



**CEDARBURG SCHOOL DISTRICT**  
FINANCIAL STATEMENTS  
Including Independent Auditor's Report  
As of and for the year ended June 30, 2020

Johnson Block and Company, Inc.  
Certified Public Accountants  
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Cedarburg School District  
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June 30, 2020

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Cedarburg School District  
Cedarburg, 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 Cedarburg School District ("District") as of and for the year ended June 30, 2020, 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.

#### ***Auditor's Responsibility***

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

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cedarburg School District as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As discussed in Note 1 to the financial statements, effective July 1, 2019, the Cedarburg School District adopted the provisions of GASB Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to this matter.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, District net OPEB liability schedules, District supplemental pension plan schedules, local retiree life insurance fund schedules, and Wisconsin Retirement System schedules on pages 48-57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cedarburg School District's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

*Johnson Block & Company, Inc.*

Johnson Block & Company, Inc.  
November 17, 2020

## BASIC FINANCIAL STATEMENTS

Exhibit A-1  
Cedarburg School District  
Statement of Net Position  
June 30, 2020

	Governmental Activities
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 7,054,062
Restricted cash	35,022,704
Taxes receivable	4,917,442
Accounts receivable	1,131,715
Prepays	391,633
Due from other governmental units	302,595
Total current assets	48,820,151
Noncurrent assets:	
Capital assets	
Capital assets	101,727,112
Less: accumulated depreciation	(29,885,527)
Net book value of capital assets	71,841,585
Net pension asset - restricted	3,861,699
Total noncurrent assets	75,703,284
Total assets	124,523,435
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
WRS Pension outflows	8,457,411
District Supplemental pension outflows	94,294
OPEB - District health insurance plan outflows	714,101
OPEB - group life insurance plan outflows	510,540
Total deferred outflows	9,776,346
Total assets and deferred outflows of resources	\$ 134,299,781
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 7,083,038
Payroll taxes and withholdings	507,063
Unearned revenue	1,868
Accrued interest payable	701,230
Anticipation notes	9,000,000
Current portion of long-term obligations	3,095,000
Total current liabilities	20,388,199
Noncurrent liabilities:	
General obligation debt	
Plus: unamortized debt premium of \$3,566,645	65,351,645
Net OPEB - District health insurance plan	3,557,181
Net OPEB - group life insurance plan	1,119,015
Supplemental pension	379,193
Less: current portion	(3,095,000)
Total noncurrent liabilities	67,312,034
Total liabilities	87,700,233
<b>DEFERRED INFLOWS OF RESOURCES</b>	
WRS Pension inflows	11,563,054
District Supplemental pension inflows	12,560
OPEB - District health insurance plan inflows	1,239,348
OPEB - group life insurance plan inflows	276,707
Total deferred inflows	13,091,669
<b>NET POSITION</b>	
Net investment in capital assets	27,144,649
Restricted for:	
Common school funds	43,331
Capital projects	1,323,226
Community service	14,664
Special revenue	554,945
Food service	28,634
Debt service	626,976
Unrestricted	3,771,454
Total net position	33,507,879
Total liabilities, deferred inflows of resources, and net position	\$ 134,299,781

