

# **SCHOOL DISTRICT OF JANESVILLE**

Janesville, Wisconsin

## **FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended June 30, 2019

# SCHOOL DISTRICT OF JANESVILLE

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## **INDEPENDENT AUDITORS' REPORT**

## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
School District of Janesville  
Janesville, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Janesville, Wisconsin, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District of Janesville'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 from 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 auditor considers internal control over financial reporting relevant to the School District of Janesville'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 School District of Janesville'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.

To the Board of Education  
School District of Janesville

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Janesville, Wisconsin, as of June 30, 2019 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.

### ***Emphasis of Matter***

As discussed in Note III. H. to the financial statements, net position and fund balance as of June 30, 2018 have been restated to correct a material misstatement. 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 required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District of Janesville's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 is fairly stated in all material respects, in relation to the basic financial statements as a whole.

To the Board of Education  
School District of Janesville

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2019 on our consideration of the School District of Janesville'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 solely 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 effectiveness of the School District of Janesville's 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 School District of Janesville's internal control over financial reporting and compliance.

*Baker Tilly Virchow Krause, LLP*

Milwaukee, Wisconsin  
November 25, 2019

## **BASIC FINANCIAL STATEMENTS**

# SCHOOL DISTRICT OF JANESVILLE

## STATEMENT OF NET POSITION As of June 30, 2019

### ASSETS

#### CURRENT ASSETS

Cash and investments	\$ 28,271,255
Taxes receivable	10,239,070
Accounts receivable	4,611,320
Due from other governments	4,685,041
Prepaid items	707,704
Inventory	6,508
Total Current Assets	<u>48,520,898</u>

#### NONCURRENT ASSETS

Capital assets	
Land	1,329,333
Site improvements not being depreciated	703,841
Capital assets being depreciated	224,271,391
Less: Accumulated depreciation	<u>(94,131,803)</u>
Net Capital Assets	<u>132,172,762</u>
Total Assets	<u>180,693,660</u>

#### DEFERRED OUTFLOWS OF RESOURCES

Deferred charge on refunding	1,458,273
Deferred outflows related to pensions	41,869,634
Deferred outflows related to OPEB	<u>1,312,374</u>
Total Deferred Outflows of Resources	<u>44,640,281</u>

### LIABILITIES

#### CURRENT LIABILITIES

Accounts payable and accrued expenses	16,549,423
Current portion of long-term obligations	6,825,821
Accrued interest payable	<u>571,065</u>
Total Current Liabilities	<u>23,946,309</u>

#### NONCURRENT LIABILITIES

Noncurrent portion of long-term obligations	<u>99,134,064</u>
Total Liabilities	<u>123,080,373</u>

#### DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions	22,541,529
Deferred inflows related to OPEB	<u>3,470,218</u>
Total Deferred Inflows of Resources	<u>26,011,747</u>

### NET POSITION

Net investment in capital assets	84,476,115
Restricted for	
Debt service	784,943
Community service	17,078
Capital projects	4,584,252
Food service	1,587,295
Trusts (donations)	381,883
Unrestricted (deficit)	<u>(15,589,745)</u>
Total Net Position	<u>\$ 76,241,821</u>

See accompanying notes to the financial statements.



## SCHOOL DISTRICT OF JANESVILLE

### STATEMENT OF ACTIVITIES For the Year Ended June 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes In Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Instruction</b>					
Regular	\$ 51,314,275	\$ 2,375,969	\$ 5,368,083	\$ -	\$ (43,570,223)
Vocational	3,870,201	-	116,640	-	(3,753,561)
Special education	20,596,045	-	6,185,143	-	(14,410,902)
Other	5,197,132	190,832	-	-	(5,006,300)
Total Instruction	80,977,653	2,566,801	11,669,866	-	(66,740,986)
<b>Support Services</b>					
Pupil services	7,297,719	-	6,763,475	-	(534,244)
Instructional support services	9,052,445	-	2,483,166	-	(6,569,279)
Administration	8,344,979	-	27,422	-	(8,317,557)
Buildings and grounds	20,056,580	-	32,504	899,724	(19,124,352)
Pupil transportation	2,584,132	-	123,818	16,020	(2,444,294)
Other support services	7,961,228	-	87,280	-	(7,873,948)
Food service	5,723,337	1,109,247	4,155,155	-	(458,935)
Interest and fees	1,951,691	-	-	-	(1,951,691)
Community service	77,728	-	-	-	(77,728)
Total Support Services	63,049,839	1,109,247	13,672,820	915,744	(47,352,028)
	\$ 144,027,492	\$ 3,676,048	\$ 25,342,686	\$ 915,744	(114,093,014)
<b>General Revenues</b>					
<b>Taxes</b>					
Property taxes:					
General purposes					27,904,260
Debt service					9,617,704
Other taxes					84,450
State and federal aids not restricted to specific functions:					
General					70,518,003
Other					54,662
Investment income					331,636
Miscellaneous					3,442,356
Total General Revenues					111,953,071
<b>Change in Net Position</b>					(2,139,943)
<b>NET POSITION - BEGINNING OF YEAR (as restated)</b>					78,381,764
<b>NET POSITION - END OF YEAR</b>					\$ 76,241,821

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF JANESVILLE**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of June 30, 2019

	General Fund	Special Revenue Special Education Fund	Debt Service Fund	Special Revenue Food Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 23,669,685	\$ -	\$ 1,356,008	\$ 1,156,424	\$ 2,089,138	\$ 28,271,255
Taxes receivable	10,239,070	-	-	-	-	10,239,070
Accounts receivable	4,589,261	-	-	9,168	12,891	4,611,320
Due from other governments	3,433,860	607,379	-	643,802	-	4,685,041
Prepaid items	693,842	13,403	-	459	-	707,704
Due from other funds	-	2,006,681	-	-	3,100,000	5,106,681
Inventory	6,508	-	-	-	-	6,508
<b>TOTAL ASSETS</b>	<b>\$ 42,632,226</b>	<b>\$ 2,627,463</b>	<b>\$ 1,356,008</b>	<b>\$ 1,809,853</b>	<b>\$ 5,202,029</b>	<b>\$ 53,627,579</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Accounts payable	\$ 2,939,654	\$ 10,746	\$ -	\$ 105,304	\$ 209,070	\$ 3,264,774
Accrued salaries and wages	7,340,783	1,956,577	-	51,843	4,010	9,353,213
Payroll taxes and withholdings	3,254,137	660,140	-	11,255	569	3,926,101
Due to other funds	5,106,681	-	-	-	-	5,106,681
Due to other governments	168	-	-	-	5,167	5,335
Total Liabilities	18,641,423	2,627,463	-	168,402	218,816	21,656,104
Deferred Inflows of Resources						
Unearned revenue - student fees	937,880	-	-	54,156	-	992,036
Fund Balances						
Nonspendable	700,350	-	-	459	-	700,809
Restricted	-	-	1,356,008	1,586,836	4,983,213	7,926,057
Committed	39,000	-	-	-	-	39,000
Assigned	36,073	-	-	-	-	36,073
Unassigned	22,277,500	-	-	-	-	22,277,500
Total Fund Balances	23,052,923	-	1,356,008	1,587,295	4,983,213	30,979,439
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 42,632,226</b>	<b>\$ 2,627,463</b>	<b>\$ 1,356,008</b>	<b>\$ 1,809,853</b>	<b>\$ 5,202,029</b>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	132,172,762
Some receivables that are not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements	992,036
Deferred outflows of resources related to pensions and OPEB do not relate to current financial resources and are not reported in the governmental funds.	43,182,008
Deferred inflows of resources related to pensions and OPEB do not relate to current financial resources and are not reported in the governmental funds.	(26,011,747)
Long term liabilities, including bonds and notes payable, pension and OPEB liabilities and compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(105,959,885)
Deferred charge on refunding do not relate to current financial resources and are not reported in the governmental funds.	1,458,273
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported in the funds.	(571,065)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 76,241,821</b>

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF JANESVILLE**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2019

