

ADDENDUM TO PRELIMINARY OFFICIAL STATEMENT

**SCHOOL DISTRICT OF EDGERTON
DANE, JEFFERSON AND ROCK COUNTIES, WISCONSIN**

\$40,600,000* GENERAL OBLIGATION SCHOOL BUILDING AND IMPROVEMENT BONDS, SERIES 2019

Dated: Date of Issuance

The bidding parameters in the Notice of Sale are updated to reflect a maximum bid of 106% of the par amount.

Accordingly, the following pages of the Notice of Sale are being updated in order to reflect the revised bidding parameters.

The attached pages replace the corresponding pages of the Notice of Sale.

If you have any questions, please contact:

Phil Hohlweck
PMA Securities, Inc.
770 North Jefferson Street, Suite 200
Milwaukee, WI 53202
Phone: (414) 436-1943
Email: phohlweck@pmanetwork.com

*Preliminary, subject to change.

Revision sent out January 30, 2019.

Determination of Winning Bid

The Bonds will be awarded to the single and best Bidder whose bid will be determined upon the basis of the **lowest TIC** at the rates designated in said bid from the dated date to the maturity dates after deducting the bid premium or adding the bid discount, if any. The TIC will be calculated as the rate which, when used in computing the present value of all principal and interest to be paid on the Bonds (commencing on September 1, 2019 and semiannually on each March 1 and September 1 thereafter), produces an amount on the date of issuance of the Bonds (expected to be March 4, 2019) equal to the purchase price set forth in the bid. In the event of more than one proposal specifying the lowest TIC, the Bonds will be awarded to the Bidder whose bid was submitted first in time on the MuniAuction webpage.

The TIC of each bid will be computed by MuniAuction and reported on the Observation Page of the MuniAuction webpage immediately following the date and time for receipt of bids.

These TICs are subject to verification by the Financial Advisor and will be posted for informational purposes only and will not signify an actual award of any bid or an official declaration of the Winning Bid. The District or the Financial Advisor will notify the Bidder to whom the Bonds will be awarded, if and when such award is made.

Terms of the Bonds

The Bonds will be dated the date of issuance thereof, will mature on the dates and in the amounts, and not more than one rate should be specified for each maturity as described in the Official Bid Form attached hereto.

The Bonds due on and after March 1, 2028 are subject to redemption prior to maturity, at the option of the District, in whole or in part, from maturities selected by the District and within each maturity by lot as determined by the District, in integral multiples of \$5,000, on March 1, 2027 or on any date thereafter, at a redemption price of par plus accrued interest to the redemption date.

Term bonds are not allowed.

Bidding Parameters

The interest rates must be in multiples of one-eighth or one-twentieth of one percent (1/8 or 1/20 of 1%), and not more than one rate for a single maturity shall be specified. The rate bid for each maturity shall not exceed 5.00%. All bids must be for all of the Bonds and must be for not less than 100.0% and not more than 106.0% of the par amount thereof.

Attorneys' fees, Rating Agency fees, Financial Advisor fees, the cost of distributing the Official Notice of Sale, the Preliminary Official Statement and the final Official Statement and miscellaneous expenses of said District incurred in connection with the offering and delivery of the Bonds shall all be the obligation of the Underwriter. The total of these fees is \$181,715.

**OFFICIAL BID FORM
(OPEN INTERNET AUCTION)**

School Board
School District of Edgerton
Dane, Jefferson and Rock Counties, Wisconsin

January 31, 2019

Ladies and Gentlemen:

Subject to all the provisions of the Official Notice of Sale, which is expressly made a part of this bid, we offer to purchase the General Obligation School Building and Improvement Bonds, Series 2019 (the "Bonds") as described below:

Par amount of Bonds:	\$40,600,000*
Dated date:	Date of issuance
Purchase price:	\$ _____
(not less than 100.0% and not more than 106.0% of the par amount of the Bonds)	

The Bonds shall bear interest as follows (each rate (i) a multiple of 1/8 or 1/20 of 1% and (ii) not exceeding 5.00%):

<u>Maturity</u>	<u>Amount (\$)*</u>	<u>Rate (%)</u>
September 1, 2019	1,400,000	_____
March 1, 2020	1,800,000	_____
March 1, 2021	920,000	_____
March 1, 2022	955,000	_____
March 1, 2023	995,000	_____
March 1, 2024	1,035,000	_____
March 1, 2025	1,080,000	_____
March 1, 2026	1,120,000	_____
March 1, 2027	1,170,000	_____
March 1, 2028	2,040,000	_____
March 1, 2029	2,110,000	_____
March 1, 2030	2,180,000	_____
March 1, 2031	2,250,000	_____
March 1, 2032	2,330,000	_____
March 1, 2033	2,425,000	_____
March 1, 2034	2,525,000	_____
March 1, 2035	2,630,000	_____
March 1, 2036	2,735,000	_____
March 1, 2037	2,850,000	_____
March 1, 2038	2,965,000	_____
March 1, 2039	3,085,000	_____

* Preliminary, subject to change. The District reserves the right to increase or decrease the principal amount of the individual maturities of the Bonds on the day of sale in increments of \$5,000. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000 bond.

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 23, 2019

SALE DATE AND TIME:

January 31, 2019

Beginning at 9:45 A.M. until 10:00 A.M. CST

NEW ISSUE – BOOK-ENTRY ONLY

RATING⁺: S&P “AA-” (STABLE OUTLOOK)

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law interest on the Bonds is excludable from gross income and is not an item of tax preference for federal income tax purposes. See “TAX EXEMPTION” herein for a more detailed discussion of some of the federal income tax consequences of owning the Bonds. The Bonds are not “qualified tax-exempt obligations.” The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

\$40,600,000*

SCHOOL DISTRICT OF EDGERTON

DANE, JEFFERSON AND ROCK COUNTIES, WISCONSIN

GENERAL OBLIGATION SCHOOL BUILDING AND IMPROVEMENT BONDS, SERIES 2019

Dated: Date of Issuance

Due: As set forth on the inside cover page

The General Obligation School Building and Improvement Bonds, Series 2019 (the “Bonds”) of the School District of Edgerton, Dane, Jefferson and Rock Counties, Wisconsin (the “District”), are issuable as fully registered bonds under the global book-entry system operated by The Depository Trust Company, New York, New York (“DTC”). Individual purchases will be made in book-entry form only. Beneficial owners of the Bonds will not receive physical delivery of bond certificates. The Bonds are issued in fully registered form in denominations of \$5,000 or any integral multiple thereof and will bear interest payable on March 1 and September 1 of each year, with September 1, 2019 as the first interest payment date. The District will act as bond registrar and paying agent for the Bonds. Details of payment of the Bonds are described herein. Interest is calculated based on a 360-day year of twelve 30-day months.

Proceeds of the Bonds will be used to pay (i) the cost of a school building and improvement program consisting of: the construction of an addition and related reconfiguration and renovations at Community Elementary School; renovations at the High School, including the science labs, commons and office; District-wide building infrastructure and capital maintenance improvements, safety and security upgrades and site improvements; and acquisition of furnishings, fixtures and equipment; and (ii) certain costs associated with the issuance of the Bonds.

The Bonds are being issued pursuant to Chapter 67 of the Wisconsin Statutes. The Bonds will be general obligations of the District for which its full faith and credit and taxing powers are pledged which taxes may, under current law, be levied without limitation as to rate or amount. See “THE BONDS – Security and Payment” herein.

The Bonds are subject to optional redemption prior to maturity in the manner, at the times and at the redemption price described herein under “THE BONDS – Optional Redemption”.

The Bonds are being offered at public sale, subject to the approval of legality by Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel. Quarles & Brady LLP will also act as Disclosure Counsel for the District. Delivery of the Bonds will be through the facilities of DTC on or about March 4, 2019.



The date of this Official Statement is January __, 2019

*Preliminary, subject to change.

+See “BOND RATING” herein.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

MATURITY SCHEDULE, AMOUNTS, INTEREST RATES, YIELDS AND CUSIPS**\$40,600,000* General Obligation School Building and Improvement Bonds, Series 2019**

<u>Maturity</u>	<u>Amount (\$)*</u>	<u>Rate (%)</u>	<u>Yield (%)</u>	<u>CUSIP⁽¹⁾</u> <u>(280276)</u>
September 1, 2019	1,400,000			
March 1, 2020	1,800,000			
March 1, 2021	920,000			
March 1, 2022	955,000			
March 1, 2023	995,000			
March 1, 2024	1,035,000			
March 1, 2025	1,080,000			
March 1, 2026	1,120,000			
March 1, 2027	1,170,000			
March 1, 2028	2,040,000			
March 1, 2029	2,110,000			
March 1, 2030	2,180,000			
March 1, 2031	2,250,000			
March 1, 2032	2,330,000			
March 1, 2033	2,425,000			
March 1, 2034	2,525,000			
March 1, 2035	2,630,000			
March 1, 2036	2,735,000			
March 1, 2037	2,850,000			
March 1, 2038	2,965,000			
March 1, 2039	3,085,000			

*Preliminary, subject to change. The District reserves the right to increase or decrease the principal amount of each maturity of the Bonds on the day of sale in increments of \$5,000. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000 bond.

(1) CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by S&P Capital IQ, a part of McGraw-Hill Companies Financial. No representations are made as to the correctness of the CUSIP numbers. These CUSIP numbers are subject to change after the issuance of the Bonds.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by the School District of Edgerton, Dane, Jefferson and Rock Counties, Wisconsin (the “District”), from time to time (collectively, the “Official Statement”), may be treated as an Official Statement with respect to the Bonds described herein that is deemed final by the District as of the date hereof (or of any such supplement or amendment).

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as statements of the District or the Underwriter (defined herein). This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. Unless otherwise indicated, the District is the source of all tables and statistical and financial information contained in this Official Statement. The information set forth herein relating to governmental bodies other than the District has been obtained from such governmental bodies or from other sources believed to be reliable. The information and opinions expressed herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date of this Official Statement.

PMA Securities, Inc., Milwaukee, Wisconsin, is serving as financial advisor (the “Financial Advisor”) to the District in connection with the issuance of the Bonds. In preparing this Official Statement, the Financial Advisor has relied upon the District, and other sources, having access to relevant data to provide accurate information for this Official Statement. To the best of the Financial Advisor’s knowledge, the information contained in this Official Statement is true and accurate. However, the Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information.

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimate will be realized. This Official Statement contains certain forward-looking statements and information that are based on the District’s beliefs as well as assumptions made by and information currently available to the District. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

The Underwriter is required to review the information in this Official Statement in accordance with, and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement should be considered in its entirety and no one factor considered less important than any other by reason of its position in this Official Statement. Where statutes, resolutions, reports or other documents are referred to herein, reference should be made to such statutes, resolutions, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, and will not be listed on any stock or other securities exchange and neither the Securities and Exchange Commission nor any other Federal, State, Municipal or other governmental entity, other than the District, shall have passed upon the accuracy or adequacy of this Official Statement.

Certain persons participating in this offering may engage in transactions that maintain or otherwise affect the price of the Bonds. Specifically, the Underwriter may overallocate in connection with the offering, may bid for, and purchase, the Bonds in the open market. The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

SCHOOL DISTRICT OF EDGERTON
Dane, Jefferson and Rock Counties, Wisconsin
200 Elm High Drive
Edgerton, Wisconsin 53534
(608) 561-6100

* * * * *

School Board

Matt Towns, President
Dr. Amy Horn-Delzer, Vice President
Sue Tronnes, Clerk
Amy Richardson, Treasurer
Steven Doll, Member
Kathy Klein, Member
Kelly Kwiatkowski, Member
Derek Nimmer, Member
Tim Shaw, Member

District Administrator

Dennis Pauli

Director of Finance & Personnel

Tad Wehner

* * * * *

Paying Agent/Registrar

The District

Independent Auditors

Reilly, Penner & Benton LLP
1233 North Mayfair Road, Suite 302
Milwaukee, WI 53226-3255

Financial Advisor

PMA Securities, Inc.
770 North Jefferson Street, Suite 200
Milwaukee, Wisconsin 53202

Bond Counsel & Disclosure Counsel

Quarles & Brady LLP
411 East Wisconsin Avenue
Milwaukee, Wisconsin 53202

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- A. Form of Legal Opinion of Bond Counsel
- B. Audited Financial Statements for the Fiscal Year Ended June 30, 2018
- C. Form of Continuing Disclosure Certificate
- D. Official Notice of Sale and Bid Form

\$40,600,000*
School District of Edgerton
Dane, Jefferson and Rock Counties, Wisconsin
General Obligation School Building and Improvement Bonds, Series 2019

INTRODUCTION

The purpose of this Official Statement is to set forth certain information concerning the School District of Edgerton, Dane, Jefferson and Rock Counties, Wisconsin (the “District”), in connection with the offering and sale of its \$40,600,000* General Obligation School Building and Improvement Bonds, Series 2019 (the “Bonds”). This Official Statement includes the cover page, the reverse thereof and the Appendices. Certain factors that may affect an investment decision concerning the Bonds are described throughout this Official Statement. Persons considering a purchase of the Bonds should read this Official Statement in its entirety.

THE BONDS

General Description

The Bonds will be issued in fully registered form, without coupons, in denominations of \$5,000 or any integral multiple thereof under a book-entry only system operated by The Depository Trust Company, New York, New York (“DTC”). Principal of and the interest on the Bonds will be payable by the District as paying agent and bond registrar (the “Registrar”).

The Bonds will be dated as of the date of issuance thereof and will mature as shown on the inside cover page of this Official Statement. Interest will be payable on each March 1 and September 1, beginning September 1, 2019.

The Bonds are subject to optional redemption prior to maturity in the manner, at the times and at the redemption price described herein under “Optional Redemption.”

The Bonds will bear interest from their dated date, or from the most recent interest payment date to which interest has been paid or provided for, computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of the Bonds will be payable in lawful money of the United States of America upon presentation and surrender thereof at the principal office of the Registrar. Interest on each Bond will be paid by check or draft of the Registrar payable upon presentation in lawful money of the United States of America to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding the interest payment date (each a “Record Date”).

Registration and Exchange

The Registrar shall keep books for the registration and for the transfer of the Bonds (the “Register”). The District may treat and consider DTC or its nominee (the “Depository”) as the absolute owner of the Bonds for the purpose of receiving payment of, or on account of, the principal of and interest on the Bonds and for all other purposes whatsoever.

* Preliminary, subject to change.

The Bonds are transferable only through the Register upon surrender of a Bond to the Registrar by the registered owner in person or his duly authorized attorney, only in the event that the Depository does not continue to act as securities depository for the Bonds. The Registrar shall not be obliged to make any transfer of the Bonds during the period after the close of business on a Record Date and before the opening of business on the related interest payment date.

Upon transfer, the Registrar shall execute and deliver in the name of the transferee or transferees a new Bond or Bonds of a like aggregate principal amount and maturity, upon the payment of a charge sufficient to reimburse the District for any tax, fee or other governmental charge required to be paid with respect to such registration. The Registrar shall record the name of each transferee in the Register. The Registrar shall cancel any Bond surrendered for transfer. The District shall cooperate in any such transfer, and the Registrar is authorized to execute any new Bond or Bonds necessary to effect any such transfer.

Authority and Summary of Resolutions

Initial Resolution; Referendum

By way of a resolution adopted on August 13, 2018 (the “Initial Resolution”), the School Board (the “Board”) authorized the issuance of general obligation bonds in an amount not to exceed \$40,600,000 for the public purpose of paying the cost of a school building and improvement program consisting of: the construction of an addition and related reconfiguration and renovations at Community Elementary School; renovations at the High School, including the science labs, commons and office; District-wide building infrastructure and capital maintenance improvements, safety and security upgrades and site improvements; and acquisition of furnishings, fixtures and equipment (the “Project”).

By way of a resolution also adopted on August 13, 2018, the Board provided for a referendum election to be held on November 6, 2018. The District gave notice to the electors relating to the bond referendum at which time the electors would vote to approve or reject the Initial Resolution.

On November 6, 2018, a referendum was held in the District on the proposition of whether the Initial Resolution should be approved at which 4,197 votes (70.1%) were cast in favor of approval of the Initial Resolution and 1,793 votes (29.9%) were cast against approval of the Initial Resolution.

Award Resolution

By way of a resolution to be adopted on January 31, 2019 (the “Award Resolution”), the District will accept the bid (or reject all bids) of the Underwriter (defined herein) for the purchase of the Bonds, provide the details and form of the Bonds and set out certain covenants with respect thereto. The Award Resolution pledges the full faith, credit and resources of the District to payments of the principal and interest on the Bonds. Pursuant to the Award Resolution, the amount of direct, annual, irrevocable taxes levied for collection in the years 2019 through 2039 which will be sufficient to meet the principal and interest payments on the Bonds when due will be specified (or monies to pay such debt service will otherwise be appropriated). The Award Resolution establishes separate and distinct from all other funds of the District a debt service fund with respect to payment of principal and interest on the Bonds.

Security and Payment

The Bonds will be general obligations of the District for which its full faith and credit and taxing powers are pledged which taxes may, under current law, be levied without limitation as to rate or amount. The District is authorized and required by law to levy on all property taxable by the District such ad valorem taxes as may be necessary to pay the Bonds and the interest thereon. The tax will be levied under the Award Resolution for collection in each of the years 2019 through 2039 (or monies to pay such debt service will otherwise be appropriated).

Optional Redemption

The Bonds due on and after March 1, 2028 are subject to redemption prior to maturity, at the option of the District, in whole or in part, from maturities selected by the District and within each maturity by lot as determined by the District, in integral multiples of \$5,000, on March 1, 2027 or on any date thereafter, at a redemption price of par plus accrued interest to the redemption date.

Redemption Procedures

Unless waived by any holder of the Bonds to be redeemed, notice of the call for any redemption shall be given by the Registrar on behalf of the District by mailing the redemption notices by registered or certified mail, overnight express delivery, facsimile transmission, electronic transmission or any other manner required by DTC not less than 30 days and not more than 60 days prior to the date fixed for redemption to the registered owner of the Bonds to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such registered owner to the Registrar.

All notices of redemption shall state (1) the redemption date, (2) the redemption price, (3) in the case of partial redemption of the Bonds, the respective principal amounts of the Bonds to be redeemed, (4) that on the redemption date the redemption price will become due and payable upon the Bonds or portion thereof called for redemption, and interest thereon shall cease to accrue from and after said date, and (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office maintained for the purpose of the Registrar, and (6) such other information then required by custom, practice or industry standard.

Moneys sufficient to pay the redemption price of the Bonds to be redeemed shall be deposited by the District with the Registrar prior to any redemption date. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in payment of redemption price), such Bonds or portion of Bonds shall cease to bear or accrue interest. Neither the failure to mail such redemption notices, nor any defect in any notice so mailed, to any particular owner of a Bond, shall affect the sufficiency of such notice with respect to other registered owners. Notice having been properly given, failure of a registered owner of a Bond to receive such notice shall not be deemed to invalidate, limit or delay the effect of the notice or redemption action described in the notice.

THE PROJECT

The proceeds of the Bonds will be used (i) for the public purpose of paying the cost of the Project, and (ii) to pay costs associated with the issuance of the Bonds. The District anticipates the Project to be completed by 2022.

SOURCES AND USES

The sources and uses of funds with respect to the Bonds are estimated as follows:

Estimated Sources of Funds

Par Amount of the Bonds.....
Reoffering Premium.....
Total Sources.....

Estimated Uses of Funds

Deposit to the Project Construction Fund.....
Bid Premium for Deposit to the Debt Service Fund.....
Costs of Issuance..⁽¹⁾.....
Total Uses

(1) Includes Underwriter’s Discount, Financial Advisor fee, Disclosure Counsel fee, Bond Counsel fee, and other costs of issuance.

**CONSTITUTIONAL AND STATUTORY CONSIDERATIONS AND LIMITATIONS
CONCERNING THE DISTRICT’S POWER TO INCUR INDEBTEDNESS**

The Constitution and laws of the State of Wisconsin (the “State”) limit the power of the District (and other municipalities of the State) to issue obligations and to contract indebtedness. The District may not borrow money or issue notes or bonds therefor for any purpose except those specified by statute, which include among others the purposes for which the Bonds are being issued. Such constitutional and legislative limitations include the following, in summary form and as generally applicable to the District.

General Obligation Bonds

The principal amount (with interest) of every sum borrowed by the District and secured by an issue of bonds may be payable at one time in a single payment or at several times in two or more installments; however, no installment may be made payable later than the termination of 20 years immediately following the date of said bonds. The Board is required to levy a direct, annual, irrevocable tax sufficient in amount to pay the interest on such bonds as it falls due and also to pay and discharge the principal thereof at maturity.

Refunding Bonds

The District is authorized to borrow money using refunding bonds for refunding existing debt. Refunding bonds must be payable within a period not exceeding 20 years following the initial date of the debt to be refunded. Such refunding bonds constitute a general obligation of the District. Refunding bonds are not subject to referendum.

Promissory Notes

The District is also authorized to borrow money using promissory notes for any public purpose. Promissory notes must be payable within a period not exceeding 10 years following the date of said

notes. Such notes constitute a general obligation of the District. Notes issued by the District to refinance or refund outstanding notes issued by the District may be payable no later than 20 years following the original date of such notes, or 10 years, whichever is less.

Bond Anticipation Notes

In anticipation of issuing general obligation bonds or notes, the District is authorized to borrow money using bond anticipation notes. The bond anticipation notes are not a general obligation of the District, and do not constitute an indebtedness of the District, nor a charge against its general credit or taxing power. The bond anticipation notes are payable only from (a) proceeds of the bond anticipation notes set aside for payment of interest on the bond anticipation notes as they become due, and (b) proceeds to be derived from the issuance and sale of general obligation bonds or promissory notes which proceeds constitute a special trust fund to be held and expended solely for the payment of the principal of and interest on the bond anticipation notes. The maximum term of any bond anticipation notes (including any refunding) is five years.

Temporary Borrowing

The Board of the District may, on its own motion, borrow money in such sums as may be needed to meet the immediate expenses of maintaining the schools in the District during the then current school year. No such loan or loans shall be made to extend beyond November 1 of the following year nor in any amount exceeding one-half of the estimated receipts for the operation and maintenance of the District for the current school year in which the loan is made.

Debt Limit

The District has the power to contract indebtedness for purposes specified by statute so long as the principal amount thereof does not exceed 10% of the equalized value of taxable property within the District. For information with respect to the District's percent of legal debt incurred, see "INDEBTEDNESS OF THE DISTRICT – Debt Statement" herein.

BOOK-ENTRY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants

include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). S&P Global Ratings (“S&P”) has assigned DTC its rating of “AA+”. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission (the “Commission”). More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under

its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the District or Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and the District takes no responsibility for the accuracy thereof.

The District will have no responsibility or obligation to any Securities Depository, any Participants in the Book-Entry System or the Beneficial Owners with respect to (i) the accuracy of any records maintained by the Securities Depository or any Participant; (ii) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption price of, or interest on, any Bonds; (iii) the delivery of any notice by the Securities Depository or any Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (v) any other action taken by the Securities Depository or any Participant.

