

**GREEN BAY AREA PUBLIC SCHOOLS  
GREEN BAY, WISCONSIN**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2017**

**GREEN BAY AREA PUBLIC SCHOOLS**  
**GREEN BAY, WISCONSIN**  
 June 30, 2017

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**GREEN BAY, WISCONSIN**  
June 30, 2017

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## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Green Bay Area Public Schools  
Green Bay, 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 Green Bay Area Public School District, Green Bay, Wisconsin (the "District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the District'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 District'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 District as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As discussed in Note B.5, the District adopted new accounting guidance, GASB No. 73, *Accounting and Financial Reporting for Pension and Related Assets That Are Now Within the Scope of GASB Statement 68*. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 and the budgetary comparison information and the schedules relating to pensions and other postemployment benefits on pages 42 through 47 be presented to supplement the basic financial statements. Such information, although not 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 supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and schedule of state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration and are also not a required part of the basic financial statements.

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

### **Report on Summarized Financial Information**

We have previously audited the District's 2016 financial statements, and our report dated January 6, 2017, expressed unmodified opinions on those respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Schenck". The signature is fluid and cursive, with a prominent initial "S".

Certified Public Accountants  
Green Bay, Wisconsin  
November 28, 2017

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

## **Management's Discussion and Analysis June 30, 2017**

The management of the Green Bay Area Public School District offers readers of the District's basic financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2017. Readers should consider the information presented in the Management Discussion and Analysis in conjunction with the basic financial statements and the notes to the financial statements, which follow this narrative.

### **Financial Highlights**

- The District's total net position decreased by \$19.9 million primarily due to net pension liabilities reported because of the implementation of GASB Statement No. 73.
- The overall equalized property tax rate remained the same as the prior year at \$10.16 per \$1,000 of property value for fiscal year 2016-17.

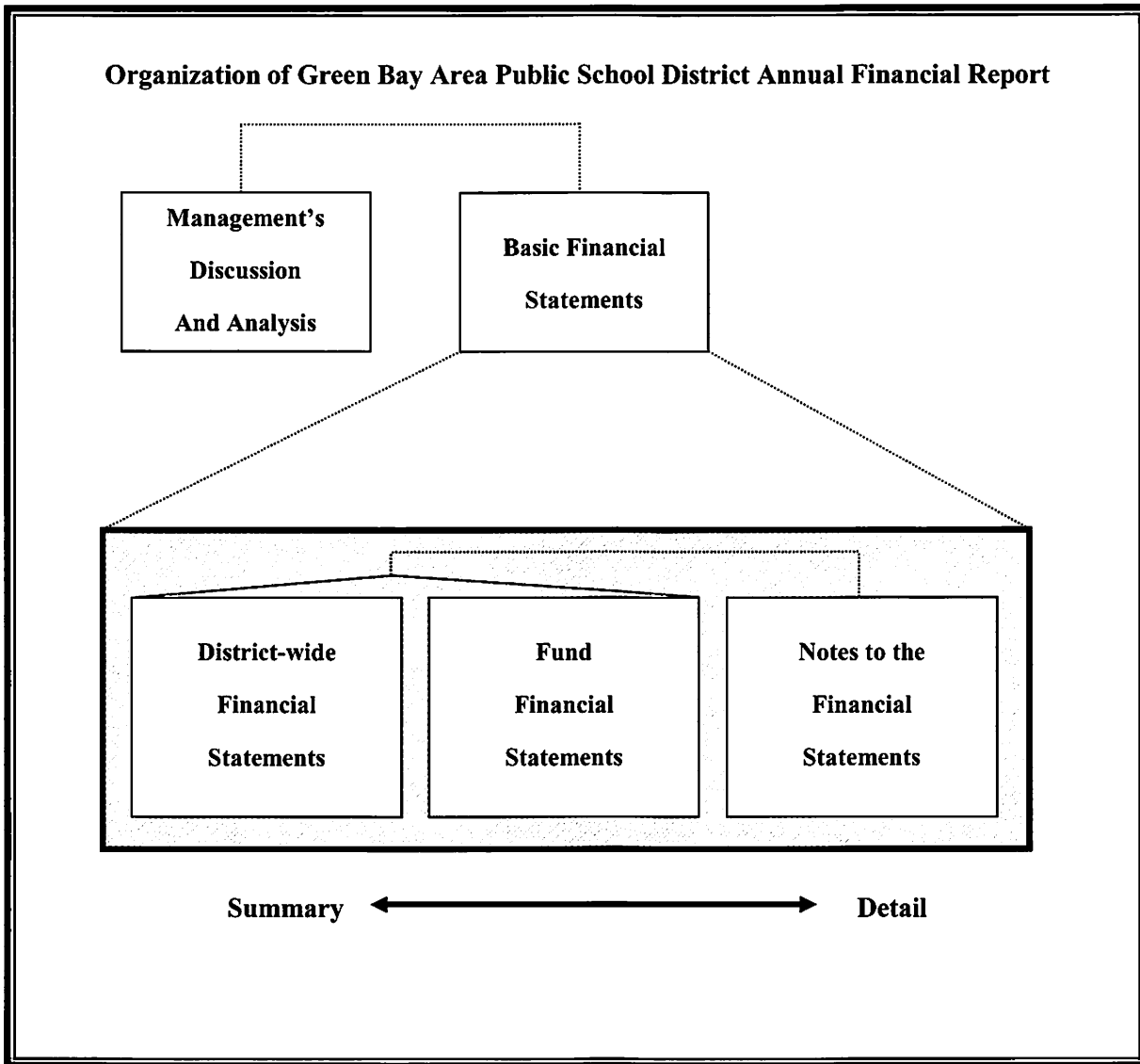
### **Overview of the Financial Statements**

This annual report consists of three parts: Management's Discussion and Analysis, the Basic Financial Statements, and Supplemental Information. The basic financial statements include two types of statements that present different financial perspectives of the District:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- Proprietary funds statements offer short-term and long-term financial information about activities that the District operates like a business (such as food service).
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of supplemental information that further explains and supports the financial statements. The following chart shows how the parts of this annual report are arranged and related to one another.





***District-wide Statements***

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District’s assets, deferred inflows and outflows of resources, and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when the related cash is received or paid.

The two district-wide statements report the District’s net position and how they have changed. Net position, which is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the District’s financial position.

- Over time, increases or decreases in the District’s net position are an indicator of whether its financial position is improving or declining, respectively.
- To assess the District’s overall financial position, you also need to consider additional non-financial factors such as changes in the property tax base and condition of District facilities.

In the district-wide financial statements, the District’s activities are reported in the following category:

- *Governmental activities:* Most of the District’s basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.

## Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has three kinds of funds:

- **Governmental funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- **Proprietary funds:** Services for which the District charges a fee are generally reported in proprietary funds. The District reclassified its food service operations from an enterprise fund to a special revenue fund as of July 1, 2014.
- **Fiduciary funds:** The District is the trustee, or *fiduciary*, for assets that belong to others, such as the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

| Major Features of the District-Wide and Fund Financial Statements |  |   |   |   |
|---|--|---|---|---|
|   | District-wide Statements   | Fund Financial Statements   |   |   |
|   |  | Governmental Funds  | Proprietary Funds   | Fiduciary Funds   |
| Scope   | Entire district (except fiduciary funds)   | The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance  | Activities the district operates similar to private businesses: food service operations were reclassified to a governmental fund as of July 1, 2014                                     | Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies       |
| Required Financial Statements                                     | <ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul> | <ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>                                    | <ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses and changes in net position</li> <li>• Statement of cash flows</li> </ul> | <ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul> |
| Accounting Basis and Measurement Focus                            | Accrual accounting and economic resources focus  | Modified accrual accounting and current financial focus   | Accrual accounting and economic resources focus   | Accrual accounting and economic resources focus   |
| Type of Asset/Liability Information                               | All assets and liabilities, both financial and capital, short-term and long-term                                 | Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included                     | All assets and liabilities, both financial and capital, and short-term and long-term  | All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can                       |
| Type of Inflow/Out flow Information                               | All revenues and expenses during year, regardless of when cash is received or paid                               | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable | All revenues and expenses during the year, regardless of when cash is received or paid  | All additions and deductions during the year, regardless of when cash is received or paid   |

## Financial Analysis of the District as a Whole

**Net Position.** The District's *combined* net position was less on June 30, 2017 compared to the prior year.

| <b>Figure A-1</b>                          |                            |              |                               |
|--|----------------------------|--------------|-------------------------------|
| <b>Condensed Statement of Net Position</b> |                            |              |                               |
| <b>(in millions of dollars)</b>            |                            |              |                               |
|  | Governmental<br>Activities |              | Total<br>Percentage<br>Change |
|  | 2017                       | 2016         | 2016-17                       |
| <b>Assets</b>                              |                            |              |                               |
| Current assets                             | 76.6                       | 67.8         | 13.0%                         |
| Capital assets                             | 177.0                      | 172.5        | 2.6%                          |
| <b>Total Assets</b>                        | <b>253.6</b>               | <b>240.3</b> | <b>5.5%</b>                   |
| <b>Deferred Outflows of Resources</b>      |                            |              |                               |
|  | 58.4                       | 84.6         | -31.0%                        |
| <b>Liabilities</b>                         |                            |              |                               |
| Long-term obligations                      | 78.4                       | 65.9         | 19.0%                         |
| Other liabilities                          | 16.6                       | 14.8         | 12.2%                         |
| <b>Total Liabilities</b>                   | <b>95.0</b>                | <b>80.7</b>  | <b>17.7%</b>                  |
| <b>Deferred Inflows of Resources</b>       |                            |              |                               |
|  | 26.3                       | 33.6         | -21.7%                        |
| <b>Net Position</b>                        |                            |              |                               |
| Net investment in capital assets           | 165.5                      | 152.3        | 8.7%                          |
| Restricted                                 | 18.3                       | 15.4         | 18.8%                         |
| Unrestricted                               | 6.9                        | 42.9         | -83.9%                        |
| <b>Total Net Position</b>                  | <b>190.7</b>               | <b>210.6</b> | <b>-9.4%</b>                  |

**Changes in net position.** The District's governmental activities net position decreased to \$190.7 million. (See Figure A-1.) The District's decrease in financial position is the product of many factors. Assets increased by \$13.3 million. The cash balance increased by \$10.0 million and capital assets increased by \$4.5 million due to the completion of the remaining referendum and energy exemption projects. An increase in long term obligations resulted from the added supplemental pension plan liability offered by the District of \$30.7 million offset by the principal payments of long term debt. The \$30.7 million of net pension liability were reported due to the implementation of GASB Statement No. 73.

The District's total net position decreased by \$19.9 million from total revenues of \$300.5 million. (See Figure A-2.) Property taxes and state formula aid accounted for most of the District's revenue, with each contributing about 28% and 52.6%, respectively. Another 16.5% came from federal and state aid for specific programs and local revenue sources.

The total cost of all programs and services was \$292 million. The District's expenses are predominantly related to instructing, caring for (pupil services), and transporting students, along with building maintenance. Instruction and student related costs accounted for 66.6% of the District's expense, while the District's administration, transportation, maintenance and business activities accounted for 17.1% of total costs. Interest on debt and other costs made up the remaining 16.3% of the total costs.

| <b>Figure A-2</b>                                     |                            |       |                      |
|---|----------------------------|-------|----------------------|
| <b>Changes in Net Position from Operating Results</b> |                            |       |                      |
| <b>(in millions of dollars)</b>                       |                            |       |                      |
|   | Governmental<br>Activities |       | Percentage<br>Change |
|   | 2017                       | 2016  | 2016-17              |
| <b>Revenues</b>                                       |                            |       |                      |
| Program Revenues                                      |                            |       |                      |
| Charges for services                                  | 5.9                        | 5.8   | 1.7%                 |
| Operating grants and contributions                    | 49.5                       | 49.8  | -0.6%                |
| General Revenues                                      |                            |       |                      |
| Property taxes  | 84.2                       | 83.0  | 1.4%                 |
| State formula aid                                     | 158.2                      | 141.4 | 11.9%                |
| Other   | 2.7                        | 0.7   | 285.7%               |
| Total Revenues  | 300.5                      | 280.7 | 7.1%                 |
| <b>Expenses</b>                                       |                            |       |                      |
| Instruction   | 158.1                      | 154.3 | 2.5%                 |
| Support services                                      | 109.3                      | 113.6 | -3.8%                |
| Non-program   | 17.3                       | 14.7  | 17.7%                |
| Interest on debt                                      | 0.6                        | 0.8   | -25.0%               |
| Depreciation - unallocated                            | 6.7                        | 5.6   | 19.6%                |
| Total Expenses  | 292.0                      | 289.0 | 1.0%                 |
| Increase (Decrease) in Net Position                   | 8.5                        | (8.3) | -202.4%              |
| Cumulative change in accounting principle             | (28.4)                     | -     | 100.0%               |
| Decrease in Net Position                              | (19.9)                     | (8.3) | 139.8%               |

## Governmental Activities

Governmental activities decreased the District's net position by \$19.9 million. Key elements of this decrease are as follows:

- The District's net position increased by \$8.5, however, because of the implementation of GASB Statement No. 73, a cumulative effect of change in accounting principle was reported in the amount of \$28.4, resulting in a net position decrease of \$19.9.
- State formula aid increased by \$16.8 million, an 11.3% increase from prior year.

Figure A-3 presents the cost of seven major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, interest on debt and other. The table also shows each activity's *net cost* (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

| Figure A-3<br>Net Cost of Governmental Activities<br>(in millions of dollars) |                        |              |                   |                      |              |                   |
|---|------------------------|--------------|-------------------|----------------------|--------------|-------------------|
|   | Total Cost of Services |              | Percentage Change | Net Cost of Services |              | Percentage Change |
|   | 2017                   | 2016         | 2016-17           | 2017                 | 2016         | 2016-17           |
| Instruction   | 158.1                  | 154.3        | 2.5%              | 127.0                | 121.9        | 4.2%              |
| Pupil and instructional services  | 36.2                   | 35.9         | 0.8%              | 27.4                 | 26.6         | 3.0%              |
| Administration and business   | 20.2                   | 20.5         | -1.5%             | 20.8                 | 20.5         | 1.5%              |
| Maintenance and operations  | 21.4                   | 21.0         | 1.9%              | 19.8                 | 19.4         | 2.1%              |
| Transportation  | 8.4                    | 8.2          | 2.4%              | 7.3                  | 7.6          | -3.9%             |
| Interest on debt  | 0.6                    | 0.8          | -25.0%            | 0.6                  | 0.8          | -25.0%            |
| Other   | 47.1                   | 48.3         | -2.5%             | 33.7                 | 36.7         | -8.2%             |
| <b>Total</b>  | <b>292.0</b>           | <b>289.0</b> | <b>1.0%</b>       | <b>236.6</b>         | <b>233.5</b> | <b>1.3%</b>       |

- The cost of all *governmental* activities this year was \$292 million
- The users of the District’s programs financed some of the cost. (.2%)
- The federal and state governments subsidized certain programs with grants and contributions. (16.9%)
- The remaining portion of governmental activities was financed with \$84.2 million in property taxes, \$158.2 million of unrestricted state aid based on the statewide equalization aid formula, state categorical aids, and investment earnings.

### Financial Analysis of the District’s Funds

The strong financial health of the District as a whole is reflected in its general fund balance which increased by \$3.7 million. As the District completed the year, its governmental funds reported a combined fund balance of \$60.3 million, an increase of \$6.9 million from the prior year. The increase in fund balance is partly due to holding expenses below budgeted amounts and unexpended debt proceeds of \$5.8 million.

#### General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget a number of times. These budget amendments fall into three categories:

- New Grant Revenues and Expenditures
- Site Budget Transfers
- Operating Transfers

Although the District’s final budget for the general fund anticipated that expenditures would equal revenues, the actual results for the year showed revenues exceeded expenditures by \$3.7 million.