	General Fund	Special Revenue Education Fund	Debt Service Fund	Special Revenue Food Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Local	\$ 30,230,028	\$ -	\$ 9,648,235	\$ 1,141,847	\$ 659,985	\$ 41,680,095
Interdistrict	4,355,170	200	-	-	-	4,355,370
Intradistrict	378,793	-	-	-	-	378,793
Intermediate	28,785	-	-	-	-	28,785
State	75,162,349	4,114,827	-	115,606	-	79,392,782
Federal	4,743,730	3,168,303	-	4,039,549	-	11,951,582
Other	3,081,094	-	1,515	-	-	3,082,609
<b>Total Revenues</b>	<b>117,979,949</b>	<b>7,283,330</b>	<b>9,649,750</b>	<b>5,297,002</b>	<b>659,985</b>	<b>140,870,016</b>
<b>EXPENDITURES</b>						
Instruction						
Regular	43,310,663	-	-	-	178,190	43,488,853
Special education	5,391,763	14,345,550	-	-	7,946	19,745,259
Vocational	3,651,599	-	-	-	3,016	3,654,615
Other	4,699,299	-	-	-	168,085	4,867,384
<b>Total Instruction</b>	<b>57,053,324</b>	<b>14,345,550</b>	<b>-</b>	<b>-</b>	<b>357,237</b>	<b>71,756,111</b>
Support Services						
Instructional support services	7,727,271	997,622	-	-	38,496	8,763,389
Pupil services	4,370,687	2,434,607	-	-	37,504	6,842,798
Administration	7,807,176	31,685	-	-	-	7,838,861
Buildings and grounds	13,853,928	53,210	-	-	5,716,350	19,623,488
Pupil transportation	1,216,651	1,348,169	-	-	4,869	2,569,689
Other support services	6,780,625	24,950	-	-	143	6,805,718
Debt service						
Principal	69,323	-	7,790,000	-	-	7,859,323
Interest and fees	23,670	-	1,942,214	-	-	1,965,884
Food service	-	-	-	5,464,139	-	5,464,139
<b>Total Support Services</b>	<b>41,849,331</b>	<b>4,890,243</b>	<b>9,732,214</b>	<b>5,464,139</b>	<b>5,797,362</b>	<b>67,733,289</b>
Community Service	-	-	-	-	77,728	77,728
Non Program	4,615,255	196,029	-	-	-	4,811,284
<b>Total Expenditures</b>	<b>103,517,910</b>	<b>19,431,822</b>	<b>9,732,214</b>	<b>5,464,139</b>	<b>6,232,327</b>	<b>144,378,412</b>
Excess (deficiency) of revenues over expenditures	14,462,039	(12,148,492)	(82,464)	(167,137)	(5,572,342)	(3,508,396)
<b>OTHER FINANCING SOURCES (USES)</b>						
Capital lease issued	798,819	-	-	-	-	798,819
Proceeds from sale of capital assets	25,500	-	-	-	-	25,500
Transfers in	-	12,148,492	-	-	3,100,000	15,248,492
Transfers out	(15,248,492)	-	-	-	-	(15,248,492)
<b>Net Change in Fund Balances</b>	<b>37,866</b>	<b>-</b>	<b>(82,464)</b>	<b>(167,137)</b>	<b>(2,472,342)</b>	<b>(2,684,077)</b>
FUND BALANCES - BEGINNING OF YEAR (as restated)	23,015,057	-	1,438,472	1,754,432	7,455,555	33,663,516
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 23,052,923</b>	<b>\$ -</b>	<b>\$ 1,356,008</b>	<b>\$ 1,587,295</b>	<b>\$ 4,983,213</b>	<b>\$ 30,979,439</b>

See accompanying notes to the financial statements.

## SCHOOL DISTRICT OF JANESVILLE

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended June 30, 2019

Net Change in Fund Balances - Total Governmental Funds \$ (2,684,077)

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 net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in governmental fund statements but is capitalized in the district-wide financial statements	5,500,321
Depreciation expense reported in the statement of activities	(6,462,981)
Adjustments to capital assets to reflect district report balances	(90,647)
Net book value of assets disposed	(67,285)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements

992,036

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued	
Capital leases	(798,819)
Principal repaid	
General obligation debt	7,790,000
Capital leases	69,323

Governmental funds report debt premiums and discounts as other financing sources (uses). However, in the statement of net position, these are deferred and reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Amortization of premium	320,408
Deferred charge on refunding	(387,354)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Vested compensated absences	(692,652)
Net pension liabilities	(29,953,048)
Net OPEB liability	4,308,680
Accrued interest on debt	76,336
Deferred outflows of resources related to pensions	4,771,992
Deferred inflows of resources related to pensions	18,783,817
Deferred outflows of resources related to OPEB	(1,237,724)
Deferred inflows of resources related to OPEB	(2,378,269)

CHANGE IN NET POSITION \$ (2,139,943)

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF JANESVILLE**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
As of June 30, 2019

	Private- Purpose Trust	Employee Benefit Trust Fund	
	Scholarships	Post-Retirement Health Benefits	Agency
<b>ASSETS</b>			
Cash and investments	\$ 259,642	\$ 4,917,867	\$ 194,613
Accounts Receivable	-	1,332,944	-
<b>TOTAL ASSETS</b>	<b>\$ 259,642</b>	<b>\$ 6,250,811</b>	<b>\$ 194,613</b>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 2,018,086	\$ 4,026
Due to student organizations	-	-	190,587
Deferred revenue	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>2,018,086</b>	<b>\$ 194,613</b>
<b>NET POSITION</b>			
Restricted for OPEB	-	4,232,725	
Restricted for scholarships	259,642	-	
<b>TOTAL NET POSITION</b>	<b>\$ 259,642</b>	<b>\$ 4,232,725</b>	

See accompanying notes to the financial statements.

## SCHOOL DISTRICT OF JANESVILLE

### STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS For the Year Ended June 30, 2019

	Private- Purpose Trust	Employee Benefit Trust Fund
	Scholarships	Post-Retirement Health Benefits
<b>ADDITIONS</b>		
Contributions	\$ -	\$ 1,328,355
Investment earnings	10,311	116,605
Gifts	23,309	-
Total additions	33,620	1,444,960
<b>DEDUCTIONS</b>		
Payments of scholarships	22,357	-
Other post retirement benefits expense	-	1,979,675
Total deductions	22,357	1,979,675
<b>Net change in net position</b>	11,263	(534,715)
<b>NET POSITION - BEGINNING OF YEAR</b>	248,379	4,767,440
<b>NET POSITION - END OF YEAR</b>	\$ 259,642	\$ 4,232,725

See accompanying notes to the financial statements.

# SCHOOL DISTRICT OF JANESVILLE

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As of and for the Year Ended June 30, 2019

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# SCHOOL DISTRICT OF JANESVILLE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2019

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### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The accounting policies of the School District of Janesville (the "District"), conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

#### ***A. REPORTING ENTITY***

This report includes all of the funds of the District. The reporting entity for the District consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The District has not identified any organizations that meet this criteria.

#### ***B. DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS***

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

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

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

##### ***Fund Financial Statements***

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



# SCHOOL DISTRICT OF JANESVILLE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2019

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### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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#### ***B. DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

##### ***Fund Financial Statements (cont.)***

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

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

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

The District reports the following major governmental funds:

- General Fund - accounts for the District's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Special Revenue - Special Education Fund - used to account for and report grants and local revenues used to provide special education services to district students.
- Special Revenue - Food Service Fund - used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for the district programs.
- Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs.

The District reports the following nonmajor governmental funds:

Special Revenue Funds - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

- Trust Fund
- Community Service Fund
- Cooperative Fund

Capital Projects Funds - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

- Capital Improvement Trust Fund
- Capital Projects Fund

# SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2019

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## **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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### ***B. DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

#### ***Fund Financial Statements (cont.)***

In addition, the District reports the following fund types:

Private-Purpose Trust Fund - used to account for and report any trust arrangement not properly reported in a pension trust fund under which principal and income benefit individuals, private organizations, or other governments.

Scholarship Fund

Pension (and Other Employee Benefit) Trust Fund - used to account for and report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.

Post-Retirement Health Benefits

Agency Fund - used to account for and report assets held by the District in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Student Activity Fund

### ***C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION***

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

The district-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Unbilled receivables are recorded as revenues when services are provided.

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

# SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2019

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## **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

### ***C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)***

#### ***Fund Financial Statements***

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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 are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and revenue.

Intergovernmental aids and grants are recognized as revenues in the period the District is entitled the resources and the amounts are available. Amounts owed to the District which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, and interest. Other general revenues such as student fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above. Charges for special education services are not reduced by anticipated state special education aid entitlement.

Fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

#### ***All Financial Statements***

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

# SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2019

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## **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY***

#### ***1. Deposits and Investments***

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

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

Investment of most trust funds, is regulated by Chapter 881 of the Wisconsin Statutes. This section gives broad authority to use such funds to acquire various kinds of investments including stocks, bonds and debentures.

The District has adopted an investment policy. That policy follows the state statute for allowable investments.

No policy exists for the following risks:

- Custodial credit risk
- Interest rate risk
- Concentration of credit risk

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note III A. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of district accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

# SCHOOL DISTRICT OF JANESVILLE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2019

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### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***1. Deposits and Investments (cont.)***

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2019, the fair value of the District's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

PMA Financial Network, Inc. is the administrator for the Wisconsin Investment Series Cooperative (WISC). The investment manager for WISC is PMA Financial Network, Inc. The WISC is not registered with the Securities and Exchange Commission, but invests its funds in accordance with applicable Wisconsin statutes. The WISC has characteristics of a mutual fund and accordingly, reports the value of its underlying assets at fair value. As June 30, 2019 the District's share of the WISC's assets was substantially equal to the amount reported.

See Note III. A. for further information.

##### ***2. Receivables***

General accounts receivable have been adjusted for all known uncollectable accounts. No allowance is necessary at year end.

Property taxes are levied in December on the assessed value as of the prior January 1.

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

Property tax calendar - 2018 tax roll:

Lien date and levy date	December, 2018
Tax bills mailed	December, 2018
Payment in full, or	January 31, 2019
First installment due	January 31, 2019
Second installment due	July 31, 2019

Property taxes are recognized in the fiscal year levied. The District considers all taxes as due prior to the end of the fiscal year. Full receipt of the entire levy is assured within 60 days of the District's fiscal year end.

Property taxes are collected by the local taxing units until January 31. Real estate tax collections after that date are made by the applicable county, which assumes all responsibility for delinquent real estate taxes.

# SCHOOL DISTRICT OF JANESVILLE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2019

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### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***2. Receivables (cont.)***

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

##### ***3. Inventories and Prepaid Items***

Governmental fund inventories, if material, are recorded at cost based on the FIFO method using the purchases method of accounting.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements.

##### ***4. Capital Assets***

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

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 cost of more than \$5,000 and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

Buildings and building improvements	20-100 Years
Site improvements	20 Years
Furniture and equipment	5 -20 Years

###### ***Fund Financial Statements***

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

# SCHOOL DISTRICT OF JANESVILLE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2019

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### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***5. Deferred Outflows of Resources***

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the district-wide financial statements.

##### ***6. Compensated Absences***

Under terms of employment, employees are granted vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the district-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

The district's policy does not provide school year employees with paid vacations. However, 12-month employees are provided paid vacation days. Administrators are paid for their unused vacation days at retirement. The superintendent can cash in up to two week's vacation annually and directors and high school principals can cash in up to one week annually.

For staff hired prior to July 1, 2015 with a minimum of 10 years of full-time service in the District and at least age 55, all unused sick leave accumulated upon retirement is converted to a dollar amount of \$147 per day. The total can be applied to additional months of coverage at the full premium rate at the time of retirement. Sick leave days accrued prior to July 1, 2015 can only be used to purchase additional months of health and prescription drug coverage. These days will not be converted for any other benefit at the time of early retirement. Sick leave days accrued after July 1, 2015 will be converted to a dollar amount of \$147 per day and placed into a tax-sheltered annuity at the time of early retirement.

For staff hired after July 1, 2015 with a minimum of 10 years of full-time service in the District and at least age 55, all unused sick leave accumulated upon retirement is converted to a dollar amount of \$147 per day to be applied to a 457 deferred compensation plan payable at retirement.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at June 30, 2019, are determined on the basis of current salary rates and include salary related payments.

# SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2019

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## **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

#### ***7. Long-Term Obligations***

All long-term obligations to be repaid from District resources are reported as liabilities in the district-wide statements. The long-term obligations consist primarily of bonds payable, capital leases, net pension obligation, other postemployment benefit obligations, and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures.

For the district-wide statements, bond premiums and discounts are amortized over the life of the issue using the straight-line method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

#### ***8. Deferred Inflows of Resources***

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

#### ***9. Equity Classifications***

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

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

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

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.



# SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2019

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## **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

#### ***9. Equity Classifications (cont.)***

##### ***Fund Statements***

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Board of Education. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Board of Education that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The District has adopted a financial policy authorizing the Chief Financial Officer to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

The District policy on general fund balance follows the following guidelines: (1) to maintain an assigned general fund balance of 17-23% of general and special education fund budgeted expenditures for the ensuing fiscal year, excluding claims expenses for self-funded insurance, (2) to maintain a self-funded dental plan claim stabilization reserve of not less than 10% of the expected claims cost for the ensuing fiscal year, and (3) to limit the use of unassigned fund balance to funding the district's Other Post-Employment Benefits (OPEB) liability, reducing the district's property tax levy, or to one-time expenditures such as the start-up cost of a new program or one-time cost of a capital expenditure. As such, the district's general fund balance has been classified in accordance with this policy. The district will generally use restricted amounts before unrestricted amounts when doing so does not result in loss of general state aid. As of June 30, 2019, the district is compliance with their fund balance policy.

# SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2019

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## **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

#### ***9. Equity Classifications (cont.)***

##### ***Fund Statements (cont.)***

See Note III. G. for further information.

Fiduciary fund equity is classified as restricted for scholarships and other postemployment benefits on the statement of fiduciary net position. Various donor restrictions apply, including authorizing and spending trust income, and the district believes it is in compliance with all significant restrictions.

#### ***10. Pension***

For purposes of measuring the net pension liability, 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.

For purposes of measuring the single-employer pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, the District's single-employer pension plan recognizes benefit payments when due and payable in accordance with the benefit terms.

#### ***11. Postemployment benefits Other Than Pensions (OPEB)***

For purposes of measuring the net OPEB liability, deferred outflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District OPEB Plan and additions to/deductions from District OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by District OPEB Plan. For this purpose, District OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

# SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2019

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## **NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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### ***A. BUDGETARY INFORMATION***

A budget has been adopted for the general fund, special revenue - special education fund, debt service fund, capital projects - capital improvement trust fund, capital projects fund and special revenue - food service fund. A budget has not been formally adopted for special revenue - trust fund and special revenue - community service fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

### ***B. LIMITATIONS ON THE DISTRICT REVENUES***

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

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

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

# SCHOOL DISTRICT OF JANESVILLE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2019

### **NOTE III - DETAILED NOTES ON ALL FUNDS**

#### **A. DEPOSITS AND INVESTMENTS**

The District's deposits and investments at year-end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 33,444,628	\$ 33,740,455	Custodial Credit Risk
Stock	9,678	9,678	N/A
Mutual funds	136,321	136,321	N/A
LGIP	51,100	51,100	Credit Risk
Petty cash	1,650	-	N/A
 Total Deposits and Investments	 <b>\$ 33,643,377</b>	 <b>\$ 33,937,554</b>	
 Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 28,271,255		
Per statement of net position - fiduciary funds			
Private Purpose Trust Fund	259,642		
Employee Benefit Trust Fund	4,917,867		
Agency Fund	194,613		
 Total Deposits and Investments	 <b>\$ 33,643,377</b>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

#### ***Custodial Credit Risk***

#### **Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to the District.

# SCHOOL DISTRICT OF JANESVILLE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2019

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### A. DEPOSITS AND INVESTMENTS (cont.)

##### *Custodial Credit Risk* (cont.)

##### Deposits (cont.)

As of June 30, 2019, \$31,534,281 of the District's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	26,044,463
Uninsured and collateral held by the pledging financial institution's trust department or agent not in the District's name		5,489,818
Total	\$	31,534,281

##### *Credit Risk*

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

The District had investments in the external Wisconsin Local Government Investment Pool which is not rated.

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 the active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

>Market Approach - uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Investment Type	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 136,321	\$ -	\$ -	\$ 136,321
Stock	9,678	-	-	9,678
Total	\$ 145,999	\$ -	\$ -	\$ 145,999

See Note I.D.1. for further information on deposit and investment policies.

