

**SCHOOL DISTRICT OF NEW BERLIN**

**FINANCIAL STATEMENTS**

**June 30, 2019**

**SCHOOL DISTRICT OF NEW BERLIN**

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of New Berlin, as of and for the year ended June 30, 2019, 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

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

### Auditor's Responsibility

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

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

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

## **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, 2019, and the respective changes in financial position, where applicable, and the respective budgetary comparisons for the General Fund and Special Education Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2020 on our consideration of the School District of New Berlin's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of the audit.

FELD, SCHUMACHER & COMPANY, LLP

A handwritten signature in cursive script that reads "Feld, Schumacher & Company, LLP". The signature is written in black ink and is positioned below the printed name of the firm.

West Allis, Wisconsin  
January 17, 2020

**MANAGEMENT'S DISCUSSION  
AND  
ANALYSIS**

# SCHOOL DISTRICT OF NEW BERLIN

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2019

The School District of New Berlin is a public-school district operating kindergarten through 12<sup>th</sup> grade and limited community programs in accordance with laws and regulations of the State of Wisconsin. Laws and regulations determine the way compliance will be demonstrated, including financial reporting preparation. The discussion and analysis of the School District of New Berlin's financial performance provides an overall review of financial activities for the fiscal year and focuses on school District financial performance as a whole.

### FINANCIAL HIGHLIGHTS

- The General Fund (Fund 10) fund balance increased \$1.47 million from \$9.45 million to \$10.92 million. The fund balance is 19.8% of the \$55.23 million Fund 10 expenditures for the 2018-2019 fiscal year.
- The school board policy is to maintain a minimum General Fund balance equal to 10% of expenditures. The district has met this minimum fund balance as of June 30, 2019.
- Capital assets have been reported at \$109.00 million and accumulated depreciation of \$42.01 million for a net capital asset value of \$66.10 million. The amount listed represents the estimated historical cost of all sites, site improvements, buildings and building improvements, vehicles, and furniture and equipment with a unit value of at least \$5,000. Capital assets are assigned to an expense function and annual and accumulated depreciation for each expense function has been incorporated into the financial statements (see Note 3 in the Notes to the Financial Statements).
- The district follows GASB #73, *Accounting and Financial Reporting for Pensions* for its Supplemental Pension Plan, GASB 74, *Financial Reporting for Postemployment Benefits Other Than Pensions*, and GASB #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This allows the District to report its total supplemental pension liability and net OPEB liability. As of June 30, 2019, a \$87,738 supplemental pension liability and a \$12,987,304 net OPEB liability are reported in the Statement of Net Position.
- The District follows GASB #68, *Accounting and Financial Reporting for Pension* and GASB #71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* for its membership in the Wisconsin Retirement System (WRS) pension plan. This allows the District to report its proportionate share of the WRS plan net pension liability. As of June 30, 2019, a \$6,305,325 net pension liability is reported in the Statement of Net Position.
- The District's overall financial status, as reflected in total net position, decreased by \$238,750.
- Financial activity resulted in a decrease in fund balance in the Food Service Fund (Fund 50) of \$42,851. Expenditures of \$1.52 million exceeded revenues of \$1.48 million resulting in an ending fund balance of \$1,001,083.
- Financial activity resulted in an increase in fund balance in the Community Service Fund (Fund 80) of \$346,699. Revenues of \$1.076 million exceeded expenditures of \$729,692. The fund balance in Fund 80 is \$739,528.
- Financial activity resulted in an increase in fund balance in the Gift Fund (Fund 21) of 88,451. Revenues of 349,456 exceeded expenditures of \$261,005 resulting in an ending fund balance of 879,273, which is restricted per the gift requirements of fund 21.
- Total revenues for Governmental Funds were \$65.18 million. This amount includes \$50.79 million of local property taxes, \$10.41 million of federal and state aids. Property taxes represent 77.8% of all revenue.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The annual financial report consists of four parts:

1. Management's Discussion and Analysis
2. Basic Financial Statements (District-Wide and Fund Statements)
3. Notes to the Financial Statements.
4. Required and Additional Supplementary Information

The basic financial statements consist of *District-Wide Financial Statements* and *Fund Statements* that present different views of the District's financial activities.

### **District-Wide Financial Statements**

- The *Statement of Net Position* and *Statement of Activities* provide information on a District-wide basis. These statements present an aggregate view of the District's finances. These statements contain useful long-term information as well as information for the 2018-2019 fiscal year.
- The *Statement of Net Position* compares assets to liabilities to give an overall view of the financial health of the District.
- The *Statement of Activities* defines the District's expenses by function and illustrates the total that is offset by corresponding revenues (charges for services and/or operating grants and contributions). General revenue and any extraordinary credits are identified. The result is total net expense offset by general and miscellaneous revenue and recognizing the change in net position for the District from the previous year.

### **Fund Financial Statements**

- The remaining statements: *Balance Sheet - Governmental Funds* and *Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds* focuses on individual parts of the District. Fund statements generally report operations in more detail than the district-wide statements and support the *Statement of Net Position*.
- The *Notes to Financial Statements* provide further explanation of some of the information in the statements and provide additional disclosure so statement users have a complete picture of the District's financial activities and position.
- *Required Supplementary Information* further explains and supports the financial statements by including a comparison of the District's budget data for the year and includes all reports in the financial statements through and including the financial notes.
- *Additional Supplementary Information* provides information specific to nonmajor governmental funds.

The major features of the District's financial statements, including the portion of the activities reported and type of information contained is shown in the following table (Table 1).

**Table 1 - Major Features of District-Wide and Fund Financial Statements**

	<b>District-Wide Statements</b>	<b>Governmental Fund Statements</b>	<b>Proprietary Fund Statements</b>	<b>Fiduciary Fund Statements</b>
<b>Scope</b>	Entire district (except fiduciary funds)	The activity of the District that is not proprietary or fiduciary, such as instructional, support services and community services.	An activity the District operates similar to private businesses. <b><u>The District does not report any program for this designation.</u></b>	Assets held by the District on behalf of someone else. Student and other groups that have funds on deposit with the District are reported here. All expendable and non-expendable scholarship funds are reported here. The District's Post-Retirement Health Insurance Benefit Trust is reported here.
<b>Required Financial Statements</b>	Statement of Net Position  Statement of Activities	Balance Sheet  Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position  Statement of Revenues, Expenses and Changes in Net Position  Statement of Cash Flows	Statement of Fiduciary Net Position  Statement of Changes in Fiduciary Net Position
<b>Basis of Accounting and Measurement Focus</b>	Accrual accounting  Economic resources focus	Modified accrual accounting  Current financial resources focus	Accrual accounting  Economic resources focus	Accrual accounting  Economic resources focus
<b>Type of Asset and Liability Information</b>	All assets and liabilities, both financial and capital, short-term and long-term.	Generally, assets expected to be used and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities are included.	All assets and liabilities, both financial and capital, short-term and long term.	All assets and liabilities, both financial and capital, short-term and long-term. <b><u>The District's fiduciary funds do not currently contain capital assets.</u></b>
<b>Type of Inflow and Outflow Information</b>	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year. Expenditures when goods or services have been received and the related liabilities are due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions or deductions during the year, regardless of when cash is received and paid.

**Table 2 - Condensed Statement of Net Position**

	<u>2019</u>	<u>2018</u>	<u>% Change</u>
<b><u>Assets</u></b>			
Current Assets	\$ 18,990,170	\$ 18,423,822	3.1
Non-Curret Assets	67,004,581	73,295,981	(8.6)
Deferred Outflows of Resources	<u>18,622,939</u>	<u>14,551,819</u>	28.0
<b>Total Assets &amp; Deferred Outflows</b>	<b><u>\$ 104,617,690</u></b>	<b><u>\$ 106,271,622</u></b>	(1.6)
<b><u>Liabilities</u></b>			
Current Liabilities	\$ 5,098,326	\$ 4,136,945	23.2
Long-Term Debt Outstanding	45,955,978	49,868,880	(7.8)
Non-Current Liabilities	19,380,367	10,543,565	83.8
Deferred Inflows of Resources	<u>8,764,050</u>	<u>16,064,422</u>	(45.4)
<b>Total Liabilities &amp; Deferred Inflows</b>	<b><u>\$ 79,198,721</u></b>	<b><u>\$ 80,613,812</u></b>	(1.8)
<b><u>Net Position</u></b>			
Invested in Capital, Net of Related Debt	\$ 21,492,436	\$ 43,077,951	(50.1)
Restricted	4,643,707	8,993,051	(48.4)
Unrestricted	<u>(717,174)</u>	<u>(26,413,283)</u>	(97.3)
<b>Total Net Position</b>	<b><u>\$ 25,418,969</u></b>	<b><u>\$ 25,657,719</u></b>	(0.9)

As of June 30, 2019, the District reported total assets and deferred outflows of \$104.62 million and total liabilities and deferred inflows of \$79.20 million. Net position amounts to \$25.42 million. Noncurrent asset reporting includes historical cost of sites, site improvements, buildings, building improvements, vehicles, and furniture and equipment (all net of accumulated depreciation).

**Table 3 - Change in Net Position from Operating Results  
For Governmental Activities**

		<u>Actual 2018-2019</u>	<u>%</u>	<u>Actual 2017-2018</u>	<u>%</u>
<b><u>Revenues:</u></b>					
<b>Program</b>	Charges for Services	\$ 2,682,574	4.1	\$ 2,666,985	4.2
	Operating Grants & Cont.	4,333,982	6.6	4,041,382	6.3
<b>General</b>	Property & Other Taxes	50,791,524	77.8	51,745,449	80.6
	General Federal and State Aids	6,073,368	9.3	4,714,332	7.3
	Gifts	444,187	0.7	482,746	0.8
	Other	<u>956,703</u>	<u>1.5</u>	<u>575,140</u>	<u>0.9</u>
<b>Total Revenue</b>		<b><u>\$ 65,282,338</u></b>	<b><u>100.0</u></b>	<b><u>\$ 64,226,034</u></b>	<b><u>100.0</u></b>

**Table 3 - Change in Net Position from Operating Results  
For Governmental Activities  
(continued)**

	<b>Actual 2018-2019</b>	<b>%</b>	<b>Actual 2017-2018</b>	<b>%</b>
<b><u>Expenses:</u></b>				
Instruction	\$ 35,825,094	54.7	\$ 32,835,923	54.4
Pupil/Instructional services	5,919,569	9.0	4,684,800	7.8
Business and Administration	18,475,832	28.2	15,741,090	26.1
Other support	2,152,528	3.3	4,779,214	7.9
Interest on debt	2,423,411	3.7	1,642,182	2.7
Community service	724,654	1.1	710,135	1.2
<b>Total Expense</b>	<b><u>\$ 65,521,088</u></b>	<b><u>100.0</u></b>	<b><u>\$ 60,393,344</u></b>	<b><u>100.0</u></b>
<b>Change in Net Position</b>	<b><u>\$ (238,750)</u></b>		<b><u>\$ 3,832,690</u></b>	