Exhibit A-2  
Cedarburg School District  
Statement of Activities  
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
<b>Governmental activities:</b>					
<b>Instruction:</b>					
Regular instruction	\$ 14,993,779	\$ 1,745,913	\$ 404,102	\$	\$ (12,843,764)
Vocational instruction	822,114	14,601			(807,513)
Special instruction	3,405,187		1,559,150		(1,846,037)
Other instruction	1,933,463	710,038	25,485		(1,197,940)
Total instruction	21,154,543	2,470,552	1,988,737		(16,695,254)
<b>Support services:</b>					
Pupil services	1,614,803		15,542		(1,599,261)
Instructional staff services	2,271,806		324,028		(1,947,778)
General administration services	853,351				(853,351)
Building administration services	1,766,291				(1,766,291)
Business services	5,517,415	117,198	48,246	1,123,596	(4,228,375)
Central services	321,628				(321,628)
Community services	40,850	36,174			(4,676)
Insurance and judgments	366,415				(366,415)
Other support services	894,838		2,898		(891,940)
Food service	763,885	648,668	221,511		106,294
Interest, amortization, other charges	2,295,451				(2,295,451)
Depreciation - unallocated	2,239,724				(2,239,724)
Total support services	18,946,457	802,040	612,225	1,123,596	(16,408,596)
<b>Non-program transactions:</b>					
Purchased instructional services	988,898		156,483		(832,415)
Post-secondary scholarships	43,075				(43,075)
Other non-program transactions	35,510				(35,510)
Total non-program transactions	1,067,483		156,483		(911,000)
Total governmental activities	\$ 41,168,483	\$ 3,272,592	\$ 2,757,445	\$ 1,123,596	(34,014,850)
<b>General Revenues:</b>					
Property taxes:					
General purposes					18,456,752
Debt services					5,025,131
Community services					150,000
Federal and state aid not restricted for specific purposes					
General					12,987,919
Interest and investment earnings					816,983
(Loss) on disposal of fixed assets					(16,340)
Miscellaneous					131,084
Amortization of debt premium					182,276
Total general revenues					37,733,805
Change in net position					3,718,955
Net position - beginning, as previously reported					29,452,770
Prior period adjustment - implementation of GASB Statement No. 84					336,154
Net position - beginning, as restated					29,788,924
Net position - ending					\$ 33,507,879



Exhibit A-3  
Cedarburg School District  
Balance Sheet  
Governmental Funds  
June 30, 2020

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 3,171,018	\$ 1,883,282	\$ 1,328,206	\$ 671,556	\$ 7,054,062
Restricted cash		25,992,222	9,030,482		35,022,704
Taxes receivable	4,917,442				4,917,442
Accounts and interest receivable	499,529	518,087		114,099	1,131,715
Prepays	390,389			1,244	391,633
Due from other governments	265,142			37,453	302,595
Due from other funds	71,087			2,000	73,087
<b>Total assets</b>	<b>\$ 9,314,607</b>	<b>\$ 28,393,591</b>	<b>\$ 10,358,688</b>	<b>\$ 826,352</b>	<b>\$ 48,893,238</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 577,940	\$ 6,350,655		\$ 154,443	\$ 7,083,038
Due to other funds	2,000			71,087	73,087
Payroll taxes and withholdings	506,352			711	507,063
Unearned revenue				1,868	1,868
<b>Total liabilities</b>	<b>1,086,292</b>	<b>6,350,655</b>		<b>228,109</b>	<b>7,665,056</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
		65,000			65,000
<b>FUND BALANCES</b>					
Nonspendable	390,389			1,244	391,633
Restricted	43,331	21,977,936	10,358,688	596,999	32,976,954
Committed	20,000				20,000
Unassigned	7,774,595				7,774,595
<b>Total fund balances</b>	<b>8,228,315</b>	<b>21,977,936</b>	<b>10,358,688</b>	<b>598,243</b>	<b>41,163,182</b>
<b>Total liabilities, deferred inflows of resources, fund balances</b>	<b>\$ 9,314,607</b>	<b>\$ 28,393,591</b>	<b>\$ 10,358,688</b>	<b>\$ 826,352</b>	<b>\$ 48,893,238</b>

Exhibit A-4  
 Cedarburg School District  
 Reconciliation of the Governmental Funds Balance Sheet  
 with the Statement of Net Position  
 June 30, 2020

Total fund balances - governmental funds:		\$ 41,163,182
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position:		
Governmental capital assets	101,727,112	
Governmental accumulated depreciation	<u>(29,885,527)</u>	71,841,585
The net pension asset is not a current financial resource and is, therefore, not reported in the fund statements.		
		3,861,699
Pension, OPEB, and Supplemental Pension deferred outflows and inflows of resources are actuarially determined by the plans. These items are reflected in the statement of net position and are being amortized with pension, OPEB, and supplemental pension expense in the statement of activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and therefore are not reported in the fund statements.		
Deferred outflows of resources		9,776,346
Deferred inflows of resources		<u>(13,091,669)</u>
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Deferred long-term receivable		65,000
Long term liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements. Long-term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:		
General obligation debt, including anticipation debt	(70,785,000)	
Bond premium	(3,566,645)	
Accrued interest on general obligation debt	(701,230)	
Net OPEB - District health insurance plan	(3,557,181)	
Net OPEB - group life insurance plan	(1,119,015)	
Supplemental pension	<u>(379,193)</u>	<u>(80,108,264)</u>
Total net position - governmental activities		<u>\$ 33,507,879</u>

