

Green Bay Area Public School District
Green Bay, Wisconsin

ANNUAL FINANCIAL REPORT

June 30, 2018

Green Bay Area Public School District

Green Bay, Wisconsin

JUNE 30, 2018

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Green Bay Area Public School District

Green Bay, Wisconsin

JUNE 30, 2018

ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS

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Independent auditors' report

To the Board of Education
Green Bay Area Public School District
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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to 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, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

CHANGE IN ACCOUNTING PRINCIPLE

As discussed in Note 2.G. to the financial statements, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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 44 through 48 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 expenditures of state awards 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 the schedules of expenditures of federal and state awards 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 and the schedules of expenditures of federal and state awards 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 2017 financial statements, and our report dated November 28, 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, 2017, 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 30, 2018, 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.



Certified Public Accountants

Green Bay, Wisconsin
November 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis June 30, 2018

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, 2018. 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 overall equalized property tax rate decreased from the prior year at \$10.10 per \$1,000 of property value for fiscal year 2017-18.
- The District added \$4.1 million to the general fund balance in 2017-2018.

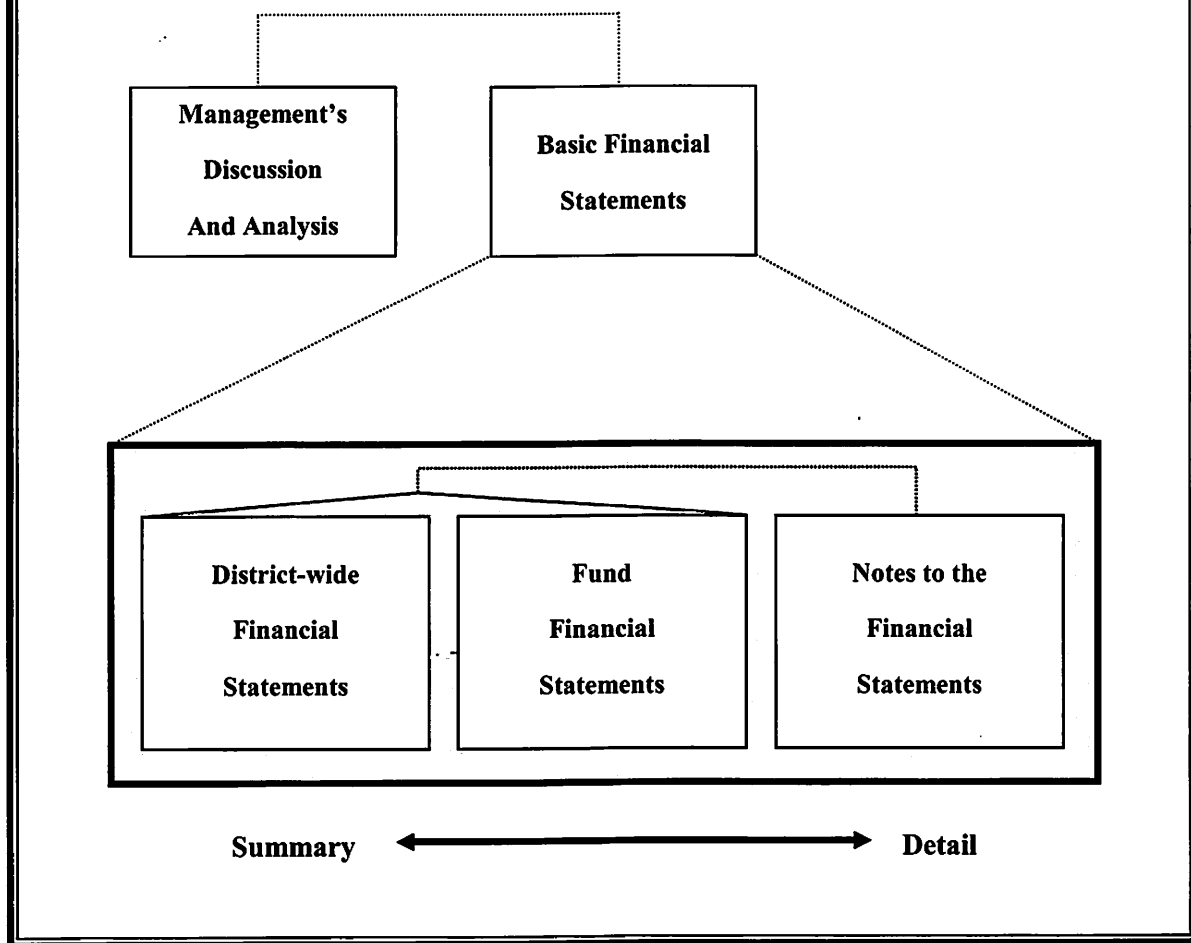
Overview of the Financial Statements

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.

Organization of Green Bay Area Public School District Annual Financial Report



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"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
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, 2018 compared to the prior year.

Figure A-1 Condensed Statement of Net Position (in millions of dollars)			
	Governmental Activities		Total Percentage Change
	2018	2017	2017-18
Assets			
Current assets	177.4	76.6	131.6%
Capital assets	189.1	177.0	6.8%
Total Assets	366.5	253.6	44.5%
Deferred Outflows of Resources	49.3	58.4	-15.6%
Liabilities			
Long-term obligations	146.8	78.4	87.2%
Other liabilities	22.4	16.6	34.9%
Total Liabilities	169.2	95.0	78.1%
Deferred Inflows of Resources	58.9	26.3	124.0%
Net Position			
Net investment in capital assets	180.0	165.5	8.8%
Restricted	13.0	18.3	-29.0%
Unrestricted	(5.3)	6.9	-176.8%
Total Net Position	187.7	190.7	-1.6%

Changes in net position. The District's governmental activities net position decreased to \$187.7 million. (See Figure A-1.) The District's decrease in financial position is the product of many factors. Assets increased by \$112.9 million. The cash balance increased significantly due to the borrowing for the referendum projects and a \$29 million new pension asset was added this year due to the Wisconsin Retirement System being over 100% funded. An increase in long term obligations resulted from the debt incurred for referendum projects as well as the increase in other postemployment benefits liability of approximately \$12 million due to the implementation of GASB Statement No. 75.

The District's total net position decreased by \$3.1 million from total revenues of \$316.6 million. (See Figure A-2.) Property taxes and state formula aid accounted for most of the District's revenue, with each contributing about 27% and 53%, respectively. Another 16% came from federal and state aid for specific programs and local revenue sources.

The total cost of all programs and services was \$307 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 63% of the District's expense, while the District's administration, transportation, maintenance and business activities accounted for 17.3% of total costs. Interest on debt and other costs made up the remaining 19.7% of the total costs. (See Figure A-3.)

Figure A-2			
Changes in Net Position from Operating Results			
(in millions of dollars)			
	Governmental Activities		Percentage Change
	2018	2017	2017-18
Revenues			
Program Revenues			
Charges for services	5.8	5.9	-1.7%
Operating grants and contributions	52.0	49.5	5.1%
General Revenues			
Property taxes	87.0	84.2	3.3%
State formula aid	166.4	158.2	5.2%
Other	5.4	2.7	100.0%
Total Revenues	<u>316.6</u>	<u>300.5</u>	5.4%
Expenses			
Instruction	158.3	158.1	0.1%
Support services	119.4	109.3	9.2%
Non-program	19.5	17.3	12.7%
Interest on debt	3.1	0.6	416.7%
Depreciation - unallocated	6.7	6.7	0.0%
Total Expenses	<u>307.0</u>	<u>292.0</u>	5.1%
Increase in Net Position	9.6	8.5	12.9%
Cumulative change in accounting principle	<u>(12.6)</u>	<u>(28.4)</u>	100.0%
Decrease in Net Position	(3.0)	(19.9)	-84.9%

Governmental Activities

Governmental activities decreased the District's net position by \$3.1 million. Key elements of this decrease are as follows:

- The District's net position decreased by \$3.1, due to the implementation of GASB Statement No. 75, a cumulative effect of change in accounting principle reduced net position in the amount of \$12.6.
- State formula aid increased by \$8.2 million, a 5.2% 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 Net Cost of Governmental Activities (in millions of dollars)						
	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2018	2017	2017-18	2018	2017	2017-18
Instruction	158.3	158.1	0.1%	127.0	127.0	0.0%
Pupil and instructional services	34.7	36.2	-4.1%	25.3	27.4	-7.7%
Administration and business	23.4	20.2	15.8%	22.9	20.8	10.1%
Maintenance and operations	21.0	21.4	-1.9%	19.1	19.8	-3.5%
Transportation	8.9	8.4	6.0%	7.9	7.3	8.2%
Interest on debt	3.1	0.6	416.7%	3.1	0.6	416.7%
Other	57.6	47.1	22.3%	43.9	33.7	30.3%
Total	307.0	292.0	5.1%	249.2	236.6	5.3%

- The cost of all *governmental* activities this year was \$307 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 \$87.0 million in property taxes, \$166.4 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 \$4.1 million. As the District completed the year, its governmental funds reported a combined fund balance of \$126.7 million, an increase of \$66.4 million from the prior year. The increase in fund balance is mostly due to the monies received from the issuance of debt for referendum capital projects and also due to holding expenditures below budgeted amounts.

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 \$4.1 million.

Capital Asset and Debt Administration

Capital Assets

By the end of the 2017-18 fiscal year, the District had invested \$189.1 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 2.B. to the financial statements.) Total depreciation expense for the year was \$6.7 million. The large increases within the buildings and construction in progress categories was due to the finalization of several HVAC energy exemption projects and the start of several referendum projects this past spring.

Figure A-4 Capital Assets (in millions of dollars)			
	Governmental Activities		Total Percentage Change
	2018	2017	2017-18
Land	8.7	8.7	0.0%
Construction in progress	13.2	5.5	140.0%
Site improvements	7.3	7.0	4.3%
Buildings	268.5	259.0	3.7%
Machinery and equipment	14.0	13.2	6.1%
Accumulated depreciation	(122.6)	(116.4)	5.3%
Total	189.1	177.0	6.8%

Long-Term Debt

At year-end, the District had \$78.7 million in general obligation debt and \$68.1 million in retirement liabilities outstanding. (More detailed information about the District's long-term liabilities is presented in Note 2.D. to the financial statements.)

