**

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

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

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

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

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

*Sensitivity of the 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:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
New Berlin School District's proportionate share of the net pension liability (asset)	12,243,549	(4,339,880)	(17,436,802)

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2015**

**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**

The District reports its liability for other postemployment benefits consistent with established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements.

*Plan Description.* The District operates a single-employer retiree benefit plan that provides postemployment medical insurance benefits to eligible employees and their spouses. There are 573 active and 376 retired members in the plan as of the July 1, 2014 actuarial study. Benefits and eligibility are established and amended by the governing body.

The District has \$0 of invested plan assets accumulated for payment of future benefits. The employer makes all contributions on a pay-as-you-go basis. The District paid \$951,512 of benefits for the year ended June 30, 2015.

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

	<b>Government Activities</b>
Annual required contribution	\$1,268,916
Interest on net OPEB	(92,751)
ARC Adjustment	251,772
Annual OPEB cost (expense)	1,427,937
Contributions made	(951,512)
Change in net OPEB obligation (asset)	476,425
OPEB asset at beginning of year	(2,318,773)
OPEB asset at end of year	\$(1,842,347)

**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For The Year Ended June 30, 2015**

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

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed/Paid</u>	<u>Net OPEB Obligation(Asset)</u>
6/30/2015	\$1,427,937	67%	\$(1,842,347)
6/30/2014	\$986,660	109%	\$(2,318,773)
6/30/2013	\$986,660	181%	\$(2,231,713)

*Funded Status and Funding Progress.* As of July 1, 2014, the most recent actuarial valuation date, the District's unfunded actuarial accrued liability (UAAL) was \$9,055,649. The annual payroll for active employees covered by the plan in the actuarial valuation was \$19,638,214 for a ratio of the UAAL to covered payroll of 46%.

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

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

In the July 1, 2014 actuarial valuation, the level percentage amortization was used. The actuarial assumptions included a rate of 4.0% to discount expected liabilities to the valuation date. The healthcare trend rate varies from 2.5% to 7.0%. The trend rate for dental and vision is 5.0%. The UAAL is being amortized as a level percentage of projected payrolls. The remaining amortization period at June 30, 2015 was 10 years.

**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. Administrators hired after July 1, 2012 are eligible for benefits as individually negotiated.

*Funding Policy.* The District has \$0 of net plan assets accumulated for payment of future benefits. The employer makes all of the contributions on a pay-as-you-go basis, and for the year ended June 30, 2015, the District paid \$0 in benefits.

**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For The Year Ended June 30, 2015**

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

*Annual Pension Cost and Net Pension Obligation.* The district's annual pension cost and net pension obligation for the current year is:

Component	Amount
Annual required contribution	\$ 21,032
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual pension cost (expense)	21,032
Pension payments made	-
Increase in net pension liability	21,032
Net pension asset – beginning of year	-
Net pension asset – end of year	\$ 21,032

The annual required contribution for the current year was determined as part of the July 1, 2014 actuarial valuation using the Entry Agent Normal – Level Percent of salary method. The actuarial assumptions included (a) 4.0% discount rate, and (b) projected salary increases at 3%. Mortality, disability and retirement rates are from the retirement rates used in the valuation of the Wisconsin Retirement System.

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized as a level percentage amount of projected payroll. The remaining amortization period at June 30, 2015 is 8 years.

*Trend Information.*

The district's annual pension cost, the percentage of the annual pension cost contributed to the plan, and the net pension obligation for 2015 was:

Fiscal Year Ended	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Liability
6/30/2015	\$21,032	0%	\$21,032

**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.

**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For The Year Ended June 30, 2015**

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

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.

At June 30, 2015, the District has reported a liability of \$462,105, which represents estimated unreported claims which were incurred on or before June 30, 2015.