#### B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year.

## SCHOOL DISTRICT OF JANESVILLE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2019

#### **NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

#### **C. CAPITAL ASSETS**

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

	Beginning Balance	Adjustments*	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>					
Capital assets not being depreciated					
Land	\$ 1,329,333	\$ -	\$ -	\$ -	\$ 1,329,333
Site improvements	703,841	-	-	-	703,841
Construction in progress	8,791,854	-	-	8,791,854	-
Total Capital Assets Not Being Depreciated	10,825,028	-	-	8,791,854	2,033,174
Capital assets being depreciated					
Site improvements	5,305,560	-	592,860	-	5,898,420
Buildings and building improvements	179,745,166	-	11,991,372	90,463	191,646,075
Furniture and equipment	25,265,309	(69,375)	1,707,943	176,981	26,726,896
Total Capital Assets Being Depreciated	210,316,035	(69,375)	14,292,175	267,444	224,271,391
Total Capital Assets	221,141,063	(69,375)	14,292,175	9,059,298	226,304,565
Less: Accumulated depreciation for					
Site improvements	(2,533,997)	-	(249,947)	-	(2,783,944)
Buildings and building improvements	(65,411,756)	(24,091)	(4,669,144)	72,133	(70,032,858)
Furniture and equipment	(19,901,956)	2,819	(1,543,890)	128,026	(21,315,001)
Total Accumulated Depreciation	(87,847,709)	(21,272)	(6,462,981)	200,159	(94,131,803)
Net Capital Assets Being Depreciated	122,468,326	(90,647)	7,829,194	67,285	130,139,588
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 133,293,354	\$ (90,647)	\$ 7,829,194	\$ 8,859,139	\$ 132,172,762

\* Adjustment necessary to tie to the District's capital asset records.

Depreciation expense was charged to functions as follows:

Instruction		
Regular instruction		\$ 166,151
Special Education		6,008
Other		28,518
Support Services		
Instructional support		172,453
Building and grounds		5,540,690
Food service		83,097
Other		466,064
Total Governmental Activities Depreciation Expense		\$ 6,462,981

## SCHOOL DISTRICT OF JANESVILLE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2019

#### **NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

##### *D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS*

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount
Special Revenue - Special Education Fund	General Fund	\$ 2,006,681
Capital Projects - Capital Improvement Trust Fund	General Fund	3,100,000
Total - Fund Financial Statements		\$ 5,106,681

All amounts are due within one year.

The principal purpose of these interfund receivables and payables is for operations.

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
Special Revenue - Special Education Fund	General Fund	\$ 12,148,492	Operating subsidy
Capital Projects - Capital Improvement Trust Fund	General Fund	3,100,000	Payments to capital projects
Total - Fund Financial Statements		\$ 15,248,492	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The above transfer to the special education fund uses unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and Wisconsin Department of Public Instruction directives.

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

## SCHOOL DISTRICT OF JANESVILLE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2019

#### **NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

#### **E. LONG-TERM OBLIGATIONS**

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

	Beginning Balance*	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Bonds and Notes Payable</b>					
General obligation debt	\$ 65,115,000	\$ -	\$ 7,790,000	\$ 57,325,000	\$ 6,550,000
(Discounts)/Premiums	2,885,328	-	320,408	2,564,920	-
Sub-totals	<u>68,000,328</u>	<u>-</u>	<u>8,110,408</u>	<u>59,889,920</u>	<u>6,550,000</u>
<b>Other Liabilities</b>					
Net OPEB liability	27,128,735	2,548,776	6,857,456	22,820,055	-
Total supplemental pension liability	522,173	161,067	110,623	572,617	-
Net pension liability	-	16,315,470	-	16,315,470	-
Longevity	4,800	-	4,800	-	-
Compensated absences	4,934,875	745,797	48,345	5,632,327	130,636
Capital leases	-	798,819	69,323	729,496	145,185
Total Other Liabilities	<u>32,590,583</u>	<u>20,569,929</u>	<u>7,090,547</u>	<u>46,069,965</u>	<u>275,821</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 100,590,911</u>	<u>\$ 20,569,929</u>	<u>\$ 15,200,955</u>	<u>\$ 105,959,885</u>	<u>\$ 6,825,821</u>

\*Beginning balances have been updated for restatement of compensated absences.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the District may not exceed 10% of the equalized value of taxable property within the District's jurisdiction. The debt limit as of June 30, 2019, was \$467,624,564. Total general obligation debt outstanding at year end was \$57,325,000.

#### **General Obligation Debt**

All general obligation notes and bonds payable are backed by the full faith and credit of the District. Notes and bonds in the governmental funds will be retired by future property tax levies accumulated by the debt service fund.

#### **Governmental Activities**

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance June 30, 2019
GO Refunding Bonds	11/01/2010	03/01/2030	1.70% - 5.30%	\$ 16,745,000	\$ 10,735,000
GO Refunding Bonds	09/15/2016	03/01/2028	1.50% - 4.00%	37,735,000	34,730,000
GO Promissory Note	07/13/2017	03/01/2027	2.00% - 3.00%	14,475,000	<u>11,860,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 57,325,000</u>



**SCHOOL DISTRICT OF JANESVILLE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2019

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

***E. LONG-TERM OBLIGATIONS*** (cont.)

***General Obligation Debt*** (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities General Obligation Debt	
	Principal	Interest
2020	\$ 6,550,000	\$ 1,713,195
2021	6,505,000	1,590,025
2022	6,450,000	1,450,520
2023	6,435,000	1,288,065
2024	6,460,000	1,082,328
2025-2029	23,690,000	2,284,025
2030	1,235,000	65,455
Totals	\$ 57,325,000	\$ 9,473,613

***Capital Leases***

Refer to Note III. F.

***Other Debt Information***

Estimated payments of compensated absences, pensions and other postemployment benefits obligation are not included in the debt service requirement schedules. The compensated absences, pensions and other postemployment benefits obligation attributable to governmental activities will be liquidated primarily by the general fund.

**SCHOOL DISTRICT OF JANESVILLE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2019

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LEASE DISCLOSURES**

***Lessee - Capital Leases***

The district acquired capital assets through a lease/purchase agreement. The gross amount of these assets under capital leases is \$929,826, which are included in capital assets in the governmental activities. The future minimum lease obligations and the net present value on these minimum lease payments as of June 30, 2019, are as follows:

<u>Years</u>	Governmental Activities		
	Principal	Interest	Totals
2020	\$ 145,185	\$ 40,780	\$ 185,965
2021	154,362	31,603	185,965
2022	164,118	21,847	185,965
2023	174,491	11,474	185,965
2024	91,340	1,644	92,984
Totals	\$ 729,496	\$ 107,348	\$ 836,844

**G. NET POSITION/FUND BALANCES**

Net position reported on the district-wide statement of net position at June 30, 2019, includes the following:

***Governmental Activities***

Net Investment in Capital Assets	
Land	\$ 1,329,333
Site improvements not being depreciated	703,841
Other capital assets, net of accumulated depreciation	130,139,588
Less: Long-term debt outstanding	(57,325,000)
Plus: Noncapital debt proceeds	10,735,000
Plus: Unamortized debt discount	35,448
Less: Unamortized debt premium	(2,600,368)
Plus: Deferred charge on refunding	1,458,273
Total Net Investment in Capital Assets	84,476,115
Restricted	
Debt service	784,943
Trust purposes	381,883
Food service	1,587,295
Community service	17,078
Capital projects	4,584,252
Total Restricted	7,355,451
Unrestricted (deficit)	(15,589,745)
Total Governmental Activities Net Position	\$ 76,241,821

**SCHOOL DISTRICT OF JANESVILLE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2019

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**G. NET POSITION/FUND BALANCES (cont.)**

**Governmental Funds**

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

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Special Revenue - Food Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
<b>Fund Balances</b>					
<b>Nonspendable:</b>					
Prepaid items	\$ 700,350	\$ -	\$ 459	\$ -	\$ 700,809
<b>Restricted for:</b>					
Capital projects	-	-	-	4,584,252	4,584,252
Debt service	-	1,356,008	-	-	1,356,008
Food service	-	-	1,586,836	-	1,586,836
Trust purposes	-	-	-	381,883	381,883
Community service	-	-	-	17,078	17,078
<b>Committed to:</b>					
Self-insurance claims	39,000	-	-	-	39,000
<b>Assigned to:</b>					
SAGE carryover	36,073	-	-	-	36,073
<b>Unassigned:</b>	<u>22,277,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,277,500</u>
<b>Total Fund Balances</b>	<u>\$ 23,052,923</u>	<u>\$ 1,356,008</u>	<u>\$ 1,587,295</u>	<u>\$ 4,983,213</u>	<u>\$ 30,979,439</u>

# SCHOOL DISTRICT OF JANESVILLE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2019

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### H. RESTATEMENT OF FUND BALANCES/NET POSITION

Fund balance/net position has been restated to correct an error in recording a premium as a liability for the year ended June 30, 2018 and to reflect the reclassification of the food service fund to a special revenue fund. Net position has also been restated to reflect the proper recording of compensated absences in the government-wide financial statements. Net income of the debt service fund would have been increased by \$445,877 and the Special Revenue - Food Service Fund change in net income could not be determined. The increase in net position for the governmental activities would have been \$96,432.