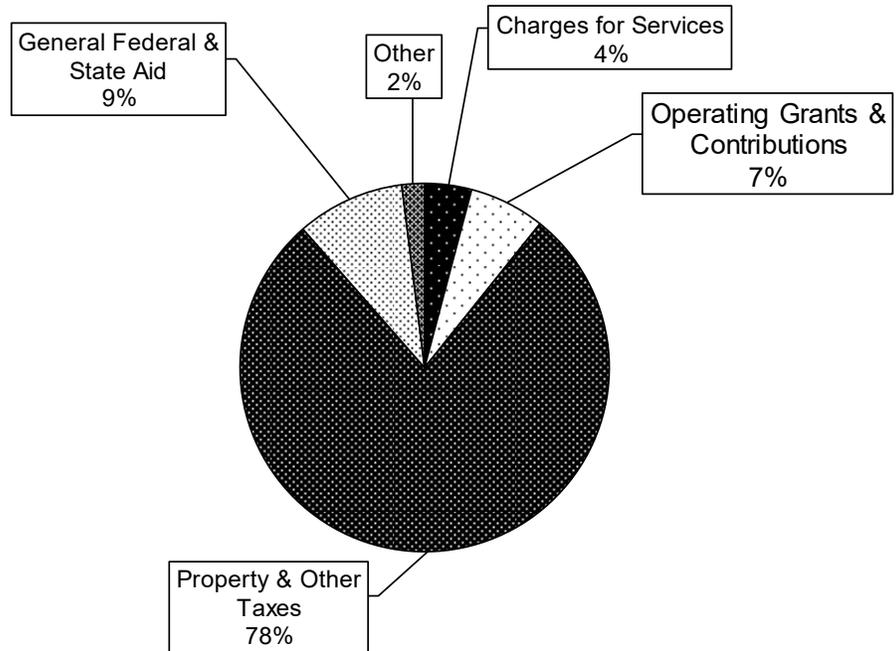
**Revenues**

- The District received \$65.28 million in revenue for the 2018-2019 fiscal year. Seventy-eight percent (78%) of the District's total revenue came from local school property tax and prior year charge backs. The District received approximately eleven percent (11%) in the form of specific use State Grants, Federal Aid, and direct fees for services. Nine percent (9%) of the total came from general federal and state aids and two percent (2%) from other sources. The overall make-up of the sources of revenue did not vary significantly from the previous fiscal year.
- Individuals who directly participated or benefited from a program contributed \$2.68 million of the cost. Book and activity fees, admissions to athletic events, open enrollment tuition, recreation fees, and food services are included as charges for services.
- Federal and State governments subsidized certain specific programs with grants and contributions of approximately \$4.33 million. Special Education Aid, Transportation Aid and Integration Aid are examples of operating grants and contributions.
- General Revenues in the form of property taxes accounted for \$50.79 million and general state and federal aids for \$6.07 million.
- Other revenue includes a \$100,618 gain on the sale of capital assets.

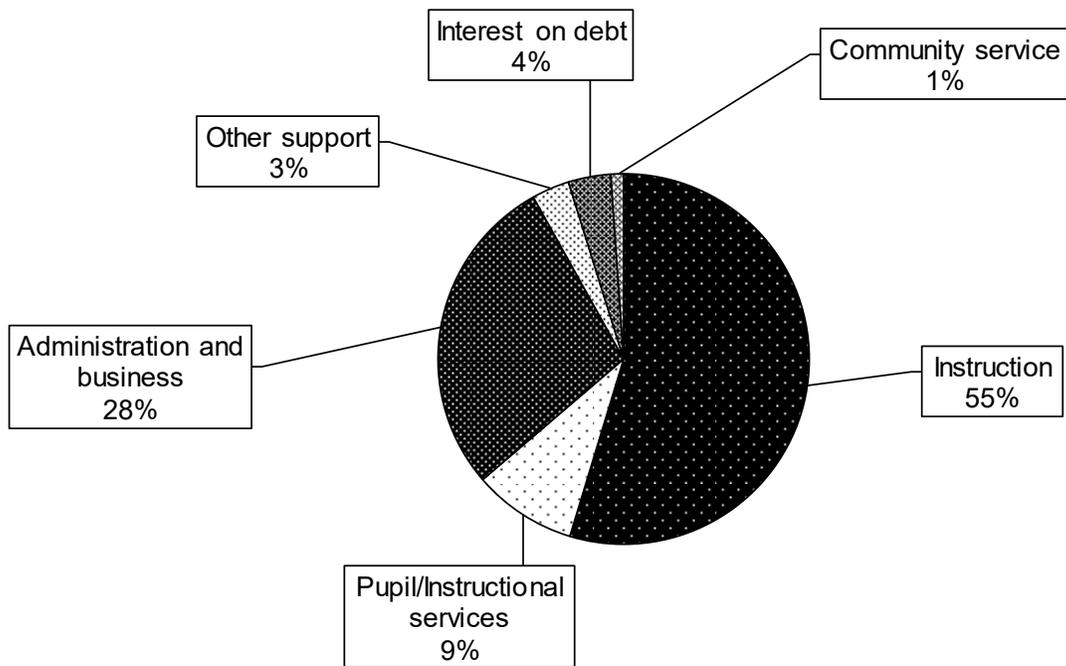
**Expenses**

- The District's total expenditure amount was \$65.52 million for fiscal year 2018-2019. Sixty-four percent (64%) was directed to pupil instruction and instructional services. Costs for teacher salaries/benefits, textbooks, and instructional supplies are examples of pupil instruction and instructional services. Administration and other support account for thirty-one percent (31%). These costs include administration and support salaries/benefits, district maintenance, utility costs, pupil transportation, legal services, and school business insurance. Four percent (4%) was directed to interest on debt. These costs include interest on the repayment of long term bonds and capital leases. The costs associated with Community Service account for approximately one percent (1%) of all district expenses.

## REVENUE BY SOURCE



## EXPENSES BY FUNCTION



**Table 4 - Net Cost of Governmental Activities**

	2019		2018	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 35,825,094	\$ 31,848,932	\$ 32,835,923	\$ 29,065,323
Pupil/Instructional services	5,919,569	5,073,223	4,684,800	3,947,263
Administration and business	18,475,832	16,432,130	15,741,090	14,001,501
Other support	2,152,528	2,139,445	4,779,214	4,441,950
Interest on debt	2,423,411	2,423,411	1,642,182	1,642,182
Community service	724,654	587,391	710,135	586,758
<b>Total</b>	<b><u>\$ 65,521,088</u></b>	<b><u>\$ 58,504,532</u></b>	<b><u>\$ 60,393,344</u></b>	<b><u>\$ 53,684,977</u></b>

The net cost of governmental activities was \$58.5 million. The net cost is the total cost less the program revenues. Refer to the Statement of Activities for the detailed adjustments made for the net cost.

### **Fund Financial Statements**

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

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

## **General Fund Budgetary Comparison**

The District adopts an interim budget in June for the subsequent year. Consistent with current state statutes and regulations, the original budget is amended in October to reflect the actual revenue cap and state aid certification. The budget was subsequently amended in June of 2019.

General Fund final budget was approved with a surplus of 10,203. Actual results for 2018-2019 show an increase of 1,472,593 to the fund balance.

## **Fund Balances**

- The District shows a total for all fund balances of \$14.32 million as of June 30, 2019. (See Note 12 in the financial statements for the detail of total governmental fund balances).
- \$10.92 million is in the General Fund (Fund 10). \$1.25 million represent assets reserved for the WRS pension program. The District utilizes the unrestricted Fund 10 fund balance for funding short-term operations. The interest earned on investment of these funds provides additional spending capacity.
- \$1 million is in the Food Service Fund (Fund 50), and is used for food service equipment replacements.
- The District had a \$739,528 fund balance in the Community Service Fund (Fund 80) at June 30, 2019.
- The remaining amounts are the balance of the Gift Fund (Fund 21) in the amount of \$879,273 and the Debt Service Fund in the amount of \$772,761. Fund 21 reflects the balance of awards and donations to the District unspent by June 30, 2019.
- 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.

## **Capital Asset and Debt Administration**

### **Capital Assets**

- By the end of the 2019 fiscal year, the District had invested \$109 million in a broad range of capital assets including land, buildings, computer and audio-visual equipment, and other instructional or support equipment. (More detailed information about capital assets can be found in Note 3 to the financial statements). Total depreciation expense for the year was \$3,216,973 and land originally costing \$86,017 was sold, while building improvements and additions to equipment and furniture amounted to \$4,211,627.

### **Long Term Debt**

- As of June 30, 2019 the District had total debt outstanding of \$45.96 million in long-term obligations which includes bonds and notes payable, capital leases and accrued compensated absences (Footnote 5 details the District's long-term obligations).

General Obligation Debt of the District is secured by an irrevocable tax levy adopted by the School Board at the time of issuance. Wisconsin State Statutes require that the first property tax receipts be segregated for use for annual debt service payment. The School District of New Berlin complies with all these statutory requirements.

## **Decisions that Will Impact the Future of the District**

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

1. The failure of the operational referendum in April of 2019 will result in continued cuts to maintenance of buildings and grounds, upgrades to technology infrastructure, and investment in program expansion without cuts to the existing budget.
2. While the state budget is set for the 2021 fiscal year, it is unknown at what level K-12 public education will be supported by the 2021-2022 state biennial budget.

## **Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, please contact:

Patrick Miller, Chief Finance and Operations Officer  
School District of New Berlin  
4333 S Sunny Slope Rd.  
New Berlin, WI 53151

Phone: (262) 789-6211  
[patrick.miller@nbexcellence.org](mailto:patrick.miller@nbexcellence.org)

**BASIC FINANCIAL STATEMENTS**

**SCHOOL DISTRICT OF NEW BERLIN**  
**STATEMENT OF NET POSITION**  
**June 30, 2019**

**ASSETS**

**Current Assets**

Cash and investments	\$ 10,802,606
Taxes receivable	6,805,321
Accounts receivable	51,800
Due from other governments	1,327,028
Prepaid expenses	3,415

**Total Current Assets** 18,990,170

**Noncurrent Assets**

Capital assets	109,010,816
Less: Accumulated depreciation	<u>(42,006,235)</u>

Net Capital Assets 67,004,581

**Total Non-current Assets** 67,004,581

**Total Assets** 85,994,751

**Deferred Outflows of Resources**

Deferred outflows of resources from WRS pension	16,271,395
Deferred outflows of resources from OPEB	<u>2,351,544</u>

**Total Deferred Outflows of Resources** 18,622,939

**Total Assets and Deferred Outflows of Resources** \$ 104,617,690

**LIABILITIES**

**Current Liabilities**

Accounts payable and accrued expenses	\$ 5,025,297
Current portion of long-term obligations	4,357,330
Unearned revenue	<u>73,029</u>

**Total Current Liabilities** 9,455,656

**Noncurrent Liabilities**

Net supplemental pension liability	87,738
Net WRS pension liability	<u>6,305,325</u>

**Total pension liabilities** 6,393,063

Net OPEB liability	12,987,304
Noncurrent portion of long-term obligations	<u>41,598,648</u>

**Total Non-current Liabilities** 60,979,015

**Total Liabilities** 70,434,671

**Deferred Inflows of Resources**

Deferred inflows of resources from WRS pension	8,718,423
Deferred inflows of resources from OPEB	<u>45,627</u>

**Total Deferred Inflows of Resources** 8,764,050

**Total Liabilities and Deferred Inflows of Resources** 79,198,721

**NET POSITION**

Net investment in capital assets	21,492,436
Restricted	4,643,707
Unrestricted	<u>(717,174)</u>