THE DISTRICT

The administration of the District is exercised by the Board. The Board consists of nine members who are elected at large for staggered three-year terms of office. The Board annually elects a President, Vice President, Clerk and Treasurer from among its members for one-year terms.

Common school districts are required to formulate annual budgets and hold public hearings thereon. See “FINANCIAL INFORMATION – Budgeting Process” below. The Board has the power and duty, among other things, to make rules for the organization, gradation, and government of the schools of the District, enter into agreements with other governmental units, tax for operation and maintenance, engage employees including a Superintendent and purchase school equipment.

The School Board of the District

The present members of the Board and the expiration of their respective terms of office are as follows:

<u>Title</u>	<u>Name</u>	<u>Occupation</u>	<u>Current Term Expires</u>
President.....	Matt Towns.....	Banker - DMB Bank.....	April 2019
Vice President....	Dr. Amy Horn-Delzer....	Veterinarian - UW Madison.....	April 2020
Clerk.....	Sue Tronnes.....	Business Administration - I90 Enterprises....	April 2020
Treasurer.....	Amy Richardson.....	Compliance Officer - FDIC.....	April 2019
Member.....	Steven Doll.....	IT - UW Whitewater.....	April 2021
Member.....	Kathy Klein.....	Retired Teacher.....	April 2019
Member.....	Kelly Kwiatkowski.....	Communications - UW Madison.....	April 2021
Member.....	Derek Nimmer.....	Supervisor - Rock County 911 Call Center....	April 2021
Member.....	Tim Shaw.....	Brand Manager.....	April 2020

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Administration

The Board is empowered to employ a Superintendent to conduct the affairs and programs of the District. The present Superintendent is Dr. Dennis Pauli, who has been with the District since 2010. Other members of the Central Office Administrative Staff are as follows:

Name	Title	Year Started
Tad Wehner.....	Director of Finance & Personnel.....	2014
Tracy Deavers.....	Director of Teaching and Learning.....	2010
Drew Wellman.....	Director of Learning and Support Services.....	2018 ⁽¹⁾
Jared Tobin.....	Director of Building & Grounds.....	2006
James Haas.....	Director of Technology.....	2012
Mark Coombs.....	High School Principal.....	2009
Craig Lodahl.....	High School Associate Principal.....	2014
Clark Bretthauer.....	Middle School Principal.....	1997
Lindsay Eimerman.....	Elementary School Principal.....	2018 ⁽²⁾
Alice Redalan.....	Elementary School Associate Principal.....	2014 ⁽³⁾

(1) Prior to his current role at the District, Mr. Wellman was Principal of Yahara Valley Elementary and Community Elementary in the District.

(2) Prior to her current role at the District, Ms. Eimerman was Dean of Students at Middleton-Cross Plains Area School District.

(3) Prior to her current role at the District, Ms. Redalan was a Family and Consumer Education Teacher at Edgerton Middle School.

District Facilities

Facility	Grades Served	Estimated		Constructed	Years of Additions/Renovations
		Current Enrollment ⁽¹⁾	Capacity Enrollment		
Edgerton Community Elementary School..	K-5	699	924	1954	1990, 2000
Yahara Valley Elementary School.....	1-5	101	124	1960	2000
Edgerton Middle School.....	6-8	408	460	1980	2000
Edgerton High School.....	9-12	509	660	1963	2000

(1) Does not include 3K and 4K students served off-site and non-resident open enrollment students.

School Enrollments

The table below represents actual and projected resident students in the District.

Year	Pre-School &				Total
	4K	K-5	6-8	9-12	
2014-15	140	728	386	539	1,793
2015-16	104	769	366	516	1,755
2016-17	132	765	373	499	1,769
2017-18	111	789	347	510	1,757
2018-19	142	770	392	492	1,796
2019-20 ⁽¹⁾	142	758	405	488	1,793
2020-21 ⁽¹⁾	142	758	404	489	1,793
2021-22 ⁽¹⁾	142	735	392	503	1,772
2022-23 ⁽¹⁾	142	733	382	523	1,780
2023-24 ⁽¹⁾	142	714	401	524	1,781

(1) Projected by the District, using third-party software developed by Forecast5 Analytics, Inc. Enrollment is projected with the standard roll-up method.

Employee Relations

Department	Number of Employees
Custodian & Maintenance.....	16
District Office.....	7
Administration.....	10
Teachers.....	144
Support Staff.....	65
Other ⁽¹⁾	12
Total.....	254

(1) Includes school Administrative Assistants, OT/PT, IT, and EPAC.

The District employees are represented by the following groups:

Organization	Employee Groups Represented	Contract Expiration ⁽¹⁾
EEA	Teachers	06/30/18 ⁽²⁾
EESP	Educational Support Personnel	06/30/18 ⁽²⁾

(1) Pursuant to the Act, defined below, unions can negotiate base wages only. An employee handbook replaced the prior collective bargaining agreement for all other matters.

(2) Both of the groups are re-certified through the Wisconsin Employee Relations Commission, but the District has yet to settle new contracts. The District expects that process to be complete by February.

The District considers its relationship with the organization and its employees to be positive.

All eligible District personnel are covered by the Municipal Employment Relations Act (“MERA”) of the Wisconsin Statutes. Pursuant to that law, employees have limited rights to organize and, after significant changes were made to the law in 2011, very limited rights to collectively bargain with municipal employers. MERA was amended by 2011 Wisconsin Act 10 (the “Act”) and by 2011 Wisconsin Act 32.

As a result of the 2011 amendments to MERA, the District is prohibited from bargaining collectively with municipal employees with respect to any factor or condition of employment except total base wages. Even then, the District is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless the District were to seek approval for a higher increase through a referendum). Ultimately, the District can unilaterally implement the wages for a collective bargaining unit.

Under the changes to MERA, impasse resolution procedures were removed from the law for municipal employees of the type employed by the District, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. As a practical matter, it is anticipated that strikes will be rare. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is the base wage rates, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement.

Due to the changes described above, the Board is free to unilaterally determine and promulgate policies, benefits and other terms and conditions of employment. Accordingly, the Board has approved an Employee Handbook for teachers and support staff. The Employee Handbook is revised and updated annually and was most recently updated as of July 2018. The Employee Handbook sets forth policies, procedures and benefits for employees of the nature that were previously set forth in labor contracts. The Employee Handbook’s terms are subject to change at the sole discretion of the District and are not subject to grievance or arbitration by the unions. However, individual employees will be allowed to file a grievance if they are disciplined or terminated. However, under the changes to MERA, the Board, rather than an arbitrator, is the final decision-maker regarding any grievance, though the grievance must be heard by an impartial hearing officer before reaching the Board.

Pension Plan

All eligible employees in the District are covered under the Wisconsin Retirement System (“WRS”) established under Chapter 40 of the Wisconsin Statutes. 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 (“Chapter 40”). The Department of Employee Trust Funds (“ETF”) administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF’s funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

District employees are required to contribute half of the actuarially determined contributions, and the District may not pay the employees’ required contribution. The total retirement plan contributions (not including any employee contributions) for the fiscal years ended June 30, 2016

("Fiscal Year 2016"), June 30, 2017 ("Fiscal Year 2017") and June 30, 2018 ("Fiscal Year 2018") totaled \$721,713, \$710,545 and \$751,559, respectively.

The District implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") for the fiscal year ended June 30, 2015.

GASB 68 requires calculation of a net pension liability for the pension plan. The net pension liability is calculated as the difference between the pension plan's total pension liability and the pension plan's fiduciary net position. The pension plan's total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on what has been earned only up to that date, without taking into account any benefits earned after that date. The pension plan's fiduciary net position is the market value of plan assets formally set aside in a trust and restricted to paying pension plan benefits. If the pension plan's total pension liability exceeds the pension plan's fiduciary net position, then a net pension liability results. If the pension plan's fiduciary net position exceeds the pension plan's total pension liability, then a net pension asset results.

As of December 31, 2017, the total pension liability of the WRS was calculated as \$101.43 billion and the fiduciary net position of the WRS was calculated as \$104.40 billion, resulting in a net pension asset of \$2.97 billion.

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2018, the District reported an asset of \$2,212,981 for its proportionate share of the net pension asset of the WRS. The net pension asset was measured as of December 31, 2017 based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. The District's proportion was 0.0745% of the aggregate WRS net pension asset as of December 31, 2017.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of the net pension liability of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see Note 6 in "Appendix B - Audited Financial Statements for the Fiscal Year Ended June 30, 2018" attached hereto.

Other Post-Employment Benefits

The District provides "other post-employment benefits" ("OPEB") (i.e., post-employment benefits, other than pension benefits, owed to its employees and former employees) to employees who have terminated their employment with the District and have satisfied specified eligibility standards through a single-employer plan. Membership of the plan consisted of 11 retirees receiving benefits and 148 active eligible plan members as of June 30, 2017, the date of the latest actuarial valuation.

OPEB calculations are required to be updated every two years. Prior to June 15, 2017, OPEB calculations were required to be prepared in accordance with Statement No. 45 of the Governmental Accounting Standards Board ("GASB 45") regarding retiree health and life insurance benefits and related standards. For fiscal years beginning after June 15, 2017, OPEB calculations will be required to be prepared in accordance with Statements No. 74 and 75 of the Governmental Accounting Standards

Board (“GASB 74/75”). An actuarial study for the District was last completed by Key Benefit Concepts, LLC in November 2017 with an actuarial valuation date of June 30, 2017 (the “OPEB Actuarial Study”).

The District is currently considering changes to its OPEB, which are likely to include sunsetting the present benefits in five years in lieu of HRA contributions and 403(b) matches. The District expects such changes will reduce its liability in the future.

For Fiscal Year 2018, benefit payments under the plan totaled \$114,125. The District’s current funding practice is to make annual contributions to the plan in the amounts at least equal to the benefits paid to retirees in a particular year on a “pay-as-you-go” basis. The District established a trust fund in May 2018 which the District will begin utilizing it to account for OPEB for the fiscal year ending June 30, 2019.

Under GASB 74/75, a net OPEB liability is calculated as the difference between the plan’s total OPEB liability and the plan’s fiduciary net position, which terms have similar meanings as under GASB 68 for pension plans. As shown in the OPEB Actuarial Study, as of June 30, 2017, the total OPEB liability of the plan was \$3,539,855 and the plan fiduciary net position was \$0, resulting in a net OPEB liability of \$3,539,855.

The calculation of the total OPEB liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. For more detailed information regarding such actuarial assumptions, see Note 7 in “Appendix B – Audited Financial Statements for the Fiscal Year Ended June 30, 2018.” The OPEB Actuarial Study is available upon request from the District.

GENERAL INFORMATION

Location

The District is comprised of approximately 88 square miles centered around the City of Edgerton (the “City”) and includes all or portions of the Rock County Towns of Center, Fulton, Milton, Porter and Janesville, as well as portions of the Towns of Albion and Dunkirk in Dane County and the Town of Sumner in Jefferson County. The District is located in south central Wisconsin, approximately 25 miles southeast of Madison, 12 miles north of the City of Janesville and 80 miles southwest of the City of Milwaukee and is in portions of Dane, Jefferson and Rock Counties.

Education

The District provides comprehensive education for pre-K through twelfth grade students. The District maintains two elementary schools, one middle school and one high school. The District has an enrollment of approximately 1,796 students for the 2018-2019 school year.

Post-Secondary Education

Post-secondary education is available nearby at the University of Wisconsin-Madison, the University of Wisconsin-Whitewater, and Edgewood College, which all offer both undergraduate and graduate degree programs in many disciplines. Madison Area Technical College and Blackhawk Technical College also offer post-secondary education to residents of the District.

DEMOGRAPHIC AND ECONOMIC INFORMATION

Population

	The District	The City	Jefferson County	Rock County
2010 Census.....	11,389	5,461	83,686	160,331
Estimate, 2014.....	N/A	5,512	83,974	160,104
Estimate, 2015.....	N/A	5,521	84,255	160,059
Estimate, 2016.....	N/A	5,545	84,262	159,886
Estimate, 2017.....	N/A	5,549	84,412	159,372
Estimate, 2018.....	N/A	5,613	84,352	160,349

Source: Wisconsin Department of Administration, Demographic Services Center

Per Return Adjusted Gross Income

Tax Year	The City	Jefferson County	Rock County	The State
2013.....	\$ 46,340	\$ 47,080	\$ 45,690	\$ 50,670
2014.....	47,050	48,110	45,160	52,050
2015.....	54,145	50,124	48,142	54,227
2016.....	50,112	50,421	50,800	55,267
2017.....	53,728	56,012	54,847	56,698

Source: Wisconsin Department of Revenue

Education

The educational background of the District as compared to the County and the State is illustrated in the following table:

Educational Levels for Persons 25 years of Age and Older

Education Level	The District	Jefferson County	Rock County	The State
Less than 9th Grade.....	1.2%	3.1%	3.0%	2.8%
9th to 12th grade, no diploma.....	5.8	5.5	6.9	5.5
High school graduate.....	37.4	34.2	36.9	31.3
Some college, no degree.....	18.4	21.4	21.2	20.9
Associate degree.....	12.4	11.9	10.7	10.5
Bachelor's degree.....	17.0	16.6	14.2	19.2
Graduate or professional degree.....	7.7	7.3	7.3	9.9
Total.....	100.0%	100.0%	100.0%	100.0%

Please note that totals may not equal 100.0% due to rounding.

Source: American Community Survey, 2013-2017 American Community Survey 5-year Estimates, Census Bureau

Income

The following table sets forth the estimated household income by category derived for the District as compared with the County and the State.

Household Income	Jefferson			
	The District	County	Rock County	The State
Under \$10,000.....	4.1%	3.9%	4.9%	5.2%
\$10,000 to \$14,999.....	4.8	4.1	5.6	4.8
\$15,000 to \$24,999.....	7.9	8.5	11.0	10.0
\$25,000 to \$34,999.....	9.2	10.9	11.3	10.0
\$35,000 to \$49,999.....	11.1	14.8	14.2	13.9
\$50,000 to \$74,999.....	20.1	20.1	20.1	19.3
\$75,000 to \$99,999.....	18.7	15.0	14.1	13.7
\$100,000 to \$149,999.....	18.4	15.8	13.2	14.3
\$150,000 to \$199,999.....	3.3	4.3	3.3	4.7
\$200,000 or more.....	2.6	2.6	2.4	3.9
Total.....	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Median household income...	\$64,592	\$59,215	\$53,410	\$56,759

Please note that totals may not equal 100.0% due to rounding.

Source: American Community Survey, 2013-2017 American Community Survey 5-year Estimates, Census Bureau

Housing

The following table sets forth the estimated distribution of home values for owner-occupied units as well as the median home value and percent of residences that were owner-occupied for the District, the County and the State.

Value of Specified Owner-Occupied Units	Jefferson			
	The District	County	Rock County	The State
Less than \$50,000.....	4.0%	5.6%	7.3%	5.5%
\$50,000 to \$99,999.....	9.6	5.8	22.6	14.1
\$100,000 to \$149,999.....	28.5	23.4	28.4	21.3
\$150,000 to \$199,999.....	27.5	25.6	20.5	20.3
\$200,000 to \$299,999.....	18.8	23.9	14.2	22.5
\$300,000 to \$499,999.....	8.1	12.7	5.5	12.3
\$500,000 to \$999,999.....	3.1	2.6	1.1	3.4
\$1,000,000 or more.....	0.4	0.4	0.3	0.7
Total.....	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Median value.....	\$163,000	\$177,500	\$135,000	\$169,300
% Owner Occupied.....	72.8%	69.7%	68.7%	67.0%

Please note that totals may not equal 100.0% due to rounding.

Source: American Community Survey, 2013-2017 American Community Survey 5-year Estimates, Census Bureau

Building Permits

New residential building permits for the City are listed below:

Year	Number of	Construction Cost
2013.....	11	\$ 1,670,500
2014.....	9	1,469,000
2015.....	14	2,852,000
2016.....	14	2,436,012
2017.....	19	3,909,600
2018 ⁽¹⁾	13	2,070,100

(1) Through the month of October 2018, reported only.
Source: U.S. Census Bureau

Unemployment Rate

	Janesville- Beloit MSA	Madison MSA	The State
Average, 2013.....	7.7%	5.0%	6.7%
Average, 2014.....	6.1	3.9	5.4
Average, 2015.....	5.2	3.4	4.5
Average, 2016.....	4.4	3.0	4.0
Average, 2017.....	3.7	2.5	3.3
November, 2017.....	3.0	2.1	2.8
November, 2018.....	3.5	2.0	2.6

Source: State of Wisconsin Department of Workforce Development

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Larger Employers in the City

The larger employers in the City are listed below:

Company Name	Product or Service	Approximate employees at location ⁽¹⁾
The District.....	Education.....	254
Edgerton Hospital & Health.....	Medical.....	206
I.K.I. Corporation.....	Aerosol filters.....	157
Piggly Wiggly.....	Grocery store.....	76
Edgerton Care Center.....	Nursing home.....	71
AM Mailing Service.....	Bulk mailing.....	52
Nelson-Young Lumber Co.....	Lumber yard.....	50
Save-A-Lot.....	Grocery distribution.....	45
Southern WI News.....	Print distribution.....	40
Edgerton Gear.....	Gear manufacturer.....	38

(1) Does not include contracted employees or employees at different locations.

Source: The City and ReferenceUSA

Employment by Occupation

The District has an employment base provided by a range of manufacturing, commercial and public enterprises. The following table categorizes occupations for District residents 16 years of age and older living in the District as compared with the County and the State.

Occupational Category	The District	Jefferson County	Rock County	The State
Management, business, science, and arts occupations.....	36.8%	32.0%	30.3%	35.5%
Service occupations.....	15.6	18.5	17.3	16.8
Sales and office occupations.....	19.9	21.8	22.1	22.5
Natural resources, construction, and maintenance occupations..	10.8	9.6	9.0	8.5
Production, transportation, and material moving occupations....	16.9	18.2	21.4	16.6
Total.....	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Please note that totals may not equal 100.0% due to rounding.

Source: American Community Survey, 2013-2017 American Community Survey 5-year Estimates, Census Bureau

Employment by Industry

The following table categorizes employment by industry for residents 16 years of age and older living in the District compared with the County and the State.

Industry Category	The District	Jefferson County	Rock County	The State
Agriculture, forestry, fishing, hunting, and mining.....	3.0%	2.9%	1.9%	2.4%
Construction.....	7.8	6.4	5.9	5.5
Manufacturing.....	17.9	20.9	23.0	18.4
Wholesale trade.....	4.4	2.9	3.8	2.7
Retail trade.....	11.4	10.8	12.5	11.3
Transportation, warehousing, and utilities.....	2.7	4.1	4.1	4.4
Information.....	2.4	1.3	1.9	1.6
Finance, insurance, real estate, rental and leasing.....	6.5	5.0	3.3	6.1
Professional, scientific, management, administrative and waste management services	8.5	6.7	6.4	8.3
Educational services, health care and social assistance.....	21.7	23.5	22.5	23.2
Arts, entertainment, recreation, accommodation and food services.....	5.9	8.4	7.8	8.7
Other services, except public administration	3.5	3.9	3.7	4.1
Public administration.....	4.3	3.1	3.2	3.5
Total.....	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Please note that totals may not equal 100.0% due to rounding.

Source: American Community Survey, 2013-2017 American Community Survey 5-year Estimates, Census Bureau

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Largest Taxpayers

The taxpayers listed below represent 9.88% of the \$394,354,300 2018 equalized valuation (TID IN) of the City and 3.40% of the \$1,146,994,157 2018 equalized valuation (TID IN) of the District. Reasonable efforts have been made to determine and report the largest taxpayers and to include all taxable property of those taxpayers listed. Many of the taxpayers listed, however, may own multiple parcels, and it is possible that some parcels and their valuations may not be included.

Taxpayer	Type of Property or Business	2018 Equalized Valuation
Moran Foods.....	Warehouse Distribution.....	\$ 11,964,958
Rinehart Properties Inc.....	Multi-Family Housing.....	7,064,788
Phoenix JCR Edgerton Indust INV.....	Warehouse Distribution.....	6,083,604
Edgerton Senior Housing.....	Multi-Family Housing.....	3,546,538
Matt Garni LLC.....	Multi-Family Housing.....	2,230,655
TJN Enterprises LLC.....	Lumber.....	2,230,452
McFarland Meadows LLC.....	Multi-Family Housing.....	1,608,606
Keller Development.....	Multi-Family/Commercial Housing.....	1,587,010
Alpine Haus LLC.....	Multi-Family Housing.....	1,359,077
CEBO Industries Inc.....	Manufacturing.....	1,274,718
	Total.....	<u>\$ 38,950,406</u>

Source: The City

TAX LEVIES, RATES AND COLLECTIONS

Personal property taxes, special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31. Real property taxes may be paid in full by January 31 or in two equal installments payable by January 31 and July 31. Municipalities also have the option of adopting payment plans which allow taxpayers to pay their real property taxes and special assessments in three or more installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. Amounts paid on or before January 31 are paid to the town, city or village treasurer. Amounts paid after January 31 are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case payment is made to the town, city or village treasurer. Any amounts paid after July 31 are paid to the county treasurer. For municipalities which have not adopted an installment payment plan, the town, city or village treasurer settles with other taxing jurisdictions for collections through the preceding month on January 15 and February 20. For municipalities which have adopted an installment payment plan, the town, city or village treasurer settles with other taxing jurisdictions for collections through the preceding month on January 15, February 15 and the 15th day of each month following a month in which an installment payment is due. On or before August 20, the county treasurer must settle in full with the underlying taxing districts for all real property taxes and special taxes. The County Board may authorize its County Treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may then recover any tax delinquencies by enforcing the lien on the property and retain any penalties or interest on the delinquencies for which it has settled.

Since, in practice, all delinquent real estate taxes are withheld from the county's share of taxes; the District receives 100 percent of the real estate taxes it levies.

Set forth below are the taxes levied and the tax rate per \$1,000 of equalized valuation on all taxable property within the District as well as a history of collections in levy years 2014 through 2018.

<u>Levy Year</u>	<u>Collection Year</u>	School	School District	Uncollected Taxes	Percent of Levy
		District		as of August 20	
		<u>Tax Rate</u>	<u>Levy</u>	<u>Each Year</u>	<u>Collected</u>
2014	2015	\$ 9.87	\$ 9,377,580	\$ -	100%
2015	2016	10.09	9,609,472	-	100%
2016	2017	10.05	9,842,940	-	100%
2017	2018	9.96	10,138,897	-	100%
2018	2019	10.44	11,545,489	In Process of Collection	

Source: The District

2018-2019 PROPORTIONATE LEVY AMOUNTS

<u>Municipality</u>	2018 Equalized Valuation	<u>Percent of Levy</u>	Amount of
	(TID OUT)		Levy
Town of Albion.....	\$ 209,622,347	18.955447%	\$ 2,188,499
Town of Dunkirk.....	11,442,496	1.034707%	119,462
The City (Dane County).....	9,441,600	0.853772%	98,572
Town of Sumner.....	43,106,034	3.897934%	450,036
Town of Center.....	3,205,293	0.289844%	33,464
Town of Fulton.....	327,655,326	29.628774%	3,420,787
Town of Janesville.....	19,377,497	1.752242%	202,305
Town of Milton.....	93,250,725	8.432351%	973,556
Town of Porter.....	44,980,139	4.067403%	469,602
The City (Rock County).....	343,787,200	31.087525%	3,589,207
Total.....	\$ <u>1,105,868,657</u>	<u>100.000000%</u>	\$ <u>11,545,489</u>

Please note that totals may not equal 100.0% due to rounding.