Exhibit A-5  
Cedarburg School District  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2020

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 18,456,752		\$ 5,025,131	\$ 150,000	\$ 23,631,883
Other local sources	1,890,882	796,944	12,887	1,323,666	4,024,379
Interdistrict sources	1,375,240				1,375,240
Intermediate sources	14,288				14,288
State sources	14,425,478			7,656	14,433,134
Federal sources	874,571			213,855	1,088,426
Other sources	89,130			22	89,152
<b>Total revenues</b>	<b>37,126,341</b>	<b>796,944</b>	<b>5,038,018</b>	<b>1,695,199</b>	<b>44,656,502</b>
<b>EXPENDITURES</b>					
Instruction:					
Regular instruction	15,017,821			23,544	15,041,365
Vocational instruction	826,238			134	826,372
Special instruction	3,408,692				3,408,692
Other instruction	1,464,088			470,961	1,935,049
<b>Total instruction</b>	<b>20,716,839</b>			<b>494,639</b>	<b>21,211,478</b>
Support Services:					
Pupil services	1,616,420			1,260	1,617,680
Instructional staff services	2,263,890				2,263,890
General administration services	796,395			55,736	852,131
Building administration services	1,766,492			645	1,767,137
Business services	6,235,447	38,024,772		1,618,238	45,878,457
Central services	321,896				321,896
Community services				41,058	41,058
Insurance	366,415				366,415
Debt service	34,389		4,662,305		4,696,694
Other support services	931,154				931,154
<b>Total support services</b>	<b>14,332,498</b>	<b>38,024,772</b>	<b>4,662,305</b>	<b>1,716,937</b>	<b>58,736,512</b>
Non-Program Transactions:					
Purchased instructional services	988,898				988,898
Post-secondary scholarships				43,075	43,075
Other non-program transactions	35,369			140	35,509
<b>Total non-program transactions</b>	<b>1,024,267</b>			<b>43,215</b>	<b>1,067,482</b>
<b>Total expenditures</b>	<b>36,073,604</b>	<b>38,024,772</b>	<b>4,662,305</b>	<b>2,254,791</b>	<b>81,015,472</b>
Excess (deficiency) of revenues over expenditures	1,052,737	(37,227,828)	375,713	(559,592)	(36,358,970)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer from other funds		500,000			500,000
Transfer to other funds	(500,000)				(500,000)
Long-term debt proceeds		20,000,000	8,720,000		28,720,000
Premium on debt issued			1,052,405		1,052,405
<b>Total other financing sources (uses)</b>	<b>(500,000)</b>	<b>20,500,000</b>	<b>9,772,405</b>		<b>29,772,405</b>
<b>Net change in fund balances</b>	<b>552,737</b>	<b>(16,727,828)</b>	<b>10,148,118</b>	<b>(559,592)</b>	<b>(6,586,565)</b>
Fund balance - beginning, as previously reported	7,675,578	38,705,764	210,570	821,681	47,413,593
Prior period adjustment - implementation of GASB Statement No. 84				336,154	336,154
Fund balance - beginning, as restated	7,675,578	38,705,764	210,570	1,157,835	47,749,747
<b>Fund balance - ending</b>	<b>\$ 8,228,315</b>	<b>\$ 21,977,936</b>	<b>\$ 10,358,688</b>	<b>\$ 598,243</b>	<b>\$ 41,163,182</b>

Exhibit A-6  
 Cedarburg School District  
 Reconciliation of Statement of Revenues, Expenditures and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Year Ended June 30, 2020