**Total Net Position** 25,418,969

**Total Liabilities, Deferred Inflows and Net Position** \$ 104,617,690

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF NEW BERLIN**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes In Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
<b>Instruction</b>				
Regular	\$ 25,840,384	\$ 997,439	\$ 728,492	\$ (24,114,453)
Physical	1,110,989	-	-	(1,110,989)
Vocational	1,226,370	15,872	108,410	(1,102,088)
Special education	6,306,146	3,311	1,959,414	(4,343,421)
Other	1,341,205	163,224	-	(1,177,981)
<b>Total Instruction</b>	<u>35,825,094</u>	<u>1,179,846</u>	<u>2,796,316</u>	<u>(31,848,932)</u>
<b>Support Services</b>				
Pupil services	2,024,268	-	328,293	(1,695,975)
Instructional support services	3,895,301	-	518,053	(3,377,248)
General administrative services	613,892	-	-	(613,892)
Building administrative services	3,053,257	-	13,348	(3,039,909)
Business administrative services	12,436,550	1,151,520	546,278	(10,738,752)
Central services	1,900,310	171,678	118,611	(1,610,021)
Insurance and judgements	471,823	42,267	-	(429,556)
Other support services	2,152,528	-	13,083	(2,139,445)
Debt service	2,423,411	-	-	(2,423,411)
Community Service	724,654	137,263	-	(587,391)
<b>Total Support Services</b>	<u>29,695,994</u>	<u>1,502,728</u>	<u>1,537,666</u>	<u>(26,655,600)</u>
<b>Total Activities</b>	<u>\$ 65,521,088</u>	<u>\$ 2,682,574</u>	<u>\$ 4,333,982</u>	<u>(58,504,532)</u>
<b>General Revenues</b>				
<b>Taxes</b>				
<b>Property taxes</b>				
General purposes				43,863,060
Debt service				6,069,188
Community Service				859,276
Federal and State aids not restricted to specific functions				6,073,368
Gifts				444,187
Investment income				273,352
Miscellaneous				582,733
<b>Total General Revenues</b>				<u>58,165,164</u>
<b>Other Revenue (Expenses)</b>				
Gain on sale of capital assets				<u>100,618</u>
<b>Change in Net Position</b>				<u>(238,750)</u>
Net Position, beginning of year				<u>25,657,719</u>
<b>NET POSITION, end of year</b>				<u>\$ 25,418,969</u>

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF NEW BERLIN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2019**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and investments	\$ 7,337,906	\$ 772,761	\$ -	\$ 2,691,939	\$ 10,802,606
Taxes receivable	6,805,321	-	-	-	6,805,321
Accounts receivable	30,697	-	-	21,103	51,800
Due from other governments	1,327,028	-	-	-	1,327,028
Prepaid expenses	3,415	-	-	-	3,415
<b>Total Assets</b>	<u>\$ 15,504,367</u>	<u>\$ 772,761</u>	<u>\$ -</u>	<u>\$ 2,713,042</u>	<u>\$ 18,990,170</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 1,016,888	\$ -	\$ -	\$ 20,128	\$ 1,037,016
Unearned revenue	3,565,451	-	-	73,030	3,638,481
<b>Total Liabilities</b>	<u>4,582,339</u>	<u>-</u>	<u>-</u>	<u>93,158</u>	<u>4,675,497</u>
<b>Fund Balances</b>					
Nonspendable	3,415	-	-	-	3,415
Restricted	1,247,647	772,761	-	2,619,884	4,640,292
Unassigned	9,670,966	-	-	-	9,670,966
<b>Total Fund Balances</b>	<u>10,922,028</u>	<u>772,761</u>	<u>-</u>	<u>2,619,884</u>	<u>14,314,673</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 15,504,367</u>	<u>\$ 772,761</u>	<u>\$ -</u>	<u>\$ 2,713,042</u>	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	67,004,581
The District's proportionate share net pension and OPEB assets(liabilities) as well as pension and OPEB related deferred outflows and deferred inflows of resources are recognized in the government-wide statements.	(9,521,478)
Long term liabilities, including bonds and notes payable and related accrued interest and deferred premium, are not due and payable in the current period and therefore are not reported in the funds.	<u>(46,378,807)</u>
<b>Net Position of Governmental Activities</b>	<u>\$ 25,418,969</u>

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF NEW BERLIN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2019**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Local property taxes	\$ 43,863,060	\$ 6,069,188	\$ -	\$ 859,276	\$ 50,791,524
Other local sources	1,582,823	22,248	41,834	1,718,091	3,364,996
Interdistrict	84,451	-	-	75,000	159,451
Intermediate	55,015	-	-	-	55,015
State	8,297,866	-	-	12,016	8,309,882
Federal	1,781,209	-	-	316,260	2,097,469
Other	387,237	16,143	-	-	403,380
<b>Total Revenues</b>	<u>56,051,661</u>	<u>6,107,579</u>	<u>41,834</u>	<u>2,980,643</u>	<u>65,181,717</u>
<b>Expenditures</b>					
<b>Instruction</b>					
Regular	20,057,072	-	-	27,137	20,084,209
Physical	962,953	-	-	-	962,953
Special education	5,295,874	-	-	-	5,295,874
Vocational	1,153,442	-	-	6,644	1,160,086
Other	1,241,937	-	-	95,663	1,337,600
<b>Total Instruction</b>	<u>28,711,278</u>	<u>-</u>	<u>-</u>	<u>129,444</u>	<u>28,840,722</u>
<b>Support Services</b>					
Pupil services	1,841,940	-	-	-	1,841,940
Instructional support services	3,624,605	-	-	7,185	3,631,790
General administrative services	584,563	-	-	-	584,563
Building administrative services	2,846,583	-	-	2,866	2,849,449
Business administrative services	9,786,039	-	2,167,595	1,633,975	13,587,609
Central services	1,606,108	-	-	5,406	1,611,514
Insurance and judgements	471,823	-	-	-	471,823
Other support services	2,163,380	-	-	12,073	2,175,453
Debt service					
Principal	440,994	16,520,000	-	-	16,960,994
Interest and fees	37,507	2,371,560	-	-	2,409,067
Community Services	-	-	-	729,692	729,692
<b>Total Support Services</b>	<u>23,403,542</u>	<u>18,891,560</u>	<u>2,167,595</u>	<u>2,391,197</u>	<u>46,853,894</u>
<b>Non-Program</b>					
General tuition payments	3,058,568	-	-	-	3,058,568
Other non-program services	51,630	-	-	67,988	119,618
<b>Total Non-Program</b>	<u>3,110,198</u>	<u>-</u>	<u>-</u>	<u>67,988</u>	<u>3,178,186</u>
<b>Total Expenditures</b>	<u>55,225,018</u>	<u>18,891,560</u>	<u>2,167,595</u>	<u>2,588,629</u>	<u>78,872,802</u>
Excess (deficiency) of revenue over expenditures	826,643	(12,783,981)	(2,125,761)	392,014	(13,691,085)
<b>Other Financing Sources (Uses)</b>					
Proceeds from long-term debt	-	12,680,000	-	-	12,680,000
Proceeds on sale of fixed assets	186,635	-	-	-	186,635
Proceeds from capital leases	459,600	-	-	-	459,600
Transfers (to) from other funds	(285)	-	-	285	-
<b>Net Change in Fund Balances</b>	1,472,593	(103,981)	(2,125,761)	392,299	(364,850)
Fund Balances, beginning of year	9,449,435	876,742	2,125,761	2,227,585	14,679,523
<b>FUND BALANCES, end of year</b>	<u>\$ 10,922,028</u>	<u>\$ 772,761</u>	<u>\$ -</u>	<u>\$ 2,619,884</u>	<u>\$ 14,314,673</u>

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF NEW BERLIN**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2019**

Net Change in Fund Balances - Total Governmental Funds \$ (364,850)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay reported in governmental fund statements	\$ 2,287,157	
Depreciation expense reported in the Statement of Activities	(3,216,973)	
Proceeds from disposal of fixed assets	(186,635)	
Gain (loss) on disposal of fixed assets	<u>100,618</u>	(1,015,833)

Net difference between OPEB and pension system contributions recognized in the fund statement of revenues, expenditures, and changes in fund balances and the statement of activities. (2,740,786)

Capital lease and long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of capital lease and long-term debt principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which proceeds exceeded payments 3,821,394

Premiums in association with debt financing are deferred and amortized in the government-wide statements but recognized as revenue in the fund statements when received. 91,508

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (30,183)

**Change in Net Position \$ (238,750)**

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF NEW BERLIN  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
June 30, 2019**

	<b>Agency</b>
<b>ASSETS</b>	
Cash and investments	\$ 358,915
<b>Total Assets</b>	<b>\$ 358,915</b>
<b>LIABILITIES</b>	
Due to student groups	\$ 343,428
Accounts payable	15,487
<b>Total Liabilities</b>	<b>358,915</b>
<b>NET POSITION</b>	
Restricted	-
<b>Total Net Position</b>	<b>-</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 358,915</b>

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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

The accounting policies of the School District of New Berlin conform to generally accepted accounting principles as applicable to governmental units.

**A. REPORTING ENTITY**

The School District of New Berlin is organized as a common school district. The District, governed by a seven member elected school board, operates grades pre-kindergarten through 12 and is comprised of one taxing districts. This report includes all of the funds of the School District of New Berlin. The reporting entity for the District consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. This report does not contain any component units.

**B. BASIS OF PRESENTATION**

**District-Wide Financial Statements**

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. The District does not report any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The District does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

As a general rule, the effect of interfund activity has been eliminated from the District-wide financial statements.

Internally dedicated resources are reported as general revenues rather than as program revenues.

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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

**B. BASIS OF PRESENTATION (continued)**

**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
- b. Total same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent 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.

**Governmental Funds**

Governmental funds are identified as either general or special revenue funds based upon the following guidelines:

**General Fund**

The General Fund is the general operating fund of the District and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects or expendable trusts) that are legally restricted to expenditures for specified purposes.

**Debt Service Funds**

Debt Service Funds are used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs.

**Capital Projects Funds**

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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

**B. BASIS OF PRESENTATION (continued)**

**Permanent Funds**

Permanent Funds are used to account for resources legally held in trust. All resources of the fund, including any earnings on invested resources, may be used to support the organization.

**Fiduciary Funds (not included in District-Wide statements)**

**Employee Benefit Trust Funds**

Employee Benefit Trust Funds are used to account for resources legally held in trust for the District's post-retirement health insurance benefits.

**Agency Funds**

Agency Funds are used to account for assets held by the District as an agent for individuals, private organizations, and/or other governmental units.

**Major Funds**

The District reports the following major governmental funds:

- General Fund
- Debt Service Fund
- Capital Projects Fund

**Nonmajor Funds**

The District reports the following nonmajor funds:

- Community Service Fund
- Food Service Fund
- Special Revenue Trust Fund
- Package Cooperative Program Fund

**Fiduciary Funds**

The District reports the following fiduciary funds:

- Agency Fund –
  - Student Activity Fund

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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

**C. BASIS OF ACCOUNTING**

The District-wide Statement of Net Position and Statement of Activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The modified accrual basis of accounting is followed by the governmental funds and agency funds. Under the modified accrual basis of accounting, 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 related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property tax revenues are recognized as revenues in the fiscal year levied as the District considers the property taxes as due prior to June 30. The District considers the taxes as due on January 1 the date from which interest and penalties accrue for non-payment of a scheduled installment. Full receipt of the entire levy is assured within sixty days of the District's fiscal year end. Receipt of the balance of taxes levied within sixty days meets the requirements for availability in accordance with generally accepted accounting principles applicable to governmental entities.