## Capital Asset and Debt Administration

### *Capital Assets*

By the end of the 2016-17 fiscal year, the District had invested \$177 million in a broad range of capital assets including land, site improvements, buildings, and equipment. (More detailed information about capital assets can be found in Note B2 to the financial statements.) Total depreciation expense for the year was \$6.7 million. The large increase within the buildings category was due to the finalization of several referendum and energy exemption projects.

| <b>Figure A-4<br/>Capital Assets<br/>(in millions of dollars)</b> |                            |              |                               |
|---|----------------------------|--------------|-------------------------------|
|   | Governmental<br>Activities |              | Total<br>Percentage<br>Change |
|   | 2017                       | 2016         | 2016-17                       |
| Land  | 8.7                        | 8.7          | 0.0%                          |
| Construction in progress  | 5.5                        | 6.8          | -19.1%                        |
| Site improvements   | 7.0                        | 6.8          | 2.9%                          |
| Buildings   | 259.0                      | 247.4        | 4.7%                          |
| Machinery and<br>equipment  | 13.2                       | 13.5         | -2.2%                         |
| Accumulated<br>depreciation                                       | (116.4)                    | (110.7)      | 5.1%                          |
| <b>Total</b>  | <b>177.0</b>               | <b>172.5</b> | <b>2.6%</b>                   |

### *Long-Term Debt*

At year-end, the District had \$18.6 million in general obligation debt and \$59.9 million in retirement liabilities outstanding. (More detailed information about the District's long-term liabilities is presented in Note B4 to the financial statements.)

| <b>Figure A-5<br/>Outstanding Long-term Obligations<br/>(in millions of dollars)</b> |                            |             |                               |
|--|----------------------------|-------------|-------------------------------|
|  | Governmental<br>Activities |             | Total<br>Percentage<br>Change |
|  | 2017                       | 2016        | 2016-17                       |
| General obligation debt  | 18.6                       | 28.5        | -34.7%                        |
| Other  | 59.9                       | 37.5        | 59.7%                         |
| <b>Total</b>   | <b>78.5</b>                | <b>66.0</b> | <b>18.9%</b>                  |

- The District holds an Aa2 rating from Moody's Investor Service.
- The increase in retirement liabilities outstanding is the result of recognizing the full actuarial amount due relating to the supplemental pension plan. The impact at July 1, 2016 was an increase in liability of \$28.3 million.

## **Factors Bearing on the District's Future**

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could impact its financial health in the future:

- The District increased the general fund balance by \$3,691,161 in 2016-17. The District's total general fund balance of \$41,534,408 exceeds the 15% minimum approved by the Board of Education.
- Enrollment is expected to remain fairly steady over the next 5 years which impacts available financial resources.
- The health insurance industry is expected to increase premiums for the foreseeable future and could adversely affect employee benefit costs.
- Over the last several years, the District has utilized an energy efficiency exemption, an exemption to the state's revenue limits, to allocate financial resources towards maintenance projects enhancing many of the districts mechanical systems and building envelopes. Because this statute no longer exists, the District's will need to develop a strategic plan to address needs.
- The state of Wisconsin has finalized its biennial budget and the District continues to take a conservative approach to financial resources that are allocated to public school districts.
- The District successfully passed an operational referendum in April 2017 to allow for additional monies to maintain programmable offerings to students further ensuring the financial stability of the District. In addition, voters approved a \$68.25 million facilities referendum to address capacity, safety, security, and adequate and appropriate spaces.

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

The financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office of the Green Bay Area Public School District at 200 South Broadway, Green Bay, WI, 54303 or by calling (920) 448-2200.

## **BASIC FINANCIAL STATEMENTS**



**GREEN BAY AREA PUBLIC SCHOOLS**  
**GREEN BAY, WISCONSIN**  
Statement of Net Position  
June 30, 2017  
(With summarized financial information as of June 30, 2016)

|   | Governmental Activities |                       |
|---|-------------------------|-----------------------|
|   | 2017                    | 2016                  |
| <b>ASSETS</b>                               |                         |                       |
| Cash and investments                        | \$ 41,872,642           | \$ 31,882,746         |
| Receivables                                 |                         |                       |
| Taxes                                       | 21,649,779              | 22,068,953            |
| Accounts                                    | 1,263,158               | 1,242,476             |
| Due from other governments                  | 11,160,712              | 12,311,652            |
| Inventories and prepaid items               | 673,018                 | 299,861               |
| Capital assets                              |                         |                       |
| Sites                                       | 8,729,996               | 8,729,996             |
| Construction in progress                    | 5,520,798               | 6,781,174             |
| Site improvements                           | 6,979,266               | 6,803,240             |
| Buildings                                   | 259,011,312             | 247,379,045           |
| Machinery and equipment                     | 13,199,784              | 13,528,835            |
| Less: Accumulated depreciation              | (116,429,052)           | (110,731,811)         |
| <b>TOTAL ASSETS</b>                         | <b>253,631,413</b>      | <b>240,296,167</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |                         |                       |
| Deferred charges on refunding               | 499,861                 | 633,158               |
| Deferred outflows related to pension        | 57,906,229              | 83,919,756            |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b> | <b>58,406,090</b>       | <b>84,552,914</b>     |
| <b>LIABILITIES</b>                          |                         |                       |
| Accounts payable                            | 4,691,505               | 4,440,965             |
| Accrued payroll liabilities                 | 10,114,037              | 9,237,284             |
| Accrued interest payable                    | 232,800                 | 280,345               |
| Unearned revenues                           | 935,527                 | 751,718               |
| Other liabilities                           | 582,550                 | -                     |
| Long-term obligations                       |                         |                       |
| Due within one year                         | 4,599,947               | 8,979,947             |
| Due in more than one year                   | 24,088,380              | 31,956,017            |
| Other post-employment benefit liability     | 10,894,031              | 9,189,666             |
| Pension liability                           | 38,866,416              | 15,839,964            |
| <b>TOTAL LIABILITIES</b>                    | <b>95,005,193</b>       | <b>80,675,906</b>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>        |                         |                       |
| Deferred inflows related to pension         | 26,310,302              | 33,577,609            |
| <b>NET POSITION</b>                         |                         |                       |
| Net investment in capital assets            | 165,506,377             | 152,283,102           |
| Restricted for                              |                         |                       |
| Debt service                                | 4,632,929               | 8,301,894             |
| Construction of capital assets              | 7,869,684               | 2,038,434             |
| Special revenue trust fund                  | -                       | 6,309                 |
| Private purpose trust funds                 | 464,139                 | 468,562               |
| Community services                          | 1,563,680               | 1,037,419             |
| Food services                               | 3,656,652               | 3,283,356             |
| Grant expenditures                          | 80,252                  | 244,191               |
| Unrestricted                                | 6,948,295               | 42,932,299            |
| <b>TOTAL NET POSITION</b>                   | <b>\$ 190,722,008</b>   | <b>\$ 210,595,566</b> |

The notes to the basic financial statements are an integral part of this statement.

**GREEN BAY AREA PUBLIC SCHOOLS**

GREEN BAY, WISCONSIN

Statement of Activities

For the Year Ended June 30, 2017

(With summarized financial information for the year ended June 30, 2016)

| Functions/Programs  | Expenses              | Program Revenues     |                                    | Net (Expense) Revenue and Changes in Net Position |                       |
|---|-----------------------|----------------------|------------------------------------|---|-----------------------|
|   |                       | Charges for Services | Operating Grants and Contributions | Totals  |                       |
|   |                       |                      |                                    | Governmental Activities                           |                       |
|   |                       |                      |                                    | 2017  | 2016                  |
| <b>Governmental Activities</b>                              |                       |                      |                                    |   |                       |
| Instruction   | \$ 158,130,614        | \$ 3,934,166         | \$ 27,210,134                      | \$ (126,986,314)                                  | \$ (121,865,368)      |
| Support services  | 109,214,936           | 1,978,385            | 22,131,511                         | (85,105,040)                                      | (90,794,819)          |
| Non-program   | 17,295,983            | -                    | 145,687                            | (17,150,296)                                      | (14,370,322)          |
| Interest on debt  | 612,273               | -                    | -                                  | (612,273)   | (843,219)             |
| Depreciation - unallocated                                  | 6,729,415             | -                    | -                                  | (6,729,415)                                       | (5,641,141)           |
| <b>Total Governmental Activities</b>                        | <b>291,983,221</b>    | <b>5,912,551</b>     | <b>49,487,332</b>                  | <b>(236,583,338)</b>                              | <b>(233,514,869)</b>  |
| <b>Total Governmental Activities</b>                        | <b>\$ 291,983,221</b> | <b>\$ 5,912,551</b>  | <b>\$ 49,487,332</b>               | <b>(236,583,338)</b>                              | <b>(233,514,869)</b>  |
| <b>General revenues</b>                                     |                       |                      |                                    |   |                       |
| Property taxes, levied for general purposes                 |                       |                      |                                    | 74,701,671  | 72,102,337            |
| Property taxes, levied for debt service                     |                       |                      |                                    | 6,600,000   | 8,012,550             |
| Property taxes, levied for community services               |                       |                      |                                    | 2,764,368   | 2,764,368             |
| Other taxes   |                       |                      |                                    | 153,171   | 150,358               |
| State and federal aids not restricted to specific functions |                       |                      |                                    | 158,154,026                                       | 141,437,119           |
| Interest and investment earnings                            |                       |                      |                                    | 216,098   | 190,145               |
| Miscellaneous   |                       |                      |                                    | 2,473,648   | 491,126               |
| Gain on disposal of capital assets                          |                       |                      |                                    | 22,140  | -                     |
| <b>Total General Revenues</b>                               |                       |                      |                                    | <b>245,085,122</b>                                | <b>225,148,003</b>    |
| <b>Change in net position</b>                               |                       |                      |                                    | <b>8,501,784</b>                                  | <b>(8,366,866)</b>    |
| <b>Net position - July 1, as originally reported</b>        |                       |                      |                                    | <b>210,595,566</b>                                | <b>218,962,432</b>    |
| <b>Cumulative effect of change in accounting principle</b>  |                       |                      |                                    | <b>(28,375,342)</b>                               | <b>-</b>              |
| <b>Net position - July 1, restated</b>                      |                       |                      |                                    | <b>182,220,224</b>                                | <b>218,962,432</b>    |
| <b>Net position - June 30</b>                               |                       |                      |                                    | <b>\$ 190,722,008</b>                             | <b>\$ 210,595,566</b> |

The notes to the basic financial statements are an integral part of this statement.

**GREEN BAY AREA PUBLIC SCHOOLS**

GREEN BAY, WISCONSIN

Balance Sheet

Governmental Funds

June 30, 2017

(With summarized financial information as of June 30, 2016)

|  | General              | Capital<br>Projects | Other<br>Governmental<br>Funds | Total<br>Governmental Funds |                      |
|--|----------------------|---------------------|--------------------------------|-----------------------------|----------------------|
|  |                      |                     |                                | 2017                        | 2016                 |
| <b>ASSETS</b>                              |                      |                     |                                |                             |                      |
| Cash and investments                       | \$ 22,482,695        | \$ 9,517,136        | \$ 9,872,811                   | \$ 41,872,642               | \$ 31,882,746        |
| Receivables                                |                      |                     |                                |                             |                      |
| Taxes                                      | 21,649,779           | -                   | -                              | 21,649,779                  | 22,068,953           |
| Accounts                                   | 264,476              | -                   | 998,682                        | 1,263,158                   | 1,242,476            |
| Due from other funds                       | 287,737              | -                   | -                              | 287,737                     | 405,465              |
| Due from other government                  | 9,345,168            | -                   | 1,815,544                      | 11,160,712                  | 12,311,652           |
| Inventories and prepaid items              | 331,620              | -                   | 341,398                        | 673,018                     | 299,861              |
| <b>TOTAL ASSETS</b>                        | <b>\$ 54,361,475</b> | <b>\$ 9,517,136</b> | <b>\$ 13,028,435</b>           | <b>\$ 76,907,046</b>        | <b>\$ 68,211,153</b> |
| <b>LIABILITIES AND FUND BALANCES</b>       |                      |                     |                                |                             |                      |
| <b>Liabilities</b>                         |                      |                     |                                |                             |                      |
| Accounts payable                           | \$ 2,656,709         | \$ 1,064,902        | \$ 969,894                     | \$ 4,691,505                | \$ 4,440,965         |
| Accrued payroll liabilities                | 10,114,037           | -                   | -                              | 10,114,037                  | 9,237,284            |
| Due to other funds                         | -                    | -                   | 287,737                        | 287,737                     | 405,465              |
| Unearned revenues                          | 56,321               | -                   | 879,206                        | 935,527                     | 751,718              |
| Other deposits payable                     | -                    | 582,550             | -                              | 582,550                     | -                    |
| <b>Total Liabilities</b>                   | <b>12,827,067</b>    | <b>1,647,452</b>    | <b>2,136,837</b>               | <b>16,611,356</b>           | <b>14,835,432</b>    |
| <b>Fund Balances</b>                       |                      |                     |                                |                             |                      |
| <b>Nonspendable</b>                        |                      |                     |                                |                             |                      |
| Inventories and prepaid items              | 331,620              | -                   | 341,398                        | 673,018                     | 299,861              |
| <b>Restricted</b>                          |                      |                     |                                |                             |                      |
| Retirement of long-term debt               | -                    | -                   | 4,865,729                      | 4,865,729                   | 8,582,239            |
| Construction of assets                     | -                    | 7,869,684           | -                              | 7,869,684                   | 2,038,434            |
| Trust funds                                | -                    | -                   | 464,139                        | 464,139                     | 474,871              |
| Grant expenditures                         | 80,252               | -                   | -                              | 80,252                      | 244,191              |
| Community services                         | -                    | -                   | 1,563,680                      | 1,563,680                   | 1,037,419            |
| Food services                              | -                    | -                   | 3,656,652                      | 3,656,652                   | 3,283,356            |
| <b>Assigned</b>                            |                      |                     |                                |                             |                      |
| Self insurance                             | 12,631,063           | -                   | -                              | 12,631,063                  | 11,062,181           |
| Capital outlay                             | -                    | -                   | -                              | -                           | 1,222,501            |
| Subsequent year expenditures               | 128,453              | -                   | -                              | 128,453                     | 149,398              |
| Unassigned                                 | 28,363,020           | -                   | -                              | 28,363,020                  | 24,981,270           |
| <b>Total Fund Balances</b>                 | <b>41,534,408</b>    | <b>7,869,684</b>    | <b>10,891,598</b>              | <b>60,295,690</b>           | <b>53,375,721</b>    |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b>\$ 54,361,475</b> | <b>\$ 9,517,136</b> | <b>\$ 13,028,435</b>           | <b>\$ 76,907,046</b>        | <b>\$ 68,211,153</b> |

(Continued)

**GREEN BAY AREA PUBLIC SCHOOLS**  
**GREEN BAY, WISCONSIN**  
**Balance Sheet (Continued)**  
**Governmental Funds**  
**June 30, 2017**  
(With summarized financial information as of June 30, 2016)

|  | Total<br>Governmental Funds |                       |
|--|-----------------------------|-----------------------|
|  | 2017                        | 2016                  |
| <u>Reconciliation to the Statement of Net Position</u>   |                             |                       |
| Total Fund Balances as shown above   | \$ 60,295,690               | \$ 53,375,721         |
| 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.  | 177,012,104                 | 172,490,479           |
| The District's proportionate share of the Wisconsin Retirement System pension plan is not an available financial resource; therefore, it is not reported in the fund financial statements: |                             |                       |
| Deferred outflows of resources   | 57,906,229                  | 83,919,756            |
| Net pension liability  | (8,140,009)                 | (15,839,964)          |
| Deferred inflows of resources  | (26,310,302)                | (33,577,609)          |
| The District's supplemental pension plan is not an available resource; therefore, is not reported in the fund financial statements:  |                             |                       |
| Net pension liability  | (30,726,407)                | (2,171,316)           |
| The District's other post-employment benefit liability is not an available resource; therefore, is not reported in the fund financial statements:  |                             |                       |
| Net other post employment benefit liability  | (10,894,031)                | (9,189,666)           |
| Some liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.  |                             |                       |
| Deferred charges on debt refunding   | 499,861                     | 633,158               |
| Premium on debt refundings   | (540,588)                   | (630,535)             |
| Accrued interest payable   | (232,800)                   | (280,345)             |
| Long-term obligations (see note B.4)   | (28,147,739)                | (38,134,113)          |
| <b>Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 12)</b>  | <b>\$ 190,722,008</b>       | <b>\$ 210,595,566</b> |

The notes to the basic financial statements are an integral part of this statement.