Source: Wisconsin Department of Revenue

EQUALIZED VALUATIONS

All equalized valuations of property in the State are determined by the State of Wisconsin, Department of Revenue and Supervisor of Assessments Office. Equalized valuations are the State’s estimate of full market value.

The State determines assessed valuations of all manufacturing property in the State. Assessed valuations of residential and commercial property are determined by local assessors.

Set forth in the table below are equalized valuations of property located within the District for the years 2014 through 2018. The District’s equalized valuation (including TIDs) has increased by 16.77 percent since 2014 with an average annual increase of 3.99 percent.

Year	Equalized Valuation (TID IN)	Equalized Valuation (TID OUT)
2014	\$ 982,256,101	\$ 950,179,101
2015	985,973,411	952,592,711
2016	1,014,674,564	979,534,464
2017	1,058,488,913	1,017,913,313
2018	1,146,994,157	1,105,868,657

(1) “TID IN” – Including TIDs.

(2) “TID OUT” – Excluding TIDs.

Source: Wisconsin Department of Revenue

TAX INCREMENTAL DISTRICTS

The City has created Tax Incremental Districts (“TIDs”) under Section 66.1105 of the Wisconsin Statutes. TID valuations totaling \$41,125,500 have been excluded from the District’s tax base for 2018.

<u>The City</u>	<u>Creation Date</u>	<u>Base Value</u>	<u>2018 Value</u>	<u>Increment</u>
TID #5	1998	\$ 632,600	\$ 15,037,600	\$ 14,405,000
TID #6	2000	10,105,900	28,699,700	18,593,800
TID #7	2000	650,100	2,841,800	2,191,700
TID #8	2005	7,337,900	13,272,900	5,935,000
Total.....				<u>\$ 41,125,500</u>

Source: Wisconsin Department of Revenue

INDEBTEDNESS OF THE DISTRICT

Summary of Outstanding Debt

Shown below is a summary of the outstanding debt of the District as of the closing of the Bonds.

Issue Description	Dated Date	Original Amount Of Issue	Current Amount Outstanding	Final Maturity Date
State Trust Fund Loan.....	09/19/11	\$ 583,988	\$ 139,457	03/15/20
State Trust Fund Loan.....	10/28/11	116,012	18,769	03/15/20
G.O. School Improvement Bonds, Series 2013....	01/03/13	6,300,000	4,310,000	03/01/27
Taxable G.O. Refunding Bonds, Series 2013B....	02/05/13	2,815,000	1,600,000	03/01/27
The Bonds.....	03/04/19	40,600,000 *	<u>40,600,000 *</u>	03/01/39
Total			<u>\$ 46,668,226 *</u>	

*Preliminary, subject to change.

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Direct Long-Term Indebtedness

Shown below is the maturity schedule for the long-term direct general obligation bonded debt of the District as of the closing of the Bonds.

Calendar Year	Outstanding General Obligation		Total	Cumulative	Retirement
	Debt	The Bonds*	Principal*	Amount*	Percent*
2019	\$ 88,731	\$ 1,400,000	\$ 1,488,731	\$ 1,488,731	3.19%
2020	754,495	1,800,000	2,554,495	4,043,226	8.66
2021	700,000	920,000	1,620,000	5,663,226	12.14
2022	715,000	955,000	1,670,000	7,333,226	15.71
2023	730,000	995,000	1,725,000	9,058,226	19.41
2024	745,000	1,035,000	1,780,000	10,838,226	23.22
2025	760,000	1,080,000	1,840,000	12,678,226	27.17
2026	780,000	1,120,000	1,900,000	14,578,226	31.24
2027	795,000	1,170,000	1,965,000	16,543,226	35.45
2028	-	2,040,000	2,040,000	18,583,226	39.82
2029	-	2,110,000	2,110,000	20,693,226	44.34
2030	-	2,180,000	2,180,000	22,873,226	49.01
2031	-	2,250,000	2,250,000	25,123,226	53.83
2032	-	2,330,000	2,330,000	27,453,226	58.83
2033	-	2,425,000	2,425,000	29,878,226	64.02
2034	-	2,525,000	2,525,000	32,403,226	69.43
2035	-	2,630,000	2,630,000	35,033,226	75.07
2036	-	2,735,000	2,735,000	37,768,226	80.93
2037	-	2,850,000	2,850,000	40,618,226	87.04
2038	-	2,965,000	2,965,000	43,583,226	93.39
2039	-	3,085,000	3,085,000	46,668,226	100.00
	<u>\$ 6,068,226</u>	<u>\$ 40,600,000</u>	<u>\$ 46,668,226</u>		

*Preliminary, subject to change.

Short Term Financings

The District has borrowed annually in the past five years for short-term cash flow purposes as shown below:

	Amount	Dated	Due
\$	1,600,000	October 22, 2014	October 15, 2015
	1,600,000	October 19, 2015	October 14, 2016
	1,600,000	October 17, 2016	October 13, 2017
	1,100,000	October 16, 2017	October 12, 2018
	1,100,000	October 18, 2018	October 18, 2019

The District anticipates borrowing for short-term cash flow purposes in October 2019 consistent with its previous borrowings.

Future Financing

The District does not intend to issue any additional long-term debt in the next 12 months.

Default Record

The District has no record of default and has met its debt repayment obligations promptly.

Overlapping Indebtedness

Information relating to the outstanding overlapping indebtedness of the District is set forth in the table below:

Name	Amount of Debt Outstanding (Net of 2019 Sinking Funds)	Percent Applicable to District	Outstanding Debt Applicable to District
The City.....	\$ 2,489,376	100.00%	\$ 2,489,376
Dane County.....	324,225,000	0.38%	1,232,055
Jefferson County.....	13,560,000	0.59%	80,004
Rock County.....	37,075,000	7.45%	2,762,088
Blackhawk Technical College District.....	42,575,000	6.27%	2,669,453
Madison Area Technical College District ⁽¹⁾	160,050,000	0.37%	592,185
Total.....			<u>\$ 9,825,160</u>

(1) Madison Area Technical College District is selling \$5,600,000 General Obligation Promissory Notes, Series 2018-19D on February 6, 2019, with a closing date of February 27, 2019. This figure includes such notes. Responses from certain entities were not received at the time of printing this Official Statement. Source: The respective municipalities and the Wisconsin Department of Revenue

Debt Statement

Direct Debt	\$6,068,226
The Bonds	\$40,600,000 *
Net Direct Debt	\$46,668,226 *
Overlapping Debt	\$9,825,160
Net Direct Debt and Overlapping Debt	\$56,493,386 *
2018 Equalized Valuation (TID IN)	\$1,146,994,157
Statutory Debt Limit (10.0% of Equalized Valuation)	\$114,699,416
Statutory Debt Margin	\$68,031,190 *

*Preliminary, subject to change.

Debt Ratios

2018 Equalized Valuation (TID IN)	\$1,146,994,157
2017 Estimated Population	11,706
Net Direct Debt to Equalized Valuation (TID IN)	4.07% *
Net Direct Debt and Overlapping Debt to Equalized Valuation (TID IN) ...	4.93% *
Net Direct Debt Per Capita	\$3,986.69 *
Net Direct Debt and Overlapping Debt Per Capita	\$4,826.02 *

*Preliminary, subject to change.

FINANCIAL INFORMATION

The financial operations of the District are conducted primarily through a series of state mandated funds. All revenues except those attributable to the building funds and other funds authorized by State law are accounted for in the general fund, and any lawful expenditure of the District must be made from the appropriate fund and recorded therein.

As in other areas of the United States, the financing of public education in the State is subject to changing legislation, variations in public opinion, examination of financing methods through litigation and other matters. For these reasons the District cannot anticipate with certainty all of the factors which may influence the financing of its future activities.

Budgeting Process

The District is required by State law to annually formulate a budget and to hold a public hearing thereon prior to the determination of the amounts to be financed in whole or in part by general property taxes, funds on hand or estimated revenues from other sources. Such budget must list existing indebtedness of the District and all anticipated revenue from all sources during the ensuing year and must also list all proposed appropriations for each department, activity and reserve account of the District during the ensuing year.

As part of the budgeting process, budget requests are submitted during the last half of the fiscal year by the teachers and departmental administrators of each school to their respective principals, who thereafter review and revise such requests and submit them, with their recommendations, to the Superintendent of the District. After review and adjustment by the administrative staff of the District, the proposed budget is presented to the full Board, at which time the proposed budget is reviewed with the District’s administrative staff. After further review and adjustment, the proposed budget is again submitted to the full Board each year. The proposed budget is formally adopted by the Board after a public hearing preceded by at least 10 days prior notice which describes the time and place of the hearing, a summary of the proposed budget, and how to obtain the budget in detail for inspection.

General Fund Summary
(For Years Ending June 30)

The figures below reflect the District’s adoption of Statement No. 54 of the Governmental Accounting Standards Board, which includes what was previously separately identified as the special education fund within the general fund.

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Receipts.....	\$ 19,992,032	\$ 20,467,285	\$ 20,831,406	\$ 22,432,446	\$ 23,278,252
Disbursements.....	<u>20,324,896</u>	<u>20,100,044</u>	<u>20,446,615</u>	<u>22,067,271</u>	<u>23,150,919</u>
Net Surplus (Deficit).....	(332,864)	367,241	384,791	365,175	127,333
Other Financing Sources....	-	-	109,609 ⁽¹⁾	-	-
Beginning Fund Balance....	<u>3,593,136</u>	<u>3,260,272</u>	<u>3,627,513</u>	<u>4,121,913</u>	<u>4,487,088</u>
Ending Fund Balance.....	<u>\$ 3,260,272</u>	<u>\$ 3,627,513</u>	<u>\$ 4,121,913</u>	<u>\$ 4,487,088</u>	<u>\$ 4,614,421</u>

(1) Special item: insurance settlement.

Source: Compiled from the District’s Audited Financial Statements for fiscal years ended June 30, 2014-2018.

Financial Statements

A copy of the District’s Audited Financial Statements for the Fiscal Year Ended June 30, 2018 is included as Appendix B to this Official Statement. Potential purchasers should read Appendix B in its entirety for more complete information concerning the District’s financial position.

The Audited Financial Statements contained in this Official Statement as Appendix B, including the independent auditor’s report accompanying such financial statements, have been audited by Reilly, Penner & Benton LLP, Milwaukee, Wisconsin (the “Auditor”) to the extent and for the periods indicated thereon. The District has not requested the Auditor to perform any additional examination, assessment or evaluation with respect to such financial statements since the date thereof, nor has the District requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the District since the date of the financial statements, in connection with the issuance of the Bonds, the District will represent and warrant there has been no material adverse change in the financial position or results of operations of the District, nor has the District incurred any material liabilities, which would make such financial statements misleading.

Budget Summary

<u>Fund</u>	Fund Balances		Estimated	Estimated	Projected
	<u>June 30, 2018</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Expenditures</u>	<u>Fund Balances</u>
General Fund.....	\$ 4,614,421	\$ 22,146,186	\$ 20,960,039 ⁽¹⁾	\$ 20,960,039 ⁽¹⁾	\$ 5,800,568 ⁽²⁾
Special Education Fund.....	-	4,894,652 ⁽¹⁾	4,894,652	4,894,652	-
Special Revenue Trust Fund.....	122,297	310,400	310,400	310,400	122,297
Debt Service Fund.....	78,457	3,159,664	1,002,796	1,002,796	2,235,325
Food Service Fund.....	48,099	722,544	719,553	719,553	51,090
Private Purpose Trust Fund.....	869,926	85,925	85,925	85,925	869,926
Community Service Fund.....	768,753	171,165	198,298	198,298	741,620
Other Package & Cooperative Program Funds.....	-	37,331	37,331	37,331	-
Total Governmental Funds	<u>\$ 6,501,953</u>	<u>\$ 31,527,867</u>	<u>\$ 28,208,994</u>	<u>\$ 28,208,994</u>	<u>\$ 9,820,826</u>

(1) Includes a \$3,322,511 transfer from the General Fund to the Special Education Fund.

(2) Based on results-to-date, the District currently expects the general fund balance to remain stable for the fiscal year ended June 30, 2019.

Source: The District

TAX EXEMPTION

Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the Bonds under existing law substantially in the following form:

“The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the “Code”) on individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The District has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the District comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.”

The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors as to collateral federal income tax consequences.

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters

referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether, or in what form, any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the Bonds may be enacted. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

ORIGINAL ISSUE DISCOUNT AND BOND PREMIUM

Original Issue Discount

To the extent that the initial public offering price of certain of the Bonds is less than the principal amount payable at maturity, such Bonds (“Discounted Bonds”) will be considered to be issued with original issue discount. The original issue discount is the excess of the stated redemption price at maturity of a Discounted Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Bonds were sold (issue price). With respect to a taxpayer who purchases a Discounted Bond in the initial public offering at the issue price and who holds such Discounted Bond to maturity, the full amount of original issue discount will constitute interest that is not includible in the gross income of the owner of such Discounted Bond for federal income tax purposes and such owner will not, subject to the caveats and provisions herein described, realize taxable capital gain upon payment of such Discounted Bond upon maturity.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Bond, on days that are determined by reference to the maturity date of such Discounted Bond. The amount treated as original issue discount on a Discounted Bond for a particular semiannual accrual period is generally equal to (a) the product of (i) the yield to maturity for such Discounted Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discounted Bond at the beginning of the particular accrual period if held by the original purchaser; and less (b) the amount of any interest payable for such Discounted Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If a Discounted Bond is sold or exchanged between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

For federal income tax purposes, the amount of original issue discount that is treated as having accrued with respect to such Discounted Bond is added to the cost basis of the owner in determining gain or loss upon disposition of a Discounted Bond (including its sale, exchange, redemption, or payment at maturity). Amounts received upon disposition of a Discounted Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain.

The accrual or receipt of original issue discount on the Discounted Bonds may result in certain collateral federal income tax consequences for the owners of such Discounted Bonds. The extent of these collateral tax consequences will depend upon the owner’s particular tax status and other items of income or deduction.

The Code contains additional provisions relating to the accrual of original issue discount. Owners who purchase Discounted Bonds at a price other than the issue price or who purchase such Discounted Bonds in the secondary market should consult their own tax advisors with respect to the tax

consequences of owning the Discounted Bonds. Under the applicable provisions governing the determination of state and local taxes, accrued interest on the Discounted Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year. Owners of Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds.

Bond Premium

To the extent that the initial offering price of certain of the Bonds is more than the principal amount payable at maturity, such Bonds (“Premium Bonds”) will be considered to have bond premium.

Any Premium Bond purchased in the initial offering at the issue price will have “amortizable bond premium” within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Bonds.

LITIGATION

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds or any proceedings of the District taken with respect to the issuance or sale thereof.

BOND RATING

S&P has assigned its municipal bond rating of “AA-” (Stable Outlook) to the Bonds. This rating reflects only the view of S&P and any explanation of the significance of such rating may only be obtained from S&P. Certain information concerning the Bonds and the District not included in this Official Statement was furnished to S&P by the District. There is no assurance that the rating will be maintained for any given period of time or that it may not be changed by S&P, if, in its judgment, circumstances so warrant. Any downward change in or withdrawal of the rating may have an adverse effect on the market price of the Bonds. Except as may be required by the Undertaking described below under the heading “CONTINUING DISCLOSURE,” neither the District nor the Underwriter undertakes responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such rating or to oppose any such revision or withdrawal.

REVENUE LIMITS ON WISCONSIN SCHOOL DISTRICTS

The Wisconsin Statutes impose revenue limits on Wisconsin school districts, including the District. The Wisconsin Statutes previously allowed for some annual per pupil increases without voter approval, but the current Wisconsin Statutes prohibit any increase without voter approval. Under the current Wisconsin Statutes, school districts cannot increase their average revenues per pupil for the 2015-16 school year or any school year thereafter unless they seek voter approval at referendum. These provisions of the Wisconsin Statutes may change in the future.

The revenue limit is increased by funds needed for payment of debt service on general obligation debt authorized before the effective date of the revenue limit statutes (August 12, 1993) (the “Effective Date”) and debt service on obligations issued to refund such debt. Debt authorized after the Effective Date is exempt from the revenue limits if approved at a referendum, as is debt service on obligations issued to refund such debt. The Bonds were approved at referendum. Accordingly, the payment of debt service on the Bonds is not subject to the revenue limits.

MUNICIPAL BANKRUPTCY

Municipalities (including school districts such as the District) are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the “Bankruptcy Code”). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be “specifically authorized” under State law to file for relief under Chapter 9. For these purposes, “State law” may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State’s executive branch.

As of the date hereof, Wisconsin law contains no express authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Bonds are outstanding, in a way that would allow the District to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the District to file for relief under Chapter 9. If, in the future, the District were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the District could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the District is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the District could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Bonds could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Bonds, and there could ultimately be no assurance that holders of the Bonds would be paid in full or in part on the Bonds. Further, under such circumstances, there could be no assurance that the Bonds would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Bonds could be viewed as having no priority (a) over claims of other creditors of the District; (b) to any particular assets of the District, or (c) to revenues otherwise designated for payment to holders of the Bonds.

Moreover, if the District were determined not to be a “municipality” for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for

voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the Bonds would not occur.

CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with SEC Rule 15c2-12 promulgated by the Commission, pursuant to the 1934 Act (the “Rule”), the District shall covenant pursuant to the Award Resolution adopted by the Board to enter into an undertaking (the “Undertaking”) for the benefit of holders including beneficial holders of the Bonds to provide certain financial information and operating data relating to the District annually to the Municipal Securities Rulemaking Board (the “MSRB”), and to provide notices of the occurrence of certain events enumerated in the Rule electronically or in the manner otherwise prescribed by the MSRB to the MSRB. The details and terms of the Undertaking, as well as the information to be contained in the annual report or the notices of material events, are set forth in the Continuing Disclosure Certificate to be executed and delivered by the District at the time the Bonds are delivered. Such Certificate will be in substantially the form attached hereto as Appendix C.

The District failed to include certain required information for then-outstanding bonds in its operating data filing for the fiscal year ended June 30, 2013. A notice of this failure was filed to EMMA on September 28, 2018. Except to the extent the preceding is deemed to be material, the District has not failed to comply in the previous five years in all material respects with any previous undertaking under the Rule. The District has reviewed its continuing disclosure responsibilities in order to help ensure compliance in the future. The District has retained PMA Securities, Inc., Milwaukee, Wisconsin, to act as the District’s Dissemination Agent. A failure by the District to comply with the Undertaking will not constitute an event of default on the Bonds (although holders will have the right to obtain specific performance of the obligations under the Undertaking). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The District will file its continuing disclosure information using the MSRB’s Electronic Municipal Market Access System (“EMMA”). Investors will be able to access continuing disclosure information filed with MSRB at www.emma.msrb.org.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin (“Quarles & Brady”), Bond Counsel to the District. In its capacity as Bond Counsel, Quarles & Brady has supplied the information herein under the heading “TAX EXEMPTION” and has provided the form of Bond Counsel opinion included herein as Appendix A.

Quarles & Brady has also been retained by the District to serve as Disclosure Counsel to the District with respect to the Bonds. Although, as Disclosure Counsel to the District, Quarles & Brady has assisted the District with certain disclosure matters, Quarles & Brady has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility whatsoever nor shall have any

liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady makes no representation as to the suitability of the Bonds for any investor.

UNDERWRITING

The Bonds were offered for sale by the District at a public, competitive sale on January 31, 2019. The best bid submitted at the sale was submitted by _____, _____, _____ (the “Underwriter”). The District awarded the contract for sale of the Bonds to the Underwriter at a price of \$ _____. The Underwriter has represented to the District that the Bonds have been subsequently reoffered to the public at the approximate initial offering yields as set forth on the inside cover hereto. The Underwriter may offer and sell the Bonds to certain dealers and others at yields different than the offering yields stated on the inside cover hereto. The offering yields may be changed from time to time by the Underwriter. Based on the initial offering yields set forth on the inside cover, the aggregate underwriting fee equals \$ _____. The Underwriter will pay certain costs of issuance for the Bonds from its underwriting fee.

FINANCIAL ADVISOR

PMA Securities, Inc. of Milwaukee, Wisconsin, has been retained as financial advisor (the “Financial Advisor” or “PMA”) in connection with the issuance of the Bonds. In preparing this Official Statement, the Financial Advisor has relied upon the District, and other sources, having access to relevant data to provide accurate information for this Official Statement. To the best of the Financial Advisor’s knowledge, the information contained in this Official Statement is true and accurate. However, the Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information.

PMA is a broker-dealer and municipal advisor registered with the Commission and the MSRB and is a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In these roles, PMA generally provides fixed income brokerage services and public finance services to municipal entity clients, including financial advisory services and advice with respect to the investment of proceeds of municipal securities. PMA is affiliated with PMA Financial Network, Inc., a financial services provider, and Prudent Man Advisors, Inc., an investment adviser registered with the Commission. These entities operate under common ownership with PMA and are collectively referred to in this disclosure as the “Affiliates.” Each of these Affiliates also provides services to municipal entity clients and PMA and Affiliates market the services of the other Affiliates. Unless otherwise stated, separate fees are charged for each of these products and services and referrals to its Affiliates result in an increase in revenue to the overall Affiliated companies.

The Financial Advisor’s duties, responsibilities, and fees in connection with this issuance arise solely from the services for which it is engaged to perform as financial advisor on the Bonds and also from the investment of Bond proceeds. PMA’s compensation for serving as financial advisor on the Bonds is conditional on the final amount and successful closing of the Bonds. PMA receives additional fees for the services used by the District, if any, described in the paragraph above. The fees for these services arise from separate agreements with the District and with institutions of which the District may be a member.

THE OFFICIAL STATEMENT

This Official Statement includes the cover page, reverse thereof and the Appendices hereto.

All references to material not purporting to be quoted in full are only summaries of certain provisions thereof and do not purport to summarize or describe all the provisions thereof. Reference is hereby made to such instruments, documents and other materials for the complete provision thereof, copies of which will be furnished upon request to the District.

Accuracy and Completeness of the Official Statement

The District has approved this Official Statement for distribution to the Underwriter of the Bonds.

The District's officials will provide at the time of delivery of the Bonds, a certificate confirming that, to the best of their knowledge and belief, the Preliminary Official Statement and Official Statement, with respect to the Bonds, at the time of the sale and delivery of the Bonds, was true and correct in all material respects and did not at any time contain an untrue statement of a material fact or omit to state a material fact required to be stated, where necessary to make the statements, in light of the circumstances under which they were made, not misleading.