Property taxes are collected by the City of New Berlin until May 31. Real estate tax collections after that date are made by Waukesha County, which assumes all responsibility for delinquent real estate taxes.

The aggregate amount of property taxes to be levied for school purposes is determined according to provisions of Chapter 120 of the Wisconsin Statutes. Property taxes levied by the District are certified to local taxing district for collection. Property taxes attach as an enforceable lien as of January 1. Taxes are levied in October on the assessed value as of the prior January 1.

Property tax calendar - 2018 tax roll:

Lien date and levy date	October, 2018
Tax bills mailed	December 2018
Payment in full, or	January 31, 2019
First installment due	January 31, 2019
Second installment due	March 31, 2019
Third installment due	May 31, 2019
Personal property taxes in full	January 31, 2019

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.

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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

**C. BASIS OF ACCOUNTING (continued)**

Charges for services provided by 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.

For governmental fund financial statements, deferred inflows arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows also arise when resources are received before the District has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred inflows is removed from the combined balance sheet and revenue is recognized.

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

**D. MEASUREMENT FOCUS**

On the district-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus. Under this concept, revenues and expenses are matched using the accrual basis of accounting.

The measurement focus of all funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as unearned revenue or a reservation of fund equity. Liabilities for claims, judgments, compensated absences and pension contributions which will not be currently liquidated using expendable available financial resources are included as liabilities in the District-wide and enterprise fund financial statements but are excluded from the governmental funds financial statements. The related expenditures are recognized in the governmental funds financial statements when the liabilities are liquidated.

**E. INVENTORIES**

Governmental fund inventories are recorded at cost based on the FIFO (first-in, first-out) method using the consumption method of accounting.

**F. LONG-TERM OBLIGATIONS**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations and whether they are reported in the District-wide or fund financial statements.

All long-term debt to be repaid from governmental resources are reported as liabilities in the district-wide statements. The long-term debt consists primarily of capital leases, unfunded prior service cost, 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.

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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

**G. CAPITAL ASSETS**

**District-Wide Statements**

In the District-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. The minimum capitalization threshold used by the District is \$5,000.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Site Improvements	20 years
Buildings & Building Improvements	50 years
Furniture and equipment	5-20 years
Vehicles	8 years

**Fund Financial Statements**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

**H. INTERFUND RECEIVABLES AND PAYABLES**

During the course of operations transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

**I. BUDGETS**

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.C.

Operating budgets are adopted each fiscal year for all governmental funds in accordance with section 65.90 of the Wisconsin Statutes. The budgeted amounts presented include amendments, if any, adopted during the year. Transfers between functions and changes to the overall budget must be approved and amended by School Board resolution. Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgetary expenditure control is exercised at the function level in the General Fund and at the fund level for all other funds.

**J. ALLOWANCES FOR UNCOLLECTIBLE ACCOUNTS**

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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

**K. COMPENSATED ABSENCES AND OTHER EMPLOYEE BENEFIT AMOUNTS**

**Vacation**

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

**Sick Pay**

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

**Postemployment Benefits**

Teachers and certain administrative, clerical, and support personnel may be entitled to postemployment retirement benefits for employees who have provided specified minimum years of service to the District. Under the early retirement options, the District is liable at June 30 for varying amounts of health benefits (See Notes 7 and 8).

**WRS Pension**

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 the 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.

**L. OTHER ASSETS**

In governmental funds, debt issuance costs or premiums are recognized in the current period. For the district-wide financial statements, the district has elected to prospectively amortize debt issue costs or premiums over the life of the debt issue. At June 30, 2019 the district had \$772,145 of net unamortized bond premiums.

**M. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

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.

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

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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

**N. CLAIMS AND JUDGMENTS**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the District-wide financial statements as expense when the related liabilities are incurred. There were no significant claims or judgments at year end.

**O. INTERFUND TRANSACTIONS**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as operating transfers.

**P. 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 of 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 in 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.

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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

**Fund Statements**

Governmental fund equity is classified as fund balance and is 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 or 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.

**Minimum Fund Balance Policy**

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

**Note 2 - Cash and Investments**

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 per depositor at each financial institution. As of June 30, 2019, all deposits of the District were placed in financial institutions that provide 100% collateral for all amounts held.

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.

**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

**Note 2 - Cash and Investments (continued)**

At June 30, 2019 the District had the following investments:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Less Than 6 months</u>	<u>6 - 24 Months</u>
Wisconsin Investment Series Cooperative				
Cash Management Series	Amortized Cost	\$ 495,149	\$ 495,149	\$ -
Investment Series	Amortized Cost	11,250,840	11,250,840	-
Savings Deposit Account	Cost	5,581	5,581	-
		<u>\$ 11,751,570</u>	<u>\$ 11,751,570</u>	<u>\$ -</u>

PMA Financial Network is the administrator for the Wisconsin Investment Series Cooperative (WISC). The investment manager for WISC is PMA Financial Network. The WISC is not registered with the Securities and Exchange Commission, but invests its funds in accordance with applicable Wisconsin statutes. The WISC values its invested funds using various fair value measurements as applicable, depending on the type of investment as shown in the table above. Measurement methods include cost, amortized cost and fair value hierarchy - level 2.

*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* for investments 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.

**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

**Note 3 - Capital Assets**

Capital asset activity for the year ended June 30, 2019 was as follows:

	<b>Balance 7/1/2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6/30/2019</b>
Capital assets not being depreciated				
Sites	\$ 989,028	\$ -	\$ 86,017	\$ 903,011
Construction in Progress	1,924,470	-	1,924,470	-
Total Capital Assets Not Being Depreciated	<u>2,913,498</u>	<u>-</u>	<u>2,010,487</u>	<u>903,011</u>
Depreciable capital assets				
Site improvements	3,655,528	-	-	3,655,528
Buildings & building improvements	91,881,689	4,108,773	-	95,990,462
Furniture and equipment	7,889,839	102,854	-	7,992,693
Vehicles	469,122	-	-	469,122
Total depreciable capital assets	<u>103,896,178</u>	<u>4,211,627</u>	<u>-</u>	<u>108,107,805</u>
Less: Accumulated depreciation for				
Site improvements	1,709,053	147,299	-	1,856,352
Buildings & building improvements	31,617,950	2,215,331	-	33,833,281
Furniture and equipment	5,155,958	818,189	-	5,974,147
Vehicles	306,301	36,154	-	342,455
Total Accumulated Depreciation	<u>38,789,262</u>	<u>3,216,973</u>	<u>-</u>	<u>42,006,235</u>
Total depreciable capital assets, net of accumulated depreciation	<u>65,106,916</u>	<u>994,654</u>	<u>-</u>	<u>66,101,570</u>
Gover Net Capital Assets accumulated depreciation	<u>\$ 68,020,414</u>	<u>\$ 994,654</u>	<u>\$ 2,010,487</u>	<u>\$ 67,004,581</u>

Depreciation expense was charged to functions as follows:

Instruction	
Regular	\$ 1,946,245
Vocational	11,076
Physical	4,118
Special Education	4,514
Other Instruction	3,605
Support Services	
Pupil Services	500
Instructional support services	48,035
General Admin	391
Building Admin	1,177
Business Admin	888,564
Central Services	228,717
Debt Service	75,666
Community Service	4,367
	<u>\$ 3,216,975</u>

**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

**Note 4 – Short-Term Notes Payable**

When needed, the district borrows funds from the City of New Berlin for short-term cash flow purposes in advance of property tax collections. The fiscal year begins July 1, but tax collections from the municipality are received beginning the following January. The City deducts the amount borrowed from the January tax distribution to the District. The District's short-term borrowing activity for the year ended June 30, 2019 is as follows:

	<u>Maturity Date</u>	<u>Balance 06/30/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/19</u>
Loans Payable	1/15/2019	\$ -	\$ 8,000,000	\$ 8,000,000	\$ -

Total short-term interest paid and expended during the year was \$25,968.

**Note 5 – Long-Term Obligations**

A. Long-term liability activity for the year ended June 30, 2019, was as follows:

	<u>Balance 6/30/2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2019</u>	<u>Due Within One Year</u>
<b>General obligation debt</b>					
Bonds and notes payable					
Bonds	\$ 47,865,000	\$ 12,680,000	\$ 16,170,000	\$ 44,375,000	\$ 3,610,000
Notes	715,000	-	350,000	365,000	365,000
Refunding premium	863,653	-	91,508	772,145	91,585
	49,443,653	12,680,000	16,611,508	45,512,145	4,066,585
Other Liabilities:					
Capital leases	425,227	459,600	440,994	443,833	290,745
Totals	<u>\$ 49,868,880</u>	<u>\$ 13,139,600</u>	<u>\$ 17,052,502</u>	<u>\$ 45,955,978</u>	<u>\$ 4,357,330</u>

Total long-term interest paid and expended during the year was \$1,421,559 and \$1,360,238, respectively.

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 5 – Long-Term Obligations (continued)**

B. All general obligation debt is secured by the full faith and credit of unlimited taxing powers of the District. Bonds payable in the governmental fund will be funded by future property tax levies.

<u>Type</u>	<u>Issue</u>	<u>Maturity</u>	<u>Rate</u>	<u>Original Indebtedness</u>	<u>Balance Outstanding 6/30/2019</u>
General Obligation Debt					
Notes payable	8/16/2001	3/1/2020	4.20%	715,000	\$ 365,000
Bonds payable	2/21/2001	3/1/2025	4.0-4.4%	1,290,000	1,290,000
Bonds payable	2/16/2011	3/1/2029	3.5-5.5%	11,995,000	140,000
Bonds payable	6/19/2012	3/1/2025	2.0-2.5%	9,720,000	6,180,000
Bonds payable	10/15/2013	3/1/2028	3.00%	8,200,000	7,255,000
Bonds payable	2/24/2014	3/1/2025	2.18%	9,995,000	6,905,000
Bonds payable	11/16/2015	3/1/2029	2.0-2.375%	9,995,000	6,425,000
Bonds payable	8/10/2017	3/1/2032	2.94%	9,995,000	3,500,000
Bonds payable	10/16/2018	3/1/2029	3.20-3.65%	12,680,000	12,680,000
Total General Obligation Debt					<u><u>\$ 44,740,000</u></u>

C. Debt service requirements to maturity on general obligation debt are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 3,975,000	\$ 1,268,489	\$ 5,243,489
2021	4,070,000	1,175,604	5,245,604
2022	4,375,000	1,090,664	5,465,664
2023	4,675,000	983,676	5,658,676
2024	4,805,000	859,246	5,664,246
Thereafter	22,840,000	2,215,181	25,055,181
<b>Totals</b>	<u><u>\$ 44,740,000</u></u>	<u><u>\$ 7,592,860</u></u>	<u><u>\$ 52,332,860</u></u>

D. The 2018 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$4,977,053,088. The legal debt limit and margin of indebtedness as of June 30, 2019 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (10% of \$4,977,053,088)	\$ 497,705,309
Deduct: Long-term debt applicable to debt margin	<u>44,740,000</u>
Margin of indebtedness	<u><u>\$ 452,965,309</u></u>

**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

**Note 5 – Long-Term Obligations (continued)**

E. The District has financed computer equipment under capital leases with an original cost of \$1,318,230 as of June 30, 2019. The following is a schedule by year of the future minimum lease payments together with the present value of net minimum lease payments as of June 30, 2019:

<u>Year Ending June 30</u>	<u>Amount</u>
2020	\$ 305,261
2021	<u>160,515</u>
Subtotal	465,776
Less: Amounts representing interest	<u>21,943</u>
Present value of minimum lease payments	<u><u>\$ 443,833</u></u>

**Note 6 - WRS Pension Plan**

*Plan description.* The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

*Benefits provided.* Employees who retire at or after age 65 (54 for protective occupation employees and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016, are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

**Note 6 - WRS Pension Plan (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:

Year	Core Fund Adjustment	Variable Fund Adjustment
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17

*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, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. 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 \$1,797,494 in contributions from the District.