Changes for this liability amount for the years ended June 30, 2015 and 2014 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>
2015	\$627,219	\$4,611,719	\$4,776,833	\$462,105
2014	\$314,689	\$6,091,296	\$5,778,766	\$627,219

**Note 4 - Governmental Activities Net Position**

Governmental activities Net Position reported on the Government-Wide Statement of Net Position at June 30, 2015 includes the following:

**Governmental Activities**

Net investment in capital assets	
Capital assets, net of accumulated depreciation	\$ 58,889,486
Less: related long-term debt outstanding	<u>(40,725,000)</u>
<b>Total net investment in capital assets</b>	18,164,486
Restricted	13,836,289
Unrestricted	<u>3,384,853</u>
<b>Total governmental activities net positions</b>	<u><u>\$ 35,385,628</u></u>

**Note 5 - Governmental Fund Balances**

Government fund balances reported on the fund financial statements at June 30, 2015 include the following:

**Restricted**

Debt Service Fund	\$ 1,039,188
Community Service Fund	352,979
Capital Projects Fund	2,601,012
Food Service Fund	1,171,422
Special Revenue Trust Fund	<u>572,881</u>
<b>Total restricted fund balance</b>	<u>5,737,462</u>

**Committed**

General Fund - Self-funded insurance	<u>732,538</u>
--------------------------------------	----------------

**Unassigned**

General Fund	<u>13,987,502</u>
	<u><u>\$20,457,502</u></u>

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2015**

**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 through fiscal 2016-17. The future minimum lease payments for these leases are as follows:

<u>June 30,</u>	<u>Amount</u>
2016	\$40,016
2017	<u>37,244</u>
	<u>\$78,260</u>

Total lease expense for the year ended June 30, 2015 was \$43,205.

**Note 8 – Commitments and Contingent Liabilities**

From time to time, the District is party to various claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the District's 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.

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2015**

**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.

**Statement of Net Position**

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

Capital assets, net of accumulated depreciation	\$58,889,486
OPEB Asset	1,842,347
Deferred outflows - Wisconsin Retirement System	3,758,947
Net WRS Pension Asset - Wisconsin Retirement System	<u>4,339,880</u>
	<u>\$68,830,660</u>

Long-term liabilities applicable to the District's 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	\$ (21,032)
Deferred inflows – Wisconsin Retirement System	(2,172)
Bonds and notes payable	(52,720,000)
Refunding premium	(692,225)
Accrued interest	<u>(467,105)</u>
Combined Adjustment	<u>\$ (53,902,534)</u>

**Statement of Activities**

- b. 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. This adjustment is a combination of the following items:

OPEB and pension liabilities/assets	\$ 603,232
Accrued interest	<u>193,583</u>
	<u>\$796,815</u>

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2015**

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

Capital related difference includes (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 recording depreciation expense on those items as recorded in the statement of activities. This adjustment is a combination of the following items:

Depreciation expense	\$(2,013,975)
Proceeds from sale of capital assets	(1,958,302)
Gain on disposal of assets	1,936,036
Capital expenditures	<u>3,411,297</u>
	<u>\$ 1,375,056</u>

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. This adjustment is as follows:

Principal payments on long-term debt	\$3,836,533
Amortized deferred finance premiums	<u>30,214</u>
	<u>\$3,866,747</u>

**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 December 1, 2015.

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

Effective July 1, 2014, the District adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements address accounting and financial reporting for pensions provided to District employees that are administered by the Wisconsin Retirement System (WRS). The statements also require various note disclosures (Note 9) and required supplementary information. Also, the Department of Public Instruction required the District to change the way it accounted for retirement of old outstanding checks, resulting in a prior period adjustment. As a result, beginning net position has been restated as follows:

Net position as previously reported on July 1, 2014	\$24,070,559
Prior period adjustment	(51,000)
Beginning net pension asset	<u>6,995,964</u>
Net position as restated	<u>\$31,015,523</u>



**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2015**

**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. 72, *Fair Value Measurement* in February 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements, and provides guidance for determining a fair value measurement for financial reporting purposes. The requirements of the related Statement are effective for financial Statement periods beginning after June 15, 2016.

The GASB issued Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* in June 2015. The requirements of the related Statement are effective for financial Statement periods beginning after June 15, 2016.

The GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension plans* in June 2015. This Statement is meant to improve the usefulness of information about postemployment benefits other than pensions, and replaces Statement No. 43 and No. 57. The requirements of the related Statement are effective for financial Statement periods beginning after June 15, 2016.

The GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in June 2015. This Statement is meant to improve the usefulness of information about postemployment benefits other than pensions, and replaces Statement No. 45 and No. 57. The requirements of the related Statement are effective for financial Statement periods beginning after June 15, 2017.

The GASB issued Statement No. 76 *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* in June 2015. This Statement is meant to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The requirements of the related Statement are effective for financial Statement periods beginning after June 15, 2015.