/s/ _____
Director of Finance & Personnel
School District of Edgerton
Dane, Jefferson and Rock Counties, Wisconsin

January __, 2019

Form of Legal Opinion of Bond Counsel

Quarles & Brady LLP
411 East Wisconsin Avenue
Milwaukee, WI 53202

March 4, 2019

Re: School District of Edgerton, Wisconsin ("Issuer")
\$40,600,000 General Obligation School Building and Improvement Bonds, Series
2019, dated March 4, 2019 ("Bonds")

We have acted as bond counsel to the Issuer in connection with the issuance of the Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Bonds are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on the dates and in the principal amounts as follows:

<u>Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
September 1, 2019	\$1,400,000	___%
March 1, 2020	1,800,000	___
March 1, 2021	920,000	___
March 1, 2022	955,000	___
March 1, 2023	995,000	___
March 1, 2024	1,035,000	___
March 1, 2025	1,080,000	___
March 1, 2026	1,120,000	___
March 1, 2027	1,170,000	___
March 1, 2028	2,040,000	___
March 1, 2029	2,110,000	___
March 1, 2030	2,180,000	___
March 1, 2031	2,250,000	___
March 1, 2032	2,330,000	___
March 1, 2033	2,425,000	___
March 1, 2034	2,525,000	___
March 1, 2035	2,630,000	___
March 1, 2036	2,735,000	___
March 1, 2037	2,850,000	___
March 1, 2038	2,965,000	___
March 1, 2039	3,085,000	___

Interest is payable semi-annually on March 1 and September 1 of each year commencing on September 1, 2019.

The Bonds maturing on March 1, 2028 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on March 1, 2027 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

We further certify that we have examined a sample of the Bonds and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.
2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Bonds, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Bonds.
3. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

QUARLES & BRADY LLP

Audited Financial Statements for the Fiscal Year Ended June 30, 2018

The Audited Financial Statements for the Fiscal Year Ended June 30, 2018 of the District contained in this Official Statement as Appendix B, including the independent auditor's report accompanying such financial statements, have been audited by Reilly, Penner & Benton LLP, Milwaukee, Wisconsin (the "Auditor"), to the extent and for the periods indicated thereon. The District has not requested the Auditor to perform any additional examination, assessment or evaluation with respect to such financial statements since the date thereof, nor has the District requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the District since the date of the financial statements, in connection with the issuance of the Bonds, the District will represent and warrant there has been no material adverse change in the financial position or results of operations of the District, nor has the District incurred any material liabilities, which would make such financial statements misleading. If you have a specific question or inquiry relating to the financial information of the District since the date of the audited financial statements, you should contact Tad Wehner, Director of Finance & Personnel of the District.

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

AUDITED FINANCIAL STATEMENTS

Year Ended June 30, 2018

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SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

AUDITED FINANCIAL STATEMENTS

Year Ended June 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the School Board
School District of Edgerton
Edgerton, 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 Edgerton ("District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Reilly, Penner & Benton LLP

1233 N. Mayfair Road Suite #302 • Milwaukee, WI 53226-3255 • 414-271-7800

www.rpb.biz

Change in Accounting Principle

As discussed in Notes 1R, 7 and 14 to the financial statements, in 2018 the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The financial information listed in the table of contents as other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Wisconsin State Single Audit Guidelines, and are also not a required part of the basic financial statements.

The financial information listed in the table of contents as other supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

November 29, 2018
Milwaukee, Wisconsin

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Management Discussion & Analysis
June 30, 2018

To the Board of Education
School District of Edgerton

The discussion and analysis of the School District of Edgerton financial performance provides an overall review of financial activities for the fiscal year. The analysis focuses on school district financial performance as a whole.

FINANCIAL HIGHLIGHTS

The assets plus deferred outflows of resources of the District exceeded liabilities and deferred inflows at the close of fiscal 2017 by \$12,597,381 (*net position*). This represents a decrease of \$687,397 in net position in 2017-18.

Total district-wide revenue was \$25,843,639; including \$10,138,897 of property taxes, \$11,534,594 of state and federal formula aid, and \$1,031,289 of charges for services. Total district-wide expenditures were \$24,498,041; including \$13,767,677 for direct instruction.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements are comprised of 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition, other information supplementary to the basic financial statements is provided.

The basic financial statements consist of two kinds of statements that present different views of the District's financial activities.

- The *Statement of Net Position and Statement of Activities* provide information on a district-wide basis. The statements present an aggregate view of the District's finances. District-wide statements contain useful long-term information as well as information for the just-completed fiscal year.
- The remaining statements are *fund financial statements* that focus on individual parts of the District. Fund statements generally report operations in more detail than the District-wide statements.

The *notes to the financial statements* provide further explanation of some of the information in the statements and provide additional disclosures so statement users have a complete picture of the District's financial activities and position.

The following events took place during fiscal 2018:

- Property values in the district increased 3.9%
- Overall 3-year student membership increased by 12

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Management Discussion & Analysis
June 30, 2018
(Continued)

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Required supplementary information further explains and supports the financial statements by including a comparison of the District's budget data for the year.

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

Major Features of the District-wide and Fund Financial Statements

	District-wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as instruction, support services, debt service, capital projects, food service and community services	Assets held by the District on behalf of someone else. Student and other organizations that have funds on deposit with the district are reported here
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet. • Statement of Revenues, Expenditures and Changes in Fund Balance 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Basis of accounting and measurement focus	Accrual accounting Economic resources focus	Modified accrual accounting Current financial resources focus	Accrual accounting Economic resources focus
Type of asset and liability information	All assets and liabilities; both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; No capital assets or long-term liabilities included	All assets and liabilities, both financial and capital; short-term and long-term; These funds do not currently contain any capital assets, although they can
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability are due and payable	All additions or deductions during the year, regardless of when cash is received and paid

SCHOOL DISTRICT OF EDGERTON

Edgerton, Wisconsin

Management Discussion & Analysis

June 30, 2018

(Continued)

DISTRICT WIDE STATEMENTS

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of activities reports all revenues and expenses used to support the District. The statement of net position reports all assets, deferred outflows of resources, liabilities, and deferred inflows of resources available to support District activities. The two district-wide statements report the District's *net position* and how they have changed. Net position, the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, are one way to measure the District's overall financial position. Increases or decreases in the District's net position are one indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

In the district-wide financial statements, the District's activities are reported as one activity:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, support services, debt service, capital projects, and administration. Property taxes and state formula aid finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements. Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues (like capital project funds).

The District has two kinds of funds:

- * *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for funding future basic services. Governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Governmental funds information does not report on long-term commitments as is reported on the district-wide statements.
- * *Fiduciary funds* – The District serves as a trustee, or fiduciary, for student organizations. The assets of these organizations belong to the organizations and not the District. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. These activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Management Discussion & Analysis
June 30, 2018
(Continued)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1, below, provides a summary of the District's net position for the years ended June 30, 2018 and 2017.

Table 1
Condensed Statement of Net Position

	<u>2017</u>	<u>2018</u>	<u>Percentage Change 2017-2018</u>
Assets			
Current and other assets	\$ 7,928,106	\$ 9,947,921	+25.48%
Capital assets	<u>15,172,490</u>	<u>16,035,618</u>	+5.69%
Total assets	<u>23,100,596</u>	<u>26,033,539</u>	+12.70%
Deferred Outflow of Resources			
Deferred outflows related to pensions	<u>5,031,534</u>	<u>6,188,791</u>	+23%
Liabilities			
Long-term liabilities	9,826,795	10,682,085	+8.7%
Unamortized premium on advance refunding	11,523	3,840	-66.66%
Other liabilities	<u>2,439,979</u>	<u>2,202,359</u>	-9.74%
Total liabilities	<u>12,278,297</u>	<u>12,888,284</u>	+4.97%
Deferred Inflow of Resources			
Deferred inflows related to pensions	<u>2,569,055</u>	<u>6,736,665</u>	+162.22%
Net Position			
Net Investment in capital assets	7,332,539	9,198,874	+25.45%
Restricted	936,284	801,155	-14.43%
Unrestricted	<u>5,015,955</u>	<u>5,597,352</u>	+11.59%
Total net position	<u>\$ 13,284,778</u>	<u>\$ 12,597,381</u>	-5.18%

SCHOOL DISTRICT OF EDGERTON

Edgerton, Wisconsin

Management Discussion & Analysis

June 30, 2018

(Continued)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Table 2 provides summarized operating results and their impact on net position for the years ending June 30, 2018 and 2017. The governmental activities contributed to the District's increased financial position.

Table 2
Changes in Net Position from Operating Results

	<u>2017</u>	<u>2018</u>	<u>Percentage Change 2017-2018</u>
Revenues			
Program revenues			
Charges for services	\$ 1,316,237	\$ 1,031,289	
Operating grants & contributions	2,646,447	2,892,624	
Capital grants & contributions	---	40,250	
General revenues			
Property taxes	9,842,940	10,138,897	
Federal and state formula aid	10,846,136	11,534,594	
Interest	53,350	87,383	
Other	171,693	118,602	
Total revenues	<u>24,876,803</u>	<u>25,843,639</u>	+3.73%
Expenses			
Instruction	13,564,315	13,767,677	
Pupil & instructional services	2,390,968	2,465,194	
Administration & finance	2,211,383	2,174,231	
Maintenance & operations	2,164,787	2,217,826	
Transportation	886,873	906,757	
Interest on debt	215,175	180,558	
Other	2,796,037	2,785,798	
Total Expenses	<u>24,229,538</u>	<u>24,498,041</u>	+1.11%
Adjustments due to change in accounting principle*	<u>(---</u>	<u>(2,032,995)</u>	
Increase (decrease) in net position	\$ <u>647,265</u>	\$ <u>(687,397)</u>	-206.20%

*During the year ending June 30, 2018, as a result of implementing GASB Statement No. 75

The District relies primarily on property taxes (39.23% of total governmental revenues), and federal and state formula aid (44.63%) to fund governmental activities.

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Management Discussion & Analysis
June 30, 2018
(Continued)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Table 3 presents the cost of the seven major district activities. The table reports each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost reflects the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3
Net Cost of Governmental Activities

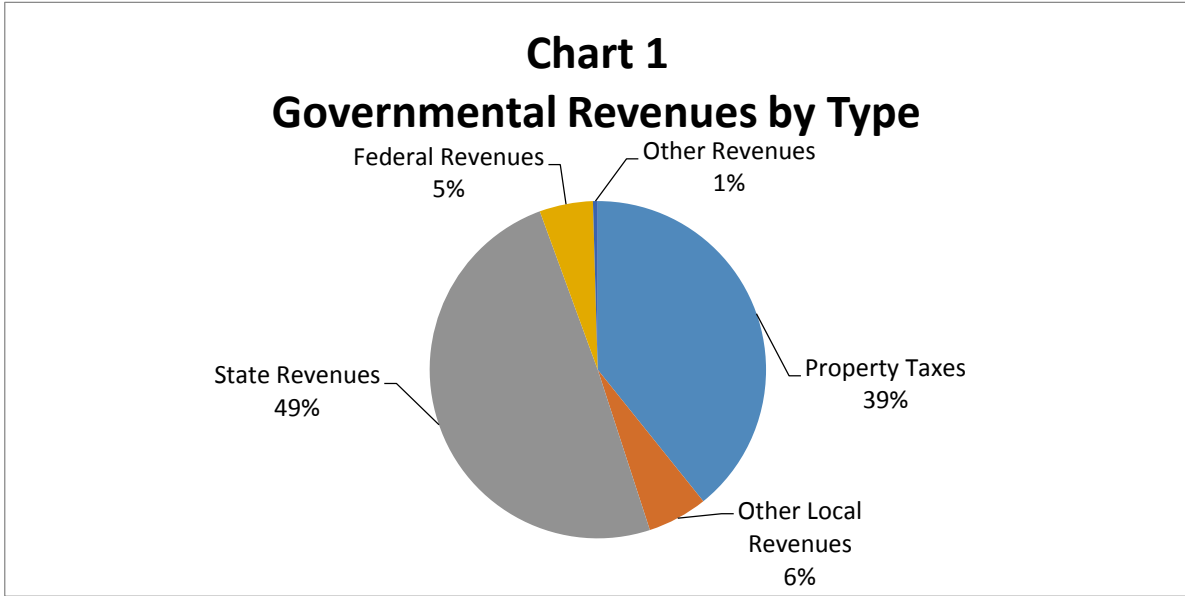
	Total Cost of Services <u>2017</u>	Total Cost of Services <u>2018</u>	Net Cost of Services <u>2017</u>	Net Cost of Services <u>2018</u>
Expenses				
Instruction	\$ 13,564,315	13,767,677	\$ (10,477,475)	(10,797,798)
Pupil & instructional services	2,390,968	2,465,194	(2,331,524)	(2,358,801)
Administration & finance	2,211,383	2,174,231	(2,211,383)	(2,174,231)
Maintenance & operations	2,164,787	2,217,826	(2,160,871)	(2,212,756)
Transportation	886,873	906,757	(841,962)	(857,894)
Interest on debt	215,175	180,558	(215,175)	(180,558)
Other	2,796,037	2,785,798	(2,028,466)	(1,951,840)
Total Expenses	\$ 24,229,538	24,498,041	\$ (20,266,854)	(20,533,878)

The cost of all governmental activities this year was \$24,498,041. Individuals who directly participated or benefited from a program offering paid for \$1,031,289 of costs. Federal and state governments subsidized certain programs with grants and contributions of \$2,932,874. The net cost of governmental activities: \$20,533,878 was financed by general revenues of the District (\$10,138,897 property taxes, \$11,534,594 federal and state formula aid, \$87,383 interest and \$118,140 other).

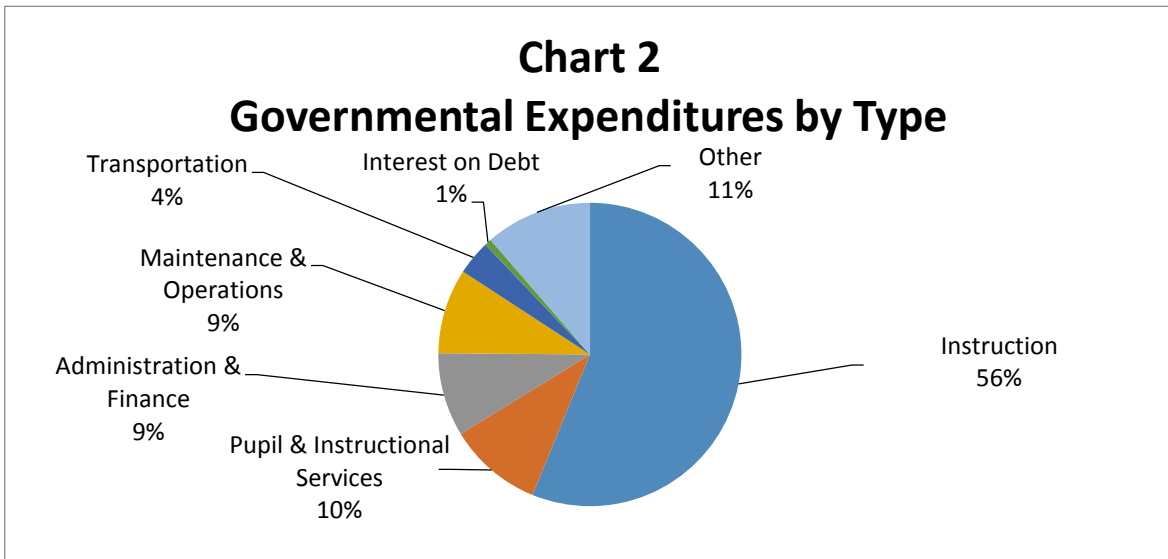
SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Management Discussion & Analysis
June 30, 2018
(Continued)

The composition of governmental revenues by source is illustrated by the following chart.



The composition of governmental expenditures by type is illustrated by the following chart.



SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Management Discussion & Analysis
June 30, 2018
(Continued)

FINANCIAL ASPECTS OF THE DISTRICT'S FUNDS

The District completed the year with a total governmental fund balance of \$5,632,027, an increase of \$85,861 from the prior year.

- The general fund had an increase in fund balance of \$127,333.
- The special revenue trust fund had a decrease in fund balance of \$49,607.
- The debt service fund had a decrease of \$8,539. The fund balance of the debt service fund will fluctuate each year.
- The food service program had its fund balance increase by \$10,795.
- The community service fund (which includes the Wartmann Endowment) increased by \$5,879.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District reviews a preliminary budget in spring for the subsequent year (beginning July 1st). Consistent with current state statutes and regulations, an original budget is adopted in August at the Budget Hearing/Annual Meeting. There are generally some changes to the budget prior to final budget approval in October. After official enrollment and state aid is certified, the revenue limit is calculated. For the most part, the revenue is not significantly changed; however, there is change in the expenditures due to the salary/benefit changes. The District modified its original budget in October of 2018 to reflect:

- Revised salary and benefits due to staffing changes
- Modifications in several state and federal grants
- Revised revenue limit calculation which reflected actual enrollment of students

The District's final budget for the general fund anticipated that expenses would exceed revenues by \$152,236; however, when the actual numbers were realized, the revenues exceeded expenses by \$127,333.

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Management Discussion & Analysis
June 30, 2018
(Continued)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2018, the District had invested \$28,512,184 in capital assets, including buildings, sites and equipment (see Table 4). Total accumulated depreciation on these assets was \$12,476,566 (Detailed information about capital assets can be found in Note 4 to the financial statements).

Table 4
Capital Assets

	<u>Governmental Activities</u>		<u>Percentage</u>
	<u>2017</u>	<u>2018</u>	<u>Change</u>
			<u>2017-2018</u>
Sites	\$ 20,075	\$ 20,075	---
Construction in progress	---	78,217	+100.00%
Buildings	25,702,638	27,232,638	+5.95%
Equipment	1,081,575	1,181,254	+9.22%
Accumulated depreciation	<u>(11,631,798)</u>	<u>(12,476,566)</u>	+7.26%
Net capital assets	<u>\$ 15,172,490</u>	<u>\$ 16,035,618</u>	+5.69%

Long-term Debt

At year-end the District had \$6,832,904 in notes payable and other long-term debt outstanding – a decrease of \$995,524 from fiscal 2017 for G.O. and State Trust Fund Debt. This decrease resulted from required repayments of principal. (Detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.)

Table 5
Outstanding Long-term Obligations

	<u>Total School District</u>		<u>Percentage</u>
	<u>2017</u>	<u>2018</u>	<u>Change</u>
			<u>2017-2018</u>
General obligation debt	\$ 7,585,000	\$ 6,675,000	-11.99%
State Trust Fund Loan	243,428	157,904	-35.13%
Compensated absences	<u>298,368</u>	<u>309,326</u>	+3.67%
Total	<u>\$ 8,126,796</u>	<u>\$ 7,142,230</u>	-12.12%

Debt of the District is secured by an irrevocable tax levy adopted by the School Board at the time of issuance. Wisconsin state statutes require that the first property tax receipts be segregated for annual debt service payments.

SCHOOL DISTRICT OF EDGERTON

Edgerton, Wisconsin

Management Discussion & Analysis

June 30, 2018

(Continued)

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Employee compensation decisions.
- Capital maintenance project completion that align with the district 5-year capital maintenance plan.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dr. Tad Wehner, Director of Finance and Personnel, School District of Edgerton, (608) 561-6104, 200 Elm High Dr, Edgerton, WI 53534.

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Statement of Net Position
June 30, 2018

	Governmental Activities
Assets:	
Cash and equivalents	\$ 1,266,130
Investments	2,968,729
Taxes receivable	2,827,825
Accounts receivable	8,958
Due from other governments	647,789
Net pension asset - WRS	2,212,981
Prepaid expense	65,509
Capital assets:	
Nondepreciable	98,292
Depreciable, net of accumulated depreciation	<u>15,937,326</u>
Net capital assets	<u>16,035,618</u>
Total assets	<u>26,033,539</u>
Deferred Outflows of Resources:	
Deferred outflows related to OPEB	87,898
Deferred outflows related to pensions - WRS	<u>6,100,893</u>
Total deferred outflows of resources	<u>6,188,791</u>
Liabilities:	
Short-term notes payable	1,100,000
Accounts payable	152,656
Withholdings and related fringes payable	803,493
Accrued interest	58,732
Deposits payable	51,077
Unearned revenues	36,401
Long-term obligations due within one year	853,731
Long-term liabilities:	
Long-term obligations due in more than one year	6,288,499
Total other post-employment benefits - OPEB	3,539,855
Unamortized premium on issuance	<u>3,840</u>
Total liabilities	<u>12,888,284</u>
Deferred Inflows of Resources:	
Deferred inflows related to pensions - WRS	6,736,665
Net Position:	
Net investment in capital assets	9,198,874
Restricted for:	
Debt service	78,457
Food service	48,099
Other activities	674,599
Unrestricted	<u>2,597,352</u>
Total net position	<u>\$ 12,597,381</u>

The accompanying notes to financial statements
are an integral part of these statements.

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Statement of Activities
Year Ended June 30, 2018

	Program Revenues				Net
	Charges for	Operating	Capital	(Expenses)	
<u>Expenses</u>	<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	Revenues and	
		<u>Contributions</u>	<u>Contributions</u>	Changes in	
				<u>Net Position</u>	
Governmental activities:					
Instruction:					
Regular instruction	\$ 8,546,097	\$ 525,728	\$ 683,692	\$ ---	\$ (7,336,677)
Special education instruction	3,585,636	---	1,679,175	---	(1,906,461)
Vocational instruction	744,005	---	37,363	---	(706,642)
Other instruction	891,939	43,921	---	---	(848,018)
Total instruction	13,767,677	569,649	2,400,230	---	(10,797,798)
Support services:					
Pupil services	1,515,155	---	---	40,250	(1,474,905)
Instructional staff services	950,039	---	66,143	---	(883,896)
Administration services	2,174,231	---	---	---	(2,174,231)
Operation and maintenance of plant	2,217,826	5,070	---	---	(2,212,756)
Pupil transportation	906,757	20,506	28,357	---	(857,894)
Central services	540,717	---	---	---	(540,717)
Other support services	394,285	---	---	---	(394,285)
Community services	253,313	45,707	25,360	---	(182,246)
Food service	752,715	390,357	372,534	---	10,176
Interest	180,558	---	---	---	(180,558)
Unallocated depreciation	844,768	---	---	---	(844,768)
Total support services	10,730,364	461,640	492,394	40,250	(9,736,080)
 Total school district	 \$ 24,498,041	\$ 1,031,289	\$ 2,892,624	\$ 40,250	(20,533,878)

General revenues:

Taxes:

Property taxes, levied for general purposes	8,855,738
Property taxes, levied for debt service	1,158,159
Property taxes, levied for specific purposes	125,000
Other taxes	462

Federal and state aid not restricted to specific purposes

General	10,639,477
Other	895,117
Interest and investment earnings	87,383
Miscellaneous	118,140

Changes in net position

1,345,598

Net position - beginning of year

13,284,778

Adjustment due to change in accounting principle

(2,032,995)

Net position - beginning of year as adjusted

11,251,783

Net position - end of year

\$ 12,597,381

The accompanying notes to financial statements
are an integral part of these statements.