Figure A-5 Outstanding Long-term Obligations (in millions of dollars)			
	Governmental Activities		Total Percentage Change
	2018	2017	2017-18
General obligation debt	78.7	18.6	323.1%
Other	68.1	59.8	13.9%
Total	146.8	78.4	87.2%

- The District holds an Aa2 rating from Moody's Investor Service.
- \$75.3 million of general obligation debt was issued due to the capital projects resulting from the passing of the referendum along with the energy exemption projects in the amount of \$7 million.
- The increase in other postemployment benefits liabilities of \$12.6 million is the result of recognizing the full actuarial liability amount due to the implementation of GASB 75.

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 \$4,060,989 in 2017-18. The District's total general fund balance of \$45,595,397 exceeds the 15% minimum approved by the Board of Education.
- Enrollment has slightly decreased over the past year and will be closely followed as it will impact 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 District has enacted procurement policies that align with the Uniform Grant Guidance protocol.
- The state of Wisconsin has finalized its biennial budget and the state 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, 2018

WITH COMPARATIVE AMOUNTS AS OF JUNE 30, 2017

	Governmental Activities	
	2018	2017
ASSETS		
Cash and investments	\$ 114,479,007	\$ 41,872,642
Receivables		
Taxes	21,489,514	21,649,779
Accounts	1,447,923	1,263,158
Due from other governments	9,944,966	11,160,712
Inventories and prepaid items	713,459	673,018
Net pension asset	29,346,533	-
Capital assets		
Nondepreciable	21,930,018	14,250,794
Depreciable	167,166,278	162,761,310
Total assets	366,517,698	253,631,413
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	366,564	499,861
Pension related amounts	48,889,908	57,906,229
Total deferred outflows of resources	49,256,472	58,406,090
LIABILITIES		
Accounts payable	7,965,512	4,691,505
Accrued and other current liabilities	5,812,725	5,931,469
Accrued interest payable	990,344	232,800
Unearned revenues	648,871	935,527
Deposits payable	-	582,550
Health and dental claims payable	6,991,537	4,182,568
Long-term obligations		
Due in one year	12,210,000	4,510,000
Due in more than one year	78,820,165	24,178,327
Other postemployment benefits liability	25,606,493	10,894,031
Pension liability	30,186,172	38,866,416
Total liabilities	169,231,819	95,005,193
DEFERRED INFLOWS OF RESOURCES		
Pension related amounts	58,915,947	26,310,302
NET POSITION		
Net investment in capital assets	179,983,015	165,506,377
Restricted	12,993,797	18,267,336
Unrestricted	(5,350,408)	6,948,295
Total net position	\$ 187,626,404	\$ 190,722,008

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, 2018

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					2018	2017
GOVERNMENTAL ACTIVITIES						
Instruction	\$ 158,288,616	\$ 3,828,906	\$ 27,132,851	\$ -	\$(127,326,859)	\$(126,986,314)
Support services	119,392,155	1,987,799	24,629,660	-	(92,774,696)	(85,105,040)
Non-program	19,522,992	-	202,583	-	(19,320,409)	(17,150,296)
Interest and fiscal charges	3,090,172	-	-	-	(3,090,172)	(612,273)
Depreciation - unallocated	6,731,733	-	-	-	(6,731,733)	(6,729,415)
Total governmental activities	\$ 307,025,668	\$ 5,816,705	\$ 51,965,094	\$ -	(249,243,869)	(236,583,338)
General revenues						
Property taxes					87,010,774	84,066,039
Other taxes					150,827	153,171
State and federal aids not restricted to specific functions					166,408,574	158,154,026
Interest and investment earnings					767,428	216,098
Gain on disposal of capital assets					6,020	22,140
Miscellaneous					4,443,976	2,473,648
Total general revenues					258,787,599	245,085,122
Change in net position					9,543,730	8,501,784
Net position - July 1, as originally stated					190,722,008	210,595,566
Cumulative effect of change in accounting principle					(12,639,334)	(28,375,342)
Net position - July 1, as restated					178,082,674	182,220,224
Net position - June 30					\$ 187,626,404	\$ 190,722,008

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, 2018

WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2017

	General	Capital Projects	Other Governmental Funds	Totals	
				2018	2017
ASSETS					
Cash and investments	\$ 30,407,086	70,520,428	\$ 13,551,493	\$ 114,479,007	\$ 41,872,642
Receivables					
Taxes	21,489,514	-	-	21,489,514	21,649,779
Accounts	1,241,402	-	206,521	1,447,923	1,263,158
Due from other funds	290,786	-	-	290,786	287,737
Due from other governments	7,747,432	-	2,197,534	9,944,966	11,160,712
Inventories and prepaid items	257,323	-	456,136	713,459	673,018
Total assets	\$ 61,433,543	\$ 70,520,428	\$ 16,411,684	\$ 148,365,655	\$ 76,907,046
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 3,005,382	3,885,822	\$ 1,074,308	\$ 7,965,512	\$ 4,691,505
Accrued and other current liabilities	5,812,725	-	-	5,812,725	5,931,469
Due to other funds	-	-	290,786	290,786	287,737
Unearned revenues	28,502	-	620,369	648,871	935,527
Deposits payable	-	-	-	-	582,550
Health and dental claims payable	6,991,537	-	-	6,991,537	4,182,568
Total liabilities	15,838,146	3,885,822	1,985,463	21,709,431	16,611,356
Fund balances					
Nonspendable	257,323	-	456,136	713,459	673,018
Restricted	14,056	66,634,606	13,970,085	80,618,747	18,500,136
Assigned	13,000,000	-	-	13,000,000	12,759,516
Unassigned	32,324,018	-	-	32,324,018	28,363,020
Total fund balances	45,595,397	66,634,606	14,426,221	126,656,224	60,295,690
Total liabilities and fund balances	\$ 61,433,543	\$ 70,520,428	\$ 16,411,684	\$ 148,365,655	\$ 76,907,046

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, 2018

WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2017

	<u>2018</u>	<u>2017</u>
RECONCILIATION TO THE STATEMENT OF NET POSITION		
Total fund balances as shown on previous page	\$ 126,656,224	\$ 60,295,690
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	189,096,296	177,012,104
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.		
Deferred charge on advance refunding	366,564	499,861
Deferred outflows related to pensions	48,889,908	57,906,229
Deferred inflows related to pensions	(58,915,947)	(26,310,302)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds and notes payable	(78,710,000)	(18,610,000)
Premium on debt	(3,169,451)	(540,588)
Compensated absences	(9,150,714)	(9,537,739)
Other postemployment benefits liability	(25,606,493)	(10,894,031)
Net pension asset	29,346,533	-
Pension liability	(30,186,172)	(38,866,416)
Accrued interest on long-term obligations	(990,344)	(232,800)
Net position of governmental activities as reported on the statement of net position (see page 12)	<u>\$ 187,626,404</u>	<u>\$ 190,722,008</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 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2018 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017

	General	Capital Projects	Other Governmental Funds	Totals	
				2018	2017
REVENUES					
Property taxes	\$ 77,446,406	\$ -	\$ 9,564,368	\$ 87,010,774	\$ 84,066,039
Other local sources	1,910,336	219,352	3,782,906	5,912,594	4,778,306
Interdistrict sources	2,943,698	-	-	2,943,698	2,950,839
Intermediate sources	1,858	-	-	1,858	11,493
State sources	185,602,380	-	173,981	185,776,361	177,312,492
Federal sources	17,080,399	-	13,537,142	30,617,541	29,067,017
Other sources	4,302,715	-	50	4,302,765	2,212,205
Total revenues	289,287,792	219,352	27,058,447	316,565,591	300,398,391
EXPENDITURES					
Instruction					
Regular instruction	81,469,086	-	2,984,703	84,453,789	82,690,422
Vocational instruction	6,597,189	-	-	6,597,189	6,148,825
Special education instruction	34,900,067	-	-	34,900,067	33,426,576
Other instruction	28,085,080	-	694,894	28,779,974	27,580,954
Total instruction	151,051,422	-	3,679,597	154,731,019	149,846,777
Support services					
Pupil services	17,893,156	-	1,546,364	19,439,520	18,004,026
Instructional staff services	13,904,644	-	207,811	14,112,455	14,256,245
General administration services	4,347,821	-	1,251,140	5,598,961	4,692,929
School administration services	14,064,757	-	1,344,842	15,409,599	14,325,377
Business services	2,120,800	-	-	2,120,800	2,233,534
Operations and maintenance of plant	22,544,532	16,704,430	1,272,444	40,521,406	32,016,002
Pupil transportation services	8,617,721	-	283,486	8,901,207	8,424,770
Food services	-	-	10,625,467	10,625,467	9,976,443
Central services	15,963,976	-	-	15,963,976	8,338,864
Insurance	805,222	-	-	805,222	745,622
Other support services	3,004,809	-	-	3,004,809	2,861,939
Total support services	103,267,438	16,704,430	16,531,554	136,503,422	115,875,751
Debt service					
Principal	-	-	15,150,000	15,150,000	24,930,000
Interest and fiscal charges	3,350	-	2,541,722	2,545,072	616,468
Total debt service	3,350	-	17,691,722	17,695,072	25,546,468
Non-program					
General tuition payments	15,803,239	-	-	15,803,239	14,788,725
Special education tuition payments	519,089	-	-	519,089	106,794
Adjustments and refunds	400,974	-	57,052	458,026	1,208,889
Voucher payments	2,618,007	-	-	2,618,007	1,152,830
Revenue transits to others	73,990	-	-	73,990	-
Trust fund disbursements	-	-	50,584	50,584	38,802
Total non-program	19,415,299	-	107,636	19,522,935	17,296,040
Total expenditures	273,737,509	16,704,430	38,010,509	328,452,448	308,565,036
Excess of revenues over (under) expenditures	15,550,283	(16,485,078)	(10,952,062)	(11,886,857)	(8,166,645)
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	75,250,000	-	75,250,000	15,000,000
Premium on debt issued	-	-	2,974,604	2,974,604	-
Proceeds from sale of capital assets	22,787	-	-	22,787	86,614
Transfers in	23,733	-	11,535,814	11,559,547	15,227,280
Transfers out	(11,535,814)	-	(23,733)	(11,559,547)	(15,227,280)
Total other financing sources (uses)	(11,489,294)	75,250,000	14,486,685	78,247,391	15,086,614
Net change in fund balances	4,060,989	58,764,922	3,534,623	66,360,534	6,919,969
Fund balances - July 1	41,534,408	7,869,684	10,891,598	60,295,690	53,375,721
Fund balances - June 30	\$ 45,595,397	\$ 66,634,606	\$ 14,426,221	\$ 126,656,224	\$ 60,295,690