The GASB issued Statement No. 77 *Tax Abatement Disclosures* in August 2015. This Statement is meant to define tax abatements and identify the related disclosures that governments should provide. The requirements of the related Statement are effective for financial Statement periods beginning after December 15, 2015.

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, 2015**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>		<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>Revenues</b>				
Property taxes	\$ 42,380,033	\$ 42,380,033	\$ 42,380,957	\$ 924
Other local sources	906,404	906,404	1,075,057	168,653
Intermediate sources	535,195	535,195	403,762	(131,433)
State sources	5,242,667	5,242,667	5,303,639	60,972
Federal sources	374,989	374,989	509,289	134,300
Other sources	180,000	180,000	151,544	(28,456)
<b>Total revenues</b>	<b>49,619,288</b>	<b>49,619,288</b>	<b>49,824,248</b>	<b>204,960</b>
<b>Expenditures</b>				
<b>Instruction</b>				
Regular instruction	19,579,260	19,579,260	18,293,278	1,285,982
Vocational instruction	720,651	720,651	724,887	(4,236)
Special instruction	(5,361)	(5,361)	-	(5,361)
Other instruction	2,043,123	2,043,123	2,251,459	(208,336)
<b>Total instruction</b>	<b>22,337,673</b>	<b>22,337,673</b>	<b>21,269,624</b>	<b>1,068,049</b>
<b>Support services</b>				
Pupil services	870,437	870,437	897,496	(27,059)
Instructional staff services	2,757,464	2,757,464	2,831,804	(74,340)
General administration	844,778	844,778	758,344	86,434
School administration	2,467,379	2,467,379	2,450,725	16,654
Fiscal services	699,908	699,908	785,991	(86,083)
Buildings and grounds	6,283,705	6,283,705	8,923,955	(2,640,250)
Pupil transportation	2,539,069	2,539,069	2,229,117	309,952
Other business services	175,846	175,846	450,789	(274,943)
Central services	3,486,428	3,486,428	3,373,201	113,227
Insurance	427,285	427,285	407,530	19,755
Principal and interest	297,582	297,582	291,206	6,376
Other support services	1,351,550	1,351,550	959,968	391,582
<b>Total support services</b>	<b>22,201,431</b>	<b>22,201,431</b>	<b>24,360,126</b>	<b>(2,158,695)</b>
<b>Non-program</b>				
Tuition payments	831,004	831,004	1,366,843	(535,839)
Other non-program	6,000	6,000	11,168	(5,168)
<b>Total non-program</b>	<b>837,004</b>	<b>837,004</b>	<b>1,378,011</b>	<b>(541,007)</b>
<b>Total expenditures</b>	<b>45,376,108</b>	<b>45,376,108</b>	<b>47,007,761</b>	<b>(1,631,653)</b>
Excess revenues over expenditures	4,243,180	4,243,180	2,816,487	(1,426,693)
<b>Other financing sources (uses)</b>				
Transfers to other funds	(4,590,919)	(4,590,919)	(4,517,916)	(73,003)
Proceeds from sale of capital assets	-	-	3,853	(3,853)
<b>Total other financing sources (uses)</b>	<b>(4,590,919)</b>	<b>(4,590,919)</b>	<b>(4,514,063)</b>	<b>(76,856)</b>
<b>Net Change in Fund Balance</b>	<b>(347,739)</b>	<b>(347,739)</b>	<b>(1,697,576)</b>	<b>(1,503,549)</b>
<b>Fund balance, beginning of year</b>	<b>16,417,616</b>	<b>16,417,616</b>	<b>16,417,616</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 16,069,877</b>	<b>\$ 16,069,877</b>	<b>\$ 14,720,040</b>	<b>\$ (1,503,549)</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, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Intermediate sources	\$ 196,755	\$ 196,755	\$ 74,144	\$ (122,611)
State sources	1,439,873	1,439,873	1,436,374	(3,499)
Federal sources	989,494	989,494	1,016,327	26,833
Other sources	-	-	-	-
<b>Total revenues</b>	<b>2,626,122</b>	<b>2,626,122</b>	<b>2,526,845</b>	<b>(99,277)</b>
<b>Expenditures</b>				
<b>Instruction</b>				
Special instruction	4,963,752	4,965,752	4,830,703	135,049
<b>Total instruction</b>	<b>4,963,752</b>	<b>4,965,752</b>	<b>4,830,703</b>	<b>135,049</b>
<b>Support services</b>				
Pupil services	869,821	839,465	833,448	6,017
Instructional staff services	372,603	293,625	271,531	22,094
Fiscal services	7,500	7,500	8,470	(970)
Buildings and grounds	33,800	31,800	23,059	8,741
Pupil transportation	745,783	745,783	405,641	340,142
Central services	9,818	9,818	9,099	719
<b>Total support services</b>	<b>2,039,325</b>	<b>1,927,991</b>	<b>1,551,248</b>	<b>376,743</b>
<b>Non-program</b>				
Tuition payments	356,352	356,352	662,810	(306,458)
<b>Total non-program</b>	<b>356,352</b>	<b>356,352</b>	<b>662,810</b>	<b>(306,458)</b>
<b>Total expenditures</b>	<b>7,359,429</b>	<b>7,250,095</b>	<b>7,044,761</b>	<b>205,334</b>
Excess revenues over expenditures	(4,733,307)	(4,623,973)	(4,517,916)	106,057
<b>Other financing sources</b>				
Transfers from other funds	4,447,677	4,623,973	4,517,916	106,057
<b>Total other financing sources</b>	<b>4,447,677</b>	<b>4,623,973</b>	<b>4,517,916</b>	<b>106,057</b>
<b>Net Change in Fund Balance</b>	-	-	-	-
<b>Fund balance, beginning of year</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 FUNDING PROGRESS FOR  
POSTEMPLOYMENT BENEFIT PLAN AND PENSION PLAN**