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Balance Sheet
Governmental Funds
June 30, 2018

	<u>General</u>	<u>Non-major Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and equivalents	\$ 816,391	\$ 449,739	\$ 1,266,130
Investments	2,266,172	702,557	2,968,729
Taxes receivable	2,827,825	---	2,827,825
Accounts receivable	1,471	7,487	8,958
Due from other funds	86,370	3,058	89,428
Due from other governments	631,503	16,286	647,789
Prepaid expense	56,322	9,187	65,509
	Total assets	\$ 1,188,314	\$ 7,874,368
Liabilities and Fund Balances:			
Liabilities:			
Short-term notes payable	\$ 1,100,000	\$ ---	\$ 1,100,000
Accounts payable	100,626	52,030	152,656
Withholdings and related fringes payable	803,493	---	803,493
Accrued interest	9,286	---	9,286
Due to other funds	3,058	86,370	89,428
Deposits payable	51,077	---	51,077
Unearned revenues	4,093	32,308	36,401
	Total liabilities	170,708	2,242,341
Fund Balances:			
Nonspendable	56,322	9,187	65,509
Restricted	1,581	791,968	793,549
Assigned	---	216,451	216,451
Unassigned	4,556,518	---	4,556,518
	Total fund balances	1,017,606	5,632,027
	Total liabilities and fund balances	\$ 1,188,314	\$ 7,874,368

The accompanying notes to financial statements
are an integral part of these statements.

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

**Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position**
June 30, 2018

Total fund balances - governmental funds \$ 5,632,027

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 as assets in governmental funds:

Cost of the assets	\$ 28,512,184	
Accumulated depreciation	<u>(12,476,566)</u>	16,035,618

The District's proportionate share of the net pension asset at WRS is reported as an asset on the statement of net position, but is not reported in the governmental funds.		2,212,981
---	--	-----------

The District's total OPEB liability is recorded as a liability on the statement of net position, but is not reported in the governmental funds.		(3,539,855)
---	--	-------------

Deferred inflows and outflows of resources related to OPEB and WRS pension are applicable to future periods and therefore, are not reported in the governmental funds.		(547,874)
--	--	-----------

Long-term debt and related items are not due and payable in the current period and, therefore, are not reported in the governmental funds. Long-term debt and related items at year-end consist of:

Bonds payable	6,675,000	
State trust fund payable	157,904	
Unamortized premium on refunding	3,840	
Compensated absences	<u>309,326</u>	(7,146,070)

Accrued interest payable on the bonds is not due and payable in the current period and, therefore, is not reported as a liability in the funds.		<u>(49,446)</u>
---	--	-----------------

Total net position - governmental activities \$ 12,597,381

The accompanying notes to financial statements
are an integral part of these statements.

SCHOOL DISTRICT OF EDGERTON

Edgerton, Wisconsin

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2018

	<u>General</u>	<u>Non-major Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Local	\$ 8,992,681	\$ 2,146,595	\$ 11,139,276
Interdistrict payments within Wisconsin	488,091	---	488,091
State	12,756,818	14,282	12,771,100
Federal	931,418	395,616	1,327,034
Other	109,244	1,212	110,456
Total revenues	<u>23,278,252</u>	<u>2,557,705</u>	<u>25,835,957</u>
Expenditures:			
Instruction:			
Current	12,180,766	35,515	12,216,281
Interdistrict	1,129,282	---	1,129,282
Support Services:			
Current	8,195,039	1,316,923	9,511,962
Capital outlay	1,629,679	78,217	1,707,896
Debt service	16,153	1,168,522	1,184,675
Total expenditures	<u>23,150,919</u>	<u>2,599,177</u>	<u>25,750,096</u>
Excess (deficiency) of revenues over (under) expenditures	127,333	(41,472)	85,861
Fund Balances - Beginning of year	<u>4,487,088</u>	<u>1,059,078</u>	<u>5,546,166</u>
Fund Balances - End of year	<u>\$ 4,614,421</u>	<u>\$ 1,017,606</u>	<u>\$ 5,632,027</u>

The accompanying notes to financial statements
are an integral part of these statements.

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

**Reconciliation of the Governmental Funds Statement of
Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities**
Year Ended June 30, 2018

Total net change in fund balances - governmental funds	\$	85,861
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:		
Depreciation expense	\$ (844,768)	
Capital outlays	<u>1,707,896</u>	863,128
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
Bonds payable	910,000	
State trust fund loan payable	<u>85,524</u>	995,524
Amortization reduces the balance of the respective item on the balance sheet. The amortization is an expense in the statement of net position, but is not shown in the governmental funds:		
Amortization of premium on refunding		7,683
In the statement of activities, the cost of WRS pension benefits earned net of employee contributions is reported as pension expense. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.		
District pension contributions	751,559	
Cost of benefits earned net of employee contributions	<u>(1,019,476)</u>	(267,917)
In the statement of activities, certain benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used:		
Post-employment benefits - OPEB	(336,316)	
Compensated absences	<u>(10,958)</u>	(347,274)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		
		<u>8,593</u>
Change in net position of governmental activities	\$	<u>1,345,598</u>

The accompanying notes to financial statements
are an integral part of these statements.

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Statements of Fiduciary Net Position
June 30, 2018

	<u>Private Purpose Trusts</u>	<u>Agency Fund</u>
Assets:		
Cash and equivalents	\$ 129,704	\$ 37,138
Investments	730,972	96,972
Accounts receivable	10,000	---
Total assets	\$ 870,676	\$ 134,110
 Liabilities and Net Position:		
Liabilities:		
Accounts payable	\$ 750	\$ 716
Due to student groups	---	133,394
Total liabilities	750	134,110
 Net position:		
Restricted	869,926	---
Total liabilities and net position	\$ 870,676	\$ 134,110

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2018

	<u>Private Purpose Trusts</u>
Additions:	
Interest	\$ 82,169
Gifts	60,850
Total additions	143,019
 Deductions:	
Unrealized loss on investments	22,486
Trust fund disbursements	96,250
Total deductions	118,736
 Change in net position	 24,283
Net position - June 30, 2017	845,643
 Net position - June 30, 2018	 \$ 869,926

The accompanying notes to financial statements
are an integral part of these statements.

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Notes to Financial Statements
June 30, 2018

1. Summary of Significant Accounting Policies

A. Introduction

The School District of Edgerton (“District”) is organized as a common school district. The District, governed by a nine-member elected school board, is fiscally independent with taxing and borrowing powers. Services provided by the District are primary and secondary education and special education.

The financial statements of the School District of Edgerton have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies used by the District are discussed below.

B. Component Units

Accounting principles generally accepted in the United States of America require that these financial statements include the primary government and its component units. Component units are separate organizations that are included in the District’s reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the general purpose financial statements. The District has no component units, and it is not included in any other governmental reporting entity.

C. Basis of Presentation

District–Wide Statements

The statement of net position and the statement of activities present financial information about the District’s governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. The District has no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues have been classified to the function where the majority of the expenditures relating to it have been incurred. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund statements provide information about the District’s funds, including fiduciary funds. Separate statements for each fund category (governmental, and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds; each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Notes to Financial Statements
June 30, 2018
(Continued)

1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The District reports the following major governmental fund:

General Fund - The General Fund is the operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in other funds. This fund includes activities associated with providing educational programs for students with disabilities.

The District accounts for assets held as an agent for various student and parent organizations in a fiduciary agency fund. The District accounts for fiduciary activities for scholarships to fund higher education in a private purpose trust fund.

D. Measurement Focus and Basis of Accounting

The district-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Notes to Financial Statements
June 30, 2018
(Continued)

1. Summary of Significant Accounting Policies (Continued)

E. Cash and Equivalents

The District's cash equivalents are considered to be cash on hand and demand deposits. Cash balances for individual funds are pooled unless maintained in segregated accounts.

F. Investments

Investments are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period.

As discussed in Footnote 2, the District categorizes the fair value measurements of its investments based on the hierarchy established by GAAP. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2018.

Mutual Funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Mortgage Backed Securities: Valued at original investment, less principal payments that have been received since inception.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Interest income is recorded on the accrual basis. Interest income on commingled investments of district accounting funds is allocated based on average investment balances. Purchases and sales of investments are recorded on a trade-date basis. Realized gains and losses of the District's assets are reported in the statement of activities, statement of revenues, expenditures and changes in fund balances and in the statement of changes in fiduciary net position. Adjustments necessary to record investments at fair value are recorded in the statement of changes in fiduciary net position as unrealized gains or losses and in the statement of revenues, expenditures and changes in fund balance as local revenue.

G. Receivables

Property taxes are recognized as revenues in the year for which they are budgeted. The District tax levy is certified in November of the current fiscal year for collection by the taxing municipalities based on the past October 1 full or "equalized" taxable property values. The District is paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. Under the Wisconsin Statutes, Counties purchase the outstanding property taxes of the District in August of each year. This statutory guarantee assures the District full collection of all property taxes within sixty days of its year end, and hence, the availability of these funds to finance expenditures of the fiscal year for which the taxes were levied.

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Notes to Financial Statements
June 30, 2018
(Continued)

1. Summary of Significant Accounting Policies (Continued)

G. Receivables (Continued)

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

H. Interfund Transactions

The current portion of lending/borrowing arrangements between funds is identified as due to/from other funds. The noncurrent portion of outstanding balances between funds is reported as advances to/from other funds. Advances between funds are offset by a fund balance reserve account to indicate that they are not available for appropriation and are not expendable available financial resources. The District does not have any advances between funds.

Individual fund transfers and interfund receivables and payable activity for the year ending June 30, 2018 are as follows:

<u>Purpose</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Transfers:			
None			
Due to/from funds:			
Negative cash balance	General	Debt service fund	\$ 77,169
Negative cash balance	General	Package cooperative	9,201
Negative restriction balance	Special revenue trust	General	3,058

I. Capital Assets

Capital assets are reported at historical cost or estimated historical cost. Maintenance and repair costs are charged to expenses as incurred and betterments are capitalized as assets. Upon disposal of land, buildings and equipment, a gain or loss is reflected in the statement of activities. Property and equipment and related depreciation expense are not reflected in the Governmental Fund Financial Statements.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 2,500	Straight-line	7 - 50 years
Equipment and furniture	2,500	Straight-line	5 - 20 years

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Notes to Financial Statements
June 30, 2018
(Continued)

1. Summary of Significant Accounting Policies (Continued)

I. Capital Assets (Continued)

Impairment of Long-Lived Assets

The District reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

J. Other Assets

Expendable supplies or noncapital items acquired for initial use in subsequent fiscal periods are recorded as prepaid expenses. Prepaid insurance represents payments made by the District for which benefits extend beyond June 30th and have not yet been earned by the recipient.

K. Net Position

The District classifies net position in the government wide financial statements as follows:

- *Net Investment in Capital Assets* – includes the District's capital assets (net of accumulated depreciation) reduced by the outstanding balances of any borrowings attributable to the acquisition, construction or improvement for those assets.
- *Restricted Net Position* – includes balances that have limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- *Unrestricted Net Position* – the residual classification for the General Fund for balances that do not fall into the other two categories and deficit balances within other funds.

The District applies restricted resources when expense is incurred for purposes for which both a restricted and unrestricted net position are available.

L. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

Unused accumulated employee sick and vacation days are paid out upon retirement or termination of employment not to exceed a maximum number of days. The District accrued the vacation and sick leave which it deems probable of payout. The liability is reported on the government-wide financial statements. For governmental fund financial statements, the unpaid compensated absences are not expected to be paid using expendable available resources, and therefore, the liability is not reported.

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Notes to Financial Statements
June 30, 2018
(Continued)

1. Summary of Significant Accounting Policies (Continued)

M. Fund Balance

GASB defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- *Nonspendable* - amounts that cannot be spent either because they are not in spendable form and cannot be converted to cash or because they are legally or contractually required to be maintained intact.
- *Restricted* - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- *Committed* - amounts that can be used only for specific purposes determined by a formal action of the School Board. The School Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through the same type of action it employed to previously commit those amounts.
- *Assigned* - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the School Board's Finance Committee is authorized to assign funds. The intent of the assigned funds may change with appropriate approvals as decided by the Director of Business Services.
- *Unassigned* - amounts are available for any purpose, and if the general fund has available resources that are not of the other previously mentioned categories, it shall be deemed unassigned.

Order of Fund Balance Spending Policy:

The District has established the following order of spending when various funding sources exist: (1) Restricted, (2) Committed, (3) Assigned, (4) Unassigned.

N. Pensions

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

O. Estimates

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

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Notes to Financial Statements
June 30, 2018
(Continued)

1. Summary of Significant Accounting Policies (Continued)

P. Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of financial position will sometimes report a separate section for deferred outflows and inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent the acquisition of net assets that is applicable to a future reporting period(s) and thus, will not be recognized as an inflow of resources (revenue) until then.

Q. Subsequent Events

Management has evaluated all subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed (November 29, 2018). Subsequent to year-end, the District converted to self-funded dental. See footnote 4, 5 and 9 for additional subsequent events.

R. Adoption of New Accounting Guidance

The District implemented GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. See footnote 7 and 14 for additional information.

2. Cash and Equivalents and Investments

Cash and equivalents and investments as shown on the District's statement of net position are subject to the following risks:

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Custodial Risk:			
Demand deposits	\$ 1,432,322	\$ ---	\$ 1,432,322
Local Government Investment Pool (LGIP)	---	99,760	99,760
Money market funds	---	85,963	85,963
Petty cash	650	---	650
Custodial and Interest Risk			
Mutual funds	---	1,191,346	1,191,346
Custodial and Credit Risk			
Wisconsin Investment Series Cooperative (WISC) - Cash Series	---	1,007,399	1,007,399
Custodial, Interest and Credit Risk			
WISC - Investment Series	---	1,411,775	1,411,775
Mortgage Backed Securities	---	430	430
Total	<u>\$ 1,432,972</u>	<u>\$ 3,796,673</u>	<u>\$ 5,229,645</u>

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Notes to Financial Statements
June 30, 2018
(Continued)

2. Cash and Equivalents and Investments (Continued)

The District's cash and equivalents and investments are reported in the financial statements as follows:

Statement of net position:

Cash and equivalents	\$	1,266,130
Investments		2,968,729

Statement of fiduciary net position:

Cash and equivalents		166,842
Investments		827,944
Total cash and equivalents and investments	\$	<u>5,229,645</u>

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000. Deposits in each local and area bank and in the Wisconsin Local Government Investment Pool ("LGIP") are also insured by the State Deposit Guarantee Fund ("SDGF") in the amount of \$400,000 per financial institution. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual governmental entities. Investments in the local government investment pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool. The bond provides unlimited coverage on principal losses, reduced by any FDIC, SDGF insurance, and income on the investment during the calendar quarter a loss occurs.

Money market and mutual fund investments may be withdrawn upon request.

The LGIP does not have a credit quality rating and is also not subject to credit risk disclosure because investments are not issued in securities form. It is part of the State Investment Fund ("SIF") and is managed by the State of Wisconsin Investment Board. The LGIP 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 and carries investments at amortized cost for purposes of calculating income to participants. At June 30, 2018, the fair value of the District's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

In accordance with certain contractual provisions, investment income associated with LGIP is assigned to the corresponding fund in which the assets are held. Participants in LGIP have the right to withdraw their funds in total on one day's notice. The LGIP does not include any involuntary participants.

A separate financial report for SIF is prepared in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Copies of the report can be obtained from <http://www.doa.state.wi.us/Divisions/Budget-and-Finance/LGIP>.

The District has investments in WISC consisting of Cash Management Series Construction Fund (CMS) and the Investment Series Fund (IS). The CMS has no minimum investment period, allows check writing privileges, and the average dollar weighted maturity is ninety (90) days or less. The IS are pooled funds investing in U.S. government obligations, agencies and commercial paper. WISC is organized by and operated exclusively for Wisconsin public schools, technical colleges, and municipal entities. WISC is not registered with the Securities and Exchange Commission, but operates under Wisconsin Intergovernmental Cooperation Statutes, Section 66.0301. WISC is governed by the Wisconsin Investment Series Cooperative Commission in accordance with the terms of the Intergovernmental Cooperation Agreement. WISC invests District funds in accordance with Wisconsin Law. WISC investments are valued at amortized cost, which approximates market value.

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Notes to Financial Statements
June 30, 2018
(Continued)

2. Cash and Equivalents and Investments (continued)

In accordance with certain contractual provisions, investment income associated with WISC is assigned to the General Fund and Debt Service Fund. Investment income is distributed to participants based on their relative participation during the period. Participants in WISC have the right to withdraw their funds in total on one day's notice.

A separate financial report for WISC is prepared in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Copies of the report can be obtained by contacting the Wisconsin Investment Series Cooperative.

Custodial Risk: Is the risk that, in the event of a financial institution failure, the District's deposits may not be returned to the District. The District's carrying value for cash and equivalents and investments is \$5,229,645 at June 30, 2018 and the bank's carrying value was \$5,556,419, of which \$2,426,973 was fully insured and \$3,129,446 was uninsured. The District does not have a policy on custodial risk.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates. The District does not have a policy on interest rate risk. Information regarding the exposure of the District's investments to this risk, using the segmented time distribution model is as follows:

Type of Investment	Investment Maturities (in Years)				Fair Value
	Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years	
Mortgage backed securities	\$ ---	\$ ---	\$ 353	\$ 77	\$ 430
Mutual funds	1,191,346	---	---	---	1,191,346
WISC – Investment Series	1,411,775	---	---	---	1,411,775
Total	\$ 2,603,121	\$ ---	\$ 353	\$ 77	\$ 2,603,551

Credit Risk: Generally, credit risk is the risk that an issuer of a type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The District's investment policy minimized credit risk by limiting investments to the safest type of securities. Presented below is the rating for each type of investment.

Type of Investment	Amount	Rating as of Year End		
		AAA	Aa	Not Rated
Mortgage backed securities	\$ 430	\$ 430	\$ ---	\$ ---
WISC	2,419,174	2,419,174	---	---
Total	\$ 2,419,604	\$ 2,419,604	\$ ---	\$ ---

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments that are measured using Level 3 inputs.

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Notes to Financial Statements
June 30, 2018
(Continued)

2. Cash and Equivalents and Investments (continued)

The following summarizes the classification of investments within the statement of net position by classification and method of valuation in accordance with the requirements of accounting principles generally accepted in the United States of America for the year ending June 30, 2018:

	<u>Fair Value</u>			Exempt from Disclosure	Total
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>		
Money market	\$ ---	\$ ---	\$ ---	\$ 85,963	\$ 85,963
Mortgage backed securities	---	430	---	---	430
Mutual funds	1,191,346	---	---	---	1,191,346
Investment Pools:					
LGIP	---	---	---	99,760	99,760
WISC	---	---	---	2,419,174	2,419,174
Total	<u>\$ 1,191,346</u>	<u>\$ 430</u>	<u>\$ ---</u>	<u>\$ 2,604,897</u>	<u>\$ 3,796,673</u>

WISC and LGIP are exempt from fair value disclosure due to investments being valued at amortized cost. Money market funds are exempt from fair value disclosure due to investments being valued at net asset value.

Wisconsin Statute 66.0603 authorizes the District to invest in the following types of instruments:

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association that is authorized to transact business in Wisconsin if the time deposit matures in not more than three years.
- Bonds or securities issued or guaranteed as to principal or interest by the federal government or by a commission, board, or other instrumentality of the federal government (U.S. Treasuries and U.S. agencies).
- Bonds or securities of any Wisconsin county, city, drainage district, technical college district, village, town, or school district.
- Bonds issued by a local exposition district, local professional baseball park district, or local professional stadium district created under subchapter III or IV of chapter 229 of the Wisconsin statutes or bonds issued by the University of Wisconsin Hospitals or Clinics Authority.
- Any security maturing in seven years or less of the acquisition date with either the highest or second highest rating category of a nationally recognized rating agency.
- Securities of open-end management investment companies or investment trusts if the portfolio is collateralized by bonds or securities, subject to various conditions and investment options.
- A local government investment pool, subject to certain conditions.

William and Joyce Wartmann Edgerton Endowment for the Performing Arts - Under the terms of the endowment, and consistent with State statutes, the District must distribute, at a minimum, 4% of the value of the fund for the purposes of the performing arts productions and performances. The distribution is not restricted to investment income. Endowment balance and activity for the year ended June 30, 2018 were as follows:

<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Change in</u> <u>Value</u>	<u>Balance</u> <u>June 30, 2018</u>
\$ 608,620	\$ ---	\$ (91,500)	\$ 29,647	\$ 546,767

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Notes to Financial Statements
June 30, 2018
(Continued)

3. Capital Assets

Capital asset balances and activity for the year ended June 30, 2018 were as follows:

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2018</u>
Capital assets not being depreciated:				
Land	\$ 20,075	\$ ---	\$ ---	\$ 20,075
Construction in progress	---	78,217	---	78,217
Total capital assets not being depreciated	20,075	78,217	---	98,292
Capital assets being depreciated:				
Building and improvements	25,702,638	1,530,000	---	27,232,638
Equipment	1,081,575	99,679	---	1,181,254
Total capital assets being depreciated	26,784,213	1,629,679	---	28,413,892
Less accumulated depreciation	11,631,798	844,768	---	12,476,566
Capital assets being depreciated, net of accumulated depreciation	15,152,415	784,911	---	15,937,326
Governmental activities capital assets, net of accumulated depreciation	<u>\$ 15,172,490</u>	<u>\$ 863,128</u>	<u>\$ ---</u>	<u>\$ 16,035,618</u>

Depreciation expense of \$844,768 was expensed as unallocated depreciation on the statement of activities.

4. Short-Term Notes Payable

Short-term notes payable at June 30, 2018 are as follows:

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2018</u>
	\$ 1,600,000	\$ 1,100,000	\$ 1,600,000	\$ 1,100,000

The note was dated October 16, 2017 due October 12, 2018, with an interest rate of 1.20%. Interest for the year ended June 30, 2018 was \$16,153. The note is for general district operation.

Subsequent to year end the District paid off the above mentioned borrowings and on October 18, 2018 borrowed \$1,100,000 at 2.224% with a due date of October 18, 2019.

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Notes to Financial Statements
June 30, 2018
(Continued)

5. Long-Term Liabilities

Long-term liabilities of the District are as follows:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Amounts due within one year
G.O. Bonds	\$ 7,585,000	\$ ---	\$ 910,000	\$ 6,675,000	\$ 765,000
State Trust Fund Loan	243,428	---	85,524	157,904	88,731
Compensated absences	298,368	10,958	---	309,326	---
Total	\$ 8,126,796	\$ 10,958	\$ 995,524	\$ 7,142,230	\$ 853,731

Total interest paid and expensed (including accrual) during the year for the year ended June 30, 2018 on long-term liabilities was \$172,998 and \$164,405, respectively.

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. The long-term debt will be retired by future property tax levies and resources accumulated in the Debt Service Fund.