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, 2018

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017

	2018	2017
RECONCILIATION TO THE STATEMENT OF ACTIVITIES		
Net change in fund balances as shown on previous page	\$ 66,360,534	\$ 6,919,969
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital assets reported as capital outlay reported in governmental fund statements	18,834,905	11,251,040
Depreciation expense reported in the statement of activities	(6,731,733)	(6,729,415)
Net book value of disposals	(18,980)	-
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Long-term debt issued	(75,250,000)	(15,000,000)
Premium on debt issued	(2,974,604)	-
Principal repaid	15,150,000	24,930,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Accrued interest on long-term debt	(757,544)	47,545
Amortization of premiums, discounts and deferred charge on advance refunding	212,444	(43,350)
Compensated absences	387,025	56,374
Pension asset/liability	38,026,777	7,520,206
Deferred outflows of resources related to pensions	(9,016,321)	(26,013,527)
Deferred inflows of resources related to pensions	(32,605,645)	7,267,307
Other postemployment benefits	(2,073,128)	(1,704,365)
Change in net position of governmental activities as reported in the statement of activities (see page 13)	\$ 9,543,730	\$ 8,501,784

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 PUPIL ACTIVITY AGENCY FUND JUNE 30, 2018 WITH COMPARATIVE AMOUNTS AS OF JUNE 30, 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and investments	<u>\$ 939,524</u>	<u>\$ 900,941</u>
LIABILITIES		
Due to student organizations	<u>\$ 939,524</u>	<u>\$ 900,941</u>

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

Green Bay Area Public School District

Green Bay, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Green Bay Area Public School District, 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:

A. REPORTING ENTITY

The District is organized as a common school district. The District, governed by an elected seven member 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 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 in GASB Statement No. 61.

B. 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. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services. The District has no business-type activities.

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 or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. 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 reports the following major governmental funds:

General Fund

This is the District's primary operating fund. It accounts for all financial resources of the general government, except those 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 types:

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

Green Bay Area Public School District

Green Bay, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are fiduciary fund financial statements. 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 compensated absences 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, and fees and fines, 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.

Green Bay Area Public School District

Green Bay, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE

1. 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.

2. 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.

3. Accounts Receivable

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

4. 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.

5. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out 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 funds in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

6. 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 funds in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

Green Bay Area Public School District

Green Bay, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

7. Capital Assets

Capital assets, which include property, plant and equipment 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.

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

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

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

8. 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.

9. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

Green Bay Area Public School District

Green Bay, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

10. 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. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Pensions

Wisconsin Retirement System

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

Supplemental Pension Plan

Qualifying teachers and administrators are provided with a supplemental pension. The supplemental pension is a single employer defined benefit plan administered by the District. For purposes of measuring the supplemental pension liability, related deferred outflows and inflows and pension expense, the District has used values provided by their actuary. Benefit payments are recognized when due and payable in accordance with the benefit terms.

12. Other Postemployment Benefits Other Than Pensions (OPEB)

Qualifying teachers and administrators are provided with other postemployment benefits. The OPEB is a single employer defined benefit plan administered by the District. For purposes of measuring the OPEB liability, related deferred outflows and inflows and OPEB expense, the District has used values provided by their actuary. Benefit payments are recognized when due and payable in accordance with the benefit terms.

13. 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.

Green Bay Area Public School District

Green Bay, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

- ▶ **Assigned fund balance.** Amounts that are constrained for specific purposes by action of District management. The Board of Education has authorized a specific employee 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.

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.

E. 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.

F. PRIOR YEAR INFORMATION

Comparative amounts for the prior year have been presented in the basic financial statements to provide an understanding of changes in the District's financial position and operations. The comparative amounts may be summarized in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

G. 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.

Green Bay Area Public School District

Green Bay, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 2: DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

The debt service 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; and the Wisconsin local government investment pool. 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".

The carrying amount of the District's cash and investments totaled \$115,418,531 on June 30, 2018 as summarized below:

Petty cash and cash on hand	\$ 5,775
Deposits with financial institutions	54,358,809
Beneficial interest in investment in Community Foundation Investments	76,872
Wisconsin investment series cooperative	<u>60,977,075</u>
	<u>\$ 115,418,531</u>

Reconciliation to the basic financial statements:

Government-wide statement of net position	
Cash and investments	\$ 114,479,007
Fiduciary fund statement of net position	
Agency fund	<u>939,524</u>
	<u>\$ 115,418,531</u>

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, 2018:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments			
Beneficial interest in investments held by Community Foundation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,872</u>

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

Green Bay Area Public School District

Green Bay, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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 policy.

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 deposits and \$250,000 for 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 deposit accounts 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. This coverage has been considered in determining custodial credit risk.

As of June 30, 2018, \$7,502,609 of the District's deposits with financial institutions were in excess of federal and state depository insurance limits of which \$3,508,635 was collateralized with securities held by the pledging financial institution or its trust department or agent but not in the District's name.

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 investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of the year-end for each investment type.

Investment Type	Amount	Exempt from Disclosure	AAA	Aa	Not Rated
Beneficial interest in investments held by Community Foundation	\$ 76,872	\$ -	\$ -	\$ -	\$ 76,872
Wisconsin investment series Cooperative	<u>60,977,075</u>	-	-	-	<u>60,977,075</u>
Totals	<u>\$ 61,053,947</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,053,947</u>

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.

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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
Beneficial interest in investments held by Community Foundation	\$ 76,872	\$ 76,872	\$ -	\$ -	\$ -
Wisconsin investment series Cooperative	60,977,075	60,977,075	-	-	-
Totals	<u>\$ 61,053,947</u>	<u>\$ 61,053,947</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Investment in Wisconsin Investment Series Cooperation

The District has investments in the Wisconsin Investment Series Cooperative (WISC) of \$60,977,075 which is invested in the Investment Series. The Investment Series requires a 14 day minimum investment period and one business day withdrawal notice, and the average dollar weighted maturity is one hundred twenty (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 International Cooperative Statute, Wisconsin Statute, Section 66.031. 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.

Beneficial Interest in Assets Held by Community Foundation

Beneficial interest in assets held by the 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 to the distributions from the funds.

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B. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, nondepreciable:				
Land	\$ 8,729,996	\$ -	\$ -	\$ 8,729,996
Construction in progress	5,520,798	17,043,238	9,364,014	13,200,022
Total capital assets, nondepreciable	<u>14,250,794</u>	<u>17,043,238</u>	<u>9,364,014</u>	<u>21,930,018</u>
Capital assets, depreciable:				
Site improvements	6,979,266	270,267	-	7,249,533
Buildings	259,011,312	9,465,102	-	268,476,414
Machinery and equipment	13,199,784	1,420,312	578,170	14,041,926
Subtotals	<u>279,190,362</u>	<u>11,155,681</u>	<u>578,170</u>	<u>289,767,873</u>
Less accumulated depreciation for:				
Site improvements	4,161,588	264,956	-	4,426,544
Buildings	102,380,118	5,893,506	-	108,273,624
Machinery and equipment	9,887,346	573,271	559,190	9,901,427
Subtotals	<u>116,429,052</u>	<u>6,731,733</u>	<u>559,190</u>	<u>122,601,595</u>
Total capital assets, depreciable, net	<u>162,761,310</u>	<u>4,423,948</u>	<u>18,980</u>	<u>167,166,278</u>
Governmental activities capital assets, net	<u>\$ 177,012,104</u>	<u>\$ 21,467,186</u>	<u>\$ 9,382,994</u>	189,096,296
Less: Capital related debt				6,310,394
Less: Debt premium				3,169,451
Add: Deferred charge on refunding				366,564
Net investment in capital assets				<u>\$ 179,983,015</u>

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

C. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables between individual funds of the District, as reported in the fund financial statements, as of June 30, 2018 are detailed below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Temporary cash advances to finance operating cash deficits		
Governmental funds		
General	\$ 290,786	\$ -
Indian education	-	100,436
Headstart		190,350
Totals	<u>\$ 290,786</u>	<u>\$ 290,786</u>

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Interfund transfers for the year ended June 30, 2018 were as follows:

Fund	Transfer In	Transfer Out
General	\$ 23,733	\$ 11,535,814
Indian education	-	2,878
Headstart	-	20,855
Non-Referendum debt service	11,478,762	-
Food service	57,052	-
	<u>\$ 11,559,547</u>	<u>\$ 11,559,547</u>

Interfund transfers were made for the following purposes:

To transfer indirect cost amount from Indian Education	\$ 2,878
To transfer indirect cost amount from Headstart	20,855
To transfer funds for debt retirement	11,478,762
To transfer funds for uncollectible lunch balances	57,052
	<u>\$ 11,559,547</u>

D. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2018:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental activities:					
General obligation debt					
Bonds	\$ 8,340,000	\$ 58,255,000	\$ 3,315,000	\$ 63,280,000	\$ 1,875,000
Notes	10,270,000	16,995,000	11,835,000	15,430,000	10,335,000
Total general obligation debt	<u>18,610,000</u>	<u>75,250,000</u>	<u>15,150,000</u>	<u>78,710,000</u>	<u>12,210,000</u>
Debt premium	540,588	2,974,604	345,741	3,169,451	-
Compensated absences	<u>9,537,739</u>	<u>1,018,226</u>	<u>1,405,251</u>	<u>9,150,714</u>	<u>-</u>
Governmental activities Long-term obligations	<u>\$ 28,688,327</u>	<u>\$ 79,242,830</u>	<u>\$ 16,900,992</u>	<u>\$ 91,030,165</u>	<u>\$ 12,210,000</u>

Total interest paid during the year on long-term debt totaled \$1,868,257, net of recorded interest rebates.