**GREEN BAY AREA PUBLIC SCHOOLS**  
**GREEN BAY, WISCONSIN**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2017  
(With summarized financial information for the year ended June 30, 2016)

|   | General              | Capital<br>Projects | Other<br>Governmental<br>Funds | Total<br>Governmental Funds |                      |
|---|----------------------|---------------------|--------------------------------|-----------------------------|----------------------|
|   |                      |                     |                                | 2017                        | 2016                 |
| <b>Revenues</b>                                     |                      |                     |                                |                             |                      |
| Property taxes                                      | \$ 74,701,671        | \$ -                | \$ 9,364,368                   | \$ 84,066,039               | \$ 82,879,255        |
| Other local sources                                 | 1,761,444            | 6,604               | 1,262,064                      | 3,030,112                   | 3,429,279            |
| Food sales  | -                    | -                   | 1,748,194                      | 1,748,194                   | 1,791,167            |
| Interdistrict sources                               | 2,950,839            | -                   | -                              | 2,950,839                   | 2,616,328            |
| Intermediate sources                                | 11,493               | -                   | -                              | 11,493                      | 34,845               |
| State sources                                       | 177,147,076          | -                   | 165,416                        | 177,312,492                 | 162,951,130          |
| Federal sources                                     | 17,320,601           | -                   | 11,746,416                     | 29,067,017                  | 26,668,653           |
| Other sources                                       | 2,200,823            | -                   | 11,382                         | 2,212,205                   | 478,084              |
| <b>Total Revenues</b>                               | <b>276,093,947</b>   | <b>6,604</b>        | <b>24,297,840</b>              | <b>300,398,391</b>          | <b>280,848,741</b>   |
| <b>Expenditures</b>                                 |                      |                     |                                |                             |                      |
| <b>Instruction</b>                                  |                      |                     |                                |                             |                      |
| Regular instruction                                 | 80,473,991           | -                   | 2,216,431                      | 82,690,422                  | 83,552,057           |
| Vocational instruction                              | 6,148,825            | -                   | -                              | 6,148,825                   | 5,720,085            |
| Special education instruction                       | 33,426,576           | -                   | -                              | 33,426,576                  | 33,738,103           |
| Other instruction                                   | 26,866,061           | -                   | 714,893                        | 27,580,954                  | 22,188,639           |
| <b>Total Instruction</b>                            | <b>146,915,453</b>   | <b>-</b>            | <b>2,931,324</b>               | <b>149,846,777</b>          | <b>145,198,884</b>   |
| <b>Support Services</b>                             |                      |                     |                                |                             |                      |
| Pupil services                                      | 17,041,487           | -                   | 962,539                        | 18,004,026                  | 17,813,317           |
| Instructional staff services                        | 14,072,072           | -                   | 184,173                        | 14,256,245                  | 16,653,121           |
| General administration services                     | 3,487,502            | -                   | 1,205,427                      | 4,692,929                   | 4,392,041            |
| School administration services                      | 13,544,530           | -                   | 780,847                        | 14,325,377                  | 14,748,000           |
| Business services                                   | 2,233,534            | -                   | -                              | 2,233,534                   | 2,227,232            |
| Operation and maintenance of plant                  | 22,555,974           | 9,175,354           | 284,674                        | 32,016,002                  | 48,137,062           |
| Pupil transportation services                       | 8,205,227            | -                   | 219,543                        | 8,424,770                   | 8,238,125            |
| Food services                                       | -                    | -                   | 9,976,443                      | 9,976,443                   | 9,762,666            |
| Central services                                    | 8,338,864            | -                   | -                              | 8,338,864                   | 11,215,705           |
| Insurance   | 745,622              | -                   | -                              | 745,622                     | 746,426              |
| Other support services                              | 2,861,939            | -                   | -                              | 2,861,939                   | 2,697,402            |
| <b>Total Support Services</b>                       | <b>93,086,751</b>    | <b>9,175,354</b>    | <b>13,613,646</b>              | <b>115,875,751</b>          | <b>136,631,097</b>   |
| <b>Non-program</b>                                  |                      |                     |                                |                             |                      |
| Trust fund disbursements                            | -                    | -                   | 38,802                         | 38,802                      | 39,711               |
| General tuition payments                            | 14,788,725           | -                   | -                              | 14,788,725                  | 13,190,708           |
| School choice vouchers                              | 1,152,830            | -                   | -                              | 1,152,830                   | 1,087,483            |
| Special education tuition payments                  | 106,794              | -                   | -                              | 106,794                     | 415,398              |
| Adjustments and refunds                             | 1,208,889            | -                   | -                              | 1,208,889                   | 5,102                |
| <b>Total Non-program</b>                            | <b>17,257,238</b>    | <b>-</b>            | <b>38,802</b>                  | <b>17,296,040</b>           | <b>14,738,402</b>    |
| <b>Debt Service</b>                                 |                      |                     |                                |                             |                      |
| Principal   | -                    | -                   | 24,930,000                     | 24,930,000                  | 14,310,000           |
| Interest and fiscal charges                         | 2,678                | -                   | 613,790                        | 616,468                     | 820,084              |
| <b>Total Debt Service</b>                           | <b>2,678</b>         | <b>-</b>            | <b>25,543,790</b>              | <b>25,546,468</b>           | <b>15,130,084</b>    |
| <b>Total Expenditures</b>                           | <b>257,262,120</b>   | <b>9,175,354</b>    | <b>42,127,562</b>              | <b>308,565,036</b>          | <b>311,698,467</b>   |
| <b>Excess of Revenues Over (Under) Expenditures</b> | <b>18,831,827</b>    | <b>(9,168,750)</b>  | <b>(17,829,722)</b>            | <b>(8,166,645)</b>          | <b>(30,849,726)</b>  |
| <b>Other Financing Sources (Uses)</b>               |                      |                     |                                |                             |                      |
| Proceeds from sale of capital assets                | 86,614               | -                   | -                              | 86,614                      | -                    |
| Long-term debt issued                               | -                    | 15,000,000          | -                              | 15,000,000                  | 9,000,000            |
| Premium on long term debt issued                    | -                    | -                   | -                              | -                           | 241,860              |
| Transfers in  | -                    | -                   | 15,227,280                     | 15,227,280                  | 5,592,024            |
| Transfers out                                       | (15,227,280)         | -                   | -                              | (15,227,280)                | (5,592,024)          |
| <b>Total Other Financing Sources (Uses)</b>         | <b>(15,140,666)</b>  | <b>15,000,000</b>   | <b>15,227,280</b>              | <b>15,086,614</b>           | <b>9,241,860</b>     |
| <b>Net Change in Fund Balances</b>                  | <b>3,691,161</b>     | <b>5,831,250</b>    | <b>(2,602,442)</b>             | <b>6,919,969</b>            | <b>(21,607,866)</b>  |
| <b>Fund Balances - July 1</b>                       | <b>37,843,247</b>    | <b>2,038,434</b>    | <b>13,494,040</b>              | <b>53,375,721</b>           | <b>74,983,587</b>    |
| <b>Fund Balances - June 30</b>                      | <b>\$ 41,534,408</b> | <b>\$ 7,869,684</b> | <b>\$ 10,891,598</b>           | <b>\$ 60,295,690</b>        | <b>\$ 53,375,721</b> |

(Continued)

**GREEN BAY AREA PUBLIC SCHOOLS**  
**GREEN BAY, WISCONSIN**  
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)  
Governmental Funds  
For the Year Ended June 30, 2017  
(With summarized financial information as of June 30, 2016)

|   | Total Governmental Funds |                       |
|---|--------------------------|-----------------------|
|   | 2017                     | 2016                  |
| <u>Reconciliation to the Statement of Activities</u>  |                          |                       |
| Net Change in Fund Balances from previous page  | \$ 6,919,969             | \$ (21,607,866)       |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>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 and reported as depreciation expense.</p>  |                          |                       |
| Capital outlay reported in governmental fund statements   | \$ 11,251,040            |                       |
| Depreciation expense reported in the statement of activities  | <u>(6,729,415)</u>       |                       |
| Amount in which capital outlays are greater than depreciation   | 4,521,625                | 22,589,097            |
| <p>In governmental funds the entire proceeds, if any, from the disposal of capital assets is reported as an other financing source. In the statement of activities, only the gain (or loss) on the disposal is reported.</p>  |                          |                       |
| Net book value of assets disposed   | -                        | (2,730,047)           |
| <p>Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.</p>  |                          |                       |
| This year the accrual of these benefits increased by:   | (1,647,991)              | (2,367,873)           |
| <p>Change in the pension liability (asset) and related deferred inflows and outflows of resources as a result of employer contributions, changes in assumptions and proportionate share and the difference between the expected and actual experience of the pension plan.</p>  |                          |                       |
| Wisconsin Retirement System   | (11,046,265)             | (9,015,089)           |
| Supplemental Pension Plan   | (179,749)                | (280,093)             |
| <p>The issuance of long-term debt (e.g., bonds) provide current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premium, discounts, charges on advance refundings, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p> |                          |                       |
| Long-term debt issued   | \$ (15,000,000)          |                       |
| Principal paid on long-term debt  | 24,930,000               |                       |
| Change in deferred charges on long-term debt  | (133,297)                |                       |
| Change in interest accrued on long-term debt  | 47,545                   |                       |
| Change in premium received on long-term debt  | <u>89,947</u>            |                       |
|   | 9,934,195                | 5,045,005             |
| Change in Net Position of Governmental Activities as Reported on the Statement of Activities (see page 12)  | <u>\$ 8,501,784</u>      | <u>\$ (8,366,866)</u> |

The notes to the basic financial statements are an integral part of this statement.

**GREEN BAY AREA PUBLIC SCHOOLS**  
**GREEN BAY, WISCONSIN**  
**Statement of Net Position**  
**Fiduciary Funds**  
**June 30, 2017**

|                              | Agency<br>Funds   |
|------------------------------|-------------------|
| <b>ASSETS</b>                |                   |
| Cash and investments         | <u>\$ 900,943</u> |
| <b>LIABILITIES</b>           |                   |
| Due to student organizations | <u>\$ 900,943</u> |

The notes to the basic financial statements are an integral part of this statement.

**GREEN BAY AREA PUBLIC SCHOOLS**  
**GREEN BAY, WISCONSIN**  
Notes to Basic Financial Statements  
June 30, 2017

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Green Bay Area Public Schools, Green Bay, Wisconsin (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below:

1. Reporting Entity

The District is a unified school district. It is governed by a seven member elected school board, operates grades 4K through 12 and is comprised of all or parts of eight taxing districts.

In accordance with GAAP, the basic financial statements are required to include the District (the primary government) and any separate component units that have a significant operational or financial relationship with the District. The District has not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement No. 61.

2. District-Wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. 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 district-wide financial statements. Governmental funds include general, special revenue, debt service and capital projects funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The District has no proprietary funds.

The District reports the following major governmental funds:

**GENERAL FUND**

This is the District's main operating fund. It accounts for all financial activity that is not accounted for in another fund.

**CAPITAL PROJECTS FUND**

This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Additionally, the District reports the following fund type:

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



**GREEN BAY AREA PUBLIC SCHOOLS**  
**GREEN BAY, WISCONSIN**  
Notes to Basic Financial Statements  
June 30, 2017

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to employee benefit programs and claims and judgments, are recorded only when payment is due.

Property taxes are recognized as revenue in the fiscal year for which taxes have been levied. Tuition, grants, fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the District.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as *program revenues*. Likewise, *general revenues* include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

4. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance

a. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

b. Accounts Receivable

Accounts receivable are recorded at gross amount with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

**GREEN BAY AREA PUBLIC SCHOOLS**  
**GREEN BAY, WISCONSIN**  
Notes to Basic Financial Statements  
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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

c. Property Taxes

The aggregate District tax levy is apportioned and certified in November of the current fiscal year for collection to comprising municipalities based on the immediate past October 1 full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes must be paid in full or in two or more installments with the first installment payable the subsequent January 31 and a final payment no later than the following July 31. On or before January 15, and by the 20th of each subsequent month thereafter, the District is paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance.

Property taxes are recognized as revenue in the fiscal year levied as they are considered due as of January 1, the date from which interest and penalties accrue for non-payment of a scheduled installment, and full receipt of the entire levy is assured within sixty days of fiscal year end, meeting the availability criteria necessary for property tax revenue recognition by accounting principles generally accepted in the United States of America.

d. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements.

e. Inventories

Inventories are recorded at cost which approximates market, using the average cost method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental fund types in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

f. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are accounted for on the consumption method.

Prepaid items of governmental fund types in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

g. Capital Assets

Capital assets, which include property, site improvements, buildings and machinery and equipment assets are reported in the district-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost greater than shown and an estimated useful life in excess of five years.

|                         |    | Governmental<br>Activities |  |
|-------------------------|----|----------------------------|--|
| <u>Assets</u>           |    | Cost                       |  |
| Site improvements       | \$ | 25,000                     |  |
| Buildings               |    | 25,000                     |  |
| Machinery and equipment |    | 5,000                      |  |

Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair acquisition value at the date of donation.

**GREEN BAY AREA PUBLIC SCHOOLS**  
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Notes to Basic Financial Statements  
June 30, 2017

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u>           | Governmental<br>Activities<br>Years |
|-------------------------|-------------------------------------|
| Site improvements       | 20                                  |
| Buildings               | 50                                  |
| Machinery and equipment | 5 - 20                              |

**h. Compensated Absences**

The District's policy allows employees to earn varying amounts of sick pay for each year employed, accumulating to varying maximum amounts. Upon retirement, the employees are entitled to 46% to 70% of the unused portion, which is used to pay their group health insurance until the vested amount is exhausted. Certain classifications of employees may receive amounts due in cash. The District employees are also granted vacation days in varying amounts based on length of service. Upon retirement or termination of employment, the employees are paid for the unused portion. All vacation leave is accrued when incurred in the district-wide statements. Sick leave for employees aged 55 and older is also accrued in the district-wide statements. Expenditures for these benefits are recognized as paid in the fund financial statements.

**i. 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) until then. The District has two items that qualify for reporting in this category. The first is the deferred charges on advance refunding reported in the district-wide statement of net position. Deferred charges on advance refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The second item is related to the District's proportionate share of the Wisconsin Retirement System pension plan is deferred and amortized over the expected remaining service lives of the pension plan participants.

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. The District has one item that qualifies for reporting in this category on the statement of net position. This item is related to the District's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining services lives of the pension plan participants.

**j. Long-term Obligations**

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bond issuance costs are expensed during the current year.

In the fund financial statements, governmental fund types recognize premiums and discounts during the current period. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**GREEN BAY AREA PUBLIC SCHOOLS**  
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Notes to Basic Financial Statements  
June 30, 2017

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

k. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and the supplemental pension plan and additions to/deductions from WRS and the supplemental pension plan's fiduciary net position have been determined on the same basis as they are reported by WRS and the supplemental pension plan. 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. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- Restricted fund balance - Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- Committed fund balance - Amounts that are constrained for specific purposes by action of the Board of Education. These constraints can only be removed or changed by the Board of Education using the same action that was used to create them.
- Assigned fund balance - Amounts that are constrained for specific purposes by action of District management. The Board of Education has authorized the Assistant Superintendent of Business and Financial Services to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- Unassigned fund balance - Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The District has adopted a fund balance spend down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

DISTRICT-WIDE STATEMENTS

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

- Net investment in capital assets - Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- Restricted net position - Amount of net position that is subject to restrictions that are imposed 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.
- Unrestricted net position - Net position that is neither classified as restricted nor as net investment in capital assets.

5. Use of Estimates

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

6. Summarized Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

7. Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements with no change in previously reported net position, changes in net position, fund balance or changes in fund balance.

**NOTE B - DETAILED NOTES ON ALL FUNDS**

1. Cash and Investments

The debt service and capital project funds account for their transactions through separate and distinct bank and investment accounts as required by State Statutes. In addition, the agency fund uses separate and distinct accounts. All other funds share in common bank and investment accounts.

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; the Wisconsin local government investment pool; and the Wisconsin investment series cooperative. Investments in the private-purpose trust fund may be invested in other types of investments as authorized under Wisconsin Statute 881.01, "Uniform Prudent Investor Act".

**GREEN BAY AREA PUBLIC SCHOOLS**  
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Notes to Basic Financial Statements  
June 30, 2017

**NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)**

The carrying amount of the District's cash and investments totaled \$42,773,585 on June 30, 2017 as summarized below:

|   |               |
|---|---------------|
| Petty cash funds  | \$ 5,775      |
| Deposits with financial institutions                            | 35,563,220    |
| Beneficial interest in investments held by Community Foundation | 46,016        |
| Investments   |               |
| Wisconsin investment series cooperative                         | 582,739       |
| Wisconsin local government investment pool                      | 6,575,835     |
|   | \$ 42,773,585 |

Reconciliation to the basic financial statements:

|   |               |
|---|---------------|
| District-wide Statement of Net Position   |               |
| Cash and investments                      | \$ 41,872,642 |
| Fiduciary Funds Statement of Net Position |               |
| Agency fund                               | 900,943       |
|   | \$ 42,773,585 |

Deposits and investments of the District are subject to various risks. Presented below is a discussion of the specific risks and the District's policy related to the risk.

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following fair value measurements as of June 30, 2017:

| Fair Value Measurements Using: |         |         |
|--------------------------------|---------|---------|
| Level 1                        | Level 2 | Level 3 |

Investments

|  |    |   |    |        |
|--|----|---|----|--------|
| Beneficial interest in investments held by |    |   |    |        |
| Green Bay Community Foundation             | \$ | - | \$ | -      |
|  |    |   | \$ | 46,016 |
|  |    |   |    |        |

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The District does not have an additional custodial credit risk policy.