**OPEB**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage Of Covered Payroll ((b-a)/c)</b>
07/01/2014	0	\$9,055,649	\$9,055,649	0.0%	\$24,478,119	35%
07/01/2012	0	\$15,614,381	\$15,614,381	0.0%	\$23,742,706	66%
07/01/2010	0	\$16,391,096	\$16,391,096	0.0%	\$20,019,661	82%

**Supplemental Pension**

07/01/2014	0	\$141,779	\$141,779	0.0%	\$248,017	57%
------------	---	-----------	-----------	------	-----------	-----

**SCHOOL DISTRICT OF NEW BERLIN**  
**Required Supplementary Information**  
**Schedule of Proportionate Share of the Net Pension Liability (Asset)**  
**Wisconsin Retirement System**  
**Last 10 Fiscal Years\* (which may be built prospectively)**

<b>2015</b>	
New Berlin School District's proportionate of the net pension liability (asset)	13.6%
New Berlin School District's proportionate share of the net pension liability (asset)	\$4,339,880
New Berlin School District's covered-employee payroll	\$24,193,417
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%

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

**SCHOOL DISTRICT OF NEW BERLIN  
Required Supplementary Information  
Schedule of Contributions  
Wisconsin Retirement System**

Contractually required contributions	\$1,693,539
Contributions in relation to the contractually required contributions	\$(1,639,539)
Contribution deficiency (excess)	\$ -
New Berlin School District's covered-employee payroll	\$24,193,417
Contributions as a percentage of covered-employee payroll	7%

\*The amounts presented for each 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, 2015**

**Note 1 - Funding Progress Data**

The data presented in the Schedule of Funding Progress was taken from the reports issued by the actuary.

The District is required to present information for the retiree benefit plan for the three most recent actuarial studies. Data for intervening years are not presented.

**Note 2 - Excess Expenditures Over Appropriations**

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

**General Fund**

Vocational instruction	\$4,236
Pupil services	\$27,059
Buildings and grounds	\$2,640,250
Other business services	\$274,943
Other Instruction	\$208,336
Instructional staff services	\$74,340