Net change in fund balances-total governmental funds		\$ (6,586,565)
Amounts reported for governmental activities in the statement of activities are different because:		
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.		
Capital outlay reported in governmental fund statements and donated capital assets	39,612,563	
Depreciation expenses reported in the statement of activities	(2,239,724)	
Amount by which capital outlays are greater (less) than depreciation in the current period.	37,372,839	
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, and disposals) is to increase/(decrease) net position		
		(16,340)
Certain revenues are deferred in the governmental funds because they are not available to pay current period expenditures. In the statement of activities, these are recorded as revenues in the year incurred.		
Deferred long-term receivable for athletic facility projects		65,000
Long-term proceeds, including capital leases, provide current financial resources to governmental funds but issuing long-term debt increases long-term liabilities in the statement of net position. Repayment of principal on long-term debt is reported in governmental funds as an expenditure but is reported as a reduction in long-term debt in the statement of activities.		
The amount of long-term debt repayments were		2,535,000
The amount of long-term proceeds were		(28,720,000)
Debt premiums are reported in the governmental funds as revenues when those amounts are received. However, the premium is shown in the statement of position and allocated over the life of the debt issue as amortization expense in the statement of activities		
Amount of debt premium received in the current year		(1,052,405)
Amount of debt premium amortized in the current year		182,277
Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the statement of activities is actuarially determined by the defined benefit pension plan as the difference between the net pension liability from the prior year to the current year, with some adjustments.		
Difference between the required contributions into the defined benefit plan and the actuarially determined change in net pension liability between years, with adjustments.		(178,303)
Vested employee benefits, OPEB, and the supplemental pension liability are reported in the governmental funds when amounts are paid. The statement of activities reports values of benefits earned during the year.		
Change in Net OPEB - group life insurance plan liability and related deferred outflows and inflows of resources		(78,423)
Change in Net OPEB - District health insurance plan liability and related deferred outflows and inflows of resources		291,047
Change in supplemental pension liability and related deferred outflows and inflows of resources		38,585
In governmental funds, interest payments on outstanding long-term debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.		
The amount of interest paid on long-term debt during the current period	1,817,835	
The amount of interest accrued on long-term debt during the current period	(1,951,592)	
Interest paid is greater (less) than interest expensed by	(133,757)	
Change in net position-governmental activities		\$ 3,718,955

Exhibit A-7  
Cedarburg School District  
Statement of Net Position  
Fiduciary Funds  
June 30, 2020

	<u>Employee Benefit Trust Fund</u>
<b>ASSETS</b>	
Cash and investments	<u>\$ 577,764</u>
Total assets	<u><u>\$ 577,764</u></u>
<b>NET POSITION</b>	
Restricted	<u>577,764</u>
Total net position	<u><u>\$ 577,764</u></u>

Exhibit A-8  
 Cedarburg School District  
 Statement of Changes in Fiduciary Net Position  
 For the Year Ended June 30, 2020

	Private Purpose Trust	Employee Benefit Trust Fund	Total
<b>ADDITIONS</b>			
Contributions to employee benefit trust	\$	\$ 516,367	\$ 516,367
Interest		2,903	2,903
Total additions		519,270	519,270
<b>DEDUCTIONS</b>			
Trust fund disbursements		630,638	630,638
Change in net position		(111,368)	(111,368)
Net position - beginning, as previously reported	57,316	689,132	746,448
Prior period adjustment - implementation of GASB Statement No. 84	(57,316)		(57,316)
Net position - beginning, as restated		689,132	689,132
Net position - ending	\$	\$ 577,764	\$ 577,764

NOTES TO THE BASIC FINANCIAL STATEMENTS

Cedarburg School District  
 June 30, 2020  
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Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Cedarburg School District is organized as a unified school district. The District, governed by a seven-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 accompanying financial statements present the activities of the Cedarburg School District. The District is not a component unit of another reporting entity nor does it have any component units.

The reporting entity for the District is based upon criteria set forth by the Governmental Accounting Standards Board. The financial reporting entity consists of (a) organizations for which the standalone government is financially accountable and (b) the standalone government that is controlled by a separately elected governing body that is legally separate and is fiscally independent. All of the accounts of the District comprise the standalone government.