Cash Defeasance

In prior years, the District defeased \$6,670,000 of a general obligation bond issue using available District cash. During 2018, the District again used available District cash to defease \$1,640,000 of the general obligation bonds dated July 12, 2017. As a result, the liabilities have been removed from the financial statements.

At June 30, 2018, \$6,825,000 of outstanding general obligation bonds are considered defeased.

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General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 6/30/18</u>
General obligation notes	12/28/09	09/15/19	0.00%	500,000	\$ 115,000
General obligation bonds	06/28/10	09/15/20	0.00%	2,965,000	900,000
General obligation notes	08/16/10	04/01/20	4.30%	8,520,000	2,150,000
General obligation notes	08/16/10	04/01/20	4.30%	8,050,000	1,610,000
General obligation bonds	12/11/12	04/01/21	1.50 - 1.90%	10,275,000	5,765,000
General obligation notes	06/23/14	04/01/21	1.50 - 3.00%	20,000,000	1,860,000
General obligation notes	07/06/15	04/01/22	3.00%	9,000,000	1,700,000
General obligation bonds	07/12/17	04/01/37	3.00 - 4.00%	58,255,000	56,615,000
General obligation notes	11/08/17	04/01/19	3.00%	16,995,000	7,995,000
Total outstanding general obligation debt					<u>\$ 78,710,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$78,710,000 on June 30, 2018 are detailed below:

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 12,210,000	\$ 3,004,552	\$ 15,214,552
2020	4,510,000	2,734,515	7,244,515
2021	5,150,000	1,986,827	7,136,827
2022	4,280,000	1,852,482	6,132,482
2023	2,690,000	1,698,282	4,388,282
2024 - 2028	15,410,000	7,130,060	22,540,060
2029 - 2033	18,495,000	4,508,010	23,003,010
2034 - 2037	15,965,000	1,192,796	17,157,796
	<u>\$ 78,710,000</u>	<u>\$ 24,107,524</u>	<u>\$ 102,817,524</u>

For governmental activities, the other long-term liabilities are generally funded by the General Fund.

Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2018 was \$828,030,730 as follows:

Equalized valuation of the District		\$ 8,993,037,005
Statutory limitation percentage		(x) 10%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		899,303,701
Total outstanding general obligation debt applicable to debt limitation	\$ 78,710,000	
Less: Amounts available for financing general obligation debt		
Debt service fund, less accrued interest	<u>7,437,029</u>	
Net outstanding general obligation debt applicable to debt limitation		<u>71,272,971</u>
Legal margin for new debt		<u>\$ 828,030,730</u>

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E. OPERATING LEASES

The District leases various equipment under long-term operating leases. Following is a schedule, by years, of future minimum rental payments required under long-term operating leases:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 1,058,196
2020	996,305
2021	957,787
2022	54,400
2023	36,686
Total minimum payments required	<u>\$ 3,103,374</u>

Rent expense under all operating leases for the year ended June 30, 2018 amounted to \$1,274,206.

F. PENSION PLANS

The District reports pension related balances at June 30, 2018, as summarized below:

	<u>Pension Asset</u>	<u>Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Wisconsin Retirement System (WRS)	\$ 29,346,533	\$ -	\$ 48,889,908	\$ 58,382,854
Supplemental or stipend pension plan	-	30,186,172	-	533,093
Total	<u>\$ 29,346,533</u>	<u>\$ 30,186,172</u>	<u>\$ 48,889,908</u>	<u>\$ 58,915,947</u>

1. WRS Pension Plan Description

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

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

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 executive service retirement plan participants if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service. The factors influencing the benefit are 1) final average earnings, 2) years of creditable service, and 3) a formula factor.

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

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

The WRS also provides death and disability benefits for employees.

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:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3%	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)
2017	2.0	4

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 ending December 31, 2017, the WRS recognized \$9,892,641 in contributions from the District.

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Contribution rates for the reporting period are:

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

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

At June 30, 2018, the District reported an asset of \$29,346,533 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the District's proportion was 0.98839207%, which was an increase of 0.00081309% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$12,473,064.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 37,285,502	\$ 17,440,922
Net differences between projected and actual earnings on pension plan investments	-	40,334,081
Changes in assumptions	5,798,302	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	607,851
Employer contributions subsequent to the measurement date	5,806,104	-
Total	<u>\$ 48,889,908</u>	<u>\$ 58,382,854</u>

The \$5,806,104 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 (asset) in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Expense</u>
2018	\$ 2,918,508
2019	(470,452)
2020	(10,169,392)
2021	(7,647,880)
2022	70,166
Total	<u>\$ (15,299,050)</u>

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Actuarial Assumptions

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

Actuarial valuation date:	December 31, 2016
Measurement date of net pension liability (asset):	December 31, 2017
Actuarial cost method:	Entry Age
Asset valuation method:	Fair Value
Long-term expected rate of return:	7.2%
Discount rate:	7.2%
Salary increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality	Wisconsin 2012 Mortality Table
Post-retirement adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 - 2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

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

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	<u>Current Asset Allocation %</u>	<u>Long-term Expected Nominal Rate of Return %</u>	<u>Long-term Expected Real Rate of Return %</u>
Core Fund Asset Class			
Global equities	50%	8.2%	5.3%
Fixed income	24.5%	4.2%	1.4%
Inflation sensitive assets	15.5%	3.8%	1.0%
Real estate	8%	6.5%	3.6%
Private equity/debt	8%	9.4%	6.5%
Multi-asset	4%	6.5%	3.6%
Total Core Fund	110%	7.3%	4.4%
Variable Fund Asset Class			
U.S. equities	70%	7.5%	4.6%
International equities	30%	7.8%	4.9%
Total Variable Fund	100%	7.9%	5.0%

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

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

Single Discount Rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan members 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 7.2 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:

	<u>1% Decrease to Discount Rate (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase to Discount Rate (8.20%)</u>
District's proportionate share of the net pension liability (asset)	\$ 75,929,501	\$ (29,346,533)	\$ (109,359,576)

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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Payable to the Pension Plan

At June 30, 2018, the District reported a payable of \$506,831 for the outstanding amount of contributions to the pension plan for the year ended June 30, 2018.

2. Supplemental or Stipend Pension Plan

Pension 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.

Benefits Provided

A summary of 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.

Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	114
Active employees	1,127
	1,241

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.

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

Component	Amount
Total pension liability at June 30, 2017	\$ 30,726,407
Changes for the year:	
Service cost	1,261,705
Interest	908,852
Differences between expected and actual experience	(251,590)
Changes of assumptions or other input	(334,813)
Benefit payments	(2,124,389)
Net changes	(540,235)
Total pension liability at June 30, 2018	\$ 30,186,172

For the year ended June 30, 2018, the District recognized pension expense of \$2,117,247.

At June 30, 2018, the District reported deferred inflows of resources related to pension from the following sources:

	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 228,718
Changes in assumptions	304,375
Total	\$ 533,093

Amounts reported as deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30,	Expense
2019	\$ (53,310)
2020	(53,310)
2021	(53,310)
2022	(53,310)
2023	(53,310)
Thereafter	(266,543)
Total	\$ (533,093)

Actuarial Assumptions

The District's total pension liability was measured as of June 30, 2017 and rolled forward to June 30, 2018.

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2017
Actuarial cost method	Individual entry age normal
Amortization method	Level percentage of salary, closed basis
Actuarial assumptions:	
Discount rate	3.75%
Inflation	2.5%

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Single Discount Rate. A single discount rate of 3.75% was used to measure the total pension liability. This single discount rate was based on the 20 year tax exempt AA muni bond rates.

Sensitivity of the District's total pension liability to changes in the discount rate. The following presents the District's total pension liability at June 30, 2018 calculated using the discount rate of 3.75%, 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 (2.75%) or 1-percentage-point higher (4.75%) than the current rate.

	1% Decrease to Discount Rate <u>(2.75%)</u>	Current Discount Rate <u>(3.75%)</u>	1% Increase to Discount Rate <u>(4.75%)</u>
Total pension liability	\$ 31,629,773	\$ 30,186,172	\$ 28,772,400

The sensitivity of the District's total pension liability was determined based on the actuarial date while the total pension liability of \$30,186,172 was based on the District's fiscal year ended June 30, 2018, as rolled forward by the District's actuary.

Payable to the Supplemental Pension Plan

At June 30, 2018, the District reported no amount for the outstanding amount of contributions to the Plan required for the year ended June 30, 2018.

G. OTHER POSTEMPLOYMENT BENEFITS

The District has adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the year ended June 30, 2018. This statement revised and established new financial reporting requirements for governments that provide their employees with postemployment benefits. Financial statements for the year ended June 30, 2017 have not been restated.

The cumulative effect of this change was to decrease the June 30, 2017 net position by \$12,639,334 as follows:

Other postemployment liability	
OPEB liability balance previously reported	\$ 10,894,031
Actuarially determined balance	<u>23,533,365</u>
Increase in other postemployment liability	<u>\$ 12,639,334</u>

Plan Description

The Plan is a single-employer defined benefit postemployment health plan that covers retired employees of the District until they die or opt out of the coverage. Eligible retired employees have access to group medical coverage through the District's group plan.

Benefits Provided

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.

Green Bay Area Public School District

Green Bay, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	402
Active employees	2,487
	<u>2,889</u>

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2017.

Actuarial Assumptions. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.50%
Salary increases:	Ranges from 0.2% to 5.6%
Investment rate of return:	2.50%
Healthcare cost trend rates:	7.50% decreasing by 0.50% per year down to 6.50%, then by 0.10% per year down to 5.0% and level thereafter

Mortality rates are the same as those used in the Wisconsin 2012 Mortality Table.

The actuarial assumptions used in the June 30, 2017 valuation were based on the "Wisconsin Retirement System 2012 - 2014 Experience Study" conducted in 2015.

The long-term expected rate of return on OPEB plan investments was valued at 3.75%. The 20 year tax-exempt AA Municipal bond rate as of the measurement date was used for all years of benefit payments.

Discount Rate. The discount rate used to measure the total OPEB liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates.