Long-term debt at June 30, 2018 is comprised of the following individual issues:

Description	Issue Dates	Interest Rates (%)	Dates of Maturity	Balance June 30, 2018
\$3,405,000 G.O. Refunding Bonds	12/2/2010	2.00%	3/1/2019	\$ 95,000
\$6,300,000 G.O. Refunding Bonds	1/3/2013	2.00%	3/1/2027	4,800,000
\$2,815,000 G.O. Refunding Bonds	2/5/2013	2.00 – 3.10%	3/1/2027	1,780,000
\$700,000 State Trust Fund Loan	8/21/2011	3.75%	3/15/2020	157,904
Total long-term debt				\$ 6,832,904

The 2017 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,017,913,313 debt limit and margin of indebtedness as of June 30, 2018, in accordance with Section 67.03(1)(a) of the Wisconsin Statutes follows:

Debt limit (10% of \$1,017,913,313)	\$ 101,791,331
Deduct long-term debt applicable to debt margin	6,832,904
Margin of indebtedness	\$ 94,958,427

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Notes to Financial Statements
June 30, 2018
(Continued)

5. Long-Term Liabilities (Continued)

Aggregate cash flow requirements for the retirement of long-term principal and interest on June 30, 2018 follow:

<u>Year Ending</u>				
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2019	\$ 853,731	\$ 149,081	\$ 1,002,812	
2020	754,173	129,749	883,922	
2021	700,000	113,420	813,420	
2022	715,000	98,945	813,945	
2023	730,000	84,170	814,170	
2024-2027	3,080,000	175,460	3,255,460	
Total	<u>\$ 6,832,904</u>	<u>\$ 750,825</u>	<u>\$ 7,583,729</u>	

Subsequent to year-end, the residents of the District approved a \$40,600,000 referendum for the public purpose of paying the cost of a school building and improvement programs consisting of renovations, capital maintenance projects and security upgrades. The above schedule does not include information regarding this referendum.

6. Defined Benefit Pension Plan - WRS

The Wisconsin Retirement System (WRS) is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 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 occupation employees, 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/16) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Notes to Financial Statements
June 30, 2018
(Continued)

6. Defined Benefit Pension Plan - WRS (Continued)

Benefits Provided (Continued)

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.

WRS also provides death and disability benefits for employees.

Post-Retirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Notes to Financial Statements
June 30, 2018
(Continued)

6. Defined Benefit Pension Plan - WRS (Continued)

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 for 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 \$751,559 in contributions from the employer.

Contribution rates as of June 30, 2018 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives & elected officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

At June 30, 2018, the District reported an asset of \$2,212,981 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the District's proportion was 0.0745%, which was a decrease of 0.0004% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$1,019,476. At June 30, 2018, the District reported deferred inflows and outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,811,647	\$ 1,315,195
Changes in assumptions	437,241	---
Net difference between projected and actual earnings on pension plan investments	2,368,532	5,410,068
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,633	11,402
Employer contributions subsequent to the measurement date	475,840	---
Total	<u>\$ 6,100,893</u>	<u>\$ 6,736,665</u>

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Notes to Financial Statements
June 30, 2018
(Continued)

6. Defined Benefit Pension Plan - WRS (Continued)

Pension Assets, Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The amount of \$475,840 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2019.

Other amounts reported as deferred outflows and 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</u>	<u>Deferred Inflows of Resources</u>
2019	\$ 2,248,986	\$ (2,014,636)
2020	1,990,112	(2,010,972)
2021	715,388	(1,472,112)
2022	665,255	(1,238,945)
2023	5,312	---

Actuarial Assumptions

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

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset)	December 31, 2017
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

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

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Notes to Financial Statements
June 30, 2018
(Continued)

6. Defined Benefit Pension Plan – WRS (Continued)

Actuarial Assumptions (Continued)

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 as of December 31, 2017 are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation	Long-Term Expected Nominal Rate of Return	Long-Term Expected Real Rate of Return
Global Equities	50.0%	8.2%	5.3%
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8.0	6.5	3.6
Private Equity/Debt	8.0	9.4	6.5
Multi-Asset	4.0	6.5	3.6
Total Core Fund	110.0	7.3	4.4
Variable Fund Asset Class			
U.S. Equities	70.0%	7.5%	4.6%
International Equities	30.0	7.8	4.9
Total Variable Fund	100.0	7.9	5.0

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

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

Single Discount rate. A single discount rate of 7.20% was used to measure the total pension asset. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Notes to Financial Statements
June 30, 2018
(Continued)

6. Defined Benefit Pension Plan - WRS (Continued)

Actuarial Assumptions (Continued)

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
District's proportionate share of the net pension liability (asset)	\$ 5,725,738	\$ (2,212,981)	\$ (8,246,653)

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://eft.wi.gov/publications/cafr.htm>.

Payables to the pension plan at June 30, 2018 were \$322,299. This represents contributions earned as of June 30, 2018, but for which payment was not remitted to the pension plan until subsequent to year-end.

7. Other Post-Employment Benefits - OPEB

The District administers a single-employer defined benefit healthcare plan. The District offers voluntary retirement benefits to its teachers, administrators and some support staff who have met the age and years of service requirements. In addition, the District's group health insurance plan provides coverage to retirees at blended premium rates. Both of these result in an other postemployment benefit ("OPEB"), the later commonly referred to as an implicit rate subsidy.

Teachers at least age 55 with a minimum of 10 but less than 20 years of service are entitled to insurance benefits for 3 years until the teacher becomes eligible for Medicare, whichever comes first. Teachers at least age 55 with 20 or more years of service are entitled to insurance benefits for 4 years until the teacher becomes eligible for Medicare, whichever comes first. In the event of the death of an eligible retiree, the remaining benefit shall accrue to the spouse of the retiree. The teachers are entitled to the benefit after retirement.

Administrators at least age 55 with a minimum of 10 years of service are entitled to insurance benefits for 5 years until the administrator becomes eligible for Medicare, whichever comes first. In the event of the death of an eligible retiree, the remaining benefit shall accrue to the spouse of the retiree. The administrators are entitled to the benefit after retirement.

Some support staff (IT professionals, performing arts coordinator, occupational and physical therapists) at least age 55 with a minimum of 10 years of service are entitled to insurance benefits for 3 years until the support staff becomes eligible for Medicare, whichever comes first. In the event of the death of an eligible retiree, the remaining benefit shall accrue to the spouse of the retiree. The support staff are entitled to the benefit after retirement.

The District also offers 2 Deductible Reimbursement Plans where the District will contribute to eligible retirees benefits ranging from \$1,900 - \$5,090 (a Health Retirement Account and a Health Savings Account).

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Notes to Financial Statements
June 30, 2018
(Continued)

7. Other Postemployment Benefits - OPEB (Continued)

In May 2018, the board of education approved the establishment of an employee benefit trust fund. The District will begin utilizing this trust fund to account for OPEB during the year ended June 30, 2019.

Employees participating in the plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

Retirees currently receiving benefit payments	11
Active employees fully eligible but not yet receiving benefit payments	17
Active employees not fully eligible	<u>131</u>
Number of participating employees	<u>159</u>

Total OPEB Liability

No assets are accumulated in a trust that meets all the criteria in GASB Statement No. 75, paragraph 4 because the District's contributions are not irrevocable. Accordingly, the District's total OPEB liability is not reduced by any assets accumulated in a trust that meets the criteria and the District must report its total OPEB liability.

The District's total OPEB liability was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date. Changes in the District's total OPEB liability were as follows:

Balance 6/30/17 - measurement date 6/30/16	\$	3,229,766
Changes for the year:		
Service cost		307,783
Interest on the total OPEB liability		116,431
Benefit payments		<u>(114,125)</u>
Net changes		<u>310,089</u>
Balance 6/30/18 - measurement date 6/30/17	\$	<u>3,539,855</u>

Actuarial Assumptions

Actuarial assumptions used to determine the total OPEB liability as of June 30, 2018 include the following:

Valuation date	June 30, 2017
Measurement date	June 30, 2017
Reporting date	June 30, 2018
Actuarial cost method	Entry age normal (level percent of salary)
Discount rate*	3.50% based upon all years of projected payments discounted at a municipal bond rate of 3.5%)
Municipal bond rate source	Bond Buyer 20-Bond Go Index
Inflation rate	2.50%
Medical trend rate	7.50% decreasing to 5.00% over 17 years
Actuarial assumptions	Based on an experience study conducted in 2015 using WRS experience from 2012-2014.

*Implicit in this rate is an assumed rate of inflation of 2.5%

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Notes to Financial Statements
June 30, 2018
(Continued)

7. Other Postemployment Benefits – OPEB (Continued)

Discount Rate

The following presents the total OPEB liability calculated using the discount rate of 3.5%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.5%) or 1% higher (4.5%) than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ <u>3,770,368</u>	\$ <u>3,539,855</u>	\$ <u>3,317,143</u>

Healthcare Cost Trend Rates

The following presents the total OPEB liability calculated using the healthcare cost trend rate of 7.50% (decreasing to 5.0%), as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (6.5% decreasing to 4.0%) or 1% higher (8.5% decreasing to 6.0%) than the current rate:

	1% Decrease (6.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% decreasing to 5.0%)	1% Increase (8.5% decreasing to 6.0%)
Total OPEB liability	\$ <u>3,223,802</u>	\$ <u>3,539,855</u>	\$ <u>3,904,267</u>

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of \$424,214. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to the supplemental pensions from the following sources:

Employer benefit payments subsequent to the measurement date	\$	<u><u>87,898</u></u>
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The amount of \$87,898 reported as deferred outflows related to OPEB resulting from employer benefit payments subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2019.

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Notes to Financial Statements
June 30, 2018
(Continued)

8. Fund Balances

As of June 30, 2018, fund balance components other than unassigned fund balances consist of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>
General fund:			
Prepaid	\$ 56,322	\$ ---	\$ ---
Common school library	---	1,581	---
Special revenue trust	---	122,297	---
Debt service	---	78,457	---
Food service:			
Prepaid	3,652	---	---
General	---	44,447	---
Community service:			
Prepaid	5,535	---	---
Performing arts center	---	546,767	---
General operations	---	---	216,451
Total	<u>\$ 65,509</u>	<u>\$ 793,549</u>	<u>\$ 216,451</u>

9. Limitation on School District Revenues

Wisconsin statutes limit the amount of revenues school districts may derive from general school aids and property taxes unless a higher amount is approved by a referendum. This limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

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

Subsequent to year-end, the residents of the District authorized to exceed the revenue limit by \$1,250,000 for the 2018-2019 school year, for recurring purposes consisting of supporting additional space, recruiting and retaining staff, and enhancing educational opportunities.

10. Commitments and Contingencies

From time to time, the District is involved in legal actions, most of which normally occur in governmental operations. Legal actions are generally defended by the District's various insurance carriers, since most claims brought against the District are covered by insurance policies. In the opinion of District management, any legal actions and any other proceedings known to exist at June 30, 2018 are not likely to have a material adverse impact on the District's financial position.

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 a construction contract for the completion of the AquaPonics Project totaling \$197,277. As of June 30, 2018, the District has capitalized \$78,217.

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Notes to Financial Statements
June 30, 2018
(Continued)

11. 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.

12. Operating Leases

The District leases copiers under various non-cancelable operating leases. Total cost for such leases was \$164,165 for the year ended June 30, 2018. The future minimum lease payments for the leases are as follows:

<u>Year ending June 30,</u>	
2019	\$ 162,245
2020	61,961
2021	61,961
2022	61,961
2023	<u>56,798</u>
Total	\$ <u>404,926</u>

13. Effects of New Accounting Standards on Financial Statements

- GASB Statement No. 83, *Certain Asset Retirement Issues*
- GASB Statement No. 84, *Fiduciary Activities*
- GASB Statement No. 87, *Leases*
- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*

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

14. Change in Accounting Principle

As the result of implementing GASB Statement No. 75, the District has restated the beginning net position in the government-wide statement of net position, effectively decreasing net position as of July 1, 2017 by \$2,032,995. The decrease results from recording the July 1, 2017 balance of the District's total OPEB liability and related deferred outflows.

REQUIRED SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget -
				Positive
				(Negative)
Revenues:				
Local	\$ 8,681,931	\$ 8,982,503	\$ 8,992,681	\$ 10,178
Interdistrict payments within Wisconsin	490,833	526,799	488,091	(38,708)
State	11,792,125	11,639,148	11,658,958	19,810
Federal	455,986	444,548	409,624	(34,924)
Other	59,000	59,000	96,611	37,611
Total revenues	21,479,875	21,651,998	21,645,965	(6,033)
Expenditures:				
Instruction:				
Current	8,699,417	8,799,368	8,743,200	56,168
Interdistrict	1,097,165	1,233,186	1,100,960	132,226
Support Services:				
Current	6,983,055	7,004,784	7,086,091	(81,307)
Capital outlay	1,629,679	1,629,679	1,629,679	---
Debt service	7,500	7,500	16,153	(8,653)
Total expenditures	18,416,816	18,674,517	18,576,083	98,434
Excess of revenues over expenditures	3,063,059	2,977,481	3,069,882	92,401
Other Financing Uses:				
Operating transfers (out)	(3,129,717)	(3,129,717)	(2,942,549)	187,168
Net change in fund balances	(66,658)	(152,236)	127,333	279,569
Fund Balances - Beginning of year	4,487,088	4,487,088	4,487,088	---
Fund Balances - End of year	\$ 4,420,430	\$ 4,334,852	\$ 4,614,421	\$ 279,569

See Independent Auditors' Report and Notes to Required Supplementary Information.

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Budgetary Comparison Schedule
Special Education Fund
Year Ended June 30, 2018

	Fund 27 - Budget		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Revenues:				
State	\$ 906,000	\$ 906,000	\$ 1,097,860	\$ 191,860
Federal	548,497	509,634	521,794	12,160
Other	---	---	12,633	12,633
Total revenues	1,454,497	1,415,634	1,632,287	216,653
Expenditures:				
Instruction:				
Current	3,439,351	3,403,568	3,437,566	(33,998)
Interdistrict	29,000	29,000	28,322	678
Support Services:				
Current	1,161,956	1,112,783	1,108,948	3,835
Total expenditures	4,630,307	4,545,351	4,574,836	(29,485)
(Deficiency) of revenues over expenditures	(3,175,810)	(3,129,717)	(2,942,549)	187,168
Other Financing Sources:				
Operating transfers in	3,175,810	3,129,717	2,942,549	(187,168)
Net change in fund balances	---	---	---	---
Fund Balances - Beginning of year	---	---	---	---
Fund Balances - End of year	\$ ---	\$ ---	\$ ---	\$ ---

See Independent Auditors' Report and Notes to Required Supplementary Information.

SCHOOL DISTRICT OF EDGERTON

Edgerton, Wisconsin

Schedule of Proportionate Share of the WRS Net Pension Asset (Liability)

Year Ended June 30, 2018

Wisconsin Retirement System

Last 10 Fiscal Years*

	District's proportion of the net pension asset (liability)	District's proportionate share of the net pension asset (liability)	District's covered payroll	Net pension asset (liability) as a percentage of covered payroll	Plan fiduciary net position as a percentage of total pension asset (liability)
2018	0.0745%	\$ 2,212,981	\$ 11,052,347	20.02%	102.93%
2017	0.0749%	(617,353)	10,765,817	5.73%	99.12%
2016	0.0754%	(1,224,724)	10,604,016	11.55%	98.20%
2015	0.0754%	1,851,333	10,568,083	17.52%	102.74%

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

*GASB requires the presentation of the last 10 prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule.

Schedule of Contributions

Year Ended June 30, 2018

Wisconsin Retirement System

Last 10 Fiscal Years*

	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2018	\$ 751,559	\$ 751,559	\$ ---	\$ 11,052,347	6.80%
2017	710,545	710,545	---	10,765,817	6.60%
2016	721,713	721,713	---	10,604,016	6.81%
2015	739,762	739,762	---	10,568,083	7.00%

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

*GASB requires the presentation of the last 10 prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule.

See Independent Auditors' Report and Notes to Required Supplementary Information.

SCHOOL DISTRICT OF EDGERTON

Edgerton, Wisconsin

Schedule of Changes in Total OPEB Liability and Related Ratios

Year Ended June 30, 2018

Last 10 Fiscal Years*

	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 307,783
Interest	116,431
Change of benefit terms	---
Differences between expected and actual experiences	---
Changes of assumptions or other input	---
Benefit payments	<u>(114,125)</u>
Net change in total OPEB liability	310,089
Total OPEB Liability - Beginning	<u>3,229,766</u>
Total OPEB Liability - Ending	<u><u>\$ 3,539,855</u></u>
Covered-Employee Payroll	\$ 7,857,604
Total OPEB Liability as a Percentage of Covered-Employee Payroll	45.05%
Measurement Date	June 30, 2017

*GASB Pronouncement 75 requires the presentation of the last ten prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule.

*The amounts presented for each fiscal year were determined as of the measurement date.

See Independent Auditors' Report and Notes to Required Supplementary Information.

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Notes to Required Supplementary Information
Year Ended June 30, 2018

Note A - Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.D to the financial statements; however, the District adopts a budget for the special education fund which is reported with the general fund in accordance with generally accepted accounting principles in the United States of America ("GAAP"). An explanation of the differences between Revenues, Expenditures, and Other Financing Sources (Uses) for budgetary funds on budgetary fund basis and a GAAP general fund basis is summarized below:

	General Fund	Special Education Fund
Revenues		
Actual amounts (budgetary basis)	\$ 21,645,965	\$ 1,632,287
Reclassification of special education	1,632,287	(1,632,287)
Total Revenues (GAAP)	23,278,252	---
Expenditures		
Actual amounts (budgetary basis)	18,576,083	4,574,836
Reclassification of special education	4,574,836	(4,574,836)
Total Expenditures (GAAP)	23,150,919	---
Excess of Revenues Over (Under) Expenditures		
Actual amounts (budgetary basis)	3,069,882	(2,942,549)
Reclassification of special education	(2,942,549)	2,942,549
Excess of Revenues Over (Under) Expenditures (GAAP)	127,333	---
Other Financing Sources (Uses)		
Actual amounts (budgetary basis)	(2,942,549)	2,942,549
Reclassification of special education	2,942,549	(2,942,549)
Total Other Financing Sources (Uses) (GAAP)	---	---
Net Change in Fund Balance		
Actual amounts (budgetary basis and GAAP)	127,333	---
Fund Balance - Beginning of Year		
Actual amounts (budgetary basis and GAAP)	4,487,088	---
Fund Balance - End of Year		
Actual amounts (budgetary basis and GAAP)	\$ 4,614,421	\$ ---

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Notes to Required Supplementary Information
(Continued)
Year Ended June 30, 2018

Note B - Excess of Actual Expenditures Over Budget in Individual Funds

The following general fund functions had an excess of actual expenditures over budget for the year ended June 30, 2018. The excess expenditures were funded by larger than anticipated revenues and under expenditures in other areas.

General Fund:	
Vocational curriculum	\$ 3,417
Physical curriculum	12,698
Pupil services	5,125
General administration	145,824
Business administration	83,273
Central services	43,575
Debt services	8,653
Other non-program transactions	391
 Special Education Fund:	
Pupil services	23,686
Other support services	16,988
Purchased instructional services	44,362

Note C - WRS Information

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

Note D - OPEB Plan Information

No assets are accumulated in a trust that meets all of the following criteria of GASBS No. 75, paragraph 4:

- Contributions from the employer and any non-employer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing pensions to plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, non-employer contributing entities, the plan administrator, and plan members.

There were no changes to the OPEB plan that significantly affect trends in amounts reported.

Methods and assumptions used in the valuation includes:

Valuation date	June 30, 2017
Measurement date	June 30, 2017
Reporting date	June 30, 2018
Actuarial cost method	Entry age normal (level percent of salary)
Discount rate*	3.5% based upon all years of projected payments discounted at a municipal bond rate of 3.5%)
Municipal bond rate source	Bond Buyer 20-Bond Go Index
Inflation rate	2.50%
Medical trend rate	7.50% decreasing to 5.00% over 17 years
Actuarial assumptions	Based on an experience study conducted in 2015 using WRS experience from 2012-2014

*Implicit in this rate is an assumed rate of inflation of 2.5%

OTHER SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds					Total
	Special	Food	Community	Package-	Debt	
	Revenue	Service	Service	Cooperative	Service	
	Trust	Service	Service	Cooperative	Service	Total
Assets:						
Cash and equivalents	\$ 126,557	\$ 95,705	\$ 227,477	\$ ---	\$ ---	\$ 449,739
Investments	---	---	546,931	---	155,626	702,557
Accounts receivable	---	7,487	---	---	---	7,487
Due from other funds	3,058	---	---	---	---	3,058
Due from other governments	---	6,919	---	9,367	---	16,286
Prepaid expense	---	3,652	5,535	---	---	9,187
Total assets	\$ 129,615	\$ 113,763	\$ 779,943	\$ 9,367	\$ 155,626	\$ 1,188,314
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable	\$ 7,318	\$ 44,281	\$ 265	\$ 166	\$ ---	\$ 52,030
Due to other funds	---	---	---	9,201	77,169	86,370
Unearned revenues	---	21,383	10,925	---	---	32,308
Total liabilities	7,318	65,664	11,190	9,367	77,169	170,708
Fund Balances:						
Nonspendable	---	3,652	5,535	---	---	9,187
Restricted	122,297	44,447	546,767	---	78,457	791,968
Assigned	---	---	216,451	---	---	216,451
Total fund balance	122,297	48,099	768,753	---	78,457	1,017,606
Total liabilities and fund balances	\$ 129,615	\$ 113,763	\$ 779,943	\$ 9,367	\$ 155,626	\$ 1,188,314

See Independent Auditors' Report.

SCHOOL DISTRICT OF EDGERTON

Edgerton, Wisconsin

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2018

Special Revenue Funds

	Special Revenue Trust	Food Service	Community Service	Package- Cooperative	Debt Service	Total
Revenues:						
Local	\$ 341,378	\$ 390,357	\$ 254,877	\$ ---	\$ 1,159,983	\$ 2,146,595
State	---	14,282	---	---	---	14,282
Federal	---	358,253	---	37,363	---	395,616
Other	81	372	759	---	---	1,212
Total revenues	341,459	763,264	255,636	37,363	1,159,983	2,557,705
Expenditures:						
Instruction:						
Current	---	---	---	35,515	---	35,515
Support Services:						
Current	312,849	752,469	249,757	1,848	---	1,316,923
Capital outlay	78,217	---	---	---	---	78,217
Debt service	---	---	---	---	1,168,522	1,168,522
Total expenditures	391,066	752,469	249,757	37,363	1,168,522	2,599,177
(Deficiency) excess of revenues over (under) expenditures	(49,607)	10,795	5,879	---	(8,539)	(41,472)
Fund Balances - Beginning of year	171,904	37,304	762,874	---	86,996	1,059,078
Fund Balances - End of year	\$ 122,297	\$ 48,099	\$ 768,753	\$ ---	\$ 78,457	\$ 1,017,606

See Independent Auditors' Report.