Contribution rates as of June 30, 2019 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

**Note 6 - WRS Pension Plan (continued)**

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2019, the School District of New Berlin reported a liability (asset) of \$6,305,325 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The School District of New Berlin's proportion of the net pension liability (asset) was based on the School District of New Berlin's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the School District of New Berlin's proportion was 0.1772%, which was a decrease of .00045% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the School District of New Berlin recognized pension expense of \$4,312,811.

At June 30, 2019, the School District of New Berlin reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 4,910,892	\$ 8,680,694
Changes in assumptions	1,062,846	-
Net differences between projected and actual earnings on pension plan investments	9,208,495	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	25,470	37,729
Employer contributions subsequent to the measurement date	1,063,692	-
<b>Total</b>	<b>\$ 16,271,395</b>	<b>\$ 8,718,423</b>

\$1,063,692 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	<b>Net Deferred Outflow (Inflows) of Resources</b>
2019	\$ 2,362,019
2020	\$ 584,388
2021	\$ 1,023,195
2022	\$ 2,519,678
Thereafter	\$ 0

**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

**Note 6 - WRS Pension Plans (continued)**

*Actuarial assumptions.* The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset)	December 31, 2018
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

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

**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

**Note 6 - WRS Pension Plan (continued)**

**Asset Allocation Targets and Expected Returns  
As of December 31, 2018**

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	49	8.1	5.5
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
 <u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

**Single Discount rate.** A single discount rate of 7.00% was used to measure the Total Pension Liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% 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 municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

**Note 6 - WRS Pension Plan (continued)**

*Sensitivity of the School District of New Berlin's proportionate share of the net pension liability (asset) to changes in the discount rate.* The following presents the School District of New Berlin's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the School District of New Berlin's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<b>1% Decrease to Discount Rate (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase to Discount Rate (8.00%)</b>
School District of New Berlin's proportionate share of the net pension liability (asset)	\$25,058,024	\$6,305,325	(\$7,638,760)

*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://etf.wi.gov/publications/cafr.htm>.

**Note 7 - Supplemental Pension Plan**

The District provides a stipend benefit to two Active Administrators hired prior to July 1, 2012 based upon a percentage of their final salary at retirement. As of June 30, 2016, the final administrators eligible for this benefit retired and the District recognized the full liability. The District has no plan assets accumulated for payment of these future benefits. The District will pay \$35,243 each year for 5 years fully satisfying the obligation.

The District's annual pension cost and total pension obligation for the current year is:

Obligation as of July 1, 2018	\$ 122,981
Benefit payments	<u>(35,243)</u>
Obligation as of June 30, 2019	<u>\$ 87,738</u>

**Note 8 - Other Postemployment Benefits**

*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 571 active and 328 retired members in the plan as of June 30, 2018, the most recent actuarial valuation date. Benefits and eligibility are established and amended by the governing body.

*OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.* At June 30, 2019, the School District of New Berlin reported a liability of \$12,987,304 for its net OPEB liability (asset). The net OPEB liability (asset) was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019. Actuarial assumptions are based upon an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-2014. The projection of cash flows used to determine the single discount rate assumed that the plan would continue to be funded on a pay-as-you-go basis. Based on these assumptions, the 20-year AA municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. A discount rate of 3.5% was used in calculating the District's OPEB liabilities (based upon all projected payments discounted at a municipal bond rate of 3.5%).

**Note 8 - Other Postemployment Benefits (continued)**

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

*Funding Policy.* The District has no invested plan assets accumulated for payment of future benefits. The employer makes all contributions on a pay-as-you-go basis. The District paid \$961,968 in benefits for the year ended June 30, 2019.

For the year ended June 30, 2019, the School District of New Berlin recognized OPEB expense of \$1,222,680. The OPEB expense is made up of certain changes in the Total OPEB Liability and amortization of Deferred Outflows (Inflows). At June 30, 2019, the School District of New Berlin reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 2,351,544	\$ -
Changes of assumptions or other input		45,627
<b>Total</b>	<b>\$ 2,351,544</b>	<b>\$ 45,627</b>

Deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended June 30:</b>	<b>Net Outflows and Inflows</b>
2020	\$ 384,320
2021	\$ 384,320
2022	\$ 384,320
2023	\$ 384,320
2024	\$ 384,320
Thereafter	\$ 384,317

**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

**Note 8 - Other Postemployment Benefits (continued)**

*Actuarial assumptions.* The total OPEB liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Reporting Date	June 30, 2019
Actuarial cost method	Entry Age Normal - Level Percentage of Salary
Interest Rate	Discount rate for valuing liabilities – 3.50% Municipal bond rate – 3.50% Implicit in these rates is 2.5% assumed rate of inflation
Asset Valuation Method	Market Value
Average of Expected Remaining Service Lives	7 years
Retirement Rates	No employees are assumed to retire prior to becoming eligible for benefits
Mortality Rates	Wisconsin 2012 Mortality Table adjusted for future mortality improvements using the MP-2015 fully generated improvement scale (multiplied 50%)
Separation Rates	No separation rates are assumed after eligibility for retirement
Medical & Dental Trends	Annual increases between 5.0% and 7.0% for Medical and 5.0% for Dental
Salary Merit Scale	The assumed salary inflation of 3.0% per year is added to merit increases to get the total assumed increase in salary
Age Related Health Care Cost	Health care costs are assumed to increase each year of age separate from trend due to increased cost of older participants
Percent with Coverage at Retirement	100% of active employees eligible for a post-employment benefit. 20% of active employees not eligible for a post-employment benefit and currently electing coverage were assumed to elect single coverage for the duration of COBRA
Coverage Tier	70% of future covered retirees are assumed to cover a spouse in retirement
Spouses' Age	Males are assumed to be three years older than their spouses.

**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

**Note 8 - Other Postemployment Benefits (continued)**

*Single Discount rate.* A single discount rate of 3.5% was used to measure the total OPEB liability.

*Sensitivity of the School District of New Berlin's OPEB liability to changes in the discount rate.* The following presents the School District of New Berlin's OPEB liability calculated using the discount rate of 3.5% percent, as well as what the School District of New Berlin's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5 percent) or 1-percentage-point higher (4.5 percent) than the current rate:

	<b>1% Decrease to Discount Rate (2.5%)</b>	<b>Current Discount Rate (3.5%)</b>	<b>1% Increase to Discount Rate (4.5%)</b>
School District of New Berlin's Total OPEB liability	\$14,131,265	\$12,987,304	\$11,974,766

*Sensitivity of the School District of New Berlin's OPEB liability to changes in the healthcare trend rates.* The following presents the School District of New Berlin's total OPEB liability calculated using the current trend rates, as well as what the School District of New Berlin's total OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>1% Decrease to Trend Rates</b>	<b>Current Trend Rates</b>	<b>1% Increase To Trend Rates</b>
School District of New Berlin's Total OPEB liability	\$12,168,115	\$12,987,304	\$13,944,692

**Note 9 - Lease Agreements, as Lessee**

The District has entered into lease agreements for equipment and vehicles with terms expiring through July, 2022. The District is obligated to make future minimum lease payments as follows:

<b>Year Ending June 30</b>	<b>Amount</b>
2020	\$ 197,410
2021	179,526
2022	139,131
2023	<u>11,358</u>
	<u>\$ 527,425</u>

Lease expense was \$195,238 for the year ended June 30, 2019.

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 10 - 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 payments of claims, after which the District is billed for reimbursement. The District is also responsible for a monthly administrative fee. The Plan reports on a fiscal year ending June 30.

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

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

**Note 11 - Governmental Activities Net Position**

Governmental activities net position reported on the Government Wide Statement of Net Position at June 30, 2019 includes the following:

<b>Governmental Activities</b>	
Net investment in capital assets	
Capital assets, net of accumulated depreciation	\$ 67,004,581
Less: related long-term debt outstanding	<u>45,512,145</u>
Total Net Investment in Capital Assets	21,492,436
Restricted	4,643,707
Unrestricted	<u>(717,174)</u>
Total Governmental Activities Net Position	<u><u>\$ 25,418,969</u></u>

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 12 - Governmental Fund Balances**

Governmental fund balances reported on the fund financial statements at June 30, 2019 include the following:

<b>Nonspendable</b>	
Inventories and prepaid expenses:	
General Fund	\$ 3,415
Total Nonspendable Fund Balance	<u>3,415</u>
 <b>Restricted</b>	
General Fund	1,247,647
Debt Service	772,761
Gift	879,273
Food Service	1,001,083
Community Service	739,528
Total Restricted Fund Balance	<u>4,640,292</u>
 <b>Unassigned</b>	 <u>9,670,966</u>
Total Governmental Fund Balances	<u><u>\$ 14,314,673</u></u>

**Note 13 - Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position**

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Capital assets, net of accumulated depreciation	<u><u>\$ 67,004,581</u></u>
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The District's proportionate share of pension and OPEB liabilities (assets) and related deferred outflows and deferred inflows of resources that are recognized in the government-wide statements include:

Net WRS pension liability	\$ (6,305,325)
Total supplemental pension liability	(87,738)
Total OPEB liability	(12,987,304)
Deferred outflows of resources from WRS pension	16,271,395
Deferred outflows of resources from OPEB	2,351,544
Deferred inflows of resources from WRS pension	(8,718,423)
Deferred inflows of resources from OPEB	<u>(45,627)</u>
Combined Adjustment	<u><u>\$ (9,521,478)</u></u>

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 13 - Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position (continued)**

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. All liabilities, both current and long-term, are reported in the Statement of Net Position.