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June 30, 2017

**NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)**

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings accounts and \$250,000 for the combined amount of all interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposits per official custodian per depository institution. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of June 30, 2017, \$35,815,995 of the District's deposits with financial institutions were in excess of federal and state depository insurance limits of which \$5,097,008 was collateralized with securities held by the pledging financial institution or its trust department or agent but not in the District's name. The remaining amount of \$30,718,987 was uncollateralized.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The District does not have an additional credit risk policy. Presented below is the actual rating as of year-end for each investment type.

| Investment Type   | Amount              | Exempt From Disclosure | Rating as of Year End |             |                     |
|---|---------------------|------------------------|-----------------------|-------------|---------------------|
|   |                     |                        | AAA                   | Aa          | Not Rated           |
| Wisconsin investment series cooperative (WISC)                  |                     |                        |                       |             |                     |
| Investment series   | \$ 582,739          | \$ -                   | \$ 582,739            | \$ -        | \$ -                |
| Wisconsin local government investment pool                      | 6,575,835           | -                      | -                     | -           | 6,575,835           |
| Beneficial interest in investments held by Community Foundation | 46,016              | -                      | -                     | -           | 46,016              |
| <b>Totals</b>   | <b>\$ 7,204,590</b> | <b>\$ -</b>            | <b>\$ 582,739</b>     | <b>\$ -</b> | <b>\$ 6,621,851</b> |

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**GREEN BAY AREA PUBLIC SCHOOLS**  
**GREEN BAY, WISCONSIN**  
Notes to Basic Financial Statements  
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**NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)**

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

| Investment Type   | Amount              | Remaining Maturity (in Months) |                 |                 |                     |
|---|---------------------|--------------------------------|-----------------|-----------------|---------------------|
|   |                     | 12 Months or Less              | 13 to 24 Months | 25 to 60 Months | More Than 60 Months |
| Wisconsin investment series cooperative (WISC)                  |                     |                                |                 |                 |                     |
| Investment series   | \$ 582,739          | \$ 582,739                     | \$ -            | \$ -            | \$ -                |
| Wisconsin local government investment pool                      | 6,575,835           | 6,575,835                      | -               | -               | -                   |
| Beneficial interest in investments held by Community Foundation | 46,016              | 46,016                         | -               | -               | -                   |
| <b>Totals</b>   | <b>\$ 7,204,590</b> | <b>\$ 7,204,590</b>            | <b>\$ -</b>     | <b>\$ -</b>     | <b>\$ -</b>         |

Investment in Wisconsin Investment Series Cooperative

The District has investments in the Wisconsin Investment Series Cooperative (WISC) of \$582,739 at year end, which is invested in the Investment Management Series. The Investment Series requires a 14 day minimum investment period and one business day withdrawal notice, and the average dollar weighted maturity is 120 days or less.

WISC is organized by and operated exclusively for Wisconsin public schools, technical colleges, and municipal entities. WISC is not registered with the Securities and Exchange Commission, but operates under Wisconsin Intergovernmental Cooperation Statute, Wisconsin Statutes, Section 66.0301. WISC is governed by the Wisconsin Investment Series Cooperative Commission in accordance with the terms of the Intergovernmental Cooperation Agreement. WISC invests District funds in accordance with Wisconsin law. WISC investments are valued at amortized cost, which approximates market value.

Investment in Wisconsin Local Government Investment Pool

The District has investments in the Wisconsin local government investment pool of \$6,575,835 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2017, the fair value of the District's share of the LGIP's assets was substantially equal to the carrying value.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The District does not have an additional credit risk policy. The District's investment in the Wisconsin local government investment pool is not rated.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The investments held by the Wisconsin local government investment pool mature in 12 months or less.



**GREEN BAY AREA PUBLIC SCHOOLS**  
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Notes to Basic Financial Statements  
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**NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)**

Beneficial Interest in Assets Held by Community Foundation

Beneficial interest in assets held by community foundation represents amounts held at Greater Green Bay Community foundation, Inc. (the "Foundation"). These amounts are the legal assets of the foundation with the restriction that the Foundation makes distributions to the District as needed. The agreement governing the assets includes a variance power allowing the Foundation to modify the restrictions on distributions from the funds.

2. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

|  | Beginning<br>Balance  | Increases            | Decreases           | Ending<br>Balance     |
|--|-----------------------|----------------------|---------------------|-----------------------|
| <b>Governmental activities:</b>  |                       |                      |                     |                       |
| Capital assets, not being depreciated:   |                       |                      |                     |                       |
| Land   | \$ 8,729,996          | \$ -                 | \$ -                | \$ 8,729,996          |
| Construction in progress   | 6,781,174             | 8,620,522            | 9,880,898           | 5,520,798             |
| Total capital assets, not being depreciated                                    | <u>15,511,170</u>     | <u>8,620,522</u>     | <u>9,880,898</u>    | <u>14,250,794</u>     |
| Capital assets, being depreciated:   |                       |                      |                     |                       |
| Site improvements  | 6,803,240             | 176,026              | -                   | 6,979,266             |
| Buildings  | 247,379,045           | 11,632,267           | -                   | 259,011,312           |
| Machinery and equipment  | 13,528,835            | 703,123              | 1,032,174           | 13,199,784            |
| Total capital assets being depreciated   | <u>267,711,120</u>    | <u>12,511,416</u>    | <u>1,032,174</u>    | <u>279,190,362</u>    |
| Less accumulated depreciation for:   |                       |                      |                     |                       |
| Site improvements  | 3,877,484             | 284,104              | -                   | 4,161,588             |
| Buildings  | 96,579,919            | 5,800,199            | -                   | 102,380,118           |
| Machinery and equipment  | 10,274,408            | 645,112              | 1,032,174           | 9,887,346             |
| Total accumulated depreciation   | <u>110,731,811</u>    | <u>6,729,415</u>     | <u>1,032,174</u>    | <u>116,429,052</u>    |
| Total capital assets, being depreciated, net                                   | <u>156,979,309</u>    | <u>5,782,001</u>     | <u>-</u>            | <u>162,761,310</u>    |
| Governmental activities capital assets, net                                    | <u>\$ 172,490,479</u> | <u>\$ 14,402,523</u> | <u>\$ 9,880,898</u> | <u>177,012,104</u>    |
| Less related long-term debt plus premium<br>less deferred charges on refunding |                       |                      |                     | <u>11,505,727</u>     |
| Net investment in capital assets   |                       |                      |                     | <u>\$ 165,506,377</u> |

The District's capital assets are shared by many governmental functions. Accordingly, it was not considered practical to allocate depreciation expense.

3. Interfund Receivable, Payables, and Transfers

Interfund receivables and payables between individual funds of the District as of June 30, 2017 are detailed below:

|   | Interfund<br>Receivables | Interfund<br>Payables |
|---|--------------------------|-----------------------|
| Temporary Cash Advances to Finance Operating Cash |                          |                       |
| Deficits of Other Funds                           |                          |                       |
| General Fund                                      | \$ 287,737               | \$ -                  |
| Special Revenue Funds                             |                          |                       |
| Indian education                                  | -                        | 46,302                |
| Headstart   | -                        | 241,435               |
| Totals  | <u>\$ 287,737</u>        | <u>\$ 287,737</u>     |

**GREEN BAY AREA PUBLIC SCHOOLS**  
**GREEN BAY, WISCONSIN**  
Notes to Basic Financial Statements  
June 30, 2017

**NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)**

Interfund transfers for the year ended June 30, 2017 were as follows:

|                |  |
|----------------|--|
|                | <b>Non-Referendum<br/>Debt<br/>Service</b> |
| Transfer from: |  |
| General Fund   | \$ 15,227,280                              |

The transfer of \$15,227,280 to the Debt Service fund was to retire debt issued for energy efficiency projects.

4. Long-term Obligations

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2017:

|                                 | Outstanding<br>7/1/16 | Issued        | Retired       | Outstanding<br>6/30/17 | Due Within<br>One Year |
|---------------------------------|-----------------------|---------------|---------------|------------------------|------------------------|
| <b>Governmental activities:</b> |                       |               |               |                        |                        |
| General Obligation Debt         |                       |               |               |                        |                        |
| Bonds                           | \$ 9,820,000          | \$ -          | \$ 1,480,000  | \$ 8,340,000           | \$ 1,675,000           |
| Notes                           | 18,720,000            | 15,000,000    | 23,450,000    | 10,270,000             | 2,835,000              |
| Total General Obligation Debt   | 28,540,000            | 15,000,000    | 24,930,000    | 18,610,000             | 4,510,000              |
| Premium on refunding            | 630,535               | -             | 89,947        | 540,588                | 89,947                 |
| Compensated absences            | 9,594,113             | 1,004,707     | 1,061,081     | 9,537,739              | -                      |
| <b>Governmental activities</b>  |                       |               |               |                        |                        |
| Long-term obligations           | \$ 38,764,648         | \$ 16,004,707 | \$ 26,081,028 | \$ 28,688,327          | \$ 4,599,947           |

Net interest paid during the year on long-term debt totaled \$568,088.

Cash Defeasance

In prior years, the District defeased \$5,630,000 of a general obligation bond issue using available District cash. During 2017, the District again used available District cash to defease \$1,040,000 of the general obligation bonds dated June 23, 2014. As a result, the liability has been removed from the financial statements.

At June 30, 2017, \$5,655,000 of outstanding general obligation bonds are considered defeased.

General Obligation Debt

Detail of the outstanding general obligation debt follows:

|                               | Issue<br>Date | Average<br>Interest<br>Rates (%) | Dates of<br>Maturity | Outstanding<br>6/30/2017 |
|-------------------------------|---------------|----------------------------------|----------------------|--------------------------|
| Note - Series 2010 QSCB       | 12/28/2009    | 0.0                              | 4/1/2019             | \$ 170,000               |
| Bond - Series 2010 QZAB       | 6/28/2010     | 0.0                              | 4/1/2021             | 1,195,000                |
| Note - Series 2010A QZAB      | 8/16/2010     | 0.0                              | 4/1/2020             | 3,035,000                |
| Note - Series 2010B QSCB      | 8/16/2010     | 0.0                              | 4/1/2020             | 2,415,000                |
| Bond - Series 2012AR (WRS)    | 12/11/2012    | 1.64                             | 4/1/2021             | 7,145,000                |
| Note - Series 2014            | 6/23/2014     | 2.14                             | 4/1/2024             | 2,950,000                |
| Note - Series 2015            | 7/6/2015      | 2.15                             | 4/1/2022             | 1,700,000                |
| Total General Obligation Debt |               |                                  |                      | \$ 18,610,000            |

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**NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)**

Annual principal and interest maturities of the outstanding general obligation debt of \$18,610,000 on June 30, 2017 are detailed below:

| Due                       | Governmental Activities |                     |                      |
|---------------------------|-------------------------|---------------------|----------------------|
|                           | Principal               | Interest            | Total                |
| Year ending June 30, 2018 | \$ 4,510,000            | \$ 946,719          | \$ 5,456,719         |
| Year ending June 30, 2019 | 4,215,000               | 904,220             | 5,119,220            |
| Year ending June 30, 2020 | 4,510,000               | 874,033             | 5,384,033            |
| Year ending June 30, 2021 | 3,675,000               | 126,345             | 3,801,345            |
| Year ending June 30, 2022 | 1,700,000               | 51,000              | 1,751,000            |
|                           | <u>\$ 18,610,000</u>    | <u>\$ 2,902,317</u> | <u>\$ 21,512,317</u> |

Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2017 was \$841,426,145 as follows:

|   |                  |                       |
|---|------------------|-----------------------|
| Equalized valuation of the District   |                  |                       |
| Statutory limitation percentage   |                  | \$ 8,554,032,160      |
| General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes |                  | (x) 10%               |
|   |                  | <u>855,403,216</u>    |
| Total outstanding general obligation debt                                       | \$ 18,610,000    |                       |
| Less: Amounts available for financing general obligation debt                   |                  |                       |
| Debt service fund, less accrued interest  | <u>4,632,929</u> |                       |
| Net outstanding general obligation debt applicable to debt limitation           |                  | <u>13,977,071</u>     |
| Legal Margin for New Debt   |                  | <u>\$ 841,426,145</u> |

5. Pension Liability

The District reports a pension liability of \$38,866,416 as summarized below:

|                                   |                          |
|-----------------------------------|--------------------------|
|                                   | <b>Pension Liability</b> |
| Wisconsin Retirement System (WRS) | \$ 8,140,009             |
| Supplemental pension plan         | <u>30,726,407</u>        |
| Total                             | <u>\$ 38,866,416</u>     |

a. Pension Plan - Wisconsin Retirement System (WRS)

1. Plan Description

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

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**NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)**

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

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.

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

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

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

The WRS also provides death and disability benefits for employees.

**2. 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 |
|------|----------------------|--------------------------|
| 2007 | 3.0%                 | 10%                      |
| 2008 | 6.6%                 | 0%                       |
| 2009 | (2.1)%               | (42)%                    |
| 2010 | (1.3)%               | 22%                      |
| 2011 | (1.2)%               | 11%                      |
| 2012 | (7.0)%               | (7)%                     |
| 2013 | (9.6)%               | 9%                       |
| 2014 | 4.7%                 | 25%                      |
| 2015 | 2.9%                 | 2%                       |
| 2016 | 0.5%                 | (5)%                     |

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**NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)**

3. Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. 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 \$9,493,177 in contributions from the District.

Contribution rates as of June 30, 2017 are:

| Employee Category                  | Employee | Employer |
|------------------------------------|----------|----------|
| General (including teachers)       | 6.6%     | 6.6%     |
| Protective with Social Security    | 6.6%     | 9.4%     |
| Protective without Social Security | 6.6%     | 13.2%    |

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

At June 30, 2017, the District reported a liability of \$8,140,009 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the District's proportion was 0.98757898%, which was an increase of 0.01280034% from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$20,719,776

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience  | \$ 3,103,786                      | \$ 25,599,624                    |
| Changes in assumptions  | 8,510,694                         | -                                |
| Net differences between projected and actual earnings on pension plan investments                             | 40,518,385                        | -                                |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | -                                 | 710,678                          |
| Employer contributions subsequent to the measurement date   | 5,773,364                         | -                                |
| <b>Total</b>  | <b>\$ 57,906,229</b>              | <b>\$ 26,310,302</b>             |

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**NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)**

The \$5,773,364 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Year ended<br>June 30, | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|------------------------|-----------------------------------|----------------------------------|
| 2017                   | \$ 18,967,321                     | \$ 8,398,676                     |
| 2018                   | 18,967,321                        | 8,398,676                        |
| 2019                   | 15,537,197                        | 8,354,688                        |
| 2020                   | (1,353,120)                       | 1,155,246                        |
| 2021                   | 14,146                            | 3,016                            |
| Total                  | <u>\$ 52,132,865</u>              | <u>\$ 26,310,302</u>             |

5. Actuarial Assumptions

The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|  |                                |
|--|--------------------------------|
| Actuarial Valuation Date:                  | December 31, 2015              |
| Measurement Date of Net Pension Liability: | December 31, 2016              |
| Actuarial Cost Method:                     | Entry Age                      |
| Asset Valuation Method:                    | Fair Value                     |
| Long-Term Expected Rate of Return:         | 7.2%                           |
| Discount Rate:                             | 7.2%                           |
| Salary Increases:                          |                                |
| Inflation                                  | 3.2%                           |
| Seniority/Merit                            | 0.2% - 5.6%                    |
| Mortality:                                 | Wisconsin 2012 Mortality Table |
| Post-retirement Adjustments*               | 2.1%                           |

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

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012-2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 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:

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**NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)**

|                                  | Current Asset<br>Allocation % | Destination<br>Target Asset<br>Allocation % | Long-Term<br>Expected Nominal<br>Rate of Return % | Long-Term<br>Expected Real<br>Rate of Return % |
|----------------------------------|-------------------------------|---|---|--|
| <u>Core Fund Asset Class</u>     |                               |   |   |  |
| Global Equities                  | 50.0%                         | 45%   | 8.3%  | 5.4%   |
| Fixed Income                     | 24.5%                         | 37%   | 4.2%  | 1.4%   |
| Inflation Sensitive Assets       | 16%                           | 20%   | 4.3%  | 1.5%   |
| Real Estate                      | 8%                            | 7%  | 6.5%  | 3.6%   |
| Private Equity/Debt              | 8%                            | 7%  | 9.4%  | 6.5%   |
| Multi-Asset                      | 4%                            | 4%  | 6.6%  | 3.7%   |
| Total Core Fund                  | 110%                          | 120%  | 7.4%  | 4.5%   |
| <u>Variable Fund Asset Class</u> |                               |   |   |  |
| U.S. Equities                    | 70%                           | 70%   | 7.6%  | 4.7%   |
| International Equities           | 30%                           | 30%   | 8.5%  | 5.6%   |
| Total Variable Fund              | 100%                          | 100%  | 7.9%  | 5.0%   |

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

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

*Single Discount rate.* A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

| 1% Decrease to<br>Discount Rate<br>(6.2%) | Current<br>Discount Rate<br>(7.2%) | 1% Increase to<br>Discount Rate<br>(8.2%) |
|---|------------------------------------|---|
|---|------------------------------------|---|

|  |                |              |                 |
|--|----------------|--------------|-----------------|
| District's proportionate share of<br>the net pension liability (asset) | \$ 107,087,033 | \$ 8,140,009 | \$ (68,053,683) |
|--|----------------|--------------|-----------------|

*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>.