**Special Education Fund**

Fiscal services	\$970
General tuition payments	\$306,458

**Note 3 - Wisconsin Retirement System**

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

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



**OTHER SUPPLEMENTARY INFORMATION**

**SCHOOL DISTRICT OF NEW BERLIN  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2015**

	<b>Community Service Fund</b>	<b>Food Service Fund</b>	<b>Special Revenue Trust Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>				
Cash and investments	\$ 342,325	\$ 1,229,029	\$ 572,861	\$ 2,144,215
Accounts receivable	30,382	172	-	30,554
<b>Total assets</b>	<b>\$ 372,707</b>	<b>\$ 1,229,201</b>	<b>\$ 572,861</b>	<b>\$ 2,174,769</b>
<b>Liabilities and fund balance</b>				
<b>Liabilities</b>				
Accounts payable	9,772	13,920	-	23,692
Unearned revenue	9,956	43,859	-	53,815
<b>Total liabilities</b>	<b>19,728</b>	<b>57,779</b>	<b>-</b>	<b>77,507</b>
<b>Fund balance</b>				
Restricted	352,979	1,171,422	572,861	2,097,262
<b>Total fund balances</b>	<b>352,979</b>	<b>1,171,422</b>	<b>572,861</b>	<b>2,097,262</b>
<b>Total liabilities and fund balances</b>	<b>\$ 372,707</b>	<b>\$ 1,229,201</b>	<b>\$ 572,861</b>	<b>\$ 2,174,769</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, 2015**

	<b>Community Service Fund</b>	<b>Food Service Fund</b>	<b>Special Revenue Trust Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>				
Property taxes	\$ 142,000	\$ -	\$ -	\$ 142,000
Local sources	320,707	1,245,387	-	1,566,094
State sources	-	14,504	-	14,504
Federal sources	-	395,820	-	395,820
<b>Total revenues</b>	<b>462,707</b>	<b>1,655,711</b>	<b>-</b>	<b>2,118,418</b>
<b>Expenditures</b>				
<b>Support services</b>				
Buildings and grounds	-	1,800	-	1,800
Other business services	-	1,410,347	-	1,410,347
Central services	-	2,968	-	2,968
<b>Total support services</b>	<b>-</b>	<b>1,415,115</b>	<b>-</b>	<b>1,415,115</b>
<b>Community services</b>	<b>320,914</b>	<b>-</b>	<b>-</b>	<b>320,914</b>
<b>Total expenditures</b>	<b>320,914</b>	<b>1,415,115</b>	<b>-</b>	<b>1,736,029</b>
Excess of revenues over expenditures	<b>141,793</b>	<b>240,596</b>	<b>-</b>	<b>382,389</b>
<b>Other financing sources (uses)</b>				
Transfers from (to) other funds	(572,861)	-	572,861	-
<b>Total other financing sources (uses)</b>	<b>(572,861)</b>	<b>-</b>	<b>572,861</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(431,068)</b>	<b>240,596</b>	<b>572,861</b>	<b>382,389</b>
<b>Fund balance, beginning of year</b>	<b>784,047</b>	<b>930,826</b>	<b>-</b>	<b>1,714,873</b>
<b>Fund balance, end of year</b>	<b>\$ 352,979</b>	<b>\$ 1,171,422</b>	<b>\$ 572,861</b>	<b>\$ 2,097,262</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, 2015**

	<b>Balance</b> <b>7/1/2014</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance</b> <b>6/30/2015</b>
<b>ASSETS</b>				
Cash and investments	\$ 476,629	\$ 648,884	\$ 655,388	\$ 470,125
Accounts receivable	826	-	826	-
	<u>\$ 477,455</u>	<u>\$ 648,884</u>	<u>\$ 656,214</u>	<u>\$ 470,125</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 21,077	\$ 6,980	\$ -	\$ 28,057
Due to student organizations	456,378	641,904	656,214	442,068
	<u>\$ 477,455</u>	<u>\$ 648,884</u>	<u>\$ 656,214</u>	<u>\$ 470,125</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, 2015