Changes in the Total OPEB Liability

	<u>Increase (Decrease)</u>
	<u>Total OPEB</u>
	<u>Liability</u>
Balance at June 30, 2017	<u>\$ 23,533,365</u>
Changes for the year:	
Service cost	2,188,633
Interest	904,415
Benefit payments	(1,019,920)
Net changes	<u>2,073,128</u>
Balance at June 30, 2018	<u>\$ 25,606,493</u>

Green Bay Area Public School District

Green Bay, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75%) or 1-percentage-point higher (4.75%) than the current rate:

	1% Decrease to Discount Rate (2.75%)	Current Discount Rate (3.75%)	1% Increase to Discount Rate (4.75%)
Total OPEB liability	\$ 27,486,731	\$ 25,606,493	\$ 23,839,408

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5% decreasing to 4.0%) or 1-percentage-point higher (8.5% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (6.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% decreasing to 5.0%)	1% Increase (8.5% decreasing to 6.0%)
Total OPEB liability	\$ 22,730,588	\$ 25,606,493	\$ 28,995,761

OPEB Expense

For the year ended June 30, 2018, the District recognized OPEB expense of \$3,093,048.

Payable to the OPEB Plan

At June 30, 2018, the District reported no amount owing for the outstanding amount of contribution to the Plan required for the year ended June 30, 2018.

H. FUND EQUITY

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At June 30, 2018, nonspendable fund balance was as follows:

	<u>General</u>	<u>Nonmajor</u>
Nonspendable		
Inventories and prepaid items	<u>\$ 257,323</u>	<u>\$ 456,136</u>

Green Bay Area Public School District

Green Bay, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At June 30, 2018, restricted fund balance was as follows:

General Fund		
Restricted for		
Grant expenditures	\$	<u>14,056</u>
Special Revenue Funds		
Restricted for		
Trust fund		459,868
Community service		1,546,829
Food service		<u>3,536,015</u>
Total Special Revenue Funds restricted fund balance		<u>5,542,712</u>
Debt Service Funds		
Restricted for		
Non-Referendum		4,830,203
Referendum		<u>3,597,170</u>
Total Debt Service Funds restricted fund balance		<u>8,427,373</u>
Capital Projects Fund		
Restricted for		
Future capital projects		<u>66,634,606</u>
Total restricted fund balance	\$	<u>80,618,747</u>

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At June 30, 2018, fund balance was assigned as follows:

General Fund		
Assigned for		
Self-insurance health and dental claims	\$	<u>13,000,000</u>

Minimum General Fund Balance Policy

The District has also adopted a minimum fund balance policy of 15% of expenditures for the General Fund. The minimum fund balance is maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Budgeted 2018 - 2019 General Fund Expenditures	\$	290,397,355
Minimum fund balance %		(x) 15%
Minimum fund balance amount	\$	<u>43,559,603</u>

The District's total general fund balance of \$45,595,397 is above the minimum fund balance amount.

Green Bay Area Public School District

Green Bay, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

Net Position

The District reports restricted net position at June 30, 2018 as follows:

Governmental activities	
Restricted for	
Grant expenditures	\$ 14,056
Private purpose trust funds	459,868
Community services	1,546,829
Food services	3,536,015
Debt service	<u>7,437,029</u>
 Total restricted net position	 <u>\$ 12,993,797</u>

NOTE 3: OTHER INFORMATION

A. 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 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, 2018, the District reported a liability of \$6,991,537 which represents reported and unreported claims which were incurred on or before June 30, 2018, 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, 2018 with comparative totals for the prior year follows:

	Liability July 1	Current Year Claims and Changes in Estimates	Claims Payments	Liability June 30
2018	\$ 4,182,568	\$ 50,974,198	\$ 48,165,229	\$ 6,991,537
2017	4,094,355	41,825,680	41,737,467	4,182,568

Green Bay Area Public School District

Green Bay, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

B. CONTINGENCIES

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.

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 the 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.

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

D. UPCOMING ACCOUNTING PRONOUNCEMENTS

In January 2017, the GASB issued 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 beginning after December 15, 2018. The District is currently evaluating the impact this standard will have on the financial statements when adopted.

In June 2017, the GASB issued Statement No. 87, *Leases*. The statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after December 15, 2019. The District is currently evaluating the impact this standard will have on the financial statements when adopted.

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, 2018

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Property taxes	\$ 77,446,406	\$ 77,446,406	\$ 77,446,406	\$ -
Other local sources	1,689,529	1,689,529	1,910,336	220,807
Interdistrict sources	2,640,912	2,640,912	2,654,674	13,762
Intermediate sources	9,562	9,562	1,358	(8,204)
State sources	175,593,182	175,467,727	175,579,269	111,542
Federal sources	13,827,282	13,760,210	12,025,881	(1,734,329)
Other sources	750,000	750,000	4,302,715	3,552,715
Total revenues	271,956,873	271,764,346	273,920,639	2,156,293
EXPENDITURES				
Instruction				
Regular instruction	83,502,028	83,339,086	81,469,086	1,870,000
Vocational instruction	6,814,894	6,798,218	6,597,189	201,029
Other instruction	29,418,754	29,200,313	28,081,503	1,118,810
Total instruction	119,735,676	119,337,617	116,147,778	3,189,839
Support services				
Pupil services	12,635,632	12,311,680	11,988,427	323,253
Instructional staff services	14,160,437	14,030,440	12,322,657	1,707,783
General administration services	4,092,501	4,433,463	4,347,821	85,642
School administration services	14,120,605	14,107,484	14,064,757	42,727
Business services	4,512,818	3,875,889	2,120,800	1,755,089
Operations and maintenance of plant	23,328,502	23,313,502	22,532,504	780,998
Pupil transportation services	6,845,269	7,047,644	6,516,558	531,086
Central services	10,091,680	10,116,180	15,949,271	(5,833,091)
Insurance	822,200	822,200	805,222	16,978
Other support services	2,559,068	3,236,048	2,541,259	694,789
Total support services	93,168,712	93,294,530	93,189,276	105,254
Debt service				
Interest and fiscal charges	7,576	7,576	3,350	4,226
Non-program				
General tuition payments	18,667,736	16,117,502	15,803,239	314,263
Adjustments and refunds	645,736	645,736	322,704	323,032
Voucher payments	-	2,629,948	2,618,007	11,941
Total non-program	19,313,472	19,393,186	18,743,950	649,236
Total expenditures	232,225,436	232,032,909	228,084,354	3,948,555
Excess of revenues over (under) expenditures	39,731,437	39,731,437	45,836,285	6,104,848
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	86,000	86,000	22,787	(63,213)
Transfers in	-	-	46,908	46,908
Transfers out	(39,817,437)	(39,817,437)	(41,844,991)	(2,027,554)
Total other financing sources (uses)	(39,731,437)	(39,731,437)	(41,775,296)	(2,043,859)
Net change in fund balance	-	-	4,060,989	4,060,989
Fund balance - July 1	41,534,408	41,534,408	41,534,408	-
Fund balance - June 30	\$ 41,534,408	\$ 41,534,408	\$ 45,595,397	\$ 4,060,989

See notes to required supplementary information.

Green Bay Area Public Schools

Green Bay, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - SPECIAL EDUCATION FUND - BUDGETARY BASIS FOR THE YEAR ENDED JUNE 30, 2018

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interdistrict sources	\$ 300,518	\$ 300,518	\$ 289,024	\$ (11,494)
Intermediate sources	-	-	500	500
State sources	10,080,311	10,080,311	10,023,111	(57,200)
Federal sources	5,516,324	5,881,015	5,054,518	(826,497)
Total revenues	15,897,153	16,261,844	15,367,153	(894,691)
EXPENDITURES				
Instruction				
Regular instruction	43,258	-	-	-
Special education instruction	35,799,457	35,564,994	34,900,067	664,927
Other instruction	6,615	6,615	3,577	3,038
Total instruction	35,849,330	35,571,609	34,903,644	667,965
Support services				
Pupil services	5,882,384	5,984,209	5,904,729	79,480
Instructional staff services	1,545,739	1,720,632	1,581,987	138,645
Operations and maintenance of plant	14,340	15,740	12,028	3,712
Pupil transportation services	1,801,700	1,835,360	2,101,163	(265,803)
Central services	12,100	22,100	14,705	7,395
Other support services	467,545	467,545	463,550	3,995
Total support services	9,723,808	10,045,586	10,078,162	(32,576)
Non-program				
Special education tuition payments	168,000	427,125	519,089	(91,964)
Adjustments and refunds	-	-	78,270	(78,270)
Revenue transits to others	-	-	73,990	(73,990)
Total non-program	168,000	427,125	671,349	(244,224)
Total expenditures	45,741,138	46,044,320	45,653,155	391,165
Excess of revenues over (under) expenditures	(29,843,985)	(29,782,476)	(30,286,002)	(503,526)
OTHER FINANCING SOURCES (USES)				
Transfers in	29,843,985	29,843,985	30,309,177	465,192
Transfers out	-	(61,509)	(23,175)	38,334
Total other financing sources (uses)	29,843,985	29,782,476	30,286,002	503,526
Net change in fund balance	-	-	-	-
Fund balance - July 1	-	-	-	-
Fund balance - June 30	\$ -	\$ -	\$ -	\$ -

See notes to required supplementary information.

Green Bay Area Public Schools Green Bay, Wisconsin

SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS LAST 10 FISCAL YEARS *

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 2,188,633
Interest	904,415
Benefit payments	<u>(1,019,920)</u>
Net change in total OPEB liability	2,073,128
Total OPEB liability - beginning	<u>23,533,365</u>
Total OPEB liability - ending	<u>\$ 25,606,493</u>
Covered-employee payroll	\$ 144,802,792
District's total OPEB liability as a percentage of covered-employee payroll	17.68%

* The amounts presented for each fiscal year were determined as of the current fiscal year end. Amounts for prior years were not available.

See notes to required supplementary information.

Green Bay Area Public Schools

Green Bay, Wisconsin

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

Plan Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.95790000%	\$ (23,529,492)	\$ 136,779,918	17.20%	102.74%
12/31/15	0.97477864%	15,839,964	140,793,751	11.25%	98.20%
12/31/16	0.98757898%	8,140,009	143,833,905	5.66%	99.12%
12/31/17	0.98839207%	(29,346,533)	145,480,201	20.17%	102.93%

SCHEDULE OF CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

District Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
6/30/15	\$ 9,597,587	\$ 9,597,587	\$ -	\$ 139,391,099	6.89%
6/30/16	9,622,848	9,622,848	-	143,954,495	6.68%
6/30/17	9,782,862	9,782,862	-	145,654,318	6.72%
6/30/18	9,929,637	9,929,637	-	147,298,405	6.74%

See notes to required supplementary information.