SCHOOL DISTRICT OF EDGERTON

Edgerton, Wisconsin

Agency Funds - Schedule of Changes in Assets and Liabilities

June 30, 2018

	<u>Balance</u>		<u>Additions</u>		<u>Deductions</u>		<u>Balance</u>
	<u>June 30, 2017</u>						<u>June 30, 2018</u>
Assets							
Cash	\$ 61,846	\$	139,692	\$	164,400	\$	37,138
Investments	95,692		1,280		---		96,972
Total assets	<u>\$ 157,538</u>	<u>\$</u>	<u>140,972</u>	<u>\$</u>	<u>164,400</u>	<u>\$</u>	<u>134,110</u>
Liabilities							
Accounts payable	\$ 6,976	\$	716	\$	6,976	\$	716
Due to student groups:							
Elementary school	3,432		147		1,987		1,592
Middle school	25,551		32,065		47,870		9,746
High school	121,579		108,044		107,567		122,056
Total liabilities	<u>\$ 157,538</u>	<u>\$</u>	<u>140,972</u>	<u>\$</u>	<u>164,400</u>	<u>\$</u>	<u>134,110</u>

See Independent Auditors' Report.

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Schedule of Expenditures of State Awards
Year Ended June 30, 2018

Awarding Agency Pass-Through Agency <u>Award Description</u>	<u>State</u> I.D. <u>Number</u>	<u>Pass-Thru</u> Entity <u>Number</u>	<u>Accrued or</u> <u>(Unearned)</u> Revenue at <u>7/1/17</u>	<u>Receipts</u>	<u>State</u> Disbursements/ <u>Expenditures</u>	<u>Accrued or</u> <u>(Unearned)</u> Revenue at <u>6/30/18</u>	<u>Subrecipient</u> <u>Awards</u>
WI Dept. of Public Instruction							
Special education and school-age parents **	255.101	531568-100	\$ ---	\$ 939,860	\$ 939,860	\$ ---	\$ ---
State school lunch	255.102	531568-107	---	7,351	7,351	---	---
Common school fund library aid	255.103	531568-104	---	66,143	64,562	(1,581)	---
Bilingual State Aid	255.106	531568-111	---	5,354	5,354	---	---
Pupil transportation	255.107	531568-102	---	28,357	28,357	---	---
WI morning milk program	255.115	531568-109	---	3,588	3,588	---	---
Equalization aids	255.201	531568-116	175,833	10,002,382	10,009,231	182,682	---
Supplemental special education aid	255.211	531568-120	---	150,000	150,000	---	---
School breakfast program	255.344	531568-108	---	3,342	3,342	---	---
Educator effective evaluation system	255.940	531568-154	---	11,840	11,840	---	---
Per pupil aid	255.945	531568-113	---	845,100	845,100	---	---
Career and technical education incentive aid	255.950	531568-151	---	12,670	12,670	---	---
Aid for special education transition grant	255.960	531568-168	---	8,000	8,000	---	---
Total WI Dept. of Public Instruction			175,833	12,083,987	12,089,255	181,101	---
WI Dept. of Workforce Development							
Youth Apprenticeship Program	445.107	Unavailable	44,042	44,042	44,839	44,839	14,747
Total			\$ 219,875	\$ 12,128,029	\$ 12,134,094	\$ 225,940	\$ 14,747

** Total DPI aidable expenditures for the year ended June 30, 2018 were \$3,959,612

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Awarding Agency Pass-Through Agency Award Description	Federal Catalog Number	Pass-Thru Entity Number	Accrued or (Unearned) Revenue at 7/1/17	Receipts	Federal Disbursements/ Expenditures	Accrued or (Unearned) Revenue at 6/30/18	Subrecipient Awards
U.S. Department of Agriculture							
Passed through Wisconsin Department of Public Instruction:							
<i>Child Nutrition Cluster</i>							
Food Service Aid - Breakfast	10.553	2018-531568-SB-546	\$ ---	\$ 53,100	\$ 54,654	\$ 1,554	\$ ---
<i>National School Lunch Program</i>							
Donated Commodities - Noncash	10.555	N/A	---	52,521	52,521	---	---
Food Service Aid - Lunch	10.555	2018-531568-NSL-547	---	245,713	251,078	5,365	---
<i>Total National School Lunch Program</i>							
			---	298,234	303,599	5,365	---
Subtotal Child Nutrition Cluster							
			---	351,334	358,253	6,919	---
Total U.S. Department of Agriculture							
			---	351,334	358,253	6,919	---
U.S. Department of Education							
Passed through Wisconsin Department of Public Instruction:							
ESEA Title I-A Basic	84.010	2018-531568-Title I-141	171,084	294,803	239,680	115,961	---
<i>Special Education Cluster</i>							
<i>Idea Flow Through:</i>							
Idea Flow Through	84.027	2018-531568-IDEA-341	114,365	293,010	353,471	174,826	---
Idea Flow Through (EIS)	84.027	2018-531568-IDEA-341	12,454	53,553	55,344	14,245	---
<i>Total Idea Flow Through</i>							
			126,819	346,563	408,815	189,071	---
Idea Preschool Entitlement	84.173	2018-531568-Pre-S-347	2,941	9,645	8,532	1,828	---
Subtotal Special Education Cluster							
			129,760	356,208	417,347	190,899	---
Carl Perkins Act Formula Allocation	84.048	2018-531568-CP-CTE-400	16,878	45,584	37,363	8,657	---
Passed through CESA 2:							
ESEA Title III-A English Language Acquisition	84.365	2018-749902-Immigrant-371	1,697	2,760	1,063	---	---
ESEA Title II-A Teacher Principal Training	84.367	2018-531568-Title II-365	23,517	51,407	55,079	27,189	---
Total U.S. Department of Education							
			342,936	750,762	750,532	342,706	---
U.S. Department of Health and Human Services							
Passed through Wisconsin Health and Human Services:							
<i>Medicaid Assistance Cluster</i>							
Medical Assistance Program 2017-2018	93.778	44210300	---	111,349	159,791	48,442	---
Medical Assistance Program 2016-2017	93.778	44210300	43,743	80,343	36,600	---	---
Medical Assistance Program 2015-2016	93.778	44210300	---	22,921	22,921	---	---
Subtotal Medicaid Assistance Cluster							
			43,743	214,613	219,312	48,442	---
Total U.S. Department of Health and Human Services							
			43,743	214,613	219,312	48,442	---
Total							
			\$ 386,679	\$ 1,316,709	\$ 1,328,097	\$ 398,067	\$ ---

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Notes to Schedules of Expenditures of Federal and State Awards
June 30, 2018

1. Basis of Presentation

The accompanying schedule of expenditures of state and federal awards (the "Schedules") includes the federal and state award activity of the District under programs of the federal and state government for the year ended June 30, 2018. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *Wisconsin State Single Audit Guidelines*. Therefore some amounts presented in these schedules may differ from amounts presented in, or used in, the preparation of the basic financial statements. Because the schedules present only a selected portion of the operations of the District, it is not intended to and does not present the net financial position, changes in fund balance or cash flows of the District. All federal and state awards received directly from federal and state agencies as well as federal and state financial awards passed through other government agencies are included on the schedule.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and, as applicable, the cost principles contained in the *State Single Audit Guidelines*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Indirect Cost Rate

The District did not use the 10% de minimis indirect cost rate.

4. Noncash Awards

The federal donated commodities in the Child Nutrition Cluster is administered by the U.S. Department of Agriculture and passed through the Wisconsin Department of Public Instruction and transactions relating to this program are included in the District's basic financial statements. Commodities received during the year that are included in the federal expenditures are valued by the federal agency. There are no balances outstanding as of June 30, 2018.



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

To the School Board
School District of Edgerton
Edgerton, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Edgerton (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the District's basic financial statements and have issued our report thereon dated November 29, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

District's Responses to Findings

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

Purpose of this Report

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

November 29, 2018
Milwaukee, Wisconsin



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

To the School Board
School District of Edgerton
Edgerton, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited the School District of Edgerton's (the "District") compliance of with the types of compliance requirements described in the *OMB Compliance Supplement and Wisconsin State Single Audit Guidelines* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2018. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and *Wisconsin State Single Audit Guidelines* and which are described in the accompanying schedule of findings and questioned costs as items 2018-002 and 2018-003. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described in the accompany schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2018-002, 2018-003 and 2018-004 that we consider to be significant deficiencies.

The District's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

November 29, 2018
Milwaukee, Wisconsin

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2018

Reference Number: 2017-001
Description: Financial Statement Preparation

Condition: The financial statements of the District should be prepared in accordance with Accounting Principles Generally Accepted in the United States of America (GAAP). Preparation of the District's financial statements and footnote disclosures in accordance with GAAP requires a very high level of technical experience and expertise. The District's financial statements could be materially misstated and required footnote disclosures could be missing.

Status: See 2018-001.

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Section I: Summary of Auditors' Results

Financial Statements

- | | |
|---|------------|
| 1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified |
| 2. Internal control over financial reporting: | |
| A. Material weakness identified? | No |
| B. Significant deficiency(ies) identified? | Yes |
| 3. Noncompliance material to the financial statements? | No |

Federal Awards

- | | |
|---|------------|
| 4. Internal control over major federal programs: | |
| A. Material weakness identified? | No |
| B. Significant deficiency(ies) identified? | Yes |
| 5. Type of auditors' report issued on compliance for major federal programs? | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes |
| 7. Identification of major federal programs: | |

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I, Part A <u>Medicaid Cluster</u>
93.778	Medicaid Assistance Program

- | | |
|--|-----------|
| 8. Dollar threshold used to distinguish between type A and type B programs | \$750,000 |
| 9. Auditee qualified as low-risk auditee | Yes |

State Awards

- | | |
|---|------------|
| 10. Internal control over major state programs: | |
| A. Material weakness identified? | No |
| B. Significant deficiency(ies) identified? | Yes |
| 11. Type of auditors' report issued on compliance for major state programs? | Unmodified |
| 12. Any audit findings disclosed that are required to be reported in accordance with <i>Wisconsin State Single Audit Guidelines</i> ? | Yes |
| 13. Identification of major state programs: | |

<u>State Identification Number</u>	<u>Name of Federal Program or Cluster</u>
255.101	Special Education and School-Age Parents
255.201	Equalization Aid

- | | |
|---|-----------|
| 14. Dollar threshold used to distinguish between type A and type B programs | \$250,000 |
|---|-----------|

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Schedule of Findings and Questioned Costs
Year Ended June 30, 2018
(Continued)

Section II: Financial Statement Findings

Reference Number: 2018-001
Description: Financial Statement Preparation

Criteria: Statements on Auditing Standards AU §325.29 states it is a deficiency in the design of controls to have inadequate controls over the preparation of the financial statements being audited.

Condition: The financial statements of the District should be prepared in accordance with Accounting Principles Generally Accepted in the United States of America (GAAP). Preparation of the District's financial statements and footnote disclosures in accordance with GAAP requires a very high level of technical experience and expertise. The District's financial statements could be misstated and required footnote disclosures could be missing.

Cause: The District's staff does not have the necessary resources to properly apply GAAP in the preparation of these documents. The District has decided to rely on the technical experience and expertise of its auditors and have requested us to prepare the financial statements and footnote disclosures in accordance with GAAP.

Effect: The District's financial statement could be misstated and required footnote disclosures could be missing.

Identification of a Repeat Finding: This is a repeat finding from previous audits see finding 2017-001.

Auditors' Recommendation: We recommend the District assign a staff member to review the financial statements prepared by its auditors.

Views of Responsible Officials: See attachment for District's corrective action plan.

Section III: Federal and State Award Findings and Questioned Costs

Reference Number: 2018-002
Program Name: Title I, Part A
Description: 84.010 Grant Claim Reporting

Criteria: Internal controls should be in place to provide reasonable assurance that claims submitted to the Wisconsin Department of Public Instruction are based on records that accurately reflect the activity recorded in the District's account ledger.

Condition: The final claim submitted for reimbursement did not agree to the records of the District.

Cause: The District was unable to amend its claim to reflect actual activity.

Effect: While the net effect of the misclassification is zero, the District misrepresented the categories of expenses. Salaries and benefits were under-reported by \$5,527 while non-salaried expenditures were over-reported by \$5,527.

Recommendation: We recommend the District verify that its claims match the activity within the account ledger.

View of Responsible Official: See corrective action plan.

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Schedule of Findings and Questioned Costs
Year Ended June 30, 2018
(Continued)

Section III: Federal and State Award Findings and Questioned Costs (Continued)

Reference Number: 2018-003

Program Name: Title I, Part A

Description: 84.010 Comparability Reporting

Criteria: Internal controls should be in place to provide reasonable assurance that information contained in comparability reports is verifiable and based on actual District activity.

Condition: Full Time Equivalent (“FTE”) staff information included in the comparability reports submitted to the Wisconsin Department of Public Instruction was based on estimated FTE’s by location, not actual FTE’s.

Cause: The District completed the comparability reports based on estimated FTE’s.

Effect: The District was unable to provide evidence that supported the FTE count within the comparability reports.

Recommendation: We recommend the District complete comparability reports that reflect actual FTE’s of each location.

View of Responsible Official: See corrective action plan.

Reference Number: 2018-004

Program Name: Special Education and School-Age Parents Aid

Description: 255.101 Allowability

Criteria: Specialized transportation includes only the transportation District provides to fulfill individualized education programs (“IEP’s”). A specialized route is a regular, scheduled transportation service for one or more specific students whose IEPs require transportation. Specialized routes may not serve students without IEPs unless the student qualifies for an exception of an incidental benefit or a student newly experiencing homelessness.

Condition: We haphazardly selected a sample of 15 students who were provided specialized transportation. In our sample, there were three students who did not have an IEP noting specialized transportation nor did they meet the exceptions allowed by the Wisconsin Department of Public Instruction.

Cause: The District did not change the categorization of the student transportation when the IEP of the student changed.

Effect: When the District was made aware of the error, a calculation of the questioned costs were completed and the District removed these costs from Project 011 and charged them to Project 019.

Recommendation: We recommend that when student IEP’s change that transportation records to be updated.

View of Responsible Official: See corrective action plan.

SCHOOL DISTRICT OF EDGERTON
Edgerton, Wisconsin

Schedule of Findings and Questioned Costs
Year Ended June 30, 2018
(Continued)

Section IV: Other Issues

1. Does the auditors' report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? No

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

 Wisconsin Department of Public Instruction Yes
 Wisconsin Department of Health Services No

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

4. Name and signature of partner

Brian J. Mechenich

5. Date of Report

November 29, 2018

Edgerton School District

Corrective Action Plan

Reference Number: 2018-001

Description: Financial Statement Preparation

Corrective Action Plan:

The District will continue to use external sources to prepare the financial statements along with the Director of Finance and Personnel and the Finance Committee reviewing and approving drafts of the financials prior to issuance.

Anticipated Corrective Action Plan Completion Date: Ongoing.

Contact Information: For additional information regarding this finding please contact Tad Wehner, Director of Finance and Personnel, at 608-561-6104.

Reference Number: 2018-002

Description: 84.010 Grant Claim Reporting

Corrective Action Plan:

All expenses were permissible (allowable through the grant), however budget modifications must be completed (and approved) through DPI prior reimbursement submission. Moving forward, the District will always complete the budget modification process through the DPI Portal prior to submitting reimbursement.

Anticipated Corrective Action Plan Completion Date: August 14, 2018

This can be 8/14/18 which is the day I discussed it with you.

Contact Information: For additional information regarding this finding please contact Tad Wehner, Director of Finance and Personnel, at 608-561-6104.

Reference Number: 2018-003

Description: 84.010 Comparability

EDGERTON SCHOOL DISTRICT OFFICE

200 ELM HIGH DRIVE
EDGERTON, WI 53534



P : 608.561.6100



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DR. TAD WEHNER

DIRECTOR OF FINANCE & PERSONNEL
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DREW WELLMAN

DIRECTOR OF PUPIL SERVICES
DREW.WELLMAN@EDGERTON.K12.WI.US

DPI requires testing distribution of Title 1 monies for each identified (or qualifying) school. In the past, the District used an estimated FTE count to support this report. Upon review with the auditor, an actual FTE count at each level must be completed (not an estimate). From this point forward, an actual FTE count will be established at the time of report submission (ENTER MONTH) and corresponding records to support the FTE count will be retained.

Anticipated Corrective Action Plan Completion Date: August 14, 2018

Contact Information: For additional information regarding this finding please contact Tad Wehner, Director of Finance and Personnel, at 608-561-6104.

Reference Number: 2018-004

Description: 255.101 Allowability

Corrective Action Plan:

Students with disabilities that qualify (and receive) for specialized transportation must have this accommodation identified within their IEP. On a quarterly basis, the special education office will cross-reference the students that receive specialized transportation with each IEP to ensure proper documentation exists.

Anticipated Corrective Action Plan Completion Date: August 14, 2018

Contact Information: For additional information regarding this finding please contact Tad Wehner, Director of Finance and Personnel, at 608-561-6104.



11/29/18

Tad Wehner
Director of Finance and Personnel
tad.wehner@edgerton.k12.wi.us
608-561-6104

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DREW WELLMAN

DIRECTOR OF PUPIL SERVICES
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Form of Continuing Disclosure Certificate

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the School District of Edgerton, Dane, Jefferson and Rock Counties, Wisconsin (the "Issuer") in connection with the issuance of \$40,600,000 General Obligation School Building and Improvement Bonds, Series 2019, dated March 4, 2019 (the "Securities"). The Securities are being issued pursuant to resolutions adopted on August 13, 2018 and January 31, 2019 (collectively, the "Resolution") and delivered to _____ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the Official Statement dated January 31, 2019 delivered in connection with the Securities, which is available from the MSRB.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a Final Official Statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" means the School Board of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means the School District of Edgerton, Dane, Jefferson and Rock Counties, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the District Administrator of the Issuer who can be contacted at 200 Elm High Drive, Edgerton, Wisconsin 53534, phone (608) 561-6100, fax (608) 884-9327.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 270 days after the end of the Fiscal Year, commencing with the year ending June 30, 2019, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 270 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the

MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. TAX LEVIES, RATES AND COLLECTIONS
2. EQUALIZED VALUATIONS
3. INDEBTEDNESS OF THE DISTRICT - Direct Long-Term Indebtedness

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;

11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the Securities, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the Issuer, any of which reflect financial difficulties.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

(a)(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or the type of business conducted; or

(ii) This Disclosure Certificate, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, then the Issuer agrees that it will give an event notice and that the next Annual Report it submits after such amendment will include a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 4th day of March, 2019.

(SEAL)

Matthew Towns
District President

Susan Tronnes
District Clerk

Official Notice of Sale and Bid Form

OFFICIAL NOTICE OF SALE

AND

BID FORM

FOR

SCHOOL DISTRICT OF EDGERTON

DANE, JEFFERSON AND ROCK COUNTIES, WISCONSIN

**\$40,600,000* GENERAL OBLIGATION SCHOOL BUILDING AND IMPROVEMENT BONDS,
SERIES 2019**

DATE AND TIME: January 31, 2019
Beginning at 9:45 a.m. until 10:00 a.m.
Central Standard Time

PLACE: PMA Securities, Inc.
770 North Jefferson Street, Suite 200
Milwaukee, WI 53202
Attention: Phil Hohlweck
Phone: (414) 436-1943
Fax: (414) 225-0057

FORM OF BIDDING: Electronic, as described herein.

* Preliminary, subject to change.

OFFICIAL NOTICE OF SALE

**SCHOOL DISTRICT OF EDGERTON
DANE, JEFFERSON AND ROCK COUNTIES, WISCONSIN
\$40,600,000* GENERAL OBLIGATION SCHOOL BUILDING AND IMPROVEMENT BONDS,
SERIES 2019**

NOTICE IS HEREBY GIVEN that the School Board (the “Board”) of the School District of Edgerton, Dane, Jefferson and Rock Counties, Wisconsin (the “District”), will receive bids electronically via **MuniAuction** hosted by Grant Street Group (as more fully described below), for the purchase of its \$40,600,000* General Obligation School Building and Improvement Bonds, Series 2019 (the “Bonds”), on an all or none basis at the following time and place:

DATE AND TIME: Beginning at 9:45 a.m. until 10:00 a.m.
Central Standard Time
January 31, 2019

PLACE: Offices of the District’s Financial Advisor:
PMA Securities, Inc. (the “Financial Advisor”)
770 North Jefferson Street, Suite 200
Milwaukee, WI 53202

AWARD OF BONDS: Bids will be publicly announced at the above time and place. Unless all bids are rejected, award will be made by a notification of sale to the bidder offering the lowest true interest cost (“TIC”) to the District.

The Bonds

Proceeds of the Bonds will be used to pay (i) the cost of a school building and improvement program consisting of: the construction of an addition and related reconfiguration and renovations at Community Elementary School; renovations at the High School, including the science labs, commons and office; District-wide building infrastructure and capital maintenance improvements, safety and security upgrades and site improvements; and acquisition of furnishings, fixtures and equipment; and (ii) certain costs associated with the issuance of the Bonds.

The Bonds are being issued pursuant to Chapter 67 of the Wisconsin Statutes, an initial resolution adopted by the Board on August 13, 2018, which was approved at referendum on November 6, 2018 and a resolution to be adopted by the Board on January 31, 2019 (the “Award Resolution”). The Bonds will be general obligations of the District for which its full faith and credit and taxing powers are pledged which taxes may, under current law, be levied without limitation as to rate or amount. The District is authorized and required by law to levy on all property taxable by the District such as ad valorem taxes as may be necessary to pay the Bonds and

* Preliminary, subject to change.

the interest thereon. See “THE BONDS” and “CONSTITUTIONAL AND STATUTORY CONSIDERATIONS AND LIMITATIONS CONCERNING THE DISTRICT’S POWER TO INCUR INDEBTEDNESS” in the Preliminary Official Statement for further information on the authorization and security for the Bonds.

Bidding Instructions

All bids must be submitted on the MuniAuction website at www.grantstreet.com beginning at 9:45 a.m. until 10:00 a.m. Central Standard Time on January 31, 2019. No telephone, telefax or personal delivery bids will be accepted. The use of MuniAuction shall be at the bidder’s risk and expense and the District shall have no liability with respect thereto, including (without limitation) liability with respect to incomplete, late arriving and non-arriving bids. Any questions regarding bidding on the MuniAuction website should be directed to Grant Street Group (the “Auction Administrator”) at (412) 391-5555 x370.

Each bidder (“Bidder”) may change and submit bids as many times as it likes during the bidding time period; provided, however, each and any bid submitted subsequent to a Bidder’s initial bid must result in a lower TIC with respect to a bid, when compared to the immediately preceding bid of such Bidder. In the event that the revised bid does not produce a lower TIC with respect to a bid, the prior bid will remain valid.

If any bid in the auction becomes a leading bid two (2) minutes prior to the end of the auction, then the auction will be automatically extended by two (2) minutes from the time such bid was received by MuniAuction. The auction end time will continue to be extended, indefinitely, until a single leading bid remains the leading bid for at least two minutes.

The last valid bid submitted by a Bidder before the end of the bidding time period will be compared to all other final bids submitted by others to determine the winning Bidder or Bidders.

During the bidding, no Bidder will see any other Bidder’s bid, but Bidders will be able to see the ranking of their bid relative to other bids (i.e., “Leader”, “Cover”, “3rd” etc.).

On the Auction Page, Bidders will be able to see whether a bid has been submitted.

Bidders must comply with the Rules of MuniAuction in addition to the requirements of this Official Notice of Sale. To the extent there is a conflict between the Rules of MuniAuction and this Official Notice of Sale, this Official Notice of Sale shall control.