B. Basis of Presentation

***District-wide Financial Statements***

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

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

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

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

Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

***Fund Financial Statements***

Fund financial statements of the reporting entity are organized into funds, each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures.

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

- a. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenditures of the individual governmental fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.
- c. In addition, any other governmental fund that the District believes is particularly important to financial statement users may be reported as a major fund.

***Governmental Activities***

Governmental funds are identified as either general, special revenue, debt service, capital projects, or permanent funds based upon the following guidelines.

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

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

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

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

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

Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

***Fiduciary Funds (Not included in district-wide statements)***

Employee Benefit Trust Fund - Resources legally held in trust for the District's post-retirement benefits.

***Major Funds***

The District reports the following major governmental funds:

General Fund

Capital Projects Fund

Debt Service

***Non-Major Funds***

The District reports the following non-major funds:

Special Revenue Funds –

Community Service – accounts for activities associated with providing recreational and enrichment programs to the community.

Special Revenue – accounts for trust funds that can be used for District operations. The source of such funds is gifts and donations from private parties.

Food Service – accounts for the activities of the District's food service, generally the school hot lunch program.

***Fiduciary Funds***

The District reports the following fiduciary funds:

Employee Benefit Trust Fund –

Postemployment benefits – accounts for assets and liabilities held for payment of postemployment benefits for District employees.

Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

The district-wide statements and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. 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.

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

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

Property taxes are recognized as revenue in the period for which the taxes are levied. All property taxes are considered due on January 1st, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30th and are available to pay current liabilities.

State general and categorical aids and other entitlements are recognized as revenue in the period the District is entitled to the resources and the amounts are available. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred and the amounts are available. Amounts owed to the District which are not available are recorded as receivables and deferred inflows of resources. Amounts received prior to the entitlement period are also recorded as deferred inflows of resources.

Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Revenues susceptible to accrual include property taxes, miscellaneous taxes, expenditure-driven grant programs, public charges for services, and investment income.

Charges for services provided to other educational agencies and private parties are recognized as revenue when services are provided. Charges for special educational services are not reduced by anticipated state special education aid entitlements.

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

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 resources 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.

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

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

D. Measurement Focus

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

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

Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Cash Equivalents/Investments

The District has pooled the cash resources of its funds in order to maximize investment opportunities. Each fund's portion of total cash and investments is reported as cash and cash equivalents/investments by the District's individual major funds, and in the aggregate for non-major funds. Restricted cash resources are kept in separate accounts.

All deposits of the District are made in board designated official depositories and are secured as required by State Statute. The District may designate, as an official depository, any bank or savings association. Also, the District may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit. Cash balances for individual funds are pooled unless maintained in segregated accounts.

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost which approximates fair value. Investments with a maturity of more than one year at acquisition and nonmoney market investments are carried at fair value as determined by quoted market prices. In accordance with State law, the District has invested in securities which are callable and may provide for periodic interest rate increases in specific increments until maturity; these and all other investments are stated at fair value.

Interest income is recorded on the accrual basis. Interest income on commingled investments of district accounting funds is allocated based on average investment balances. Adjustments necessary to record investments at fair value are recorded in the statement of activities, statement of revenues, expenditures and changes in fund balances and statement of changes in fiduciary net position as increases or decreases in investment income.

Investment balances for individual funds are pooled unless maintained in segregated accounts.

F. Receivables

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

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

G. Prepays

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 30<sup>th</sup> and have not yet been earned by the recipient.

Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets

***District-Wide Statements***

In the District-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at acquisition value.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

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 in the District-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$ 25,000	Straight-line	20 - 50 years
Equipment and furniture	5,000	Straight-line	5 - 20 year

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 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.

***Fund Financial Statements***

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

I. Compensated Absences and Other Employee Benefit Amounts

Vacation

The District's policy grants full-time twelve-month employees up to four weeks paid vacation per year. The number of vacation weeks an employee is eligible for depends on years of full-time service. Vacation days may not accumulate from year to year.

Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Compensated Absences and Other Employee Benefit Amounts (Continued)

Sick Leave

Teachers are granted ten paid sick days per year, cumulative to seventy-five days. Non-teachers are granted up to ten sick days per year, cumulative to seventy-five days. Unused sick pay is not paid out upon retirement or termination of employment.