	Federal Catalog Number	Program or Award Amount	Accrued Receivable 7/1/2014	Expenditures Grantor	Revenues Grantor Reimbursements	Accrued Receivable 6/30/2015
<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</u>						
<u>Act (IDEA) - Flow Through</u>						
	84.027					
July 1, 2013 to June 30, 2014		\$ 1,016,541	\$ 561,655	\$ -	\$ 561,655	\$ -
July 1, 2014 to June 30, 2015		\$ 1,202,493	-	766,580	527,211	239,369
<u>Individuals with Disabilities Education</u>						
<u>Act (IDEA) - Flow Through (EIS)</u>						
	84.027					
July 1, 2013 to June 30, 2014		\$ 134,253	48,578	-	48,578	-
July 1, 2014 to June 30, 2015		\$ 183,004	-	143,146	48,199	94,947
<u>Transition Improvement Grant</u>						
	84.027					
July 1, 2014 to June 30, 2015		\$ 10,000	-	10,000	10,000	-
<u>PL-99-457</u>						
	84.173					
July 1, 2013 to June 30, 2014		\$ 46,816	41,676	-	41,676	-
July 1, 2014 to June 30, 2015		\$ 42,066	-	41,875	23,650	18,225
<b>Total Special Education Cluster</b>			<u>651,909</u>	<u>961,601</u>	<u>1,260,969</u>	<u>352,541</u>
<b>Career Education Cluster</b>						
<u>Carl Perkins Grant</u>						
	84.048					
July 1, 2014 to June 30, 2015		\$ 15,444	-	15,394	9,994	5,400
<u>WCTC Youth Apprenticeship</u>						
	84.048					
July 1, 2014 to June 30, 2015		\$ 3,471	-	3,471	3,471	-
<u>WCTC Career Prep Tech Support</u>						
	84.048					
July 1, 2014 to June 30, 2015		\$ 1,383	-	1,383	1,383	-
<b>Total Career Education Cluster</b>			<u>-</u>	<u>20,248</u>	<u>14,848</u>	<u>5,400</u>
<u>IASA Title I</u>						
	84.010					
July 1, 2013 to June 30, 2014		\$ 157,414	15,609	-	15,609	-
July 1, 2014 to June 30, 2015		\$ 150,417	-	134,514	42,093	92,421
<u>Title II Quality Teachers and Principals</u>						
	84.367					
July 1, 2013 to June 30, 2014		\$ 83,698	2,894	-	2,894	-
July 1, 2014 to June 30, 2015		\$ 75,671	-	68,237	29,777	38,460
<b>Total U.S. Department of Education</b>			<u>670,412</u>	<u>1,184,600</u>	<u>1,366,190</u>	<u>488,822</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					
July 1, 2014 to June 30, 2015		\$ -	-	100,824	100,824	-
<u>National School Lunch Program</u>						
	10.555					
July 1, 2014 to June 30, 2015		\$ -	-	294,997	294,997	-
<b>Total School Nutrition Cluster</b>			<u>-</u>	<u>395,821</u>	<u>395,821</u>	<u>-</u>
<b>Total U.S. Department of Agriculture</b>			<u>-</u>	<u>395,821</u>	<u>395,821</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					
July 1, 2012 to June 30, 2013		\$ -	-	135,856	135,856	-
July 1, 2013 to June 30, 2014		\$ -	21,052	22,682	43,734	-
July 1, 2014 to June 30, 2015		\$ -	-	207,872	161,266	46,606
<b>Total Medicaid Reimbursement and U.S. Department of Health and Human Services</b>			<u>21,052</u>	<u>366,410</u>	<u>340,856</u>	<u>46,606</u>
<b>Totals</b>			<u>\$ 691,464</u>	<u>\$ 1,946,831</u>	<u>\$ 2,102,867</u>	<u>\$ 535,428</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, 2015

<u>Awarding Agency/Pass-Through Agency/Award Description</u>	<u>State ID Number</u>	<u>Accrued Receivable 7/1/2014</u>	<u>Revenue/ Expenditures</u>	<u>State Reimbursements</u>	<u>Accrued Receivable 6/30/2015</u>
<b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>					
<b>Entitlement Programs</b>					
Major State Programs					
Handicapped Pupils and School Age Parents	255.101	\$ -	\$ 1,436,374	\$ 1,436,374	\$ -
General Special Adjustment Aid	255.203	-	659,778	659,778	-
Common School Library Fund	255.103	-	165,459	165,459	-
Integration Aid - Non-resident	255.204	-	125,016	125,016	-
General Equalization	255.201	66,608	2,766,860	2,779,048	54,420
<b>Total Major Programs</b>		<u>66,608</u>	<u>5,153,487</u>	<u>5,165,675</u>	<u>54,420</u>
Nonmajor State Programs					
Per Pupil Adjustment Aid	255.945	-	691,725	691,725	-
Pupil Transportation Aid	255.107	-	149,922	149,922	-
State School Lunch Aid	255.101	-	14,504	14,504	-
Technical Incentive Grant	255.950	-	4,000	4,000	-
Educator Effectiveness - Teachscape	255.940	27,360	27,280	54,640	-
Educator Effectiveness - Peer Review Coop	255.301	5,936	-	5,936	-
<b>Total Nonmajor Programs</b>		<u>33,296</u>	<u>887,431</u>	<u>920,727</u>	<u>-</u>
<b>Total Entitlement Programs</b>		99,904	6,040,918	6,086,402	54,420
<b>WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT</b>					
Fast Forward Health Occupations		-	27,463	-	27,463
<b>WISCONSIN DEPARTMENT OF REVENUE</b>					
Exempt Computer Aid		381,121	352,911	381,121	352,911
<b>Totals</b>		<u>\$ 481,025</u>	<u>\$ 6,421,292</u>	<u>\$ 6,467,523</u>	<u>\$ 434,794</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, 2015**