	Total governmental fund balance	Debt Service Fund	Special Revenue Fund - Food Service Fund
Fund balance - June 30, 2018 (as reported)	\$ 31,463,207	\$ 992,595	\$ -
Add: Premium revenue	445,877	445,877	-
Change to modified accrual - see calculation in net position table below	1,754,432	-	1,754,432
Fund Balance - June 30, 2018 (as restated)	<u>\$ 33,663,516</u>	<u>\$ 1,438,472</u>	<u>\$ 1,754,432</u>
	Governmental Activities	Business-type Activities	
Net position - June 30, 2018 (as reported)	\$ 81,308,399	\$ 2,008,240	
Move to modified accrual method for food service fund presentation as governmental instead of proprietary:			
Capital Assets, net of accumulated depreciation	475,478	(475,478)	
Net pension assets	304,857	(304,857)	
Deferred outflows related to pensions	829,983	(829,983)	
Deferred inflows related to pensions	(927,038)	927,038	
Net OPEB liability	(453,867)	453,867	
Deferred outflows related to OPEB	42,663	(42,663)	
Deferred inflows related to OPEB	(18,268)	18,268	
Reporting change to governmental fund	1,754,432	(1,754,432)	
Less: Beginning compensated absences balance	(4,934,875)	-	
Net position - June 30, 2018 (as restated)	<u>\$ 78,381,764</u>	<u>\$ -</u>	

# SCHOOL DISTRICT OF JANESVILLE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2019

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### NOTE IV - OTHER INFORMATION

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#### A. EMPLOYEES' RETIREMENT SYSTEM

##### *General Information about the Pension Plan*

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

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

# SCHOOL DISTRICT OF JANESVILLE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2019

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### NOTE IV - OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2009	(2.1)%	(42.0)%
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0

# SCHOOL DISTRICT OF JANESVILLE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2019

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### NOTE IV - OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$4,688,086 in contributions from the District.

Contribution rates for the plan year reported as of June 30, 2019 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives, and elected officials)	6.7%	6.7%

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

At June 30, 2019, the District reported a liability of \$16,315,470 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the District's proportion was 0.45859775%, which was an increase of 0.00509497% from its proportion measured as of December 31, 2017.

## SCHOOL DISTRICT OF JANESVILLE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2019

#### **NOTE IV - OTHER INFORMATION** (cont.)

##### **A. EMPLOYEES' RETIREMENT SYSTEM** (cont.)

For the year ended June 30, 2019, the District recognized pension expense of \$10,540,930.

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

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,707,280	\$ 22,461,902
Net differences between projected and actual earnings on pension plan investments	23,827,626	-
Changes in assumptions	2,750,192	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	81,471	69,174
Employer contributions subsequent to the measurement date	2,300,690	-
Total	\$ 41,667,259	\$ 22,531,076

\$2,300,690 reported as deferred outflows of resources related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a addition of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2020	\$ 6,119,763
2021	1,544,000
2022	2,654,637
2023	6,517,093
2024	-
Thereafter	-



# SCHOOL DISTRICT OF JANESVILLE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2019

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### NOTE IV - OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

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

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

# SCHOOL DISTRICT OF JANESVILLE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2019

### **NOTE IV - OTHER INFORMATION** (cont.)

#### **A. EMPLOYEES' RETIREMENT SYSTEM** (cont.)

**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:

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

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%  
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

**Single discount rate.** A single discount rate of 7.00% was used to measure the total pension liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# SCHOOL DISTRICT OF JANESVILLE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2019

### NOTE IV - OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
District's proportionate share of the net pension liability (asset)	\$64,839,388	\$16,315,470	\$(19,765,826)

**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>.

#### B. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

##### **Self Insurance**

On September 1, 1983, the district established a self-funded health and dental benefit plan for its employees. Effective July 1, 2015 through June 30, 2018, the district was no longer self-insured for health insurance benefits but remained self-insured for dental benefits. The District once again became self-insured for health insurance for one year, the year ended June 30, 2019. As of July 1, 2020, the District is no longer self-insured for neither health insurance or dental insurance. The District funds the program and pays all fees.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported. The District does not allocate overhead costs or other nonincremental costs to the claims liability.

##### **Claims Liability - Health**

For the year ended June 30, 2019 the District had unpaid claims of \$488,544.

**SCHOOL DISTRICT OF JANESVILLE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2019

**NOTE IV - OTHER INFORMATION (cont.)**

**B. RISK MANAGEMENT (cont.)**

**Self Insurance (cont.)**

**Claims Liability - Dental**

	Prior Year	Current Year
Unpaid claims - Beginning of Year	\$ 45,000	\$ 50,000
Current year claims and changes in estimates	1,012,221	1,039,496
Claim payments	(1,007,221)	(987,493)
 Unpaid Claims - End of Year	 \$ 50,000	 \$ 102,003

**C. COMMITMENTS AND CONTINGENCIES**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the district-wide statements as expenses when the related liabilities are incurred.

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

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

The District has active construction projects as of June 30, 2019. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

The District has the following encumbrances outstanding at year end expected to be honored upon performance by the vendor:

General Fund	\$ 908,730
Special Revenue - Special Education Fund	5,560
Nonmajor governmental funds	4,483

# SCHOOL DISTRICT OF JANESVILLE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2019

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### NOTE IV - OTHER INFORMATION (cont.)

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#### *D. OTHER POSTEMPLOYMENT BENEFITS*

The District provides postemployment health insurance benefits for all eligible employees. Eligibility is based on certain age and service requirements. The benefits are based on contractual agreements with employee groups, local ordinances, or employee benefit policies. The cost of those premiums is recognized as an expenditure as the premiums are paid. The entire cost is paid by the District. Funding for those costs is provided out of the current operating budget of the District. The contributions are financed on a pay as you go basis. Total expenditures for such premiums during the year were not material. The number of participants currently eligible to receive benefits is 1,950.

#### *GENERAL INFORMATION ABOUT THE OPEB PLAN*

Plan description. The District administers a single-employer defined benefit healthcare plan (the "OPEB Plan"). The District's group health insurance plan provides coverage to active employees and retirees (or other qualified terminated employees). This results in an OPEB for the retirees, commonly referred to as an implicit rate subsidy. Management of the OPEB plan is vested in the Board of Education.

**Benefits provided.** District OPEB Plan provides medical insurance and life insurance to those employees who elect early retirement. Early retirement may be elected by eligible employees who have attained certain age and service requirements. Administrative staff who qualify for early retiree benefits are entitled to a maximum of 36 months of paid health insurance premiums exclusive of sick days conversion, or until age 65, whichever occurs first. All staff who qualify for early retiree benefits are entitled to a maximum of 36 months of paid health insurance premiums, or until age 65, whichever occurs first.

**Employees covered by benefit terms.** At June 30, 2019, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	140
Inactive plan members entitled to but not yet receiving benefit payments	628
Active plan members	<u>1,182</u>
	<u>1,950</u>

**Contributions.** The funding policy of the plan states that the employer will fund 100% of the contributions to the plan as determined by the actuarial valuation, including costs to administer the plan. During the year ended June 30, 2019, the plan recognized \$1,183,147 in contributions from the employer.

#### *NET OPEB LIABILITY*

The District's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

# SCHOOL DISTRICT OF JANESVILLE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2019

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### NOTE IV - OTHER INFORMATION (cont.)

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#### *D. OTHER POSTEMPLOYMENT BENEFITS (cont.)*

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

Inflation	2.5%
Salary increases	3.0%
Investment rate of return	3.75%
Healthcare cost trend rates	7.5% decreasing by 0.05% per year down to 6.50%, then by 0.10% per year down to 5.0% and level thereafter

Mortality rates were based on the Wisconsin 2012 Mortality Table adjusted for future mortality improvements using the MP-2015 fully generated improvement scale (multiplied 50%).