Other Postemployment Benefits

*District health insurance plan*

As provided in applicable negotiated contracts or employee handbooks, qualified employees meeting minimum age and length of service requirements are or may be eligible for certain other postemployment benefits directly from the District.

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

*Group life insurance plan*

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. 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.

J. Long-Term Obligations

All long-term debt to be repaid from governmental resources are reported as liabilities in the district-wide statements. The long-term debt consists primarily of notes, bonds or loans payable, and capital leases.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures.

K. Claims and Judgments

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



Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

M. Equity Classifications

***District-wide Statements***

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

***Fund Statements***

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable – includes amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted – includes amounts constrained to specific purposes by providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation.
- Committed – includes amounts constrained to specific purposes by the Board of Education, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the Board of Education takes the same highest level action to remove or change the constraint.
- Assigned – includes amounts the Board of Education intends to use for a specific purpose; intent can be expressed by the Board of Education or by an official or body to which the Board of Education delegates the authority.
- Unassigned – includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Equity Classifications (Continued)

The Board may, from time to time, commit additional amounts of fund balance to a specific purpose. Such action shall be taken in open meeting and require the approval of a majority of the Board. Commitments of fund balance, once made, can be modified only by majority vote of the Board.

The Director of Business Services is authorized to assign fund balance to the extent such assignment does not create a negative unassigned fund balance.

The Cedarburg School District Board recognizes the need to maintain an operating reserve in the general fund for the following purposes:

1. To provide adequate working capital sufficient to meet the cash flow requirements of the District thus minimizing cashflow (temporary) borrowing needs
2. To serve as a safeguard against unanticipated expenditures and unrealized revenues
3. To maintain or improve the District's favorable credit rating

In recognition of these needs, the Board shall support and continually strive to develop conservative operating budgets that will add and/or maintain sufficient funds to achieve a minimum of 15-20% of total actual operating expenses in the general fund balance as measured at fiscal yearend (June 30<sup>th</sup>).

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the District to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the District that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

N. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, 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. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The District has items that qualify for reporting in this category. The deferred outflows of resources are for the WRS pension system, OPEB plans, and other pension benefits.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The District has items that qualify for reporting in this category. The deferred inflows of resources are related to the WRS pension system, OPEB plans, and other pension benefits, and receivables that are not considered available.

Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Change in Accounting Principle

Effective January 1, 2019, the District adopted GASB statement No. 84, Fiduciary Activities. GASB No. 84 establishes criteria for determining what activities should be reported in the fiduciary funds and requires the recognition of a liability when an event has occurred that requires the disbursement of fiduciary resources. GASB No. 84 replaces Agency Fund types with Custodial Funds for the accumulation of assets for entities outside the government's reporting entity. Unlike Agency Funds, custodial funds present a statement of net position and a statement of changes in net position.

In accordance with GASB No. 84 guidance, effective July 1, 2019, operations of student activity accounts and scholarship accounts began to be reported as governmental activities. Prior to implementation of GASB No. 84, these operations were reported as fiduciary activities. Prior period adjustments were recorded as of July 1, 2019 to increase governmental activities net position and governmental fund balances on the Statement of Net Position and Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds. Fiduciary net position was decreased in the statement of changes in fiduciary net position for scholarship accounts that are now being reported as governmental activities.

Effective July 1, 2019, prior period adjustments have been recorded in the fund statements as follows:

	Governmental Funds	Fiduciary Fund	Total
	Aggregate Nonmajor Governmental Funds	Private Purpose Trust	Net Position/ Fund Balance impact on related funds
Net position/fund balance, as previously reported	\$ 821,681	\$ 57,316	\$ 878,997
Cumulative effect for change in accounting principle (GASB No. 84)			
Reclassify pupil organization accounts	278,838		278,838
Reclassify scholarship accounts	57,316	(57,316)	
Net increase (decrease)	336,154	(57,316)	278,838
Net position/fund balance, as restated	\$ 1,157,835	\$	\$ 1,157,835

The prior period adjustment in the aggregate nonmajor governmental funds occurred in the District's nonmajor special revenue fund.