Green Bay Area Public Schools Green Bay, Wisconsin

SCHEDULE OF CHANGES IN PENSION LIABILITY AND RELATED RATIOS SUPPLEMENTAL PENSION LAST 10 FISCAL YEARS *

	<u>2018</u>	<u>2017</u>
Total pension liability		
Service cost	\$ 1,261,705	\$ 1,282,811
Interest	908,852	921,977
Differences between expected and actual experience	(251,590)	-
Changes in assumptions	(334,813)	-
Benefit payments	(2,124,389)	(2,025,039)
Net change in total pension liability	<u>(540,235)</u>	<u>179,749</u>
Total pension liability - beginning	30,726,407	30,546,658
Total pension liability - ending	<u>\$ 30,186,172</u>	<u>\$ 30,726,407</u>
Covered-employee payroll	\$ 70,504,676	\$ 72,568,274
District's total pension liability as a percentage of covered-employee payroll	42.81%	42.34%

* The amounts presented for each fiscal year were determined as of the current fiscal year end. Amounts for prior years were not available.

See notes to required supplementary information.

Green Bay Area Public School District

Green Bay, Wisconsin

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2018

A. GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 75

The District implemented GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the fiscal year ended June 30, 2018. Information for prior years is not available.

B. WISCONSIN RETIREMENT SYSTEM

There were no changes of benefit terms for any participating employer in the 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.

C. 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. 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 a 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.
- ▶ The DPI requires the District to separate special education revenues and expenditures from other General Fund amounts.

The District did not have any material violation of legal or contractual provisions for the fiscal year ended June 30, 2018.

Green Bay Area Public School District

Green Bay, Wisconsin

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2018

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented in accordance with generally accepted accounting principles, except the District adopts a budget for the special education 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:

	<u>General</u>	<u>Special Education Fund</u>
Revenues		
Actual amounts (budgetary basis)	\$ 273,920,639	\$ 15,367,153
Reclassification of special education	15,367,153	(15,367,153)
Total revenues	<u>289,287,792</u>	<u>-</u>
Expenditures		
Actual amounts (budgetary basis)	228,084,354	45,653,155
Reclassification of special education	45,653,155	(45,653,155)
Total expenditures	<u>273,737,509</u>	<u>-</u>
Excess of revenues over (under) expenditures		
Actual amounts (budgetary basis)	45,836,285	(30,286,002)
Reclassification of special education	(30,286,002)	30,286,002
Excess of revenues over (under) expenditures	<u>15,550,283</u>	<u>-</u>
Other financing sources (uses)		
Actual amounts (budgetary basis)	(41,775,296)	30,286,002
Reclassification of special education	30,286,002	(30,286,002)
Total other financing sources (uses)	<u>(11,489,294)</u>	<u>-</u>
Net change in fund balance		
Actual amounts (budgetary basis)	4,060,989	-
Fund balance - July 1		
Actual amounts (budgetary basis)	<u>41,534,408</u>	<u>-</u>
Fund balance - June 30		
Actual amounts (budgetary basis)	<u>\$ 45,595,397</u>	<u>\$ -</u>

Excess of Expenditures Over Budget Appropriations

The following expenditure account of the governmental funds had actual expenditures in excess of budget appropriations for the year ended June 30, 2018 as follows:

<u>Funds</u>	<u>Excess Expenditures</u>
General Fund	
Support services	
Central services	\$ 5,833,091

The excess expenditures were funded with available appropriations from other functional areas of the general fund.

SUPPLEMENTARY INFORMATION

Green Bay Area Public Schools Green Bay, Wisconsin

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2018

	Special Revenue			
	Special Revenue Trust	Private Purpose Trust	Community Service	Indian Education
ASSETS				
Cash and investments	\$ 585,852	\$ 459,868	\$ 2,296,553	\$ -
Receivables				
Accounts	63,359	-	-	-
Due from other governments	-	-	-	106,541
Inventories and prepaid items	-	-	-	-
Total assets	<u>\$ 649,211</u>	<u>\$ 459,868</u>	<u>\$ 2,296,553</u>	<u>\$ 106,541</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 28,842	\$ -	\$ 749,724	\$ 6,105
Due to other funds	-	-	-	100,436
Unearned revenues	620,369	-	-	-
Total liabilities	<u>649,211</u>	<u>-</u>	<u>749,724</u>	<u>106,541</u>
Fund balances				
Nonspendable	-	-	-	-
Restricted	-	459,868	1,546,829	-
Total fund balances	<u>-</u>	<u>459,868</u>	<u>1,546,829</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 649,211</u>	<u>\$ 459,868</u>	<u>\$ 2,296,553</u>	<u>\$ 106,541</u>

		Debt Service		Total
Headstart	Food Service	Non-Referendum Debt Service	Referendum Debt Service	Nonmajor Governmental Funds
\$ -	\$ 2,447,331	\$ 4,830,203	\$ 2,931,686	\$ 13,551,493
56	143,106	-	-	206,521
197,892	1,227,617	-	665,484	2,197,534
-	456,136	-	-	456,136
<u>\$ 197,948</u>	<u>\$ 4,274,190</u>	<u>\$ 4,830,203</u>	<u>\$ 3,597,170</u>	<u>\$ 16,411,684</u>
\$ 7,598	\$ 282,039	\$ -	\$ -	\$ 1,074,308
190,350	-	-	-	290,786
-	-	-	-	620,369
<u>197,948</u>	<u>282,039</u>	<u>-</u>	<u>-</u>	<u>1,985,463</u>
-	456,136	-	-	456,136
-	3,536,015	4,830,203	3,597,170	13,970,085
-	3,992,151	4,830,203	3,597,170	14,426,221
<u>\$ 197,948</u>	<u>\$ 4,274,190</u>	<u>\$ 4,830,203</u>	<u>\$ 3,597,170</u>	<u>\$ 16,411,684</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, 2018

	Special Revenue			
	Special Revenue Trust	Private Purpose Trust	Community Service	Indian Education
REVENUES				
Property taxes	\$ -	\$ -	\$ 2,764,368	\$ -
Other local sources	1,952,402	45,813	9,927	-
State sources	-	-	-	-
Federal sources	-	-	-	309,249
Other sources	-	-	-	-
Total revenues	1,952,402	45,813	2,774,295	309,249
EXPENDITURES				
Instruction				
Regular instruction	71,930	-	968,970	-
Other instruction	123,858	-	571,036	-
Total instruction	195,788	-	1,540,006	-
Support services				
Pupil services	203,961	-	-	306,371
Instructional staff services	207,811	-	-	-
General administration services	-	-	1,251,140	-
School administration services	1,344,842	-	-	-
Operations and maintenance of plant	-	-	-	-
Pupil transportation services	-	-	-	-
Food services	-	-	-	-
Total support services	1,756,614	-	1,251,140	306,371
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total debt service	-	-	-	-
Non-program				
Adjustments and refunds	-	-	-	-
Trust fund disbursements	-	50,584	-	-
Total non-program	-	50,584	-	-
Total expenditures	1,952,402	50,584	2,791,146	306,371
Excess of revenues over (under) expenditures	-	(4,771)	(16,851)	2,878
OTHER FINANCING SOURCES (USES)				
Premium on debt issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	(2,878)
Total other financing sources (uses)	-	-	-	(2,878)
Net change in fund balances	-	(4,771)	(16,851)	-
Fund balances - July 1	-	464,639	1,563,680	-
Fund balances - June 30	\$ -	\$ 459,868	\$ 1,546,829	\$ -

Headstart	Debt Service			Total Nonmajor Governmental Funds
	Food Service	Non-Referendum Debt Service	Referendum Debt Service	
\$ -	\$ -	\$ -	\$ 6,800,000	\$ 9,564,368
-	1,774,764	-	-	3,782,906
-	173,981	-	-	173,981
4,556,620	8,671,273	-	-	13,537,142
-	50	-	-	50
<u>4,556,620</u>	<u>10,620,068</u>	<u>-</u>	<u>6,800,000</u>	<u>27,058,447</u>
1,943,803	-	-	-	2,984,703
-	-	-	-	694,894
<u>1,943,803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,679,597</u>
1,036,032	-	-	-	1,546,364
-	-	-	-	207,811
-	-	-	-	1,251,140
-	-	-	-	1,344,842
1,272,444	-	-	-	1,272,444
283,486	-	-	-	283,486
-	10,625,467	-	-	10,625,467
<u>2,591,962</u>	<u>10,625,467</u>	<u>-</u>	<u>-</u>	<u>16,531,554</u>
-	-	8,730,000	6,420,000	15,150,000
-	-	251,401	2,290,321	2,541,722
-	-	<u>8,981,401</u>	<u>8,710,321</u>	<u>17,691,722</u>
-	57,052	-	-	57,052
-	-	-	-	50,584
-	<u>57,052</u>	<u>-</u>	<u>-</u>	<u>107,636</u>
<u>4,535,765</u>	<u>10,682,519</u>	<u>8,981,401</u>	<u>8,710,321</u>	<u>38,010,509</u>
<u>20,855</u>	<u>(62,451)</u>	<u>(8,981,401)</u>	<u>(1,910,321)</u>	<u>(10,952,062)</u>
-	-	6,214	2,968,390	2,974,604
-	57,052	11,478,762	-	11,535,814
<u>(20,855)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,733)</u>
<u>(20,855)</u>	<u>57,052</u>	<u>11,484,976</u>	<u>2,968,390</u>	<u>14,486,685</u>
-	(5,399)	2,503,575	1,058,069	3,534,623
-	3,997,550	2,326,628	2,539,101	10,891,598
<u>\$ -</u>	<u>\$ 3,992,151</u>	<u>\$ 4,830,203</u>	<u>\$ 3,597,170</u>	<u>\$ 14,426,221</u>