**Note 1 - Reporting Entity**

The Schedules of Expenditures of Federal and State Awards include all federal and state funds of the School District of New Berlin. The reporting entity for the District is based upon criteria established by the Governmental Accounting Standards Board.

State programs reported include only those programs required to be included by the *State Single Audit Guidelines*.

**Note 2 - Basis of Presentation**

The accounting records for grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred.

The information in this schedule is presented in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations and the State Single Audit Guidelines*.

**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**

Eligible costs for special education under project 011 were \$5,697,683 for the year end June 30, 2015.



**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 the 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, 2015, which collectively comprise the District's basic financial statements and have issued our report thereon dated, December 1, 2015. 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.

**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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School District of New Berlin's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with the *Governmental Auditing Standards* in considering the District'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*

December 1, 2015

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133  
AND 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 School District of New Berlin's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. 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 could have a direct and material effect on each of its major state programs for the year ended June 30, 2015. 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 its 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; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; 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, OMB Circular A-133, the Audit Manual 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 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 of the District's compliance.

**Opinion on Each Major Federal and State Program**

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 major federal and state programs for the year ended June 30, 2015.

## 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, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each 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 program and to test and report on internal control over compliance in accordance with OMB Circular A-133 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.

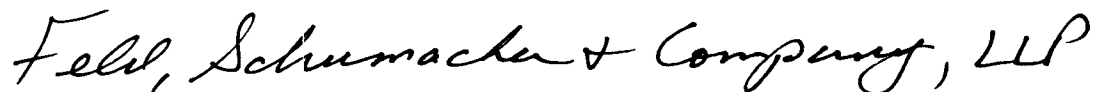
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### 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 OMB Circular A-133 and the State Single Audit Guidelines. Accordingly, this report is not suitable for any other purpose. This report is intended solely for the information and use 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



West Allis, Wisconsin  
December 1, 2015

**SCHOOL DISTRICT OF NEW BERLIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2015**

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

**Financial Statements**

Type of auditor's report issued	Unmodified	
Internal control over financial reporting		
Material weakness(es) identified?	___ 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 Circular A-133 Section .510(a)?	___ yes	_X_ no

Identification of major programs

<u>CFDA NUMBER(S)</u>	<u>Name of Federal Program or Cluster</u>
93.778	Medicaid reimbursement
84.027	IDEA Cluster
84.027	IDEA Flowthrough
84.173	IDEA - Flowthrough (EIS)
84.027	Preschool Entitlement
	Transition and Improvement
84.010	IASA Title I
Dollar threshold used to distinguish between Type A & Type B programs	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	___ yes      _X_ no



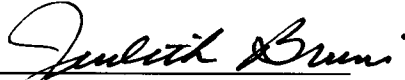
**SCHOOL DISTRICT OF NEW BERLIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015  
(continued)**

**State**

There were no findings or questioned costs for state awards.

**Section IV: Other issues**

1. Does the auditor's report include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? \_\_\_\_\_ Yes        X   No      \_\_\_\_\_ N/A
  
2. Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment), related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:
 

Department of Workforce Development	_____ Yes	<u>  X  </u> No	_____ N/A
Department of Corrections	_____ Yes	<u>  X  </u> No	_____ N/A
Department of Health Services	_____ Yes	<u>  X  </u> No	_____ N/A
  
3. Was a Management letter or other document conveying audit comments issued as a result of this audit? \_\_\_\_\_ Yes        X   No      \_\_\_\_\_ N/A
  
4. Name and signature of partner 
  
Judith A. Bruni, CPA
  
5. Date of report December 1, 2015