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**NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)**

6. Payable to the WRS

At June 30, 2017 the District reported a payable of \$2,010,354 for the outstanding amount of contributions to the pension plan for the year ended June 30, 2017.

b. Supplemental Pension Plan

The District has adopted GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68* for the year ended June 30, 2017. This statement revised and established new financial reporting requirements for governments that provide their employees with pension benefits.

The cumulative effect of change in accounting principle was to decrease net position by \$26,564,004 as follows:

|   |                             |
|---|-----------------------------|
| Total Pension Liability, as of June 30, 2016        | \$ 30,546,658               |
| Less: Amount previously recognized by the District  | <u>2,171,316</u>            |
| Cumulative Effect of Change in Accounting Principle | <u><u>\$ 28,375,342</u></u> |

1. Plan Description

The plan, previously disclosed as the supplemental pension obligation, a single-employer pension plan, is a defined benefit pension plan established to provide benefits after early retirement. The plan is administered by the District.

2. Plan Participants and Benefits Provided

Membership of the Plan at July 1, 2016 used for initial actuarial valuation:

|                |                     |
|----------------|---------------------|
|                | Total               |
| Teachers       | 1,170               |
| Administrative | <u>84</u>           |
| Total          | <u><u>1,254</u></u> |



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**NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)**

A summary of plan participants, eligibility requirements and plan benefits follows:

| Pension                     | Eligibility Requirements |          | Benefit  | Plan Benefit   |
|-----------------------------|--------------------------|----------|----------|--|
|                             | Age                      | Service  | Duration |  |
| Teachers and Administrators | 55                       | N/A      | 3 years  | Hired prior to July 1, 1992: 100% of the participant's final salary paid out in monthly installments.                                    |
| Teachers and Administrators | 55                       | 15 years | 3 years  | Hired between July 1, 1992 and June 30, 2002: Compensation at 75% of participant's final annual salary paid out in monthly installments. |
| Teachers and Administrators | 55                       | 15 years | 3 years  | Hired between July 1, 2002 and June 30, 2008: Compensation at 50% of participant's final annual salary paid out in monthly installments. |
| Teachers and Administrators | 55                       | 15 years | 3 years  | Hired between July 1, 2008 and June 30, 2011: Compensation at 25% of participant's final annual salary paid out in monthly installments. |

3. Funding Policy

The entire cost of these benefits is paid by the District. Benefits are currently funded on a pay-as-you-go basis and no assets exist to prefund retiree benefits.

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

| Component                 | Amount               |
|---------------------------|----------------------|
| Balance at July 1, 2016   | \$ 30,546,658        |
| Changes for the year:     |                      |
| Service cost              | 1,282,811            |
| Interest                  | 921,977              |
| Benefit payments          | (2,025,039)          |
| Net changes               | 179,749              |
| Balances at June 30, 2017 | <u>\$ 30,726,407</u> |

At June 30, 2017, the District has no deferred outflows or inflows related to its supplemental pension plan.

For the year ended June 30, 2017, the District recognized pension expense of \$2,204,788.

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**NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)**

5. Actuarial Assumptions

The District's total pension liability was measured as of July 1, 2016 and rolled forward to June 30, 2017.

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

|                        |  |
|------------------------|--|
| Valuation Date         | July 1, 2016                             |
| Actuarial cost method  | Individual Entry Age normal              |
| Amortization method    | Level percentage of salary, closed basis |
| Actuarial assumptions: |  |
| Discount rate          | 3.00%                                    |
| Inflation              | 3.00%                                    |

*Single Discount rate.* A single discount rate of 3.00% was used to measure the total pension liability. This single discount rate was based on the rate for 20 year, tax-exempt municipal bonds with an average rating of AA/Aa or higher.

*Sensitivity of the District's total pension liability to changes in the discount rate.* The following presents the District's total pension liability at July 1, 2016 calculated using the discount rate of 3.00 percent, as well as what the District's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00 percent) or 1-percentage-point higher (4.00 percent) than the current rate.

| 1% Decrease to<br>Discount Rate<br>(2.00%) | Current<br>Discount Rate<br>(3.00%) | 1% Increase to<br>Discount Rate<br>(4.00%) |
|--|-------------------------------------|--|
|--|-------------------------------------|--|

|                         |                      |                      |                      |
|-------------------------|----------------------|----------------------|----------------------|
| Total Pension Liability | <u>\$ 32,288,967</u> | <u>\$ 30,546,658</u> | <u>\$ 28,850,816</u> |
|-------------------------|----------------------|----------------------|----------------------|

The sensitivity of the District's total pension liability was determined based on the actuarial date while the total pension liability of \$30,726,407 was based on the District's fiscal year ended June 30, 2017, as rolled forward by the District's actuary. Sensitivity information as of June 30, 2017 was not available.

6. Payable to the Supplemental Pension Plan

At June 30, 2017, the District reported no outstanding contributions to the Plan required for the year ended June 30, 2017.

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**NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)**

7. Fund Equity

In the fund financial statements, the total general fund balance is subject to a minimum fund balance policy approved by Board of Education action.

Minimum Fund Balance Policy

The Board of Education has adopted a policy that a minimum fund balance in the amount of 15% of general fund expenditures (excluding debt retirement transfers) be maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

|  |                |
|--|----------------|
| Actual 2016-2017 General Fund Expenditures | \$ 257,262,120 |
| Minimum Fund Balance %                     | x 15%          |
| Minimum Fund Balance Amount                | \$ 38,589,318  |

The District's total general fund balance of \$41,534,408 is greater than the minimum fund balance amount.

**NOTE C - OTHER INFORMATION**

1. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The District completes an annual review of its insurance coverage to ensure adequate coverage. The District has chosen to retain a portion of the risks through a self-insurance program as follows:

The District has established a self-funded health and dental benefit plan for its employees. The Plan administrators, Arise and Humana, are responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The Plan reports on a fiscal year ended June 30. Accounting and budgeting requirements for the Plan are established by the Wisconsin Department of Public Instruction. The Plan is accounted for in the general fund of the District.

As part of the health care coverage of the Plan, the District purchases stop-loss coverage which pays claims in excess of \$500,000 per individual for healthcare coverage. The District has no stop-loss coverage for dental care coverage of the Plan.

At June 30, 2017, the District has reported a liability of \$4,182,568 which represents reported and unreported claims which were incurred on or before June 30, 2017, but were not paid by the District as of that date. The amounts not reported to the District were estimated using data provided by the plan administrators. Changes in the program's claim liability amount for the year ended June 30, 2017 with comparative totals for the prior year follows:

|      | Liability<br>July 1, | Current Year<br>Claims and<br>Changes in<br>Estimates | Claim<br>Payments | Liability<br>June 30, |
|------|----------------------|---|-------------------|-----------------------|
| 2016 | \$ 3,614,720         | \$ 40,943,551   | \$ 40,463,916     | \$ 4,094,355          |
| 2017 | 4,094,355            | 41,825,680  | 41,737,467        | 4,182,568             |

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**NOTE C - OTHER INFORMATION (continued)**

2. Other Post-Employment Benefits

*Plan Description* - The District provides health care insurance coverage for employees who retire until they die or opt out of the coverage. The retired employee contributes 100% of the premium for family coverage or 100% of the premium for single coverage. There are 2,407 active and 278 retired employees in the plan. The benefit is the difference in the individual premium cost and what the cost would be for each active employee if the retirees were not a part of the group plan. This represents an implicit rate subsidy that the District pays to allow the retirees to be in the group plan.

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

| Component                                  | Amount                      |
|--|-----------------------------|
| Annual required contribution               | \$ 2,697,223                |
| Interest on net OPEB                       | 367,587                     |
| Adjustment to annual required contribution | (432,403)                   |
| Annual OPEB cost (expense)                 | <u>2,632,407</u>            |
| Contributions made                         | (928,042)                   |
| Change in net OPEB obligation              | <u>1,704,365</u>            |
| OPEB obligation - beginning of year        | 9,189,666                   |
| OPEB obligation - end of year              | <u><u>\$ 10,894,031</u></u> |

The annual required contribution for the current year was determined as part of the July 1, 2015 actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 4.0% discount rate, and (b) projected salary increases at 3%.

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with a long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized as an open level percentage of projected payroll. The remaining amortization period at June 30, 2017 is 30 years, and the remaining amount is \$19,656,923.

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**NOTE C - OTHER INFORMATION (Continued)**

*Trend Information* - The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

| Fiscal<br>Year<br>Ended | Annual<br>OPEB<br>Cost | Percentage<br>of Annual<br>OPEB Cost<br>Contributed | Net OPEB<br>Obligation |
|-------------------------|------------------------|---|------------------------|
| 6/30/2016               | \$ 2,656,171           | 35.2%   | \$ 9,189,666           |
| 6/30/2017               | 2,632,407              | 35.3%   | 10,894,031             |

*Funded Status and Funding Progress* - As of July 1, 2015, the most recent actuarial valuation date, the District's unfunded actuarial accrued liability (UAAL) was \$19,656,923. The annual payroll for active employees covered by the plan for the July 1, 2015 valuation was \$211,126,961 for a ratio of the UAAL to covered payroll of 9.3%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as assumptions about future terminations, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actuarial results are compared with past experience and new estimates are made about the future.

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

In the July 1, 2015 actuarial valuation, the straight unit credit was used. The actuarial assumptions included a rate of 4.0% to discount expected liabilities to the valuation date. The initial healthcare trend rate was 7.5% for medical, reduced by decrements to an ultimate rate of 6.5% after five years. The UAAL is being amortized as an open level percentage of projected payrolls. The remaining amortization period at June 30, 2017 was 30 years.

4. Contingencies

- a. The District participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.
- b. From time to time, the District is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the District's financial position or results of operations.

**GREEN BAY AREA PUBLIC SCHOOLS**  
**GREEN BAY, WISCONSIN**  
Notes to Basic Financial Statements  
June 30, 2017

**NOTE C - OTHER INFORMATION (Continued)**

5. Limitation on School District Revenues

Wisconsin Statutes limit the amount of revenues a school district may derive from general school aids and property taxes unless a higher amount is approved by a referendum.

This limitation does not apply to revenue needed for payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

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

6. Upcoming Accounting Pronouncements

In June 2015, the GASB issued a new standard addressing accounting and financial reporting for postemployment benefits other than pensions (OPEB). GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. The District will, after adoption of GASB No. 75, recognize on the face of the financial statements its net OPEB liability. GASB No. 75 is effective for fiscal years beginning after June 15, 2017. The District is currently evaluating the impact these standards will have on the financial statements when adopted.

In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*. The Statement establishes criteria for identifying fiduciary activities and addresses financial reporting for these activities. This statement is effective for reporting periods after June 15, 2018. The District is currently evaluating the impact this standard will have on the financial statements when adopted.

7. Subsequent Events

On July 12, 2017, the District issued \$58,255,000 General Obligation School Building and Improvement Bonds. The bonds are payable at interest rates ranging from 3.125% to 4.00% with principal payments ranging from \$1,475,000 to \$4,670,000. Payments are to be made semi-annually from 2021 through 2037.

On November 8, 2017, the District issued \$16,995,000 in General Obligation Promissory Notes. The notes are payable at an interest rate of 3.0% with principal payments ranging from \$2,000,000 to \$7,995,000. Payments are to be made semi-annually from 2018 through 2019.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**GREEN BAY AREA PUBLIC SCHOOLS**  
**GREEN BAY, WISCONSIN**  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
General Fund - Budgetary Basis  
For the Year Ended June 30, 2017

|   | Budgeted Amounts     |                      | Actual Amounts       | Variance with Final Budget - Positive (Negative) |
|---|----------------------|----------------------|----------------------|--|
|   | Original             | Final                |                      |  |
| <b>Revenues</b>                             |                      |                      |                      |  |
| Property taxes                              | \$ 74,701,671        | \$ 74,701,671        | \$ 74,701,671        | \$ -   |
| Other local sources                         | 1,576,179            | 1,754,179            | 1,761,444            | 7,265  |
| Interdistrict sources                       | 2,726,870            | 2,628,468            | 2,650,321            | 21,853   |
| Intermediate sources                        | 5,055                | 19,055               | 9,493                | (9,562)  |
| State sources                               | 166,823,354          | 167,086,814          | 167,202,153          | 115,339  |
| Federal sources                             | 13,874,890           | 14,612,538           | 12,179,764           | (2,432,774)                                      |
| Other sources                               | 300,000              | 835,000              | 1,879,678            | 1,044,678  |
| <b>Total Revenues</b>                       | <b>260,008,019</b>   | <b>261,637,725</b>   | <b>260,384,524</b>   | <b>(1,253,201)</b>                               |
| <b>Expenditures</b>                         |                      |                      |                      |  |
| <b>Instruction</b>                          |                      |                      |                      |  |
| Regular instruction                         | 81,724,793           | 80,996,871           | 80,473,991           | 522,880  |
| Vocational instruction                      | 5,299,371            | 5,829,628            | 6,148,825            | (319,197)  |
| Special education instruction               | -                    | 73,579               | -                    | 73,579   |
| Other instruction                           | 25,180,793           | 27,317,084           | 26,863,864           | 453,220  |
| <b>Total Instruction</b>                    | <b>112,204,957</b>   | <b>114,217,162</b>   | <b>113,486,680</b>   | <b>730,482</b>                                   |
| <b>Support Services</b>                     |                      |                      |                      |  |
| Pupil services                              | 11,427,844           | 11,954,271           | 11,304,374           | 649,897  |
| Instructional staff services                | 15,216,310           | 14,109,092           | 12,506,724           | 1,602,368  |
| General administration services             | 3,521,344            | 3,623,574            | 3,487,502            | 136,072  |
| School administration services              | 14,089,715           | 13,695,758           | 13,544,530           | 151,228  |
| Business services                           | 2,611,004            | 2,382,128            | 2,233,534            | 148,594  |
| Operation and maintenance of plant          | 22,127,032           | 22,689,947           | 22,540,229           | 149,718  |
| Pupil transportation services               | 6,602,707            | 6,856,653            | 6,287,543            | 569,110  |
| Central services                            | 8,416,624            | 8,632,125            | 8,323,318            | 308,807  |
| Insurance                                   | 722,208              | 749,347              | 745,622              | 3,725  |
| Other support services                      | 4,666,616            | 3,087,167            | 2,344,353            | 742,814  |
| <b>Total Support Services</b>               | <b>89,401,404</b>    | <b>87,780,062</b>    | <b>83,317,729</b>    | <b>4,462,333</b>                                 |
| <b>Non-program</b>                          |                      |                      |                      |  |
| General tuition payments                    | 14,998,889           | 14,804,747           | 14,788,725           | 16,022   |
| School choice vouchers                      | 1,160,476            | 1,160,476            | 1,152,830            | 7,646  |
| Indirect costs                              | 5,000                | 1,315,000            | 1,208,889            | 106,111  |
| <b>Total Non-program</b>                    | <b>16,164,365</b>    | <b>17,280,223</b>    | <b>17,150,444</b>    | <b>129,779</b>                                   |
| Debt service                                | 2,350                | 2,350                | 2,678                | (328)  |
| <b>Total Expenditures</b>                   | <b>217,773,076</b>   | <b>219,279,797</b>   | <b>213,957,531</b>   | <b>5,322,266</b>                                 |
| <b>Excess of Revenues Over Expenditures</b> | <b>42,234,943</b>    | <b>42,357,928</b>    | <b>46,426,993</b>    | <b>4,069,065</b>                                 |
| <b>Other Financing Sources (Uses)</b>       |                      |                      |                      |  |
| Sale of capital assets                      | 75,000               | 86,000               | 86,614               | 614  |
| Transfers out                               | (42,309,943)         | (42,443,928)         | (42,822,446)         | (378,518)  |
| <b>Total Other Financing Sources (Uses)</b> | <b>(42,234,943)</b>  | <b>(42,357,928)</b>  | <b>(42,735,832)</b>  | <b>(377,904)</b>                                 |
| <b>Net Change in Fund Balance</b>           | <b>-</b>             | <b>-</b>             | <b>3,691,161</b>     | <b>3,691,161</b>                                 |
| <b>Fund Balance - July 1</b>                | <b>37,843,247</b>    | <b>37,843,247</b>    | <b>37,843,247</b>    | <b>-</b>   |
| <b>Fund Balance - June 30</b>               | <b>\$ 37,843,247</b> | <b>\$ 37,843,247</b> | <b>\$ 41,534,408</b> | <b>\$ 3,691,161</b>                              |

The notes to the required supplementary information are an integral part of this schedule.