The pupil organization accounts were reported as an agency fund in prior years and did not have net position. As of June 30, 2019, the \$278,838 of pupil organization accounts were reported as liabilities.

Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Change in Accounting Principle (Continued)

Effective July 1, 2019, prior period adjustments have been recorded in the statement of activities as follows:

	Governmental Activities
Net position, as previously reported	\$ 29,452,770
Cumulative effect for change in accounting principle (GASB No. 84)	
Reclassify pupil organization accounts	278,838
Reclassify scholarship accounts	57,316
Net increase (decrease)	336,154
Net position, as restated	\$ 29,788,924

NOTE 2 EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS  
AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

**Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities**

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown on the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities in the basic financial statements represent:

- a. Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities.
- b. Capital related differences include (1) the difference between proceeds from the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording depreciation expense on those items as recorded in the statement of activities.
- c. Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability, interest expense is recorded as incurred, and principal payments are recorded as a reduction of liabilities.

Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 3

CASH AND CASH EQUIVALENTS/INVESTMENTS

As previously discussed, cash for all District funds is pooled for investment purposes with the exception of a separate accounts for debt service, fiduciary, and capital project uses. At June 30, 2020, the cash and investments included the following:

Petty cash/cash on hand	\$	490
Deposits with financial institutions		4,262,951
Wisconsin LGIP		3,360,734
Wisconsin investment series coop (WISC)		35,030,355
Total cash and investments	\$	42,654,530

Cash and investments as of June 30, 2020 are classified in the accompanying financial statements as follows:

Statement of Net Position		
Cash and investments	\$	7,054,062
Restricted cash		35,022,704
Fiduciary Funds		
Cash and investments		577,764
Total cash and investments	\$	42,654,530

The WISC investments consist of the following:

Money market accounts	\$	17,564,311
Savings deposit account		4,301,226
Certificates of deposit		13,164,818
	\$	35,030,355

Investments Authorized by Wisconsin State Statutes

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

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

Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 3

CASH AND CASH EQUIVALENTS/INVESTMENTS (CONTINUED)

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits the maturity of any security to no more than seven years from the date of purchase or in accordance with state statutes. The District's policy is that all investment transactions shall be planned to avoid loss of capital from market risk. All investments have a maturity date of less than one year.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District's investment policy minimizes credit risk by limiting investments to the safest type of securities. The District's policy states that all investment transactions shall be planned to avoid loss of capital from credit risk. The District's investment in WISC has an AAA rating as of June 30, 2020.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the District would not be able to recover the value of its investment of collateral securities that are in possession of another party. The District does not have an investment policy for custodial credit risk.

*Federal Deposit Insurance Corporation (FDIC) Insurance*

The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term 'time and savings deposits' includes NOW accounts and money market deposit accounts but does not include interest bearing demand deposit accounts. The term 'demand deposits' means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal.

*Collateralization of Public Unit Deposits*

Depending on applicable state or federal law, public unit deposits may be secured by collateral or assets of the bank. In the event of the failure of the bank, the FDIC will honor the collateralization agreement if the agreement is valid and enforceable under applicable law. The FDIC does not guarantee, however, that the collateral will be sufficient to cover the amount of the uninsured funds. As such, although it does not increase the insurance coverage of the public unit deposits, collateralization provides an avenue of recovery in the unlikely event of the failure of an insured bank.

Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 3

CASH AND CASH EQUIVALENTS/INVESTMENTS (CONTINUED)

Custodial Credit Risk (Continued)

Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000 above the amount of FDIC insurance at each public depository. 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 be significant to individual organizations.

At June 30, 2020, \$9,811,125 of the District's deposits with financial institutions were insured by FDIC. This amount includes District deposits in an Insured Cash Sweep (ICS) savings deposit account. ICS is an insured money market deposit account that places funds in multiple reciprocating banks to keep deposits less than FDIC insured limits. As of June 30, 2020, the District had deposits in the ICS totaling \$4,301,226. For District deposits in excess of FDIC thresholds, \$13,681,206 was insured by collateral at financial institutions. None of the District's deposits were more than FDIC and pledged collateral.