General obligation bonds and notes payable	\$ (44,740,000)
Capital leases	(443,833)
Net deferred debt premium	(772,145)
Accrued interest on long-term obligations	<u>(422,829)</u>
Combined Adjustment	<u><u>\$ (46,378,807)</u></u>

**Note 14 - Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities**

Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording depreciation expense on those items as recorded in the Statement of Activities. This adjustment is a combination of the following items:

Capital expenditures	\$ 2,287,157
Depreciation expense	(3,216,973)
Proceeds from disposal of fixed assets	(186,635)
Gain on disposal of fixed assets	<u>100,618</u>
Combined Adjustment	<u><u>\$ (1,015,833)</u></u>

Differences between pension system contributions recognized occur because pension expense in the statement of activities is adjusted to account for the net pension asset(liability), deferred outflows and deferred inflows. The adjustment is a combination of the following items:

Employer WRS Contributions	\$ 1,797,494
WRS pension expense adjustment	(4,312,811)
Supplemental pension benefits paid	35,243
OPEB benefits paid	961,968
OPEB expense adjustment	<u>(1,222,680)</u>
Combined Adjustment	<u><u>\$ (2,740,786)</u></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:

Proceeds from long-term debt and capital leases	\$ (13,139,600)
Principal payments on long-term debt and capital leases	<u>16,960,994</u>
Combined Adjustment	<u><u>\$ 3,821,394</u></u>

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 14 - Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities (continued)**

Premiums in association with debt refinancing are deferred and amortized in the government-wide statements but recognized as revenue in the fund statements. The adjustment is as follows:

Amortization of debt premium	<u>\$ 91,508</u>
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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:

Accrued interest	<u>\$ (30,183)</u>
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**Note 15- 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 insurance coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

**Note 16 - Commitments and Contingencies**

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

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

**Note 17- Limitation of School District Revenues**

Wisconsin Statutes limit the amount of revenues that 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.

**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

**Note 18 – Interfund Receivables/Payables and Transfers**

The following is a schedule of interfund transfers.

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
Package Cooperative Program Fund	General Fund	\$ 285
Total - Fund Financial Statements		285
Less: Eliminations		<u>(285)</u>
Total Transfers - Government-Wide Statement of Activities		<u>\$ -</u>

Generally, transfers are used to use unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and Wisconsin Department of Public Instruction directives.

For the statement of activities, interfund transfers within the governmental activities are netted and eliminated.

**Note 19 – Subsequent Event**

Management has evaluated subsequent events for possible recognition or disclosure through January 17, 2020, the date the financial statements were available to be distributed.

**Note 20 – 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. 84 *Fiduciary Activities* in January 2017. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The requirements of the related Statement are effective for financial Statement periods beginning after December 15, 2018.

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

The GASB issued Statement No. 90, *Majority Equity Interest – an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of the related statement are effective for financial statement periods beginning after December 15, 2018.

The GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of the related statement are effective for financial statement periods beginning after December 15, 2020.

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 BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended June 30, 2019**

	<b>Budget</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		<b>with Final Budget</b>
<b>Revenues</b>				
Local property taxes	\$ 44,227,927	\$ 43,863,060	\$ 43,863,060	\$ -
Other local sources	1,343,063	1,476,885	1,582,823	105,938
Interdistrict	163,608	163,608	72,939	(90,669)
Intermediate	-	6,464	52,224	45,760
State	5,631,446	6,343,738	6,670,311	326,573
Federal	386,473	654,746	501,200	(153,546)
Other	242,913	85,000	376,437	291,437
<b>Total Revenues</b>	<u>51,995,430</u>	<u>52,593,501</u>	<u>53,118,994</u>	<u>525,493</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Regular	21,233,515	20,700,112	20,057,072	643,040
Physical	-	1,031,932	962,953	68,979
Vocational	907,531	1,099,376	1,153,442	(54,066)
Other	2,037,066	1,169,055	1,241,937	(72,882)
<b>Total Instruction</b>	<u>24,178,112</u>	<u>24,000,475</u>	<u>23,415,404</u>	<u>585,071</u>
<b>Support Services</b>				
Pupil services	961,926	988,099	1,010,520	(22,421)
Instructional support services	3,230,435	3,194,448	3,190,360	4,088
General administrative services	629,751	608,994	584,563	24,431
Building administrative services	2,908,462	2,579,711	2,846,583	(266,872)
Business administrative services	9,543,017	9,680,729	9,344,534	336,195
Central services	2,093,454	1,136,415	1,588,164	(451,749)
Insurance and Judgements	530,235	530,235	471,823	58,412
Other support services	2,163,938	2,249,109	2,163,380	85,729
Debt service	488,370	485,000	478,501	6,499
<b>Total Support Services</b>	<u>22,549,588</u>	<u>21,452,740</u>	<u>21,678,428</u>	<u>(225,688)</u>
<b>Non-Program</b>				
General tuition payments	1,823,217	2,447,252	2,446,111	1,141
Other non-program services	-	-	50,480	(50,480)
<b>Total Non-Program</b>	<u>1,823,217</u>	<u>2,447,252</u>	<u>2,496,591</u>	<u>(49,339)</u>
<b>Total Expenditures</b>	<u>48,550,917</u>	<u>47,900,467</u>	<u>47,590,423</u>	<u>310,044</u>
Excess of revenues over expenditures	3,444,513	4,693,034	5,528,571	835,537
<b>Other Financing Sources (Uses)</b>				
Proceeds on sale of fixed assets	5,800	192,435	186,635	(5,800)
Proceeds from capital leases	450,000	450,000	459,600	9,600
Transfers to other funds	(5,168,259)	(5,325,266)	(4,702,213)	623,053
<b>Net Change in Fund Balances</b>	(1,267,946)	10,203	1,472,593	1,462,390
Fund Balances, beginning of year	<u>9,449,435</u>	<u>9,449,435</u>	<u>9,449,435</u>	<u>-</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 8,181,489</u>	<u>\$ 9,459,638</u>	<u>\$ 10,922,028</u>	<u>\$ 1,462,390</u>

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF NEW BERLIN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**SPECIAL EDUCATION FUND**  
**For the Year Ended June 30, 2019**

	<b>Budget</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		<b>with Final Budget</b>
<b>Revenues</b>				
Interdistrict	\$ -	\$ -	\$ 11,512	\$ 11,512
Intermediate	-	-	2,791	2,791
State	1,664,794	1,664,794	1,627,555	(37,239)
Federal	1,218,371	1,218,371	1,280,009	61,638
Other	-	-	10,800	10,800
<b>Total Revenues</b>	<u>2,883,165</u>	<u>2,883,165</u>	<u>2,932,667</u>	<u>49,502</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Special education	5,617,492	5,774,499	5,295,874	478,625
<b>Total Instruction</b>	<u>5,617,492</u>	<u>5,774,499</u>	<u>5,295,874</u>	<u>478,625</u>
<b>Support Services</b>				
Pupil services	832,077	830,077	831,420	(1,343)
Instructional support services	463,875	468,375	434,245	34,130
Business administrative services	472,543	470,043	441,505	28,538
Central services	16,343	16,343	17,944	(1,601)
<b>Total Support Services</b>	<u>1,784,838</u>	<u>1,784,838</u>	<u>1,725,114</u>	<u>59,724</u>
<b>Non-Program</b>				
General tuition payments	649,094	649,094	612,457	36,637
Other non-program services	-	-	1,150	(1,150)
<b>Total Non-Program</b>	<u>649,094</u>	<u>649,094</u>	<u>613,607</u>	<u>35,487</u>
<b>Total Expenditures</b>	<u>8,051,424</u>	<u>8,208,431</u>	<u>7,634,595</u>	<u>573,836</u>
Deficiency of revenues over expenditures	(5,168,259)	(5,325,266)	(4,701,928)	623,338
<b>Other Financing Uses</b>				
Transfers from other funds	5,168,259	5,325,266	4,701,928	(623,338)
<b>Net Change in Fund Balances</b>	-	-	-	-
Fund Balances, beginning of year	-	-	-	-
<b>FUND BALANCES, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

**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>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
School District of New Berlin's proportion of the net pension liability (asset)	.1772%	.1780%	.1740%	0.1740%	0.1360%
School District of New Berlin's proportionate share of the net pension liability (asset)	6,305,325	(\$5,275,567)	\$1,442,886	\$2,829,254	\$(4,339,880)
School District of New Berlin's covered-employee payroll	26,776,102	\$26,484,703	\$25,536,566	\$24,960,530	\$24,193,417
School District of New Berlin's proportionate share of the net pension liability (asset) as a percentage of the covered-employee payroll	23.55%	(19.92%)	5.65%	11.33%	(17.94%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	96.45%	102.93%	99.12%	98.2%	102.74%

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

(See Note 6 and Notes to Required Supplementary Information)

**SCHOOL DISTRICT OF NEW BERLIN  
REQUIRED SUPPLEMENTARY INFORMATION  
Schedule of Contributions  
Wisconsin Retirement System  
Last 10 Fiscal Years\* (which may be built prospectively)**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contributions	\$1,797,494	\$1,823,107	\$1,685,622	\$1,697,315	\$1,693,539
Contributions in relation to the contractually required contributions	\$1,797,494	\$1,823,107	\$1,685,622	\$1,697,315	\$1,693,539
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
School District of New Berlin's covered-employee payroll	\$26,776,102	\$26,484,703	\$25,536,566	\$24,960,530	\$24,193,417
Contributions as a percentage of covered-employee payroll	6.71%	6.88%	6.60%	6.80%	7.00%

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

(See Notes 6 and Notes to Required Supplementary Information)

**SCHOOL DISTRICT OF NEW BERLIN  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY AND RELATED RATIOS  
SUPPLEMENTAL PENSION PLAN  
Last 10 Fiscal Years (which may be built prospectively)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Pension Liability, beginning of year	\$ 122,981	\$ 158,224	\$ 193,467	\$ 21,032
Changes for the year:				
Service Cost	-	-	-	-
Interest	-	-	-	-
Differences between expected and actual experience	-	-	-	-
Changes of assumptions or other input	-	-	-	176,216
Benefit payments	(35,243)	(35,243)	(35,243)	(3,781)
Net Changes	<u>(35,243)</u>	<u>(35,243)</u>	<u>(35,243)</u>	<u>172,435</u>
Total Pension Liability, end of year	<u>\$ 87,738</u>	<u>\$ 122,981</u>	<u>\$ 158,224</u>	<u>\$ 193,467</u>
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -
Total Pension liability (asset) as a percentage of the covered-employee payroll	N/A	N/A	N/A	N/A

(See Note 7 and Notes to Required Supplementary Information)

**SCHOOL DISTRICT OF NEW BERLIN  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
OTHER POSTEMPLOYMENT BENEFITS PLAN  
Last 10 Fiscal Years (which may be built prospectively)**

	<u>2019</u>	<u>2018</u>
<b><u>Total OPEB Liability</u></b>		
Total OPEB liability - beginning	\$ 10,420,673	\$ 10,453,685
Changes for the year:		
Service Cost	404,542	404,542
Interest	380,324	377,144
Benefit payments	(961,968)	(814,698)
Changes in Benefit Terms	53,496	-
Differences between expected and actual experience	2,743,468	-
Changes of assumptions or other input	(53,231)	-
Net Changes	<u>2,566,631</u>	<u>(33,012)</u>
Total OPEB liability - ending	<u>\$ 12,987,304</u>	<u>\$ 10,420,673</u>
Covered-employee payroll	\$ 25,516,080	\$ 25,237,724
Total OPEB liability as a percentage of the covered-employee payroll	50.90%	41.29%

(See Note 8 and Notes to Required Supplementary Information)

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2019**

**Note 1 – Budgetary Information**

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting as described in Note 1C. Reported budget amounts are as amended by School Board resolution. Budgets are adopted at the function level in the general fund and at the fund level for all other funds. Appropriations lapse at year end unless specifically carried over

**Excess Expenditures Over Appropriations**

The following general fund functions had an excess of actual expenditures over appropriations for the year ended June 30, 2019.