Green Bay Area Public Schools Green Bay, Wisconsin

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES PUPIL ACTIVITY FUNDS FOR THE YEAR ENDED JUNE 30, 2018

	<u>Balance 7/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2018</u>
ASSETS				
Cash	\$ 900,941	\$ 2,041,117	\$ 2,002,534	\$ 939,524
LIABILITIES				
Due to student organizations				
Edison Middle School	\$ 66,086	\$ 63,129	\$ 63,585	\$ 65,630
Franklin Middle School	18,113	33,915	28,397	23,631
Lombardi Middle School	63,767	79,491	66,622	76,636
Smith Middle School	30,837	57,061	63,253	24,645
Washington Middle School	22,562	32,949	35,594	19,917
East High School	180,660	306,077	277,361	209,376
Preble High School	276,506	926,329	935,374	267,461
Southwest High School	164,625	357,138	344,901	176,862
West High School	77,785	185,028	187,447	75,366
Total liabilities	<u>\$ 900,941</u>	<u>\$ 2,041,117</u>	<u>\$ 2,002,534</u>	<u>\$ 939,524</u>

Green Bay Area Public Schools Green Bay, Wisconsin

SCHEDULE OF CHARTER SCHOOL AUTHORIZER OPERATING COSTS FOR THE YEAR ENDED JUNE 30, 2018

	<u>Object</u>	<u>John Dewey Academy of Learning</u>
OPERATING ACTIVITY		
Employee salaries	100	\$ 7,717
Employee benefits	200	<u>2,015</u>
		<u>\$ 9,732</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 School District
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, Green Bay, Wisconsin (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon which included an emphasis of matter paragraph as indicated on page 2 dated November 30, 2018.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 2018-001 that we consider to be a significant deficiency.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District's financial statements are free 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

The District's response to the finding identified in our audit is described in the accompanying schedule or prior year audit findings and corrective action plan. The 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 result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants

Green Bay, Wisconsin
November 30, 2018

FEDERAL AND STATE AWARDS

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 (the "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 the District's major federal and state programs for the year ended June 30, 2018. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with the requirements of 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 the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* 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, Uniform Guidance and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

OPINION ON EACH MAJOR FEDERAL AND STATE PROGRAM

In our opinion, the 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, 2018.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 30, 2018

Green Bay Area Public School District

Green Bay, Wisconsin

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2018

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency
U.S. DEPARTMENT OF AGRICULTURE		
<i>Child Nutrition Cluster</i>		
School Breakfast Program	10.553	WI DPI
School Breakfast Program	10.553	WI DPI
Total School Breakfast Program		
National School Lunch Program	10.555	WI DPI
National School Lunch Program	10.555	WI DPI
Donated Commodities 17-18	10.555	WI DPI
Total National School Lunch Program		
Special Milk Program for Children	10.556	WI DPI
Special Milk Program for Children	10.556	WI DPI
Total Special Milk Program for Children		
Summer Food Service Program for Children	10.559	WI DPI
Summer Food Service Program for Children	10.559	WI DPI
Total Summer Food Service Program for Children		
<i>Total Child Nutrition Cluster</i>		
Child and Adult Care Food Program	10.558	WI DPI
Child and Adult Care Food Program	10.558	WI DPI
Total Child and Adult Care Food Program		
Team Nutrition Grants	10.574	WI DPI
Total U.S. Department of Agriculture		
U.S. DEPARTMENT OF JUSTICE		
OJA Improving Outcomes of Expendable	16.540	City of Green Bay, Wisconsin
U.S. DEPARTMENT OF TRANSPORTATION		
<i>Highway Planning and Construction Cluster</i>		
Highway Planning and Construction	20.205	WI DOT
U.S. DEPARTMENT OF EDUCATION		
Indian Education Grants to Local Educational Agencies	84.060	Direct Program
Indian Education Grants to Local Educational Agencies	84.060	Direct Program
Total Indian Education Grants to Local Educational Agencies		
Title I Grants to Local Educational Agencies	84.010	WI DPI
Title I Grants to Local Educational Agencies	84.010	WI DPI
Title I Grants to Local Educational Agencies	84.010	WI DPI
Title I Grants to Local Educational Agencies	84.010	WI DPI
Title I Grants to Local Educational Agencies	84.010	WI DPI
Total Title I Grants to Local Educational Agencies		
Migrant Education State Grant Program	84.011	WI DPI
Migrant Education State Grant Program	84.011	WI DPI
Total Migrant Education State Grant Program		

Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 7/1/17	Value or Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/18	Total Expenditures	Subrecipient Payments
2017-052289-SB-546	\$ (238,419)	\$ 238,419	\$ -	\$ -	\$ -
2018-052289-SB-546	-	1,312,507	239,834	1,552,341	-
	<u>(238,419)</u>	<u>1,550,926</u>	<u>239,834</u>	<u>1,552,341</u>	<u>-</u>
2017-052289-NSL-547	(812,970)	812,970	-	-	-
2018-WI DPI-NSL-547	-	4,599,350	832,075	5,431,425	-
Unknown	-	706,231	-	706,231	-
	<u>(812,970)</u>	<u>6,118,551</u>	<u>832,075</u>	<u>6,137,656</u>	<u>-</u>
2017-052289-SMP-548	(1,971)	1,971	-	-	-
2018-052289-SMP-548	-	2,030	314	2,344	-
	<u>(1,971)</u>	<u>4,001</u>	<u>314</u>	<u>2,344</u>	<u>-</u>
2017-052289-SFSP-586	(168,338)	168,338	-	-	-
2018-052289-SFSP-586	-	309,494	150,589	460,083	-
	<u>(168,338)</u>	<u>477,832</u>	<u>150,589</u>	<u>460,083</u>	<u>-</u>
	<u>(1,221,698)</u>	<u>8,151,310</u>	<u>1,222,812</u>	<u>8,152,424</u>	<u>-</u>
2017-052289-CCI-551	(53,243)	53,243	-	-	-
2018-052289-CCI-551	-	510,448	4,805	515,253	-
	<u>(53,243)</u>	<u>563,691</u>	<u>4,805</u>	<u>515,253</u>	<u>-</u>
Not available	-	3,596	-	3,596	-
	<u>(1,274,941)</u>	<u>8,718,597</u>	<u>1,227,617</u>	<u>8,671,273</u>	<u>-</u>
2012/2013-JF19X/19-11021	<u>(14,631)</u>	<u>14,631</u>	<u>-</u>	<u>-</u>	<u>-</u>
2012/2013-JF19X/19-11021	-	92,981	-	92,981	-
S060A160749	(78,966)	78,966	-	-	-
S060A170750	-	202,708	106,541	309,249	-
	<u>(78,966)</u>	<u>281,674</u>	<u>106,541</u>	<u>309,249</u>	<u>-</u>
2018-052289-TI-Delinquent-140	-	50,912	18,317	69,229	-
17-052289-Title I-141	(2,068,176)	2,068,176	-	-	-
2018-052289-Title I-141	-	4,885,597	1,278,442	6,164,039	-
2017-052289-Focus-145	(12,716)	12,716	-	-	-
2018-052289-Focus-145	-	16,828	25,172	42,000	-
	<u>(2,080,892)</u>	<u>7,034,229</u>	<u>1,321,931</u>	<u>6,275,268</u>	<u>-</u>
2017-052289-Mig. Summer-142	(19,344)	19,344	-	-	-
2018-052289-Mig. Summer-142	-	33,623	4,377	38,000	-
	<u>(19,344)</u>	<u>52,967</u>	<u>4,377</u>	<u>38,000</u>	<u>-</u>

Green Bay Area Public School District Green Bay, Wisconsin

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2018

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency
U.S. DEPARTMENT OF EDUCATION (Continued)		
<i>Special Education Cluster (IDEA)</i>		
Special Education Grants to States	84.027	WI DPI
Special Education Grants to States	84.027	WI DPI
Special Education Grants to States	84.027	WI DPI
Special Education Grants to States	84.027	WI DPI
Special Education Grants to States	84.027	CESA No. 7
Special Education Preschool Grants	84.173	WI DPI
Special Education Preschool Grants	84.173	WI DPI
<i>Total Special Education Cluster (IDEA)</i>		
Career and Technical Education - Basic Grants to States	84.048	WI DPI
Career and Technical Education - Basic Grants to States	84.048	WI DPI
Career and Technical Education - Basic Grants to States	84.048	WI DPI
Career and Technical Education - Basic Grants to States	84.048	WI DPI
Total Career and Technical Education - Basic Grants to States		
College, Career & Community Ready	84.215E	Direct Program
College, Career & Community Ready	84.215E	Direct Program
Total College, Career & Community Ready		
Education for Homeless Children and Youth	84.196	WI DPI
Twenty-First Century Community Learning Centers	84.287	WI DPI
Twenty-First Century Community Learning Centers	84.287	WI DPI
Total Twenty-First Century Community Learning Centers		
English Language Acquisition State Grants	84.365	WI DPI
English Language Acquisition State Grants	84.365	WI DPI
Total English Language Acquisition State Grants		
Improving Teacher Quality State Grants	84.367	WI DPI
Improving Teacher Quality State Grants	84.367	WI DPI
Total Improving Teacher Quality State Grants		
School Improvement Grants	84.377	WI DPI
School Improvement Grants	84.377	WI DPI
Total School Improvement Grants		
Education Innovation and Research	84.411	Direct Program
Student Support and Academic Enrichment Program	84.424	WI DPI
Hurricane Education Recovery	84.938	WI DPI
Total U.S. Department of Education		

Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 7/1/17	Value or Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/18	Total Expenditures	Subrecipient Payments
2017-052289-IDEA-341	(1,977,888)	1,977,888	-	-	-
2018-052289-IDEA-341	-	3,691,777	820,263	4,512,040	-
2017-052289-IDEA-342	(4,663)	4,663	-	-	-
2018-052289-IDEA-342	-	31,052	1,789	32,841	-
Not Available	9,562	-	(8,204)	1,358	-
17-052289-Pre-S-347	(142,511)	142,511	-	-	-
2018-052289-Pre-S-347	-	120,749	39,086	159,835	-
	<u>(2,115,500)</u>	<u>5,968,640</u>	<u>852,934</u>	<u>4,706,074</u>	<u>-</u>
2017-052289-CP-CTE-400	(194,159)	194,159	-	-	-
2018-052289-CP-CTE-400	-	115,152	121,180	236,332	-
FY2017-052604-NTO-420	(2,319)	2,319	-	-	-
2018-052289-NTO-420	-	-	3,896	3,896	-
	<u>(196,478)</u>	<u>311,630</u>	<u>125,076</u>	<u>240,228</u>	<u>-</u>
N/A	(52,942)	52,942	-	-	-
N/A	-	187,306	32,711	220,017	-
	<u>(52,942)</u>	<u>240,248</u>	<u>32,711</u>	<u>220,017</u>	<u>-</u>
2018-052289-Homeless-335	-	18,991	8,353	27,344	-
17-052289-367-CLC	(120,717)	120,717	-	-	-
2018-052289-CLC-367	-	-	870,123	870,123	239,995
	<u>(120,717)</u>	<u>120,717</u>	<u>870,123</u>	<u>870,123</u>	<u>239,995</u>
17-052289-Title III A-391	(194,442)	194,442	-	-	-
2018-052289-Title III A-391	-	353,334	144,459	497,793	-
	<u>(194,442)</u>	<u>547,776</u>	<u>144,459</u>	<u>497,793</u>	<u>-</u>
17-052289-Title II-365	(260,747)	260,747	-	-	-
2018-052289-Title II-365	-	719,871	167,109	886,980	-
	<u>(260,747)</u>	<u>980,618</u>	<u>167,109</u>	<u>886,980</u>	<u>-</u>
2017-052289-SIG-151	(601,083)	601,083	-	-	-
2018-052289-SIG-151	-	179,735	255,265	435,000	-
	<u>(601,083)</u>	<u>780,818</u>	<u>255,265</u>	<u>435,000</u>	<u>-</u>
N/A	11,615	-	-	11,615	-
2018-052289-Title-IV A-381	-	2,625	16,442	19,067	-
Not available	-	-	320,018	320,018	-
	<u>(5,709,496)</u>	<u>16,340,933</u>	<u>4,225,339</u>	<u>14,856,776</u>	<u>239,995</u>

Green Bay Area Public School District Green Bay, Wisconsin

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2018

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	WI DPI
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	WI DPI
Total Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance		
Pregnancy Assistance Fund Program	93.500	WI DPI
Pregnancy Assistance Fund Program	93.500	WI DPI
Total Pregnancy Assistance Fund Program		
Refugee and Entrant Assistance Discretionary Grants	93.576	WI DPI
Head Start	93.600	Direct Program
Head Start	93.600	Direct Program
Head Start	93.600	Direct Program
Total Head Start		
<i>Medicaid Cluster</i>		
Medical Assistance Program	93.778	WI DHS
Total U.S. Department of Health and Human Services		
TOTAL FEDERAL AWARDS		

Reconciliation to the basic financial statements:
 Federal sources
 Federal awards included in:
 Intermediate sources
 State sources
 Total expenditures of federal awards

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

<u>Pass-Through Entity Identifying Number</u>	<u>(Accrued) Deferred Revenue 7/1/17</u>	<u>Value or Cash Received (Refunded)</u>	<u>Accrued (Deferred) Revenue 6/30/18</u>	<u>Total Expenditures</u>	<u>Subrecipient Payments</u>
2016-17-052289-WILY-334	(1,954)	1,954	-	-	-
2018-052289-WILY-334	-	5,581	869	6,450	-
	<u>(1,954)</u>	<u>7,535</u>	<u>869</u>	<u>6,450</u>	<u>-</u>
17-052289-InSPIRE-591	(89,230)	89,230	-	-	-
2018-52289-InSPIRE-591	-	148,157	71,444	219,601	-
	<u>(89,230)</u>	<u>237,387</u>	<u>71,444</u>	<u>219,601</u>	<u>-</u>
FY2017-052289-Refugee-538	(32,000)	32,000	-	-	-
N/A	(461,638)	461,638	-	-	-
N/A	-	1,636,770	-	1,636,770	-
N/A	-	2,721,958	197,892	2,919,850	-
	<u>(461,638)</u>	<u>4,820,366</u>	<u>197,892</u>	<u>4,556,620</u>	<u>-</u>
44200800	-	2,319,794	-	2,319,794	-
	<u>(584,822)</u>	<u>7,417,082</u>	<u>270,205</u>	<u>7,102,465</u>	<u>-</u>
	<u>\$ (7,583,890)</u>	<u>\$ 32,584,224</u>	<u>\$ 5,723,161</u>	<u>\$ 30,723,495</u>	<u>\$ 239,995</u>
				\$ 30,617,541	
				1,358	
				<u>104,596</u>	
				<u>\$ 30,723,495</u>	

Green Bay Area Public School District

Green Bay, Wisconsin

SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2018

Grantor Agency/State Program Title	State I.D. Number	Pass-Through Agency	State Identifying Number
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION			
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
WI School Day Milk Program	255.115	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
Robotics League Participation Grants	255.959	Direct Program	052289-167
Aid for Special Ed Transition Grant BBL	255.960	Direct Program	052289-168

TOTAL STATE PROGRAMS

Reconciliation to the basic financial statements
 State sources
 Less: State sources not considered state
 financial assistance
 State tax computer aid
 Federal grants reported with state sources
 Payment in lieu of taxes and other revenues
 Total expenditures of state awards

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

<u>(Accrued) Deferred Revenue 7/1/17</u>	<u>Cash Received (Refunded)</u>	<u>Accrued (Deferred) Revenue 6/30/18</u>	<u>Total Expenditures</u>	<u>Subrecipient Payments</u>
\$ -	\$ 9,854,291	\$ -	\$ 9,854,291	\$ -
-	101,843	-	101,843	-
-	1,035,589	-	1,035,589	-
-	1,161,388	-	1,161,388	-
-	275,331	-	275,331	-
-	6,800	-	6,800	-
(2,598,173)	155,726,256	2,661,763	155,789,846	-
-	95,820	-	95,820	-
(24,140)	41,374	7,766	25,000	-
(9,275)	14,853	19,359	24,937	-
(56,514)	65,613	104,785	113,884	-
-	65,338	-	65,338	-
(13,841)	13,841	-	-	-
(12,473)	12,473	-	-	-
-	153,927	-	153,927	-
-	4,181,499	-	4,181,499	-
-	1,808,533	-	1,808,533	-
(149,680)	261,820	35,940	148,080	-
-	9,890,550	-	9,890,550	-
-	113,394	-	113,394	-
-	27,811	-	27,811	-
-	-	1,941	1,941	-
-	73,000	-	73,000	-
<u>\$ (2,864,096)</u>	<u>\$ 184,981,344</u>	<u>\$ 2,831,554</u>	<u>\$ 184,948,802</u>	<u>\$ -</u>

\$ 185,776,361

(716,563)

(104,596)

(6,400)

\$ 184,948,802

Green Bay Area Public School District

Green Bay, Wisconsin

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards for the Green Bay Area Public School District are presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration.

The schedules of expenditures of federal and state awards include all federal and state awards of the District. Because the schedules present only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE 2: 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 2018 fund financial statements. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the District in the succeeding year while unearned revenue represents advances for federal and state programs that exceed recorded District expenditures. Because of subsequent program adjustments, these amounts may differ from the prior year's ending balances.

The District has not elected to charge a de minimis rate of 10% of modified total costs.

NOTE 3: SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

The 2017 - 2018 eligible costs under the State Special Education Program as reported by the District are \$40,607,119. Compiled information required by compliance requirement 1-1 of the Special Education Audit Program was reported to the Wisconsin Department of Public Instruction.

NOTE 4: FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule of expenditures of federal awards at the fair market value of the commodities received and disbursed.

NOTE 5: OVERSIGHT AGENCIES

The federal and state oversight agencies for the District are as follows:

Federal - U.S. Department of Health and Human Services
State - Wisconsin Department of Public Instruction

NOTE 6: PASS THROUGH ENTITIES

Federal awards have been passed through the following entities:

WI DHS - Wisconsin Department of Health Services
WI DPI - Wisconsin Department of Public Instruction
CESA No. 7 - Cooperative Educational Service Agency No. 7

Green Bay Area Public School District

Green Bay, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

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 deficiency(ies) identified?	Yes
Noncompliance material to basic financial statements noted?	No

FEDERAL AND STATE AWARDS

Internal control over major programs:	
▶ Material weakness(es) identified?	No
▶ Significant deficiency(ies) 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 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 programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
	<i>Child Nutrition Cluster</i>
10.553	School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program for Children
10.559	Summer Food Service Program for Children
	<i>Medicaid Cluster</i>
93.778	Medical Assistance

Identification of major state programs:

<u>State ID Number</u>	<u>Name of State Program</u>
255.101	Special Education and School Age Parents
255.103	Common School Fund Library Aid
255.201	Equalization Aids
255.926	Aid for High Poverty School District

Green Bay Area Public School District

Green Bay, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

Audit threshold used to determine between Type A and Type B programs:

Federal Awards	\$921,705
State Awards	\$250,000

Auditee qualified as low-risk auditee Yes

SECTION II: FINANCIAL STATEMENT FINDINGS

FINDING NO.	CONTROL DEFICIENCIES
2018-001	Preparation of Annual Financial Report Repeat of Finding 2017-001
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 format, 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 or other required state financial reports.
Cause:	District management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.
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.


SECTION III: FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

There are no audit findings and questioned costs required to be reported under the Uniform Guidance and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration for the year ended June 30, 2018.

Green Bay Area Public School District Green Bay, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

SECTION IV: OTHER ISSUES

- | | |
|---|---|
| 1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? | No |
| 2. Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grant/contracts with funding agencies that require audits to be in accordance with the <i>State Single Audit Guidelines</i> :
Department of Health Services
Department of Public Instruction | No
No |
| 3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? | Yes |
| 4. Name and signature of partner |  |
| 5. Date of report | Paul G. Denis, CPA
November 30, 2018 |

Green Bay Area Public School District

Green Bay, Wisconsin

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2018

PRIOR YEAR AUDIT FINDINGS

The findings noted in the 2017 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

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

Management continues to rely upon the audit firm to prepare its financial statements. The finding is repeated as 2018-001.

CORRECTIVE ACTION PLAN

Finding No. Corrective Action Plan

2018-001 **Preparation of Annual Financial Report**

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