**GREEN BAY AREA PUBLIC SCHOOLS**  
**GREEN BAY, WISCONSIN**  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Special Education Special Revenue Fund - Budgetary Basis  
For the Year Ended June 30, 2017

|  | Budgeted Amounts    |                     | Actual Amounts      | Variance with Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|--|
|  | Original            | Final               |                     |  |
| <b>Revenues</b>                              |                     |                     |                     |  |
| Interdistrict sources                        | \$ 300,518          | \$ 300,518          | \$ 300,518          | \$ -   |
| Intermediate sources                         | -                   | -                   | 2,000               | 2,000  |
| State sources                                | 10,004,677          | 10,004,677          | 9,944,923           | (59,754)   |
| Federal sources                              | 5,306,974           | 5,411,089           | 5,140,837           | (270,252)  |
| Other sources                                | -                   | -                   | 321,145             | 321,145  |
| <b>Total Revenues</b>                        | <b>15,612,169</b>   | <b>15,716,284</b>   | <b>15,709,423</b>   | <b>(6,861)</b>                                   |
| <b>Expenditures</b>                          |                     |                     |                     |  |
| <b>Instruction</b>                           |                     |                     |                     |  |
| Special education instruction                | 34,457,348          | 33,912,781          | 33,426,576          | 486,205  |
| Other instruction                            | 75,699              | 2,627               | 2,197               | 430  |
| <b>Total Instruction</b>                     | <b>34,533,047</b>   | <b>33,915,408</b>   | <b>33,428,773</b>   | <b>486,635</b>                                   |
| <b>Support Services</b>                      |                     |                     |                     |  |
| Pupil services                               | 5,583,728           | 5,882,830           | 5,737,113           | 145,717  |
| Instructional staff services                 | 2,360,173           | 1,715,385           | 1,565,348           | 150,037  |
| Operation and maintenance of plant           | 32,780              | 30,980              | 15,745              | 15,235   |
| Pupil transportation services                | 1,682,450           | 1,716,300           | 1,917,684           | (201,384)  |
| Central services                             | -                   | 18,000              | 15,546              | 2,454  |
| Insurance                                    | 2,500               | 2,500               | -                   | 2,500  |
| Other support services                       | 677,047             | 548,307             | 517,586             | 30,721   |
| <b>Total Support Services</b>                | <b>10,338,678</b>   | <b>9,914,302</b>    | <b>9,769,022</b>    | <b>145,280</b>                                   |
| <b>Non-program</b>                           |                     |                     |                     |  |
| Special education tuition payments           | 147,200             | 139,200             | 106,794             | 32,406   |
| <b>Total Expenditures</b>                    | <b>45,018,925</b>   | <b>43,968,910</b>   | <b>43,304,589</b>   | <b>664,321</b>                                   |
| <b>Excess of Revenues Under Expenditures</b> | <b>(29,406,756)</b> | <b>(28,252,626)</b> | <b>(27,595,166)</b> | <b>657,460</b>                                   |
| <b>Other Financing Sources</b>               |                     |                     |                     |  |
| Transfers in                                 | 29,406,756          | 28,252,626          | 27,595,166          | (657,460)  |
| <b>Net Change in Fund Balance</b>            | <b>-</b>            | <b>-</b>            | <b>-</b>            | <b>-</b>   |
| <b>Fund Balance - July 1</b>                 | <b>-</b>            | <b>-</b>            | <b>-</b>            | <b>-</b>   |
| <b>Fund Balance - June 30</b>                | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>                                      |

The notes to the required supplementary information are an integral part of this schedule.

**GREEN BAY AREA PUBLIC SCHOOLS**  
**GREEN BAY, WISCONSIN**  
 Schedule of Funding Progress  
 For the Year Ended June 30, 2017

| Other Post-Employment Benefit Plan       |  |   |                                     |   |                           |  |
|--|--|---|-------------------------------------|---|---------------------------|--|
| Actuarial<br>Valuation<br>Date<br>July 1 | (1)<br>Actuarial<br>Value of<br>Assets | (2)<br>Actuarial<br>Accrued<br>Liability<br>(AAL) Entry<br>Age Normal | (3)<br>Funded<br>Ratio<br>(1) / (2) | (4)<br>Unfunded<br>Actuarial<br>Accrued<br>Liability<br>(UAAL)<br>(2) - (1) | (5)<br>Covered<br>Payroll | UAAL<br>as a<br>Percentage<br>of Covered<br>Payroll<br>(4) / (5) |

Other Post-Employment Benefits

|      |      |               |       |               |                |        |
|------|------|---------------|-------|---------------|----------------|--------|
| 2011 | \$ - | \$ 24,770,041 | 0.00% | \$ 23,572,345 | \$ 133,345,690 | 17.68% |
| 2013 | -    | 18,559,660    | 0.00% | 18,559,660    | 203,968,773    | 9.10%  |
| 2015 | -    | 19,656,923    | 0.00% | 19,656,923    | 211,126,961    | 9.31%  |

The notes to the required supplementary information are an integral part of this schedule.

**GREEN BAY AREA PUBLIC SCHOOLS**  
**GREEN BAY, WISCONSIN**  
**Schedule of Employer Contributions**  
**For the Year Ended June 30, 2017**

| Year Ended June 30,                   | Employer Contributions | Annual Required<br>Contribution (ARC) | Percentage Contributed |
|---------------------------------------|------------------------|---------------------------------------|------------------------|
| <b>Other Post-Employment Benefits</b> |                        |                                       |                        |
| 2015                                  | \$ 945,674             | 2,321,140                             | 40.74%                 |
| 2016                                  | 935,301                | 2,696,902                             | 34.68%                 |
| 2017                                  | 928,042                | 2,697,223                             | 34.41%                 |

The notes to the required supplementary information are an integral part of this schedule.

**GREEN BAY AREA PUBLIC SCHOOL DISTRICT**  
Green Bay, Wisconsin  
Schedule of Changes in Pension Liability and Related Ratios  
Supplemental Pension Benefit  
Last 10 Fiscal Years\*

|  | 2017          |
|--|---------------|
| <b>Total Pension Liability</b>   |               |
| Service cost   | \$ 1,282,811  |
| Interest   | 921,977       |
| Changes of benefit terms   | -             |
| Differences between expected and actual experience                           | -             |
| Changes of assumptions   | -             |
| Benefit payments   | (2,025,039)   |
| Net change in total pension liability  | 179,749       |
| Total pension liability - beginning  | 30,546,658    |
| Total pension liability - ending   | \$ 30,726,407 |
| <br>   |               |
| Covered-employee payroll   | \$ 72,568,274 |
| <br>   |               |
| District's net pension liability as a percentage of covered-employee payroll | 42.34%        |

\* The amounts presented for each fiscal year were determined as of the prior fiscal year end. Information for prior years is not available.

The notes to the required supplementary information are an integral part of this schedule.

**GREEN BAY AREA PUBLIC SCHOOL DISTRICT**  
Green Bay, Wisconsin  
Schedule of Proportionate Share of the Net Pension Liability (Asset)  
Wisconsin Retirement System  
Last 10 Fiscal Years

| Fiscal<br>Year Ending | Proportion of<br>the Net Pension<br>Liability (Asset) | Proportionate<br>Share of the<br>Net Pension<br>Liability (Asset) | Covered-<br>Employee<br>Payroll | Proportionate<br>Share of the Net<br>Pension Liability<br>(Asset) as a<br>Percentage of<br>Covered Payroll | Plan Fiduciary<br>Net Position as a<br>Percentage of the<br>Total Pension<br>Liability (Asset) |
|-----------------------|---|---|---------------------------------|--|--|
| 6/30/15               | 0.95790000%   | \$ (23,529,492)   | \$ 136,779,918                  | 17.20%   | 102.40%  |
| 6/30/16               | 0.97477864%   | 15,839,964  | 140,793,751                     | 11.25%   | 98.20%   |
| 6/30/17               | 0.98757898%   | 8,140,009   | 143,833,905                     | 5.66%  | 99.12%   |

Schedule of Contributions  
Wisconsin Retirement System  
Last 10 Fiscal Years

| Fiscal<br>Year Ending | Contractually<br>Required<br>Contributions | Contributions in<br>Relation to the<br>Contractually<br>Required<br>Contributions | Contribution<br>Deficiency<br>(Excess) | Covered-<br>Employee<br>Payroll | Contributions<br>as a Percentage of<br>Covered-Employee<br>Payroll |
|-----------------------|--|---|--|---------------------------------|--|
| 6/30/15               | \$ 9,375,049                               | \$ 9,375,049  | \$ -                                   | \$ 136,779,918                  | 6.85%  |
| 6/30/16               | 9,573,975                                  | 9,573,975   | -                                      | 140,793,751                     | 6.80%  |
| 6/30/17               | 9,493,177                                  | 9,493,177   | -                                      | 143,833,905                     | 6.60%  |

The notes to the required supplementary information are an integral part of this schedule.

**GREEN BAY AREA PUBLIC SCHOOLS**  
**GREEN BAY, WISCONSIN**  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2017

**NOTE A - BUDGETS AND BUDGETARY ACCOUNTING**

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes using the budgetary accounting procedures prescribed by the Wisconsin Department of Public Instruction (DPI). The DPI requires the District to separate special education revenues and expenditures from other general fund amounts. Budgetary expenditure control is exercised at the function level. Reported budget amounts are as originally adopted or as amended by Board of Education resolution.

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

- Based upon requests from District staff, District administration recommends budget proposals to the Board of Education.
- The Board of Education prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
- Pursuant to the public budget hearing, the Board of Education may make alterations to the proposed budget.
- Once the Board of Education (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire Board of Education.
- Appropriations lapse at year end unless authorized as a carryover by the Board of Education. The portion of fund balance representing carryover appropriations is reported as committed or assigned fund balance in the fund financial statements.
- Encumbrance accounting is used by the District as an extension of formal budgetary control during the year. Encumbrances outstanding at year end (e.g., purchase orders, contracts) are reported as committed or assigned fund balance in the fund financial statements.

The District did not have any material violation of legal or contractual provisions for the fiscal year ended June 30, 2017.

**GREEN BAY AREA PUBLIC SCHOOLS**  
**GREEN BAY, WISCONSIN**  
Notes to Required Supplementary Information (Continued)  
For the Year Ended June 30, 2017

**NOTE A - BUDGETS AND BUDGETARY ACCOUNTING (Continued)**

Budgetary information is derived from the annual operating budget and is presented in accordance with generally accepted accounting principles except the District adopts a separate budget for the special education special revenue fund. An explanation of the differences between Revenues, Expenditures, and Other Financing Sources (Uses) for budgetary funds on budgetary fund basis and a GAAP general fund basis is summarized below:

|   | General<br>Fund | Special<br>Education<br>Fund |
|---|-----------------|------------------------------|
| <b>Revenues</b>                                     |                 |                              |
| Actual amounts (budgetary basis)                    | \$ 260,384,524  | \$ 15,709,423                |
| Reclassification of special education               | 15,709,423      | (15,709,423)                 |
| Total Revenues                                      | 276,093,947     | -                            |
| <b>Expenditures</b>                                 |                 |                              |
| Actual amounts (budgetary basis)                    | 213,957,531     | 43,304,589                   |
| Reclassification of special education               | 43,304,589      | (43,304,589)                 |
| Total Expenditures                                  | 257,262,120     | -                            |
| <b>Excess of Revenues Over (Under) Expenditures</b> |                 |                              |
| Actual amounts (budgetary basis)                    | 46,426,993      | (27,595,166)                 |
| Reclassification of special education               | (27,595,166)    | 27,595,166                   |
| Excess of Revenues Over (Under) Expenditures        | 18,831,827      | -                            |
| <b>Other Financing Sources (Uses)</b>               |                 |                              |
| Actual amounts (budgetary basis)                    | (42,735,832)    | 27,595,166                   |
| Reclassification of special education               | 27,595,166      | (27,595,166)                 |
| Total Other Financing Sources (Uses)                | (15,140,666)    | -                            |
| <b>Net Change in Fund Balance</b>                   |                 |                              |
| Actual amounts (budgetary basis)                    | 3,691,161       | -                            |
| <b>Fund Balance - July 1</b>                        |                 |                              |
| Actual amounts (budgetary basis)                    | 37,843,247      | -                            |
| <b>Fund Balance - June 30</b>                       |                 |                              |
| Actual amounts (budgetary basis)                    | \$ 41,534,408   | \$ -                         |

**NOTE B - GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 73**

The District implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68* for the fiscal year ended June 30, 2017. Information for prior years is not available.

**NOTE C - WISCONSIN RETIREMENT SYSTEM**

There were no changes of benefit terms or assumptions for any participating employer in WRS.

The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. The District is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

## **SUPPLEMENTARY INFORMATION**



**GREEN BAY AREA PUBLIC SCHOOLS**  
**GREEN BAY, WISCONSIN**  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2017

| Special Revenue Funds            |                                  |                      |                     |           |                 |
|----------------------------------|----------------------------------|----------------------|---------------------|-----------|-----------------|
| Special<br>Revenue<br>Trust Fund | Private<br>Purpose<br>Trust Fund | Community<br>Service | Indian<br>Education | Headstart | Food<br>Service |

|                               |                   |                   |                     |                  |                   |                     |
|-------------------------------|-------------------|-------------------|---------------------|------------------|-------------------|---------------------|
| <b>ASSETS</b>                 |                   |                   |                     |                  |                   |                     |
| Cash and investments          | \$ 45,651         | \$ 464,139        | \$ 2,253,560        | \$ -             | \$ -              | \$ 2,243,732        |
| Accounts receivable           | 858,222           | -                 | -                   | 100              | -                 | 140,360             |
| Due from other governments    | -                 | -                 | -                   | 78,966           | 461,637           | 1,274,941           |
| Inventories and prepaid items | -                 | 500               | -                   | -                | -                 | 340,898             |
| <b>TOTAL ASSETS</b>           | <b>\$ 903,873</b> | <b>\$ 464,639</b> | <b>\$ 2,253,560</b> | <b>\$ 79,066</b> | <b>\$ 461,637</b> | <b>\$ 3,999,931</b> |

**LIABILITIES AND FUND BALANCES**

**Liabilities**

|                          |                |          |                |               |                |              |
|--------------------------|----------------|----------|----------------|---------------|----------------|--------------|
| Accounts payable         | \$ 24,667      | \$ -     | \$ 689,880     | \$ 32,764     | \$ 220,202     | \$ 2,381     |
| Due to other funds       | -              | -        | -              | 46,302        | 241,435        | -            |
| Unearned revenues        | 879,206        | -        | -              | -             | -              | -            |
| <b>Total Liabilities</b> | <b>903,873</b> | <b>-</b> | <b>689,880</b> | <b>79,066</b> | <b>461,637</b> | <b>2,381</b> |

**Fund Balances**

**Nonspendable**

|                               |   |     |   |   |   |         |
|-------------------------------|---|-----|---|---|---|---------|
| Inventories and prepaid items | - | 500 | - | - | - | 340,898 |
|-------------------------------|---|-----|---|---|---|---------|

**Restricted**

|                              |   |         |           |   |   |           |
|------------------------------|---|---------|-----------|---|---|-----------|
| Trust Fund                   | - | 464,139 | -         | - | - | -         |
| Community services           | - | -       | 1,563,680 | - | - | -         |
| Food services                | - | -       | -         | - | - | 3,656,652 |
| Retirement of long-term debt | - | -       | -         | - | - | -         |

|                            |          |                |                  |          |          |                  |
|----------------------------|----------|----------------|------------------|----------|----------|------------------|
| <b>Total Fund Balances</b> | <b>-</b> | <b>464,639</b> | <b>1,563,680</b> | <b>-</b> | <b>-</b> | <b>3,997,550</b> |
|----------------------------|----------|----------------|------------------|----------|----------|------------------|

|  |                   |                   |                     |                  |                   |                     |
|--|-------------------|-------------------|---------------------|------------------|-------------------|---------------------|
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b>\$ 903,873</b> | <b>\$ 464,639</b> | <b>\$ 2,253,560</b> | <b>\$ 79,066</b> | <b>\$ 461,637</b> | <b>\$ 3,999,931</b> |
|--|-------------------|-------------------|---------------------|------------------|-------------------|---------------------|

| Debt Service Funds  |                     | Total<br>Nonmajor<br>Governmental<br>Funds |
|---------------------|---------------------|--|
| Non-<br>Referendum  | Referendum          |  |
| \$ 2,326,628        | \$ 2,539,101        | \$ 9,872,811                               |
| -                   | -                   | 998,682                                    |
| -                   | -                   | 1,815,544                                  |
| -                   | -                   | 341,398                                    |
| <hr/>               |                     |  |
| <u>\$ 2,326,628</u> | <u>\$ 2,539,101</u> | <u>\$ 13,028,435</u>                       |

|       |      |            |
|-------|------|------------|
| \$ -  | \$ - | \$ 969,894 |
| -     | -    | 287,737    |
| -     | -    | 879,206    |
| <hr/> |      |            |
| -     | -    | 2,136,837  |

|                     |                     |                      |
|---------------------|---------------------|----------------------|
| -                   | -                   | 341,398              |
| -                   | -                   | 464,139              |
| -                   | -                   | 1,563,680            |
| -                   | -                   | 3,656,652            |
| 2,326,628           | 2,539,101           | 4,865,729            |
| <hr/>               |                     |                      |
| 2,326,628           | 2,539,101           | 10,891,598           |
| <hr/>               |                     |                      |
| <u>\$ 2,326,628</u> | <u>\$ 2,539,101</u> | <u>\$ 13,028,435</u> |