<b>Fund - Function</b>	<b>Excess Expenditures</b>
<b>General Fund</b>	
Vocational instruction	\$ 54,066
Other instruction	\$ 72,882
Pupil services	\$ 22,421
Building administrative services	\$ 266,872
Central services	\$ 451,749
Other non-program services	\$ 50,480
<b>Special Education Fund</b>	
Pupil services	\$ 1,343
Central services	\$ 1,601
Other non-program services	\$ 1,150

**Note 2 – Wisconsin Retirement System (WRS) Pension Data**

The data presented in the Schedule of Proportionate Share of Net Pension Liability (Asset) and the Schedule of Contributions is derived from data provided by the Wisconsin Department of Employee Trust Funds.

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

*Changes of assumptions.* Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015-2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

**Note 3 – Supplemental Pension Data**

The supplemental pension was not included in the actuarial study due to the circumstances described in Note 7 of the financial statements. The Schedule of changes in total pension liability – Supplemental pension is included to disclose the changes in the total pension liability in the format that is consistent with new pension standards.

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2019**

**Note 4 – Other Postemployment Benefit Plan**

*Changes of benefit terms.* The Plan's benefit terms have changed since the prior valuation, therefore a change in benefit terms was calculated that resulted in an increase in the Total OPEB Liability. Specifically, Licensed educators who attain age 57 or greater after September 15, 2016 and Classified Staff will now receive \$1,500 per month towards family coverage rather than \$1,250 per month.

*Changes of assumptions.* Actuarial assumptions are based upon an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-2014. The projection of cash flows used to determine the single discount rate assumed that the plan would continue to be funded on a pay-as-you-go basis. Based on these assumptions, the 20-year AA municipal bond rate was applied to all periods of projected benefit payments to determine the Total OPEB Liability. A discount rate of 3.5% was used in calculating the District's OPEB liabilities (based upon all projected payments discounted at a municipal bond rate of 3.5%). The discount rate is based on the Bond Buyer GO 20-Year AA Bond Index published by the Federal Reserve as of the week of the measurement date. All other assumptions and methods remained unchanged from the valuation performed as of June 30, 2016.

**SUPPLEMENTAL FINANCIAL INFORMATION**

**SCHOOL DISTRICT OF NEW BERLIN  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2019**

	<u>Gift Fund</u>	<u>Food Service</u>	<u>Community Service</u>	<u>Package Cooperative Program Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>					
Cash and investments	\$ 890,948	\$ 1,074,924	\$ 725,929	\$ 138	\$ 2,691,939
Accounts receivable	-	4,833	16,270	-	21,103
<b>Total Assets</b>	<u>\$ 890,948</u>	<u>\$ 1,079,757</u>	<u>\$ 742,199</u>	<u>\$ 138</u>	<u>\$ 2,713,042</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 11,675	\$ 6,630	\$ 1,685	\$ 138	\$ 20,128
Unearned revenue	-	72,044	986	-	73,030
<b>Total Liabilities</b>	<u>11,675</u>	<u>78,674</u>	<u>2,671</u>	<u>138</u>	<u>93,158</u>
<b>Fund Balances</b>					
Restricted	<u>879,273</u>	<u>1,001,083</u>	<u>739,528</u>	<u>-</u>	<u>2,619,884</u>
<b>Total Fund Balances</b>	<u>879,273</u>	<u>1,001,083</u>	<u>739,528</u>	<u>-</u>	<u>2,619,884</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 890,948</u>	<u>\$ 1,079,757</u>	<u>\$ 742,199</u>	<u>\$ 138</u>	<u>\$ 2,713,042</u>

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF NEW BERLIN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2019**

	<u>Gift Fund</u>	<u>Food Service</u>	<u>Community Service</u>	<u>Drug Free Communities</u>	<u>Package Cooperative Program Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>						
Local property taxes	\$ -	\$ -	\$ 859,276	\$ -	\$ -	\$ 859,276
Other local sources	349,456	1,151,520	217,115	-	-	1,718,091
Interdistrict	-	-	-	-	75,000	75,000
State	-	12,016	-	-	-	12,016
Federal	-	316,260	-	-	-	316,260
<b>Total Revenues</b>	<u>349,456</u>	<u>1,479,796</u>	<u>1,076,391</u>	<u>-</u>	<u>75,000</u>	<u>2,980,643</u>
<b>EXPENDITURES</b>						
<b>Instruction</b>						
Regular	19,302	-	-	-	7,835	27,137
Vocational	6,644	-	-	-	-	6,644
Other	95,378	-	-	-	285	95,663
<b>Total Instruction</b>	<u>121,324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,120</u>	<u>129,444</u>
<b>Support Services</b>						
Instructional support	6,244	-	-	-	941	7,185
Building administrative services	2,866	-	-	-	-	2,866
Business administrative services	130,571	1,503,404	-	-	-	1,633,975
Central services	-	5,406	-	-	-	5,406
Other support services	-	12,073	-	-	-	12,073
Community Services	-	-	729,692	-	-	729,692
<b>Total Support Services</b>	<u>139,681</u>	<u>1,520,883</u>	<u>729,692</u>	<u>-</u>	<u>941</u>	<u>2,391,197</u>
<b>Non-Program</b>						
Other non-program services	-	1,764	-	-	66,224	67,988
<b>Total Non-Program</b>	<u>-</u>	<u>1,764</u>	<u>-</u>	<u>-</u>	<u>66,224</u>	<u>67,988</u>
<b>Total Expenditures</b>	<u>261,005</u>	<u>1,522,647</u>	<u>729,692</u>	<u>-</u>	<u>75,285</u>	<u>2,588,629</u>
Excess (deficiency) of revenues over expenditures	88,451	(42,851)	346,699	-	(285)	392,014
<b>OTHER FINANCING SOURCES</b>						
Transfers (to) from other fund	-	-	-	-	285	285
<b>Net Change in Fund Balances</b>	88,451	(42,851)	346,699	-	-	392,299
Fund Balances, beginning of year	790,822	1,043,934	392,829	-	-	2,227,585
<b>FUND BALANCES, end of year</b>	<u>\$ 879,273</u>	<u>\$ 1,001,083</u>	<u>\$ 739,528</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,619,884</u>

See accompanying notes to the 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, 2019**

	<u>Balance 7/1/18</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/19</u>
<b>ASSETS</b>				
Cash and investments	\$ 394,308	\$ 464,021	\$ 499,414	\$ 358,915
<b>Total Assets</b>	<u>\$ 394,308</u>	<u>\$ 464,021</u>	<u>\$ 499,414</u>	<u>\$ 358,915</u>
<b>LIABILITIES</b>				
Due to student organizations	\$ 382,344	\$ 448,534	\$ 487,450	\$ 343,428
Accounts payable	-	15,487	-	15,487
Other liabilities	<u>11,964</u>	<u>-</u>	<u>11,964</u>	<u>-</u>
<b>Total Liabilities</b>	<u>\$ 394,308</u>	<u>\$ 464,021</u>	<u>\$ 499,414</u>	<u>\$ 358,915</u>

See accompanying notes to the financial statements.

**SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
AND OTHER AUDITORS' REPORTS**

SCHOOL DISTRICT OF NEW BERLIN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2019

Awarding Agency/Pass-Through Agency/Award Descriptor	Federal CFDA Number	Pass-Through Entity Identifying Number	Program of Award Amount	Accrued Receivable 7/1/2018	Expenditures Grantor	Revenues Grantor Reimbursements	Accrued Receivable 6/30/2019
<b>U.S. DEPARTMENT OF EDUCATION</b>							
State of Wisconsin							
<b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>							
<b>Title I Programs</b>							
IASA Title I	84.010	2019-673925-TIA-141					
July 1, 2017 - June 30, 2018			\$ 149,594	\$ 31,933	\$ -	\$ 31,933	\$ -
July 1, 2018 - June 30, 2019			129,933	-	122,440	5,734	116,706
Milwaukee Public Schools							
IASA Title I	84.010	N/A					
July 1, 2017 - June 30, 2018				29,754	-	29,754	-
July 1, 2018 - June 30, 2019				-	55,242	55,242	-
Wauwatosa School District							
IASA Title I	84.010	N/A					
July 1, 2018 - June 30, 2019				-	1,396	1,396	-
Waukesha School District							
IASA Title I	84.010	N/A					
July 1, 2018 - June 30, 2019				-	8,505	8,505	-
West Allis - West Milwaukee School District							
IASA Title I	84.010	N/A					
July 1, 2018 - June 30, 2019				-	4,190	4,190	-
Greenfield School District							
IASA Title I	84.010	N/A					
July 1, 2018 - June 30, 2019				-	1,580	1,580	-
Elmbrook School District							
IASA Title I	84.010	N/A					
July 1, 2018 - June 30, 2019				-	685	685	-
<b>Total Title I programs</b>				<b>61,687</b>	<b>194,038</b>	<b>139,019</b>	<b>116,706</b>
<b>Career Education Programs</b>							
Carl Perkins Grant	84.048	2019-673925-CTE-400					
July 1, 2017 - June 30, 2018			13,376	488	-	488	-
July 1, 2018 - June 30, 2019			14,537	-	16,276	14,537	1,739
WCTC Youth Apprentice	84.048	N/A					
July 1, 2017 - June 30, 2018			21,787	9,721	-	9,721	-
July 1, 2018 - June 30, 2019			31,283	-	31,283	31,283	-
WCTC Career Prep Tech Support	84.048	N/A					
July 1, 2018 - June 30, 2019			1,355	-	1,355	1,355	-
<b>Total Career Education Programs</b>				<b>10,209</b>	<b>48,914</b>	<b>57,384</b>	<b>1,739</b>
<b>Special Education Cluster</b>							
IDEA Flow Through	84.027	2019-673925-IDEA-FT-341					
July 1, 2017 - June 30, 2018			1,138,092	588,488	-	588,488	-
July 1, 2018 - June 30, 2019			1,124,924	-	1,064,425	651,038	413,387
IDEA CEIS	84.027	2019-673925-IDEA-FT-341					
July 1, 2017 to June 30, 2018			156,132	47,028	-	47,028	-
July 1, 2018 to June 30, 2019			148,141	-	114,359	30,152	84,207
IDEA Preschool	84.173	2019-673925-IDEA-PS-347					
July 1, 2017 to June 30, 2018			62,021	13,545	-	13,545	-
July 1, 2018 to June 30, 2019			79,122	-	79,122	24,334	54,788
Hartland-Lakeside School District	84.027	N/A					
July 1, 2018 to June 30, 2019				-	11,512	11,512	-
<b>Total Special Education Cluster</b>				<b>649,061</b>	<b>1,269,418</b>	<b>1,366,097</b>	<b>552,382</b>
<b>Title II - Quality Teachers and Principals</b>	84.367	2019-673925-TIIA-365					
July 1, 2017 - June 30, 2018			71,278	19,859	-	19,859	-
July 1, 2018 - June 30, 2019			90,934	-	88,691	-	88,691
<b>Title IV - Student Support and Acad Enrich Grants</b>	84.424	2019-673925-TIVA-381					
July 1, 2018 - June 30, 2019			19,905	-	19,791	-	19,791
<b>Total U.S. Department of Education</b>				<b>740,816</b>	<b>1,620,852</b>	<b>1,582,359</b>	<b>779,309</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>							
<b>Child Nutrition Cluster</b>							
National School Lunch Program	10.555	2019-673925-NSL-547					
July 1, 2018 - June 30, 2019				-	235,489	235,489	-
Food Distribution	10.555	2019-673925-NSL-547					
July 1, 2018 - June 30, 2019				-	80,770	80,770	-
<b>Total Child Nutrition Cluster and U.S. Department of Agriculture</b>					<b>316,259</b>	<b>316,259</b>	
<b>U.S. DEPARTMENT OF Health and Family Services</b>							
<b>Wisconsin department of Health Services</b>							
Medicaid Reimbursements	93.778	44210200					
July 1, 2016 - June 30, 2017				-	155,919	155,919	-
July 1, 2017 - June 30, 2018				41,637	-	41,637	-
July 1, 2018 - June 30, 2019				-	136,462	122,493	13,969
<b>Total Medicaid Reimbursement and U.S. Department of Health and Family Services</b>				<b>41,637</b>	<b>292,381</b>	<b>320,049</b>	<b>13,969</b>
<b>Totals</b>				<b>\$ 782,453</b>	<b>\$ 2,229,492</b>	<b>\$ 2,218,667</b>	<b>\$ 793,278</b>

See accompanying notes to schedules of expenditures of federal and state awards.