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period 2012 - 2014.

The long-term expected rate of return on OPEB plan investments was determined by using the discount rate which is based upon the 20-year AA municipal bond rate. The District's assets are solely held in deposit accounts earning minimal interest.

**Discount rate.** The discount rate used to measure the total OPEB liability was 3.75 percent. 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. Based on those assumptions, the OPEB plan's fiduciary net position will not be available to make all projected future benefit payments of current plan members. Therefore, a blended rate was used based on the long-term expected rate of return on OPEB plan investments and/or Bond Buyer 20-Bond Go Index was used to determine the total OPEB liability.

**SCHOOL DISTRICT OF JANESVILLE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2019

**NOTE IV - OTHER INFORMATION (cont.)**

**D. OTHER POSTEMPLOYMENT BENEFITS (cont.)**

**CHANGES IN THE NET OPEB LIABILITY**

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2018	\$ 31,203,921	\$ 4,075,186	\$ 27,128,735
Changes for the year:			
Service cost	1,465,165	-	1,465,165
Interest	1,083,611	-	1,083,611
Differences between expected and actual experience	(1,201,324)	-	(1,201,324)
Changes in assumptions	(1,724,689)	-	(1,724,689)
Changes of benefit terms	(1,286,790)	-	(1,286,790)
Contributions-employer	-	2,592,468	(2,592,468)
Net investment income	-	52,185	(52,185)
Benefit payments	(1,952,399)	(1,952,399)	-
Net changes	<u>(3,616,426)</u>	<u>692,254</u>	<u>(4,308,680)</u>
Balances at June 30, 2019	<u>\$ 27,587,495</u>	<u>\$ 4,767,440</u>	<u>\$ 22,820,055</u>

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

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
Net OPEB liability	\$ 25,384,970	\$ 22,820,055	\$ 20,639,854

**Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.** The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.50 percent decreasing to 4.00 percent) or 1-percentage-point higher (8.50 percent decreasing to 6.00 percent) than the current healthcare cost trend rates:

	1% Decrease (6.50% Decreasing to 4.00%)	Healthcare Cost Trend Rates (7.50% Decreasing to 5.00%)	1% Increase (8.50% Decreasing to 6.00%)
Net OPEB liability	\$ 21,306,024	\$ 22,820,055	\$ 24,535,904

**SCHOOL DISTRICT OF JANESVILLE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2019

**NOTE IV - OTHER INFORMATION** (cont.)

**D. OTHER POSTEMPLOYMENT BENEFITS** (cont.)

**OPEB plan fiduciary net position.** Detailed information about the OPEB plan's fiduciary net position is included within the basic financial statements.

**OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES  
RELATED TO OPEB**

For the year ended June 30, 2019, the District recognized OPEB expense of \$596,709. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,051,158
Changes of assumptions or other inputs	-	2,419,060
Net differences between projected and actual investment earnings on pension plan investment	129,227	-
Contributions subsequent to the measurement date	<u>1,183,147</u>	<u>-</u>
Total	<u>\$ 1,312,374</u>	<u>\$ 3,470,218</u>

\$1,183,147 reported as deferred outflows related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as an addition to the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:

2019	\$ (511,445)
2020	(511,445)
2021	(511,445)
2022	(527,415)
2023	(547,740)
Thereafter	(731,501)

**PAYABLE TO THE OPEB PLAN**

At June 30, 2019, the District reported a payable for the outstanding amount of contributions to District OPEB Plan required for the year ended June 30, 2019.



## SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2019

### **NOTE IV - OTHER INFORMATION** (cont.)

#### ***E. SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLAN***

##### ***Plan Description***

The District reports a single-employer defined benefit pension plan ("the stipend plan"). The plan is administered by the District and provides eligible Administrators hired by the District prior to March 1, 2006 with a cash benefit in the form of a stipend following their retirement. The annual amount and duration of this stipend is determined by individual years of service with the District.

At June 30, 2019, the District plan's membership consisted of:

Retirees and beneficiaries	3
Active	<u>3</u>
Total	<u><u>6</u></u>

The District paid \$106,248 for pension benefits as they came due during the reporting period. The District is funding these benefits on a pay-as-you-go basis.

**Changes in total pension liability.** The District's change in total pension liability for the fiscal year ended June 30, 2019 was as follows:

	Total Pension Liability
Beginning of Year Balance	\$ 522,173
Service cost	24,070
Interest on total pension liability	16,838
Differences between expected and actual experience	120,159
Changes of assumptions or other input	(4,375)
Benefit payments	<u>(106,248)</u>
End of Year Balance	<u><u>\$ 572,617</u></u>

# SCHOOL DISTRICT OF JANESVILLE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2019

### **NOTE IV - OTHER INFORMATION** (cont.)

#### ***E. SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLAN*** (cont.)

**Assumptions.** The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement Date:	June 30, 2018
Actuarial Valuation Date:	June 30, 2018
 Inflation:	 2.50%
 Salary Changes:	 3.0% per year
Discount Rate:	3.75%
Source of Discount Rate:	Based upon all years of projected payments discounted at a municipal bond rate of 3.75%
Source of Mortality Assumptions:	Wisconsin 2012 Mortality Table adjusted for future mortality improvements using the MP-2015 fully generated improvement scale (multiplied 50%)
Dates of Experience Studies	Experience study conducted in 2015 using WRS experience from 2012-2014

**Sensitivity of the total pension liability to changes in the discount rate.** The following is a sensitivity analysis of the total pension liability to changes in the discount rate. The table below presents the pension liability of the District calculated using the current discount rate of 3.75% as well as what the total pension liability would be if it were to be 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	Current Discount Rate	1% Increase
Total pension liability	\$593,219	\$572,617	\$552,713

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

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 96,127	\$ -
Changes in assumptions	-	10,453
Employer contributions subsequent to the measurement date	106,248	-
<b>Total</b>	<b>\$ 202,375</b>	<b>\$ 10,453</b>

# SCHOOL DISTRICT OF JANESVILLE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2019

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### NOTE IV - OTHER INFORMATION (cont.)

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#### *E. SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLAN (cont.)*

\$106,248 reported as deferred outflows of resources related to pension resulting from the Employer's contributions subsequent to the measurement date will be recognized as an addition of the net pension liability in the year ended June 30, 2020. 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>Deferred Outflows of Resources and Deferred Inflows of Resources (net)</u>
2020	\$ 21,767
2021	21,767
2022	21,767
2023	21,766
2024	(1,393)
Thereafter	-

***Pension expense and deferred outflows of resources related to pensions.*** For the year ended June 30, 2019, the District recognized pension expense of \$62,675.

#### *F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS*

The Governmental Accounting Standards Board (GASB) has approved the following:

- > *Statement No. 84, Fiduciary Activities*
- > *Statement No. 87, Leases*
- > *Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period*
- > *Statement No. 90, Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*
- > *Statement No. 91, Conduit Debt*

When they become effective, application of these standards may restate portions of these financial statements.

# SCHOOL DISTRICT OF JANESVILLE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2019

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## **NOTE IV - OTHER INFORMATION (cont.)**

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### *G. SUBSEQUENT EVENT*

On August 5, 2019, the District issued general obligation refunding bonds in the amount of \$10,075,000 with an interest rate of 1.70 - 2.25%. This amount will be used to refund the District's outstanding 2010 refunding bonds.