A Bidder submitting a winning bid (“Winning Bid”) is irrevocably obligated to purchase the Bonds at the rates and prices of the Winning Bid, if acceptable to the District, as set forth in this Official Notice of Sale. Winning Bids are not officially awarded to winning Bidders until formally accepted by the District as set forth in the Award Resolution.

Neither the District, the Financial Advisor, nor the Auction Administrator is responsible for technical difficulties that result in loss of a Bidder’s internet connection with MuniAuction, slowness in transmission of bids, any other technical problems resulting in bid submission failure, or any computational or data entry errors associated with using MuniAuction.

If for any reason a Bidder is disconnected from the Auction Page during the auction after having submitted a Winning Bid, such bid is valid and binding upon such Bidder, unless the District exercises its right to reject bids, as set forth herein.

Bids which generate error messages are not accepted until the error is corrected and the bid is received prior to the deadline.

Bidders accept and agree to abide by all terms and conditions specified in this Official Notice of Sale (including amendments, if any) related to the auction.

Neither the District, the Financial Advisor, nor the Auction Administrator is responsible to any Bidder for any defect or inaccuracy in this Official Notice of Sale, amendments thereto, or the Preliminary Official Statement as they appear on MuniAuction resulting in bid submission failure, or any computational or data entry errors associated with using MuniAuction.

Only Bidders who request and receive admission to the auction may submit bids. MuniAuction and the Auction Administrator reserve the right to deny access to the MuniAuction website to any Bidder, whether registered or not, at any time and for any reason whatsoever, in their sole and absolute discretion.

Neither the District, the Financial Advisor, nor the Auction Administrator is responsible for protecting the confidentiality of a Bidder's MuniAuction password.

If two bids submitted in the same auction by the same or two or more different Bidders result in the same TIC, the first confirmed bid received by MuniAuction prevails. Any change to a submitted bid constitutes a new bid, regardless of whether there is a corresponding change in the TIC.

Bidders must compare their final bids to those shown on the Observation Page immediately after the bidding time period ends, and if they disagree with the final results shown on the Observation Page they must report them to MuniAuction within 15 minutes after the bidding time period ends.

Regardless of the final results reported by MuniAuction, the Bonds are definitively awarded to the winning Bidder (the "Underwriter") only upon official award by the District. If, for any reason, the District fails to: (i) award the Bonds to the winner reported by MuniAuction, or (ii) deliver the Bonds to the Underwriter at settlement, neither the District, the Financial Advisor, nor the Auction Administrator will be liable for damages.

Bidders who submit a bid on the Auction Page by clicking the "Submit Bid" button must confirm that bid by clicking the "Yes, Submit Bid" button on the Confirmation Page.

Determination of Winning Bid

The Bonds will be awarded to the single and best Bidder whose bid will be determined upon the basis of the **lowest TIC** at the rates designated in said bid from the dated date to the maturity dates after deducting the bid premium or adding the bid discount, if any. The TIC will be calculated as the rate which, when used in computing the present value of all principal and interest to be paid on the Bonds (commencing on September 1, 2019 and semiannually on each March 1 and September 1 thereafter), produces an amount on the date of issuance of the Bonds (expected to be March 4, 2019) equal to the purchase price set forth in the bid. In the event of more than one proposal specifying the lowest TIC, the Bonds will be awarded to the Bidder whose bid was submitted first in time on the MuniAuction webpage.

The TIC of each bid will be computed by MuniAuction and reported on the Observation Page of the MuniAuction webpage immediately following the date and time for receipt of bids.

These TICs are subject to verification by the Financial Advisor and will be posted for informational purposes only and will not signify an actual award of any bid or an official declaration of the Winning Bid. The District or the Financial Advisor will notify the Bidder to whom the Bonds will be awarded, if and when such award is made.

Terms of the Bonds

The Bonds will be dated the date of issuance thereof, will mature on the dates and in the amounts, and not more than one rate should be specified for each maturity as described in the Official Bid Form attached hereto.

The Bonds due on and after March 1, 2028 are subject to redemption prior to maturity, at the option of the District, in whole or in part, from maturities selected by the District and within each maturity by lot as determined by the District, in integral multiples of \$5,000, on March 1, 2027 or on any date thereafter, at a redemption price of par plus accrued interest to the redemption date.

Term bonds are not allowed.

Bidding Parameters

The interest rates must be in multiples of one-eighth or one-twentieth of one percent (1/8 or 1/20 of 1%), and not more than one rate for a single maturity shall be specified. The rate bid for each maturity shall not exceed 5.00%. All bids must be for all of the Bonds and must be for not less than 100.0% and not more than 104.0% of the par amount thereof.

Attorneys' fees, Rating Agency fees, Financial Advisor fees, the cost of distributing the Official Notice of Sale, the Preliminary Official Statement and the final Official Statement and miscellaneous expenses of said District incurred in connection with the offering and delivery of the Bonds shall all be the obligation of the Underwriter. The total of these fees is \$181,715.

A good faith deposit will not be required prior to bid opening. The Underwriter is required to submit a certified or cashier's check on a solvent bank or trust company or a wire transfer for TWO PERCENT OF PAR (2%) payable to the District as evidence of good faith of the bidder (the "Deposit") not later than 3:30 P.M. Central Standard Time on the sale date. The Deposit of the Underwriter will be retained by the District pending delivery of the Bonds. The District may hold the proceeds of any Deposit or invest the same (at the District's risk) in obligations that mature at or before the delivery of the Bonds, until disposed of, as follows: (a) at the delivery of the Bonds and upon compliance with the Underwriter's obligation to take up and pay for the Bonds, the full amount of the Deposit held by the District, without adjustment for interest, shall be applied toward the purchase price of the Bonds at that time, and the full amount of any interest earnings thereon shall be retained by the District; and (b) if the Underwriter fails to take up and pay for the Bonds when tendered, the full amount of the Deposit plus any interest earnings thereon will be forfeited to the District as liquidated damages.

The District will furnish to the Underwriter the approving legal opinion of Bond Counsel. After delivery, the District will furnish to the Underwriter a complete certified transcript of all proceedings in connection with the issuance of the Bonds which shall include a non-litigation certificate showing that there is no litigation pending or threatened as to the validity or security of the Bonds.

Establishment of Issue Price

(a) The winning bidder (the "Purchaser") shall assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the Public (as hereinafter defined) or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Purchaser, the District and Bond Counsel. All actions to be taken by the District under this Official Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the District by the District's Financial Advisor, identified herein, and any notice or report to be provided to the District may be provided to the District's Financial Advisor. Within one hour of the award, the Purchaser will provide the District and its Financial Advisor the expected initial offering price of the Bonds, which the Purchaser used to formulate its bid.

(b) The District intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "Competitive Sale Requirements") because:

- (1) the District will disseminate this Official Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
- (2) all bidders will have an equal opportunity to bid;

- (3) the District may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the District anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest TIC, as set forth in this Official Notice of Sale.

Any bid submitted pursuant to this Official Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

(c) In the event that the Competitive Sale Requirements are not satisfied, the District shall so advise the Purchaser. In such event, any bid proposal submitted will not be subject to cancellation or withdrawal, and the District agrees to use the rule selected by the Purchaser on its bid form to determine the issue price for the Bonds. On the bid form, each bidder must select one of the following rules to establish the issue price of the Bonds: (i) the first price at which 10% of a maturity of the Bonds (the “10% Test”) is sold to the Public as the issue price of that maturity, or (ii) the initial offering price of that maturity (the “Hold-the-Offering-Price Rule”), in each case applied on a maturity-by-maturity basis. The Purchaser shall advise the District if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the Bonds. The Purchaser shall promptly advise the District, at or before the time of award of the Bonds, which maturities (and if different interest rates apply within a maturity, which separate CUSIP number within that maturity) of the Bonds shall be subject to the 10% Test or shall be subject to the Hold-the-Offering-Price Rule. ***Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the Hold-the-Offering-Price Rule or the 10% Test, as selected on the bid form, in order to establish the issue price of the Bonds.*** In addition, if the 10% Test has not been satisfied with respect to any maturity of the Bonds prior to closing, then the Purchaser shall provide the District with a representation as to the price or prices as the date of closing at which the Purchaser reasonably expects to sell the remaining Bonds of such maturity.

(d) **If the Competitive Sale Requirements are not satisfied and the Purchaser selects the Hold-the-Offering-Price Rule**, then the Purchaser shall (i) confirm that the Underwriters (as hereinafter defined) have offered or will offer the Bonds to the Public (as hereinafter defined) on or before the date of award at the offering price or prices (the “Initial Offering Price”), or at the corresponding yields set forth in the bid submitted by the Purchaser and (ii) agree, on behalf of the Underwriters participating in the purchase of the Bonds, that the Underwriters will neither offer nor sell unsold Bonds of any maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price to the Public during the period starting on the Sale Date (as hereinafter defined) and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the Sale Date;
or
- (2) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price to the Public.

The Purchaser will advise the District promptly after the close of the fifth (5th) business day after the Sale Date whether it has sold 10% of that maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price to the Public. Within one hour of the award, the Purchaser will inform the District of the Initial Offering Price for each maturity of the Bonds.

(e) **If the Competitive Sale Requirements are not satisfied and the Purchaser selects the 10% Test**, then until the 10% Test has been satisfied as to each maturity of the Bonds, the Purchaser agrees to promptly report to the District the prices at which the unsold Bonds of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% Test has been satisfied as to the Bonds of that maturity, provided that, the Purchaser's reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the District or Bond Counsel. In addition, if the 10% test has not been satisfied with respect to any maturity of the Bonds prior to closing, then the Purchaser shall provide the District with a representation as to the price or prices as of the date of closing at which the Purchaser reasonably expects to sell the remaining Bonds of such maturity.

(f) The District acknowledges that, in making the representations set forth above, the Purchaser will rely on (i) the agreement of each Underwriter to comply with requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in an agreement among Underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the Public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bond to the Public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The District further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule if applicable to the Bonds.

(g) By submitting a bid, each bidder confirms that:

(i) any agreement among Underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the Public the unsold Bonds of each maturity allocated to it whether or not the closing date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Purchaser that the 10% Test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the Purchaser and (ii) to comply with the Hold-the-Offering-Price Rule, if applicable, if and for so long as directed by the Purchaser and as set forth in the related pricing wires, which shall be until the 10% Test has been satisfied as to the Bonds of that maturity or until the close of business on the fifth (5th) business day following the date of award,

(B) to promptly notify the Purchaser of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an Underwriter participating in the initial sale of the Bonds to the Public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the Underwriter, the Purchaser shall assume that each order submitted by the Underwriter is a sale to the Public.

(ii) any agreement among Underwriters or selling group agreement relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the Public the unsold Bonds of each maturity allocated to it, whether or not the closing date has occurred, until either all Bonds of that maturity allocated to it have been sold or until it is notified by the Purchaser or such Underwriter that the 10% Test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the Purchaser or such Underwriter and (B) comply with the Hold-the-Offering-Price Rule, if applicable, if and for so long as directed by the Purchaser or the Underwriter and as set forth in the related pricing wires, which shall be at least until the 10% Test has been satisfied as to the Bonds of

that maturity or until the close of business on the fifth (5th) business day following the date of the award.

(h) Sales of any Bonds to any person that is a Related Party to an Underwriter participating in the initial sale of the Bonds to the Public shall not constitute sales to the Public for purposes of this Official Notice of Sale. Further, for purposes of this Official Notice of Sale:

- (i) “Public” means any person other than an Underwriter or a Related Party,
- (ii) “Underwriter” means (A) any person that agrees pursuant to a written contract with the District (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public),
- (iii) a purchaser of any of the Bonds is a “Related Party” to an Underwriter if the Underwriter and the Purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “Sale Date” means the date that the Bonds are awarded by the District to the Purchaser.

Tax Status

Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax status applicable to the interest on the Bonds under existing law substantially in the form attached to the Preliminary Official Statement as Appendix A.

Not Qualified Tax-Exempt Obligations

The Bonds are not “qualified tax-exempt obligations” under the small issuer exception provided under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

Book-Entry Only

The Bonds will be issued as fully-registered Bonds without coupons and, when issued, will be registered in the name of CEDE & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. A single Bond certificate for each maturity will be issued to DTC and immobilized in its custody. Individual purchases may be made in book-entry-only form only through DTC participants, in the principal amount of \$5,000 or any integral multiple thereof. Individual purchasers will not receive certificates evidencing their ownership of the Bonds purchased. The Underwriter shall be required to deposit the Bond certificates with DTC as a condition to delivery of the Bonds. The District will make payments of principal and interest on the Bonds to DTC or its nominee as registered owner of the Bonds in same-day funds. Transfer of those payments to participants of DTC will be the responsibility of DTC; transfer of the payments to beneficial owners by DTC participants will be the responsibility of such participants and other nominees of beneficial owners all as required by DTC rules and procedures. No assurance can be given by the District that DTC, its participants and other nominees of beneficial owners will make prompt transfer of the payments as required by DTC rules and procedures. The District assumes no liability for failures of DTC, its participants or other nominees to promptly transfer payments to beneficial owners of the Bonds.

In the event that the securities depository relationship with DTC for the Bonds is terminated and the District does not appoint a successor depository, the District will prepare, authenticate and deliver, at its expense, fully-registered certificate Bonds in the denominations of \$5,000 or any integral multiple thereof in the aggregate principal amount of the Bonds of the same maturities and interest rate then outstanding to the beneficial owners of the Bonds.

CUSIP Numbers

It is intended that CUSIP numbers will be printed on the Bonds, but neither the failure to print or type such numbers on any Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter to accept delivery of and make payment for the Bonds. All expenses in relation to the printing of CUSIP numbers, including CUSIP Service Bureau charges for the assignment of said numbers, shall be the responsibility of and shall be paid by the Underwriter.

Continuing Disclosure

The District covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the “Undertaking”) to provide ongoing disclosure about the District for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under Section (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The form of the Undertaking is set forth in Appendix C in the Preliminary Official Statement. Please see the section entitled “CONTINUING DISCLOSURE” in the Preliminary Official Statement for a description of the District’s compliance over the last five years with undertakings previously entered into by it pursuant to the Rule.

The Underwriter’s obligation to purchase the Bonds shall be conditional upon the District delivering the Undertaking on or before the date of delivery of the Bonds.

Official Statement

The District declares the Preliminary Official Statement provided in connection with the sale of the Bonds to be final as of its date for purposes of the Rule, except for the omission of the offering prices or yields, the interest rates, any other terms or provisions required by the District specified in the bid, ratings, other terms of the Bonds depending on such matters, and the identity of the Underwriter. Upon the sale of the Bonds, the District will publish an Official Statement in substantially the same form as the Preliminary Official Statement, subject to minor additions, deletions and revisions as required to complete the Preliminary Official Statement. By submission of its bid, the Underwriter will be deemed to have certified that it has obtained and reviewed the Preliminary Official Statement. Promptly after the sale date, but in no event later than seven business days after the sale date, the District will provide the Underwriter with an electronic copy of the final Official Statement. The Underwriter agrees to supply to the District all information necessary to complete the Official Statement within 24 hours after the award of the Bonds.

Conditions of Closing

The District reserves the right to reject any or all bids and to determine the best bid in its sole discretion, and to waive any irregularity in any bid. Additionally, the District reserves the right to modify or amend this Official Notice of Sale; however, any such modification or amendment shall not be made less than twenty-four (24) hours prior to the date and time for receipt of bids on the Bonds and any such modification or amendment will be announced on the Amendments Page of the MuniAuction webpage and through *Thompson Municipal News*.

By submitting a bid, any bidder makes the representation that it understands Bond Counsel represents the District in the Bond transaction and, if such bidder has retained Bond Counsel in an unrelated matter, such bidder represents that the signatory to the bid is duly authorized to, and does consent to and waive for and on behalf of such bidder any conflict of interest of Bond Counsel arising from any adverse position to the District in this matter; such consent and waiver shall supersede any formalities otherwise required in any separate understandings, guidelines or contractual arrangements between the bidder and Bond Counsel.

The Bonds will be delivered to the Underwriter against full payment in immediately available funds as soon as they can be prepared and executed, which is expected to be March 4, 2019. Should delivery, however, be delayed beyond forty-five (45) days from the date of sale for any reason beyond the control of the District except failure of performance by the Underwriter, the District may cancel the award or the Underwriter may withdraw the Deposit and thereafter the Underwriter's interest in and liability for the Bonds will cease.

Additional Information

The Preliminary Official Statement and the Official Bid Form, together with other pertinent information, may be obtained from the District, Attention: Tad Wehner, Director of Finance & Personnel, 200 Elm High Drive, Edgerton, Wisconsin 53534, Telephone: (608) 561-6100, or from the Financial Advisor, Attention: Phil Hohlweck, 770 North Jefferson Street, Suite 200, Milwaukee, WI 53202, Telephone: (414) 436-1943.

By order of the School Board of the District, dated this 23rd day of January, 2019.

/s/ Tad Wehner

Director of Finance & Personnel
School District of Edgerton
Dane, Jefferson and Rock Counties, Wisconsin

**OFFICIAL BID FORM
(OPEN INTERNET AUCTION)**

School Board
School District of Edgerton
Dane, Jefferson and Rock Counties, Wisconsin

January 31, 2019

Ladies and Gentlemen:

Subject to all the provisions of the Official Notice of Sale, which is expressly made a part of this bid, we offer to purchase the General Obligation School Building and Improvement Bonds, Series 2019 (the "Bonds") as described below:

Par amount of Bonds:	\$40,600,000*
Dated date:	Date of issuance
Purchase price:	\$ _____
(not less than 100.0% and not more than 104.0% of the par amount of the Bonds)	

The Bonds shall bear interest as follows (each rate (i) a multiple of 1/8 or 1/20 of 1% and (ii) not exceeding 5.00%):

<u>Maturity</u>	<u>Amount (\$)*</u>	<u>Rate (%)</u>
September 1, 2019	1,400,000	_____
March 1, 2020	1,800,000	_____
March 1, 2021	920,000	_____
March 1, 2022	955,000	_____
March 1, 2023	995,000	_____
March 1, 2024	1,035,000	_____
March 1, 2025	1,080,000	_____
March 1, 2026	1,120,000	_____
March 1, 2027	1,170,000	_____
March 1, 2028	2,040,000	_____
March 1, 2029	2,110,000	_____
March 1, 2030	2,180,000	_____
March 1, 2031	2,250,000	_____
March 1, 2032	2,330,000	_____
March 1, 2033	2,425,000	_____
March 1, 2034	2,525,000	_____
March 1, 2035	2,630,000	_____
March 1, 2036	2,735,000	_____
March 1, 2037	2,850,000	_____
March 1, 2038	2,965,000	_____
March 1, 2039	3,085,000	_____

* Preliminary, subject to change. The District reserves the right to increase or decrease the principal amount of the individual maturities of the Bonds on the day of sale in increments of \$5,000. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000 bond.

Term bonds are not allowed.

The Bonds due on and after March 1, 2028 are subject to redemption prior to maturity, at the option of the District, in whole or in part, from maturities selected by the District and within each maturity by lot as determined by the District, in integral multiples of \$5,000, on March 1, 2027 or on any date thereafter, at a redemption price of par plus accrued interest to the redemption date.

The Bonds are to be accompanied by the unqualified approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, and a certificate evidencing that no litigation is pending against the District, which will affect the validity or security of these Bonds.

Attorneys' fees, Rating Agency fees, Financial Advisor fees, the cost of distributing the Official Notice of Sale, the Preliminary Official Statement and the Official Statement and miscellaneous expenses of said District incurred in connection with the offering and delivery of the Bonds shall all be the obligation of the Underwriter. The total of these fees is \$181,715.

If the net interest cost or the true interest cost stated below is incorrectly computed, the undersigned agrees that the purchase price and interest rates above shall prevail.

Net Interest Cost: \$ _____ %
True Interest Cost: _____ %

This bid is a firm offer for the purchase of the Bonds identified in the Official Notice of Sale, on the terms set forth in this bid form and the Official Notice of Sale, and is not subject to any conditions, except as permitted by the Official Notice of Sale. If the Competitive Sale Requirements are not met, the bidder selects the following rule to establish the issue price of maturities of the Bonds for which 10% is not sold to the Public on the date hereof applied on a maturity-by-maturity basis (mark one):

_____ 10% Test: the first price at which 10% of a maturity of the Bonds is sold to the Public for the following maturities: _____

_____ Hold-the-Offering-Price Rule: the initial offering price of that maturity for the following maturities: _____

By submitting this bid, we confirm that we have an established industry reputation for underwriting new issuances of municipal bonds. *[If the bidder cannot confirm an established industry reputation for underwriting new issuances of municipal bonds, the preceding sentence should be crossed out.]*

We understand that if we are the winning bidder that we will deposit with the District Treasurer not later than 3:30 P.M. Central Standard Time on the sale date a certified or cashier's check or wire transfer in the amount of two percent (2%) of the par amount of the Bonds payable to said District as a guarantee of good faith, to be applied in accordance with the Official Notice of Sale.

Managing Underwriter Signature

Name of Firm: _____

Direct Contact: _____

Address: _____

Phone Number: _____

E-Mail Address: _____

—PLEASE ATTACH A LIST OF ACCOUNT MEMBERS—

The foregoing offer is hereby accepted this 31st day of January, 2019 by the School Board of the School District of Edgerton, Dane, Jefferson and Rock Counties, Wisconsin, and in recognition therefore is signed by the official of the District empowered and authorized to make such acceptance.

President, School Board
School District of Edgerton
Dane, Jefferson and Rock Counties, Wisconsin

Exhibit A

Form of Issue Price Certificate

School District of Edgerton, Wisconsin ("District")
\$40,600,000
General Obligation School Building and Improvement Bonds, Series 2019,
dated March 4, 2019

UNDERWRITER'S CERTIFICATE

The undersigned, on behalf of _____ (the "Representative"), on behalf of itself and the other Underwriter(s) with respect to the Bonds (together, the "Underwriting Group"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds").

1. ***Reasonably Expected Initial Offering Price.***

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Underwriting Group are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Representative on behalf of the Underwriting Group in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Representative to purchase the Bonds.

(b) None of the members of the Underwriting Group were given the opportunity to review other bids prior to submitting their bid.

(c) The bid submitted by the Representative constituted a firm offer to purchase the Bonds.

2. ***Defined Terms.***

(a) "Maturity" means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) "Sale Date" means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is January 31, 2019.

(d) "Underwriter" means (i) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate

in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The Representative understands that the foregoing information will be relied upon by the District with respect to certain of the representations set forth in the Tax Exemption Certificate and compliance with the federal income tax rules affecting the Bonds, and by Quarles & Brady LLP, bond counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G and other federal income tax advice that it may give to the District from time to time relating to the Bonds.

as Representative

By: _____

Name: _____

Dated: March 4, 2019

SCHEDULE A
TO
UNDERWRITER'S CERTIFICATE

EXPECTED OFFERING PRICES

(See Attached)

SCHEDULE B
TO
UNDERWRITER'S CERTIFICATE

COPY OF UNDERWRITER'S BID

(See Attached)