**SCHOOL DISTRICT OF NEW BERLIN**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
For the Year Ended June 30, 2019

<u>Awarding Agency/Pass-Through Agency/Award Description</u>	<u>State ID Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Accrued Receivable 7/1/2018</u>	<u>Revenue/ Expenditures</u>	<u>Reimbursements</u>	<u>Accrued Receivable 6/30/2019</u>
<b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>						
<b>Entitlement Programs</b>						
<b>Major Programs</b>						
Pupil Transportation	255.107	673925-102	\$ -	\$ 103,002	\$ 103,002	\$ -
Equalization Aid	255.201	673925-116	40,405	509,285	516,974	32,716
Special Adjustment Aid	255.203	673925-118	-	10,123	10,123	-
Integration Aid - Non-resident	255.204	673925-106	-	61,480	61,480	-
<b>Total Major Programs</b>			<u>40,405</u>	<u>683,890</u>	<u>691,579</u>	<u>32,716</u>
<b>Nonmajor Programs</b>						
Handicapped Pupils and School Age Parents	255.101	673925-100	-	1,618,555	1,618,555	-
State School Lunch Aid	255.102	673925-107	-	12,016	12,016	-
Common School Library Fund	255.103	673925-104	-	165,464	165,464	-
Aid for School Mental Health Programs	255.227	673925-176	-	42,106	42,106	-
Personnel Electronic Computing Device	255.296	673925-175	-	48,000	48,000	-
Educator Effective Eval Sys Grants	255.940	673925-154	26,240	25,520	26,240	25,520
Per Pupil Adjustment Aid	255.945	673925-113	-	2,895,258	2,895,258	-
Career and Technical Education	255.950	673925-152	-	48,000	48,000	-
Assessments of Reading Readiness	255.956	673925-166	-	11,238	11,238	-
Robotics League Participation Grants	255.959	673925-167	-	2,126	-	2,126
Special Education Transition Incentive	255.960	673925-168	-	9,000	9,000	-
Early College Credit Program	118.55	673925-178	-	14,027	-	14,027
<b>Total Nonmajor Programs</b>			<u>26,240</u>	<u>4,891,310</u>	<u>4,875,877</u>	<u>41,673</u>
<b>Total Wisconsin Department of Public Instruction</b>			<u>66,645</u>	<u>5,575,200</u>	<u>5,567,456</u>	<u>74,389</u>
<b>WISCONSIN DEPARTMENT OF REVENUE</b>						
<b>Major Programs</b>						
Exempt Computer Aid	-	-	319,656	327,392	319,656	327,392
<b>Nonmajor Programs</b>						
Personal Property Tax Aid	-	-	-	739,217	739,217	-
<b>Total Wisconsin Department of Revenue</b>			<u>319,656</u>	<u>1,066,609</u>	<u>1,058,873</u>	<u>327,392</u>
<b>WISCONSIN DEPARTMENT OF JUSTICE</b>						
Safety Grant	-	-	-	180,000	51,189	128,811
<b>Total Wisconsin Department of Justice</b>			<u>-</u>	<u>180,000</u>	<u>51,189</u>	<u>128,811</u>
<b>Other</b>						
CESA - Transit of Aid	-	-	1,150	2,791	3,941	-
Fast Forward Health Occupations	-	-	-	36,170	36,170	-
Dual Enrollment Credential Grant	-	-	-	4,899	4,899	-
<b>Total Other</b>			<u>1,150</u>	<u>43,860</u>	<u>45,010</u>	<u>-</u>
<b>Total</b>			<u>\$ 387,451</u>	<u>\$ 6,865,669</u>	<u>\$ 6,722,528</u>	<u>\$ 530,592</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 AWARDS AND STATE AWARDS**  
**June 30, 2019**

**Note 1 - Basis of Presentation**

The accompanying schedules of expenditures of federal awards and state awards (the "Schedules") includes the federal and state award activity of the District. The information in these Schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the Wisconsin State Single Audit Guidelines. Because the Schedules present only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

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

Expenditures reported on the Schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State and Local Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Wisconsin State Single Audit Guidelines.

The District did not elect to use the 10% de minimis cost rate as covered in Uniform Guidance Section 200.414 *Indirect (F&A) Costs*.

**Note 3 - Oversight Agencies**

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

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

Eligible costs for special education under project 011 were \$6,363,858 for the year ended June 30, 2019.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the School District of New Berlin, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District of New Berlin's basic financial statements and have issued our report thereon dated January 17, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as items **2019-001** and **2019-002** that we consider to be a significant deficiency.

**Compliance and Other Matters**

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

## School District of New Berlin's Response to Findings

School District of New Berlin's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. School District of New Berlin's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### Purpose of this Report

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

A handwritten signature in cursive script that reads "Feld, Schumacher & Company, LLP". The signature is written in black ink and is positioned above the typed name and date.

West Allis, Wisconsin  
January 17, 2020

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

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

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

We have audited School District of New Berlin's (the "District") compliance with the types of compliance requirements described in the *OMB 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, 2019. We have also audited the compliance of the District with the types of compliance requirements described in the State Single Audit Guidelines issued by the Wisconsin Department of Administration and the Wisconsin Public School District Audit Manual, issued by the Wisconsin Department of Public Instruction that are applicable to each of its major state programs for the year ended June 30, 2019. 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 state programs.

**Auditor's Responsibility**

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

In our opinion, School District of New Berlin complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2019.

## Report on Internal Control over Compliance

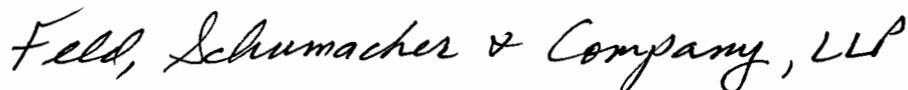
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the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

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

Our consideration of internal control over compliance was for the limited purpose described in the 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 or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

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

FELD, SCHUMACHER & COMPANY, LLP



West Allis, Wisconsin  
January 17, 2020

**SCHOOL DISTRICT OF NEW BERLIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

**Section I: Summary of Auditors' Results**

**Financial Statements**

Type of auditor's report issued	Unmodified	
Internal control over financial reporting		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(s) identified not considered to be material weaknesses?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

**Federal Awards**

Internal control over major programs		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(s) identified not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Type of auditor's report issued on compliance for School-Based Services: Medical Assistance	Unmodified	
Type of auditor's report issued on compliance for other major programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Identification of major programs

**CFDA NUMBER(S)**

**Name of Federal Program or Cluster**

84.010  
93.778

Title 1 Programs  
Medicaid Reimbursement

Dollar threshold used to distinguish between Type A & Type B programs      \$750,000

Auditee qualified as low-risk auditee?       yes       no

**State Awards**

Internal control over major programs		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(s) identified not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Type of auditor's report issued on compliance for major programs.	Unmodified	
Any audit findings disclosed that are required in accordance with the State Single Audit Guidelines	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

**SCHOOL DISTRICT OF NEW BERLIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

Identification of major state programs

<u>State Identification Number</u>	<u>Name of State Program or Cluster</u>
255.201	General Equalization Aid – General Aids Cluster
255.203	Special Adjustment Aid – General Aids Cluster
255.204	Integration Aid – General Aids Cluster
255.107	Pupil Transportation
255.945	Per Pupil Adjustment Aid
-	Personal Property Aid

**Section II: Financial Statement Findings**

**Finding 2019-001:**

Criteria - *Government Auditing Standards* considers the inability to comply with guidelines in accordance with accounting principles generally accepted in the United States (GAAP) to be an internal control deficiency.

Condition - The District's internal control over financial reporting extends through completion of the general ledger, but not to preparation of financial statements and notes. As auditors, we were requested to draft the financial statements including adjustments required under GASB 34, and the accompanying notes to the financial statements. The auditors believe, in the auditors' judgment, the District does possess the necessary expertise to prepare the financial statements, but has chosen to hire the auditor's to perform this service.

Effect - As a result of not having an individual on staff to prepare GAAP basis financial statements, the District has an internal control deficiency.

Cause - Management and those charged with governance have accepted this condition because of cost.

Recommendation - We recommend that management and those charged with governance continue to oversee and accept responsibility of the financial statement preparation services.

District Response - The District does not have the resources and staff to prepare the financial statements and notes but will continue to oversee the auditor's services and review and approve the financial statements and notes.

**Finding 2019-002:**

Criteria – Proper internal control requires there to be policies and procedures in place to ensure that all significant general ledger accounts are reconciled in a timely manner, and those reconciliations are reviewed and approved.

Condition – The books were not closed as of the start of the audit, and during the audit the district had not reconciled key accounts such as cash, fixed assets and some of the major liabilities.

Effect – When reconciliations are not prepared in a timely manner, and related review and approvals are also not completed, it can give rise to an opportunity for misstatements due to error or fraud. Also, it causes the district to be late on such filings as the DPI aid certification and annual report.



**SCHOOL DISTRICT OF NEW BERLIN  
CORRECTIVE ACTION PLAN  
For the Year Ended June 30, 2019**

**Finding No. 2019-001 Significant Deficiency in Internal Control Finding – Financial Statement Preparation**

The District will continue to work with the District's audit firm in the oversight and preparation of the District financial statements. The District will not seek to hire the necessary personnel to produce financial statements internally. The production of these financial statements can be produced in a more efficient and cost effective manner by outsourcing this process to the District's audit firm.

Contact Person: Patrick Miller 262-789-6211

**Finding No. 2019-002 Significant Deficiency in Internal Control Finding – Account Reconciliations**

The District will address the deficiencies noted in Finding 2019-002 by:

- Replacement of district staff lost through retirement or resignation.
- Reviewing and reassigning tasks in the Office of Finance and Operations resulting in more efficient oversight and management of District finances.
- Implementation of a new finance and personnel management software solution with enhanced capabilities and efficiencies allowing the District to eliminate several third party software solutions which were difficult to integrate with our old software solution.
- Provide for auditor read-only access to District finance software to allow for a more efficient preliminary and final audit.

Contact Person: Patrick Miller 262-789-6211

**SCHOOL DISTRICT OF NEW BERLIN**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year Ended June 30, 2019**

**Finding 2018-1**

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

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

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

Questioned Costs: Unknown

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

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

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

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

**STATUS:** This finding has been corrected.