**REQUIRED SUPPLEMENTARY INFORMATION**

## SCHOOL DISTRICT OF JANESVILLE

### BUDGETARY COMPARISON SCHEDULE GENERAL FUND

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Budget
<b>REVENUES</b>				
Local	\$ 29,743,995	\$ 29,794,520	\$ 30,230,028	\$ 435,508
Interdistrict	4,085,000	4,330,898	4,355,170	24,272
Intradistrict	363,000	378,793	378,793	-
Intermediate	-	28,714	28,785	71
State	75,474,682	75,300,818	75,162,349	(138,469)
Federal	4,192,905	5,119,196	4,743,730	(375,466)
Other Revenue	500,903	545,852	3,081,094	2,535,242
Total Revenues	<u>114,360,485</u>	<u>115,498,791</u>	<u>117,979,949</u>	<u>2,481,158</u>
<b>EXPENDITURES</b>				
Instruction				
Regular	42,303,950	42,476,345	43,310,663	(834,318)
Special education	5,361,191	5,199,169	5,391,763	(192,594)
Vocational	3,375,285	3,515,600	3,651,599	(135,999)
Other	4,367,521	4,382,377	4,699,299	(316,922)
Total Instruction	<u>55,407,947</u>	<u>55,573,491</u>	<u>57,053,324</u>	<u>(1,479,833)</u>
Support Services				
Pupil services	4,247,805	4,213,436	4,370,687	(157,251)
Instructional support services	7,537,386	7,054,255	7,727,271	(673,016)
Administration	7,823,555	7,787,993	7,807,176	(19,183)
Buildings and grounds	12,802,894	13,826,304	13,853,928	(27,624)
Pupil transportation	1,193,620	1,193,620	1,216,651	(23,031)
Other support services	8,487,009	7,088,797	6,780,625	308,172
Debt service				
Principal	-	8	69,323	(69,315)
Interest and fees	-	-	23,670	(23,670)
Total Support Services	<u>42,092,269</u>	<u>41,164,413</u>	<u>41,849,331</u>	<u>(684,918)</u>
Non Program	<u>4,626,420</u>	<u>4,641,091</u>	<u>4,615,255</u>	<u>25,836</u>
Total Expenditures	<u>102,126,636</u>	<u>101,378,995</u>	<u>103,517,910</u>	<u>(2,138,915)</u>
Excess (deficiency) of revenues over expenditures	12,233,849	14,119,796	14,462,039	342,243
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital leases	-	-	798,819	798,819
Proceeds from sale of capital assets	-	500	25,500	25,000
Transfers out	(12,348,310)	(14,232,637)	(15,248,492)	(1,015,855)
<b>Net Change in Fund Balances</b>	<u>\$ (114,461)</u>	<u>\$ (112,341)</u>	37,866	<u>\$ 150,207</u>
FUND BALANCES - BEGINNING OF YEAR			23,015,057	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 23,052,923</u>	

See independent auditors' report and accompanying notes  
to required supplementary information.

**SCHOOL DISTRICT OF JANESVILLE**

BUDGETARY COMPARISON SCHEDULE  
SPECIAL EDUCATION FUND  
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Interdistrict	\$ -	\$ 200	\$ 200	\$ -
State	4,035,068	4,098,833	4,114,827	15,994
Federal	3,295,460	3,546,673	3,168,303	(378,370)
Total Revenues	<u>7,330,528</u>	<u>7,645,706</u>	<u>7,283,330</u>	<u>(362,376)</u>
<b>EXPENDITURES</b>				
Instruction				
Special education	<u>14,493,143</u>	<u>14,600,400</u>	<u>14,345,550</u>	<u>254,850</u>
Support Services				
Instructional support services	1,037,549	1,066,405	997,622	68,783
Pupil Services	2,443,515	2,436,319	2,434,607	1,712
Buildings and grounds	26,930	26,930	53,210	(26,280)
Pupil transportation	1,285,635	1,390,727	1,348,169	42,558
Other support services	19,000	26,000	24,950	1,050
Administration	40,000	32,071	31,685	
Debt service				
Principal	-	-	-	-
Total Support Services	<u>4,852,629</u>	<u>4,978,452</u>	<u>4,890,243</u>	<u>88,209</u>
Non Program	<u>333,066</u>	<u>199,491</u>	<u>196,029</u>	<u>3,462</u>
Total Expenditures	<u>19,678,838</u>	<u>19,778,343</u>	<u>19,431,822</u>	<u>346,521</u>
Excess (deficiency) of revenues over expenditures	(12,348,310)	(12,132,637)	(12,148,492)	(15,855)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>12,348,310</u>	<u>12,132,637</u>	<u>12,148,492</u>	<u>15,855</u>
<b>Net Change in Fund Balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCES - BEGINNING OF YEAR			<u>-</u>	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ -</u>	

See independent auditors' report and accompanying notes  
to required supplementary information.

## SCHOOL DISTRICT OF JANESVILLE

### BUDGETARY COMPARISON SCHEDULE

#### FOOD SERVICE FUND

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Local	\$ 1,159,200	\$ 1,159,109	\$ 1,141,847	\$ (17,262)
State	115,000	184,606	115,606	(69,000)
Federal	3,875,879	4,077,257	4,039,549	(37,708)
Other	50	550	-	(550)
Total Revenues	<u>5,150,129</u>	<u>5,421,522</u>	<u>5,297,002</u>	<u>(124,520)</u>
<b>EXPENDITURES</b>				
Support Services				
Building and grounds	26,798	26,522	-	26,522
Food service	<u>5,148,339</u>	<u>5,517,284</u>	<u>5,464,139</u>	<u>53,145</u>
Total Support Services	<u>5,175,137</u>	<u>5,543,806</u>	<u>5,464,139</u>	<u>79,667</u>
Total Expenditures	<u>5,175,137</u>	<u>5,543,806</u>	<u>5,464,139</u>	<u>79,667</u>
Excess (deficiency) of revenues over expenditures	<u>(25,008)</u>	<u>(122,284)</u>	<u>(167,137)</u>	<u>(44,853)</u>
<b>Net Change in Fund Balances</b>	<u>\$ (25,008)</u>	<u>\$ (122,284)</u>	<u>(167,137)</u>	<u>\$ (44,853)</u>
FUND BALANCES - BEGINNING OF YEAR			<u>1,754,432</u>	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 1,587,295</u>	

See independent auditors' report and accompanying notes  
to required supplementary information.



**SCHOOL DISTRICT OF JANESVILLE**

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY  
For the Year Ended June 30, 2019

	2017	2018	2019
<b>Total OPEB Liability</b>			
Service cost	\$ 1,586,736	\$ 1,586,736	\$ 1,465,165
Interest	932,396	949,280	1,083,611
Changes of benefit terms	-	-	(1,286,790)
Differences between expected and actual experience	-	-	(1,201,324)
Changes of assumptions	-	(1,273,941)	(1,724,689)
Benefit payments	<u>(2,097,761)</u>	<u>(1,814,898)</u>	<u>(1,952,399)</u>
Net Change in Total OPEB Liability	421,371	(552,823)	(3,616,426)
Total OPEB Liability - Beginning	<u>31,335,373</u>	<u>31,756,744</u>	<u>31,203,921</u>
Total OPEB Liability - Ending (a)	<u>\$ 31,756,744</u>	<u>\$ 31,203,921</u>	<u>\$ 27,587,495</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 1,200,000	\$ 2,483,750	\$ 2,592,468
Net investment income	8,750	31,431	52,185
Benefit payments	<u>(2,097,761)</u>	<u>(1,814,898)</u>	<u>(1,952,399)</u>
Net Change in Plan Fiduciary Net Position	(889,011)	700,283	692,254
Plan Fiduciary Net Position - Beginning	<u>4,263,914</u>	<u>3,374,903</u>	<u>4,075,186</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,374,903</u>	<u>\$ 4,075,186</u>	<u>\$ 4,767,440</u>
<b>Net OPEB Liability - Ending (a) - (b)</b>	<u>\$ 28,381,841</u>	<u>\$ 27,128,735</u>	<u>\$ 22,820,055</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	10.63%	13.06%	17.28%

**Notes to Schedule:**

The District is required to present the last ten fiscal years data; however the standards allow the District to present as many years as are available until ten fiscal years are presented.

**SCHOOL DISTRICT OF JANESVILLE**

SCHEDULE OF EMPLOYER CONTRIBUTIONS-OPEB  
For the Year Ended June 30, 2019

	2017	2018	2019
Actuarially contractual determined contribution	\$ 1,886,832	\$ 2,608,781	\$ 2,687,044
Contributions in relation to the actuarially determined contribution	<u>1,200,000</u>	<u>2,483,750</u>	<u>2,592,468</u>
Contribution deficiency (excess)	<u>\$ 686,832</u>	<u>\$ 125,031</u>	<u>\$ 94,576</u>

**Notes to Schedule**

**Valuation date: June 30, 2018**

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage
Amortization period	30 years
Asset valuation method	Market value
Inflation	2.5%
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
Investment rate of return	3.75%
Retirement age	Based on an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-14

Mortality	Wisconsin 2012 Mortality Table adjusted for future mortality improvements using the MP-2015 fully generated improvement scale (multiplied 50%)
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**Other information:**

The District is required to present the last ten fiscal years data; however the standards allow the District to present as many years as are available until ten fiscal years are presented.