**GREEN BAY AREA PUBLIC SCHOOLS**

**GREEN BAY, WISCONSIN**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2017

|                                       | Special Revenue Funds      |                            |                     |                  |                  |                     |
|---------------------------------------|----------------------------|----------------------------|---------------------|------------------|------------------|---------------------|
|                                       | Special Revenue Trust Fund | Private Purpose Trust Fund | Community Service   | Indian Education | Headstart        | Food Service        |
| <b>Revenues</b>                       |                            |                            |                     |                  |                  |                     |
| Property taxes                        | \$ -                       | \$ -                       | \$ 2,764,368        | \$ -             | \$ -             | \$ -                |
| Other local sources                   | 1,217,942                  | 34,879                     | 9,243               | -                | -                | -                   |
| Food Sales                            | -                          | -                          | -                   | -                | -                | 1,748,194           |
| State sources                         | -                          | -                          | -                   | -                | -                | 165,416             |
| Federal sources                       | -                          | -                          | -                   | 341,359          | 2,755,567        | 8,649,490           |
| Other sources                         | -                          | -                          | -                   | -                | -                | 11,382              |
| <b>Total Revenues</b>                 | <b>1,217,942</b>           | <b>34,879</b>              | <b>2,773,611</b>    | <b>341,359</b>   | <b>2,755,567</b> | <b>10,574,482</b>   |
| <b>Expenditures</b>                   |                            |                            |                     |                  |                  |                     |
| <b>Instruction</b>                    |                            |                            |                     |                  |                  |                     |
| Regular instruction                   | 88,529                     | -                          | 496,290             | -                | 1,631,612        | -                   |
| Other instruction                     | 169,260                    | -                          | 545,633             | -                | -                | -                   |
| <b>Total Instruction</b>              | <b>257,789</b>             | <b>-</b>                   | <b>1,041,923</b>    | <b>-</b>         | <b>1,631,612</b> | <b>-</b>            |
| <b>Support Services</b>               |                            |                            |                     |                  |                  |                     |
| Pupil services                        | 1,442                      | -                          | -                   | 341,359          | 619,738          | -                   |
| Instructional staff services          | 184,173                    | -                          | -                   | -                | -                | -                   |
| General administration services       | -                          | -                          | 1,205,427           | -                | -                | -                   |
| School administration services        | 780,847                    | -                          | -                   | -                | -                | -                   |
| Operation and maintenance of plant    | -                          | -                          | -                   | -                | 284,674          | -                   |
| Pupil transportation services         | -                          | -                          | -                   | -                | 219,543          | -                   |
| Food services                         | -                          | -                          | -                   | -                | -                | 9,976,443           |
| <b>Total Support Services</b>         | <b>966,462</b>             | <b>-</b>                   | <b>1,205,427</b>    | <b>341,359</b>   | <b>1,123,955</b> | <b>9,976,443</b>    |
| <b>Debt Service</b>                   |                            |                            |                     |                  |                  |                     |
| Principal                             | -                          | -                          | -                   | -                | -                | -                   |
| Interest and fiscal charges           | -                          | -                          | -                   | -                | -                | -                   |
| <b>Total Debt Service</b>             | <b>-</b>                   | <b>-</b>                   | <b>-</b>            | <b>-</b>         | <b>-</b>         | <b>-</b>            |
| <b>Non-program</b>                    |                            |                            |                     |                  |                  |                     |
| Trust fund disbursements              | -                          | 38,802                     | -                   | -                | -                | -                   |
| <b>Total Expenditures</b>             | <b>1,224,251</b>           | <b>38,802</b>              | <b>2,247,350</b>    | <b>341,359</b>   | <b>2,755,567</b> | <b>9,976,443</b>    |
| <b>Excess of Revenues</b>             |                            |                            |                     |                  |                  |                     |
| Over (Under) Expenditures             | (6,309)                    | (3,923)                    | 526,261             | -                | -                | 598,039             |
| <b>Other Financing Sources (Uses)</b> |                            |                            |                     |                  |                  |                     |
| Transfers in                          | -                          | -                          | -                   | -                | -                | -                   |
| <b>Net Change in Fund Balances</b>    | <b>(6,309)</b>             | <b>(3,923)</b>             | <b>526,261</b>      | <b>-</b>         | <b>-</b>         | <b>598,039</b>      |
| <b>Fund Balances - July 1</b>         | <b>6,309</b>               | <b>468,562</b>             | <b>1,037,419</b>    | <b>-</b>         | <b>-</b>         | <b>3,399,511</b>    |
| <b>Fund Balances - June 30</b>        | <b>\$ -</b>                | <b>\$ 464,639</b>          | <b>\$ 1,563,680</b> | <b>\$ -</b>      | <b>\$ -</b>      | <b>\$ 3,997,550</b> |

| Debt Service Funds |              | Total<br>Nonmajor<br>Governmental<br>Funds |
|--------------------|--------------|--|
| Non-<br>Referendum | Referendum   |  |
| \$ -               | \$ 6,600,000 | \$ 9,364,368                               |
| -                  | -            | 1,262,064                                  |
| -                  | -            | 1,748,194                                  |
| -                  | -            | 165,416                                    |
| -                  | -            | 11,746,416                                 |
| -                  | -            | 11,382                                     |
| -                  | 6,600,000    | 24,297,840                                 |
| -                  | -            | 2,216,431                                  |
| -                  | -            | 714,893                                    |
| -                  | -            | 2,931,324                                  |
| -                  | -            | 962,539                                    |
| -                  | -            | 184,173                                    |
| -                  | -            | 1,205,427                                  |
| -                  | -            | 780,847                                    |
| -                  | -            | 284,674                                    |
| -                  | -            | 219,543                                    |
| -                  | -            | 9,976,443                                  |
| -                  | -            | 13,613,646                                 |
| 18,535,000         | 6,395,000    | 24,930,000                                 |
| 355,160            | 258,630      | 613,790                                    |
| 18,890,160         | 6,653,630    | 25,543,790                                 |
| -                  | -            | 38,802                                     |
| 18,890,160         | 6,653,630    | 42,127,562                                 |
| (18,890,160)       | (53,630)     | (17,829,722)                               |
| 15,227,280         | -            | 15,227,280                                 |
| (3,662,880)        | (53,630)     | (2,602,442)                                |
| 5,989,508          | 2,592,731    | 13,494,040                                 |
| \$ 2,326,628       | \$ 2,539,101 | \$ 10,891,598                              |

**GREEN BAY AREA PUBLIC SCHOOLS**  
**GREEN BAY, WISCONSIN**  
Pupil Activity Funds  
Schedule of Changes in Assets and Liabilities  
June 30, 2017

|                              | Pupil Activity Funds |                     |                     |                     |
|------------------------------|----------------------|---------------------|---------------------|---------------------|
|                              | Balance<br>07/01/16  | Additions           | Deletions           | Balance<br>06/30/17 |
| <b>ASSETS</b>                |                      |                     |                     |                     |
| Cash and investments         | \$ 922,585           | \$ 2,135,050        | \$ 2,156,692        | \$ 900,943          |
| <b>LIABILITIES</b>           |                      |                     |                     |                     |
| Due to student organizations |                      |                     |                     |                     |
| Edison Middle School         | \$ 57,435            | \$ 76,232           | \$ 67,581           | \$ 66,086           |
| Franklin Middle School       | 15,684               | 29,723              | 27,294              | 18,113              |
| Lombardi Middle School       | 75,412               | 95,401              | 107,046             | 63,767              |
| Smith Middle School          | 23,796               | 58,783              | 51,742              | 30,837              |
| Washington Middle School     | 25,921               | 34,390              | 37,749              | 22,562              |
| East High School             | 182,160              | 342,269             | 343,769             | 180,660             |
| Preble High School           | 314,116              | 905,183             | 942,791             | 276,508             |
| Southwest High School        | 160,244              | 433,976             | 429,595             | 164,625             |
| West High School             | 67,817               | 159,093             | 149,125             | 77,785              |
| <b>TOTAL LIABILITIES</b>     | <b>\$ 922,585</b>    | <b>\$ 2,135,050</b> | <b>\$ 2,156,692</b> | <b>\$ 900,943</b>   |

**GREEN BAY AREA PUBLIC SCHOOLS**  
**GREEN BAY, WISCONSIN**  
Schedule of Charter School Authorizer Services and Costs  
For the Year Ended June 30, 2017

|                                   |
|-----------------------------------|
| John Dewey<br>Academy of Learning |
|-----------------------------------|

|   | <u>Function</u> |           |                |
|---|-----------------|-----------|----------------|
| Services Provided                       |                 |           |                |
| Regular curriculum                      | 120000          | \$        | 256,740        |
| Special education                       | 150000          |           | 135,680        |
| Gifted and talented resource teacher    | 172000          |           | 16,684         |
| Social worker                           | 212000          |           | 11,945         |
| Guidance                                | 213000          |           | 16,140         |
| Health services                         | 214000          |           | 3,627          |
| Psychological services                  | 215000          |           | 7,707          |
| Physical therapy                        | 218000          |           | 3,263          |
| Instructional staff training            | 221300          |           | 1,076          |
| Non-common school funds                 | 222000          |           | 149            |
| Building administration                 | 240000          |           | 171,644        |
| General operations                      | 253000          |           | 64,373         |
| Contracted services and building rental | 255000          |           | 113,081        |
|   |                 | <u>\$</u> | <u>802,109</u> |

|                     | <u>Object</u> |           |                |
|---------------------|---------------|-----------|----------------|
| Operating Activity  |               |           |                |
| Employee salaries   | 100           | \$        | 468,253        |
| Employee benefits   | 200           |           | 204,850        |
| Purchased services  | 300           |           | 14,750         |
| Non-capital objects | 400           |           | 12,202         |
| Capital objects     | 500           |           | 102,054        |
|                     |               | <u>\$</u> | <u>802,109</u> |

**ADDITIONAL INDEPENDENT AUDITORS' REPORT  
FOR BASIC FINANCIAL STATEMENTS**

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

To the Board of Education  
Green Bay Area Public Schools  
Green Bay, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Green Bay Area Public School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Green Bay Area Public School District's basic financial statements, and have issued our report thereon which included an emphasis of matter paragraph as indicated on page 2 dated November 28, 2017.

**Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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 that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a significant deficiency.



## **Compliance and Other Matters**

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

### **Green Bay Area Public School District's Response to Finding**

Green Bay Area Public School District's response to the finding identified in our audit is described in the accompanying schedule of prior year audit findings and corrective action plan. Green Bay Area Public School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Green Bay Area Public School 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 Green Bay Area Public School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants  
Green Bay, Wisconsin  
November 28, 2017

**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT GUIDELINES**

To the Board of Education  
Green Bay Area Public Schools  
Green Bay, Wisconsin

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

We have audited Green Bay Area Public School District's compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of Green Bay Area Public School District's major federal and state programs for the year ended June 30, 2017. Green Bay Area Public School District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Green Bay Area Public School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit 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 *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. 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 Green Bay Area Public School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, Green Bay Area Public School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2017.

## Report on Internal Control Over Compliance

Management of Green Bay Area Public School 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 to determine the 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 the Uniform Guidance and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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.



Certified Public Accountants  
Green Bay, Wisconsin  
November 28, 2017

**GREEN BAY AREA PUBLIC SCHOOL DISTRICT**

Green Bay, Wisconsin

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2017

| Grantor Agency/Federal Program Title | CFDA<br>Number | Pass-Through<br>Agency | Pass-Through<br>Entity<br>Identifying<br>Number |
|--------------------------------------|----------------|------------------------|---|
|--------------------------------------|----------------|------------------------|---|

**U.S. DEPARTMENT OF AGRICULTURE**

*Child Nutrition Cluster*

|  |        |  |                        |
|--|--------|--|------------------------|
| School Breakfast Program                                 | 10.553 | Wisconsin Department of Public Instruction | 2017-052289-SB-546     |
| National School Lunch Program                            | 10.555 | Wisconsin Department of Public Instruction | 2017-052289-NSL-547    |
| National School Lunch Program                            | 10.555 |  |                        |
| Total National School Lunch Program                      |        |  |                        |
| Special Milk Program for Children                        | 10.556 | Wisconsin Department of Public Instruction | 2017-052289-SMP-548    |
| Summer Food Service Program for Children                 | 10.559 | Wisconsin Department of Public Instruction | 2017-052289-SFSP-586   |
| <i>Total Child Nutrition Cluster</i>                     |        |  |                        |
| Child and Adult Care Food Program                        | 10.558 | Wisconsin Department of Public Instruction | 2017-052289-CCI-551    |
| Team Nutrition Grants - Ntl School Lunch Equipment Grant | 10.579 | Wisconsin Department of Public Instruction | FY 17-052289-Equip-531 |

Total U.S. Department of Agriculture

**U.S. DEPARTMENT OF JUSTICE**

|  |        |                              |                           |
|--|--------|------------------------------|---------------------------|
| OJA Improving Outcomes of Expellable (948) | 16.540 | City of Green Bay, Wisconsin | 2012/2013-JF-19X/19-11021 |
|--|--------|------------------------------|---------------------------|

**U.S. DEPARTMENT OF EDUCATION**

|   |        |  |                             |
|---|--------|--|-----------------------------|
| Indian Education Grants to Local Educational Agencies | 84.060 | Direct Program                             | S060A150749                 |
| Title I Grants to Local Educational Agencies          | 84.010 | Wisconsin Department of Public Instruction | 17-052289-Title I-141       |
| Title I Grants to Local Educational Agencies          | 84.010 | Wisconsin Department of Public Instruction | 2017-052289-Focus-145       |
| Total Title I Grants to Local Educational Agencies    |        |  |                             |
| Title I - Migrant Education Program                   | 84.011 | Wisconsin Department of Public Instruction | 2017-052289-Mig. Summer-142 |
| <i>Special Education Cluster (IDEA)</i>               |        |  |                             |
| Special Education Grants to States                    | 84.027 | Wisconsin Department of Public Instruction | 2017-052289-IDEA-341        |
| High Cost Special Education Aid                       | 84.027 | Wisconsin Department of Public Instruction | 2017-052289-IDEA-342        |
| CESA RSN Discretionary Grant                          | 84.027 | CESA 7                                     | N/A                         |
| Autism Evidence Based Practices Grant                 | 84.027 | Wisconsin Department of Public Instruction | 2017-052289-IDEA-342        |
| UDAL Discretionary Grant                              | 84.027 | Wisconsin Department of Public Instruction | 2017-052289-IDEA-342        |
| Special Education Preschool Grants                    | 84.173 | Wisconsin Department of Public Instruction | 17-052289-Pre-S-347         |
| <i>Total Special Education Cluster (IDEA)</i>         |        |  |                             |

(Continued)

| Revenues                            |                          |                                      | Total Expenditures | Subrecipient Payment |
|-------------------------------------|--------------------------|--------------------------------------|--------------------|----------------------|
| (Accrued) Deferred Revenue 7/1/2016 | Cash Received (Refunded) | Accrued (Deferred) Revenue 6/30/2017 |                    |                      |
| \$ (195,990)                        | \$ 1,509,934             | \$ 238,419                           | \$ 1,552,363       | \$ -                 |
| (708,229)                           | 5,332,769                | 812,970                              | 5,437,510          | -                    |
| -                                   | 608,293                  | -                                    | 608,293            | -                    |
| (708,229)                           | 5,941,062                | 812,970                              | 6,045,803          | -                    |
| -                                   | 11,165                   | 1,971                                | 13,136             | -                    |
| -                                   | 474,648                  | 168,338                              | 642,986            | -                    |
| (904,219)                           | 7,936,809                | 1,221,698                            | 8,254,288          | -                    |
| (6,794)                             | 333,955                  | 53,243                               | 380,404            | -                    |
| -                                   | 14,798                   | -                                    | 14,798             | -                    |
| (911,013)                           | 8,285,562                | 1,274,941                            | 8,649,490          | -                    |
| -                                   | -                        | 14,631                               | 14,631             | -                    |
| (31,368)                            | 293,761                  | 78,966                               | 341,359            | -                    |
| (404,664)                           | 4,608,482                | 2,068,176                            | 6,271,994          | -                    |
| (30,998)                            | 58,101                   | 12,716                               | 39,819             | -                    |
| (435,662)                           | 4,666,583                | 2,080,892                            | 6,311,813          | -                    |
| (9,178)                             | 27,834                   | 19,344                               | 38,000             | -                    |
| (2,396,125)                         | 4,892,372                | 1,977,888                            | 4,474,135          | -                    |
| -                                   | 10,601                   | -                                    | 10,601             | -                    |
| 5,055                               | 14,000                   | (9,562)                              | 9,493              | -                    |
| (5,842)                             | 10,745                   | 694                                  | 5,597              | -                    |
| (7,841)                             | 11,144                   | 3,969                                | 7,272              | -                    |
| (81,745)                            | 81,745                   | 142,511                              | 142,511            | -                    |
| (2,486,498)                         | 5,020,607                | 2,115,500                            | 4,649,609          | -                    |