**SCHOOL DISTRICT OF JANESVILLE**

SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY AND RELATED RATIOS  
SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN  
For the Year Ended June 30, 2019

Fiscal Year Ending	Beginning Balance	Service Cost	Interest on Total Pension Liability	Between Expected and Actual Experience	Changes of Assumptions	Benefit Payments	Ending Balance
6/30/17	\$ 603,865	\$ 25,768	\$ 16,696	-	-	\$ (120,455)	\$ 525,874
6/30/18	525,874	25,768	15,632	-	(9,733)	(35,368)	522,173
6/30/19	522,173	24,070	16,838	120,159	(4,375)	(106,248)	572,617

SCHEDULE OF COVERED PAYROLL  
SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN  
For the Year Ended June 30, 2019

Fiscal Year Ending	Total Pension Liability	Covered Payroll	Total Pension Liability as a Percentage of Covered Payroll
6/30/17	\$ 525,874	\$ 752,709	69.86%
6/30/18	522,173	752,709	69.37%
6/30/19	572,617	379,672	150.82%

## SCHOOL DISTRICT OF JANESVILLE

### SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) AND CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended June 30, 2019

Plan Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered 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
12/31/2014	0.46092746%	\$ (11,321,639)	\$ 63,306,487	-17.88%	102.74%
12/31/2015	0.45593821%	7,408,907	63,910,873	11.59%	98.20%
12/31/2016	0.45350278%	3,737,946	66,266,305	5.64%	99.12%
12/31/2017	0.45761507%	(13,587,134)	68,953,086	-19.70%	102.93%
12/31/2018	0.45859775%	16,315,470	69,672,934	23.42%	96.45%

  

District Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2015	\$ 4,431,867	\$ 4,431,867	\$ -	\$ 63,306,487	7.00%
6/30/2016	4,345,939	4,345,939	-	63,910,873	6.80%
6/30/2017	4,373,329	4,373,329	-	66,266,305	6.60%
6/30/2018	4,688,809	4,688,809	-	68,953,086	6.80%
6/30/2019	4,039,126	4,039,126	-	69,683,772	5.80%

See independent auditors' report and accompanying notes  
to required supplementary information.

# SCHOOL DISTRICT OF JANESVILLE

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

As of and for the Year Ended June 30, 2019

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### ***BUDGETARY INFORMATION***

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting. Budgets are adopted for all governmental funds

Budgets are adopted at the two digit sub-function level in the general fund and at the function level for all other funds. Appropriations lapse at year end unless specifically carried over.

### ***SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN***

The District is required to present the last ten fiscal years data; however the standards allow the District to present as many years as are available until ten fiscal years are presented.

*Accumulation of assets.* No assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73.

*Changes of benefit terms.* There were no changes of benefit terms for any participating employer in Defined Benefit Pension Plan.

*Changes of assumptions.* The discount rate was changed for the year ended June 30, 2019 to be reflective of a 20-year AA municipal bond rate (3.75%).

### ***WISCONSIN RETIREMENT SYSTEM PENSION***

The amounts presented 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 data; however the standards allow the District to present as many years as are available until ten fiscal years are presented.

*Changes of benefit terms.* There were no changes of benefit terms for any participating employer in Wisconsin Retirement System.

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

**SUPPLEMENTARY INFORMATION**

**SCHOOL DISTRICT OF JANESVILLE**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of June 30, 2019

	Special Revenue Funds			Capital Projects Funds		Total Nonmajor Funds
	Special Revenue Trust Fund	Community Service Fund	Cooperative Fund	Capital Improvement Trust Fund	Capital Projects Fund	
<b>ASSETS</b>						
Cash and investments	\$ 416,219	\$ 17,078	\$ 5,167	\$ 1,470,990	\$ 179,684	\$ 2,089,138
Accounts receivable	-	-	-	12,891	-	12,891
Due from other funds	-	-	-	3,100,000	-	3,100,000
<b>TOTAL ASSETS</b>	<u>\$ 416,219</u>	<u>\$ 17,078</u>	<u>\$ 5,167</u>	<u>\$ 4,583,881</u>	<u>\$ 179,684</u>	<u>\$ 5,202,029</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Accounts payable	\$ 29,757	\$ -	\$ -	\$ -	\$ 179,313	\$ 209,070
Accrued salaries and wages	4,010	-	-	-	-	4,010
Payroll taxes and withholdings	569	-	-	-	-	569
Due to other governments	-	-	5,167	-	-	5,167
Total Liabilities	<u>34,336</u>	<u>-</u>	<u>5,167</u>	<u>-</u>	<u>179,313</u>	<u>218,816</u>
Fund Balances						
Restricted	<u>381,883</u>	<u>17,078</u>	<u>-</u>	<u>4,583,881</u>	<u>371</u>	<u>4,983,213</u>
Total Fund Balance	<u>381,883</u>	<u>17,078</u>	<u>-</u>	<u>4,583,881</u>	<u>371</u>	<u>4,983,213</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 416,219</u>	<u>\$ 17,078</u>	<u>\$ 5,167</u>	<u>\$ 4,583,881</u>	<u>\$ 179,684</u>	<u>\$ 5,202,029</u>

**SCHOOL DISTRICT OF JANESVILLE**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2019

	Special Revenue Funds			Capital Projects Funds		Total Nonmajor Funds
	Special Revenue Trust Fund	Community Service Fund	Cooperative Fund	Capital Improvement Trust Fund	Capital Projects Fund	
<b>REVENUES</b>						
Local	\$ 499,059	\$ 79,573	\$ -	\$ 52,971	\$ 28,382	\$ 659,985
<b>EXPENDITURES</b>						
Instruction						
Regular	178,190	-	-	-	-	178,190
Special education	7,946	-	-	-	-	7,946
Vocational	3,016	-	-	-	-	3,016
Other	168,085	-	-	-	-	168,085
Total instruction	357,237	-	-	-	-	357,237
Support Services						
Instructional support services	38,496	-	-	-	-	38,496
Pupil services	37,504	-	-	-	-	37,504
Buildings and grounds	27	-	-	-	5,716,323	5,716,350
Pupil transportation	4,869	-	-	-	-	4,869
Other support services	143	-	-	-	-	143
Total Support Services	81,039	-	-	-	5,716,323	5,797,362
Community Service	-	77,728	-	-	-	77,728
Total Expenditures	438,276	77,728	-	-	5,716,323	6,232,327
Excess (deficiency) of revenues over expenditures	60,783	1,845	-	52,971	(5,687,941)	(5,572,342)
<b>OTHER FINANCING SOURCES</b>						
Transfers in	-	-	-	3,100,000	-	3,100,000
<b>Net Change in Fund Balances</b>	60,783	1,845	-	3,152,971	(5,687,941)	(2,472,342)
FUND BALANCES - BEGINNING OF YEAR	321,100	15,233	-	1,430,910	5,688,312	7,455,555
<b>FUND BALANCES - END OF YEAR</b>	\$ 381,883	\$ 17,078	\$ -	\$ 4,583,881	\$ 371	\$ 4,983,213



## SCHOOL DISTRICT OF JANESVILLE

### SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES STUDENT ACTIVITY AGENCY FUNDS For the Year Ended June 30, 2019

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	Balance 7/1/18	Additions	Deductions	Balance 6/30/19
<b>ASSETS - Cash and investments</b>	<u>\$ 193,935</u>	<u>\$ 784,958</u>	<u>\$ 784,280</u>	<u>\$ 194,613</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 48,071	235,682	279,727	\$ 4,026
Due to student organizations				
Craig High School	102,732	281,419	290,460	93,691
Parker High School	43,007	150,230	146,850	46,387
Edison Middle School	125	33,644	15,592	18,177
Franklin Middle School	-	48,164	32,638	15,526
Marshall Middle School	-	35,819	19,013	16,806
	<u>\$ 193,935</u>	<u>\$ 784,958</u>	<u>\$ 784,280</u>	<u>\$ 194,613</u>

**SCHOOL DISTRICT OF JANESVILLE**

**SCHEDULE OF CHARTER SCHOOL AUTHORIZER OPERATING COSTS**  
For The Year Ended June 30, 2019

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Operating Costs	
Employee Salaries	\$ -
Employee Benefits	-
Purchased Services	-
Non-capital objects	-
Capital objects	-
Insurance & judgments	-
Other	-
Total Operating Costs	<u>\$ -</u>