**GREEN BAY AREA PUBLIC SCHOOL DISTRICT**

Green Bay, Wisconsin

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2017

| Grantor Agency/Federal Program Title                       | CFDA<br>Number | Pass-Through<br>Agency                     | Pass-Through<br>Entity<br>Identifying<br>Number |
|--|----------------|--|---|
| Career and Technical Education -- Basic Grants to States   | 84.048         | Wisconsin Department of Public Instruction | 2017-052289-CP-CTE-400                          |
| Girls, Role Models and Stem                                | 84.048A        | Wisconsin Department of Public Instruction | FY2017-052604-NTO-420                           |
| College, Career & Community Ready                          | 84.215E        | Direct Program                             | S215E15   |
| Twenty-First Century Community Learning Centers            | 84.287         | Wisconsin Department of Public Instruction | 17-052289-367-CLC                               |
| English Language Acquisition State Grants                  | 84.365         | Wisconsin Department of Public Instruction | 17-052289-Title III A-391                       |
| Improving Teacher Quality State Grants                     | 84.367         | Wisconsin Department of Public Instruction | 17-052289-Title II-365                          |
| Title I -Priority Schools                                  | 84.377         | Wisconsin Department of Public Instruction | 2017-052289-SIG-151                             |
| Investing in Innovation (i3)                               | 84.411         | Direct Program                             | Not available                                   |
| <b>Total U.S. Department of Education</b>                  |                |  |   |
| <b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b> |                |  |   |
| Supporting School Success                                  | 93.079         | Wisconsin Department of Public Instruction | 2016-17-052289-WILY-334                         |
| InSPIRE  | 93.500         | Wisconsin Department of Public Instruction | 17-052289-InSPIRE-591                           |
| CDC School Health Nutrition and Physical Activity Aid      | 93.548         | Wisconsin Department of Public Instruction | Not available                                   |
| Refugee School Impact Grant                                | 93.576         | Wisconsin Department of Public Instruction | FY2017-052289-Refugee-538                       |
| Head Start   | 93.600         | Direct Program                             | 05CH10106-02-02/03                              |
| <b><i>Medicaid Cluster</i></b>                             |                |  |   |
| Medical Assistance Program                                 | 93.778         | Wisconsin Department of Health Services    | 44200800  |
| <b>Total U.S. Department of Health and Human Services</b>  |                |  |   |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>                |                |  |   |

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

| Revenues                            |                          |                                      | Total Expenditures   | Subrecipient Payment |
|-------------------------------------|--------------------------|--------------------------------------|----------------------|----------------------|
| (Accrued) Deferred Revenue 7/1/2016 | Cash Received (Refunded) | Accrued (Deferred) Revenue 6/30/2017 |                      |                      |
| (61,066)                            | 97,132                   | 194,159                              | 230,225              | -                    |
| -                                   | -                        | 2,319                                | 2,319                | -                    |
| (5,466)                             | 258,674                  | 52,942                               | 306,150              | -                    |
| (14,182)                            | 443,465                  | 120,717                              | 550,000              | 196,984              |
| (218,733)                           | 629,540                  | 194,442                              | 605,249              | -                    |
| (162,878)                           | 866,785                  | 260,747                              | 964,654              | -                    |
| (648,081)                           | 1,264,995                | 601,083                              | 1,217,997            | -                    |
| 11,615                              | -                        | (11,615)                             | -                    | -                    |
| <u>(4,061,497)</u>                  | <u>13,569,376</u>        | <u>5,709,496</u>                     | <u>15,217,375</u>    | <u>196,984</u>       |
| (3,518)                             | 8,015                    | 1,954                                | 6,451                | -                    |
| (21,151)                            | 123,819                  | 89,230                               | 191,898              | -                    |
| -                                   | 429                      | -                                    | 429                  | -                    |
| -                                   | -                        | 32,000                               | 32,000               | -                    |
| (374,034)                           | 2,667,963                | 461,638                              | 2,755,567            | -                    |
| -                                   | 2,235,877                | -                                    | 2,235,877            | -                    |
| <u>(398,703)</u>                    | <u>5,036,103</u>         | <u>584,822</u>                       | <u>5,222,222</u>     | <u>-</u>             |
| <u>\$ (5,371,213)</u>               | <u>\$ 26,891,041</u>     | <u>\$ 7,583,890</u>                  | <u>\$ 29,103,718</u> | <u>\$ 196,984</u>    |



**GREEN BAY AREA PUBLIC SCHOOL DISTRICT**

Green Bay, Wisconsin

Schedule of State Financial Assistance

For the Year Ended June 30, 2017

| Grantor Agency/State Program Title                | State<br>I.D.<br>Number | Pass-through Agency | State<br>Identifying<br>Number |
|---|-------------------------|---------------------|--------------------------------|
| <b>DEPARTMENT OF PUBLIC INSTRUCTION</b>           |                         |                     |                                |
| Special Education and School Age Parents          | 255.101                 | Direct Program      | 052289-100                     |
| State School Lunch Aid                            | 255.102                 | Direct Program      | 052289-107                     |
| Common School Fund Library Aid                    | 255.103                 | Direct Program      | 052289-104                     |
| Bilingual Bicultural Aid Lea                      | 255.106                 | Direct Program      | 052289-111                     |
| General Transportation Aid                        | 255.107                 | Direct Program      | 052289-102                     |
| State Charter Schools Aid                         | 255.109                 | Direct Program      | 052289-109                     |
| Equalization Aids                                 | 255.201                 | Direct Program      | 052289-116                     |
| High Cost Special Education Aid                   | 255.210                 | Direct Program      | 052289-119                     |
| Peer Review and Mentoring                         | 255.301                 | Direct Program      | 052289-141                     |
| Alcohol and Other Drug Abuse                      | 255.306                 | Direct Program      | 052289-143                     |
| Head Start Supplement                             | 255.327                 | Direct Program      | 052289-145                     |
| State School Breakfast Aid                        | 255.344                 | Direct Program      | 052289-108                     |
| Tribal Language Revitalization Grants             | 255.364                 | Direct Program      | 052289-155                     |
| Financial Literacy Innovation Grant               | 255.367                 | Direct Program      | 052289-146                     |
| Tuition Payments by State                         | 255.401                 | Direct Program      | 052289-157                     |
| Student Achievement Guarantee in Education (SAGE) | 255.504                 | Direct Program      | 052289-160                     |
| Aid for High Poverty School District              | 255.926                 | Direct Program      | 052289-121                     |
| Educator Effective Evaluation System              | 255.940                 | Direct Program      | 052289-154                     |
| Per Pupil Aid                                     | 255.945                 | Direct Program      | 052289-113                     |
| Career and Technical Education Incentive Grants   | 255.950                 | Direct Program      | 052289-151                     |
| Assessments of Reading Readiness                  | 255.956                 | Direct Program      | 052289-166                     |
| Aid for Special Education Transition Grant BBL    | 255.960                 | Direct Program      | 052289-168                     |

Total Department of Public Instruction

**TOTAL STATE PROGRAMS**

The notes to the schedule of state financial assistance are an integral part of this schedule.

| Revenues                            |                          |                                      | Total Expenditures | Subrecipient Payments |
|-------------------------------------|--------------------------|--------------------------------------|--------------------|-----------------------|
| (Accrued) Deferred Revenue 7/1/2016 | Cash Received (Refunded) | Accrued (Deferred) Revenue 6/30/2017 |                    |                       |
| \$ -                                | \$ 9,903,256             | \$ -                                 | \$ 9,903,256       | \$ -                  |
| -                                   | 98,708                   | -                                    | 98,708             | -                     |
| -                                   | 870,199                  | -                                    | 870,199            | -                     |
| -                                   | 1,198,549                | -                                    | 1,198,549          | -                     |
| -                                   | 288,156                  | -                                    | 288,156            | -                     |
| -                                   | 8,535                    | -                                    | 8,535              | -                     |
| (2,447,222)                         | 151,809,556              | 2,598,173                            | 151,960,507        | -                     |
| -                                   | 36,889                   | -                                    | 36,889             | -                     |
| -                                   | -                        | 24,140                               | 24,140             | -                     |
| (21,266)                            | 36,991                   | 9,275                                | 25,000             | -                     |
| (18,522)                            | 75,891                   | 56,514                               | 113,883            | -                     |
| -                                   | 58,173                   | -                                    | 58,173             | -                     |
| (7,716)                             | 10,213                   | 13,841                               | 16,338             | -                     |
| -                                   | -                        | 12,473                               | 12,473             | -                     |
| -                                   | 164,294                  | -                                    | 164,294            | -                     |
| -                                   | 4,583,404                | -                                    | 4,583,404          | -                     |
| -                                   | 1,454,359                | -                                    | 1,454,359          | -                     |
| (145,520)                           | 145,520                  | 149,680                              | 149,680            | -                     |
| (3,266,700)                         | 8,752,450                | -                                    | 5,485,750          | -                     |
| -                                   | 111,491                  | -                                    | 111,491            | -                     |
| -                                   | 30,036                   | -                                    | 30,036             | -                     |
| -                                   | 4,778                    | -                                    | 4,778              | -                     |
| (5,906,946)                         | 179,641,448              | 2,864,096                            | 176,598,598        | -                     |
| \$ (5,906,946)                      | \$ 179,641,448           | \$ 2,864,096                         | \$ 176,598,598     | \$ -                  |

**GREEN BAY AREA PUBLIC SCHOOLS**  
**GREEN BAY, WISCONSIN**

Notes to the Schedule of Expenditures of Federal Awards and Schedule of State Financial Assistance  
For the Year Ended June 30, 2017

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards and schedule of state financial assistance include the federal and state grant activity of the Green Bay Area Public Schools and are presented on the modified accrual basis of accounting. The information in these schedules is 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 *State Single Audit Guidelines*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE B - SIGNIFICANT ACCOUNTING POLICIES**

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the District's 2017 basic financial statements. Accrued revenue at yearend consists of state program expenditures scheduled for reimbursement to the District in succeeding year while deferred revenue represents advances for state programs that exceed recorded District expenditures. The District has not elected to charge a de minimis indirect rate of 10% of modified total direct costs.

**NOTE C - SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM**

The 2016-2017 eligible costs under the State Special Education Program as reported by the District are \$38,406,967. Compiled information required by compliance requirement 1-1 of the Special Education Audit Program was reported to the Wisconsin Department of Public Instruction.

**NOTE D - OVERSIGHT AGENCIES**

The U.S. Department of Health and Human Services has been designated the federal oversight agency for the District. The Wisconsin Department of Public Instruction is the state oversight agency for the District.

**GREEN BAY AREA PUBLIC SCHOOLS**  
**GREEN BAY, WISCONSIN**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2017**

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

**Basic Financial Statements**

|   |            |
|---|------------|
| Type of auditors' report issued:                            | Unmodified |
| Internal control over financial reporting:                  |            |
| • Material weakness(es) identified?                         | No         |
| • Significant deficiencies identified?                      | Yes        |
| Noncompliance material to basic financial statements noted? | No         |

**Federal Awards and State Financial Assistance**

|   |               |
|---|---------------|
| Internal control over major federal programs:   |               |
| • Material weakness(es) identified?   | No            |
| • Significant deficiencies identified?  | None Reported |
| Internal control over major state programs:   |               |
| • Material weakness(es) identified?   | No            |
| • Significant deficiencies identified?  | None Reported |
| Type of auditors' report issued on compliance for major programs  | Unmodified    |
| Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?                      | No            |
| Any audit findings disclosed that are required to be reported in accordance with the <i>State Single Audit Guidelines</i> ? | No            |

**Identification of major federal and state programs:**

| CFDA Number | Name of Federal Programs                              |
|-------------|---|
|             | <i>Special Education Cluster (IDEA)</i>               |
| 84.027      | Special Education - Grants to States                  |
| 84.173      | Special Education - Preschool Grants                  |
| 84.367      | Improving Teacher Quality State Grants                |
| 84.060      | Indian Education Grants to Local Educational Agencies |

| State ID Number | Name of State Programs                          |
|-----------------|---|
| 255.106         | Bilingual/Bicultural Aid                        |
| 255.201         | General Equalization Aid                        |
| 255.504         | Student Achievement Guarantee in Education      |
| 255.950         | Career and Technical Education Incentive Grants |

|   |           |
|---|-----------|
| Audit threshold used to determine between Type A and Type B programs: |           |
| Federal   | \$873,112 |
| State   | \$250,000 |

|                                       |     |
|---------------------------------------|-----|
| Auditee qualified as low-risk auditee | Yes |
|---------------------------------------|-----|

**GREEN BAY AREA PUBLIC SCHOOLS**  
**GREEN BAY, WISCONSIN**  
 Schedule of Findings and Questioned Costs (Continued)  
 For the Year Ended June 30, 2017

**Section II - Financial Statement Findings**

| Finding No. | Internal Control Deficiencies |
|-------------|-------------------------------|
|-------------|-------------------------------|

**2017-001      Preparation of Annual Financial Report**

Repeat of Finding 2016-001

**Condition:** Current District staff maintains accounting records which reflect the District's financial transactions; however, preparing the District's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The District contracts with us and our knowledge of applicable accounting principles, financial statement formats, and note disclosures to assist in the preparation of the annual financial report in an efficient manner.

**Criteria:** The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes.

**Cause:** The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes.

**Effect:** Without our involvement, the District may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.

**Recommendation:** We recommend the District continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the District is necessary to obtain a complete and adequate understanding of the District's annual financial report.

**GREEN BAY AREA PUBLIC SCHOOLS**  
**GREEN BAY, WISCONSIN**  
 Schedule of Findings and Questioned Costs (Continued)  
 For the Year Ended June 30, 2017

**Section IV - Other Issues**

Does the auditors' report or the notes to the financial statement include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern?

\_\_\_\_\_ Yes        X   No

Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:

Department of Public Instruction  
 Department of Health Services

\_\_\_\_\_ Yes        X   No  
 \_\_\_\_\_ Yes        X   No

Was a Management Letter or other document conveying audit comments issued as a result of this audit?

  X   Yes      \_\_\_\_\_ No

Name and signature of shareholder



Paul G. Denis, CPA

Date of report

November 28, 2017

**GREEN BAY AREA PUBLIC SCHOOLS**  
**GREEN BAY, WISCONSIN**  
 Schedule of Prior Year Audit Findings and Corrective Action Plan  
 For the Year Ended June 30, 2017

**Prior Year Audit Finding**

The findings noted in the 2016 Schedule of Findings and Questioned Costs have been reported to the proper federal and state agencies. The current status of the prior year audit findings, as provided by management, follows:

| Finding No.     | Prior Year Audit Finding   |
|-----------------|--|
| <b>2016-001</b> | <p><b>Preparation of Annual Financial Report</b></p> <p>Management continues to rely upon the audit firm to prepare its financial statements. The finding is repeated as 2017-001.</p>   |
| <b>2016-002</b> | <p><b>Uniform Grant Guidance Implementation</b></p> <p>The District management team reviewed existing internal control policies with requirements of the Uniform Guidance. An (8) section manual was developed during the 2016-17 fiscal year and was formally adopted by the School Board on September 18, 2017. We believe the finding has been adequately resolved.</p> |

**Corrective Action Plan**

**2017-001 Preparation of Annual Financial Report**

Management Response: The District has reviewed and will continue to review the financial reports prior to issuance and work to communicate questions and to mutually understand the financial reports.

**Additional Response**

Angie Roble, Finance Director is the contact person for the District. Angie and her Staff perform the following mitigating controls:

1. Reviews and approves all adjusting entries proposed by the auditor.
2. Compares final adjusted trial balance with audited financial statements.
3. Compares the schedule of expenditures of federal awards and state financial assistance to:
  - a. Final adjusted trial balance
  - b. Submitted final reimbursement claims
  - c. State payment register and DPI website