Fluctuating cash flows during the year due to collections, receipt of state aids and proceeds from borrowing may have resulted in temporary balances during the year significantly exceeding insured amounts.

*Wisconsin Local Government Investment Pool*

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. All investments are valued at amortized cost by the SIF for purposes of calculating earnings to each participant. Specifically, the SIF distributes income to pool participants monthly, based on their average daily share balance. Distributions include interest income based on stated rates (both paid and accrued), amortization of discounts and premiums on a straight-line basis, realized investment gains and losses calculated on an amortized cost basis, and investment expenses. This method does not distribute to participants any unrealized gains or losses generated by the pool's investments. Detailed information about the SIF is available in separately issued financial statements available at <https://doa.wi.gov/Pages/StateFinances/LGIP.aspx>. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2020, the fair value of the District's share of the LGIP's assets was substantially equal to the amount reported above. Information on derivatives was not available to the District.

SWIB may invest in obligations of the U.S. Treasury and its agencies, Commercial Paper, Bank Time Deposits/Certificates of Deposit, Bankers' Acceptances, Asset Backed Securities and Repurchase Agreements secured by the U.S. Government or its agencies and other instruments authorized under State Investment Fund Investment guidelines.

Investment allocation in the local government investment pool as of June 30, 2020 was: 93.78% in U.S. Government Securities, 1.74% in Bankers' Acceptances, and 4.48% in Commercial Paper and Corporate Notes. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 3

CASH AND CASH EQUIVALENTS/INVESTMENTS (CONTINUED)

Custodial Credit Risk (Continued)

*Wisconsin Investment Series Cooperative*

The District has investments in WISC consisting of the Investment Series Fund (IS) and Cash Management Class (CMS). The IS are pooled funds investing in U.S. government obligations, agencies and commercial paper. Cash Management Class. The Cash Management Class has no minimum balance requirements and no minimum amount requirements for deposits or withdrawals. The IS requires a 14-day minimum investment period and one business day withdrawal notice. Permitted Investments are in such a manner as to result in an average dollar weighted maturity for the Portfolio of no greater than sixty (60) days. The Permitted Investments are selected by the Fund's investment advisor, US Bank National Association (the "Investment Advisor") and its sub-advisor, Prudent Man Advisors, LLC (the "Subadvisor"), and consist of money market instruments having a maximum maturity of 397 days.

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. 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. Copies of the report can be obtained by contacting the Wisconsin Investment Series Cooperative.

WISC and LGIP are exempt from fair value disclosure due to investments being valued at amortized cost.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District places no limit on the amount the District may invest in any one issuer.



Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

NOTE 4

CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Sites	\$ 339,600	\$	\$	\$ 339,600
Construction work in progress	1,566,636	15,535,890	(1,566,636)	15,535,890
Total capital assets, not being depreciated	1,906,236	15,535,890	(1,566,636)	15,875,490
Capital assets, being depreciated:				
Buildings and improvements	55,232,460	25,531,478	(19,000)	80,744,938
Equipment	5,085,018	111,831	(90,165)	5,106,684
Total capital assets, being depreciated	60,317,478	25,643,309	(109,165)	85,851,622
Less accumulated depreciation:	(27,738,628)	(2,239,724)	92,825	(29,885,527)
Total capital assets being depreciated, net of accumulated depreciation	32,578,850	23,403,585	(16,340)	55,966,095
Capital assets, net of accumulated depreciation	\$ 34,485,086	\$ 38,939,475	\$ (1,582,976)	\$ 71,841,585

All depreciation expense was charged to unallocated depreciation.

Capital outlay was charged to governmental functions as follows:

Business services	\$ 38,909,713
Food service	702,850
Total capital outlay	\$ 39,612,563

NOTE 5

SHORT-TERM AND LONG-TERM OBLIGATIONS

A. Short-term Notes Payable

Short-term obligations of the District are as follows:

Beginning Balance	Additions	Removals	Ending Balance
\$	\$ 3,800,000	\$(3,800,000)	\$

The note was dated November 1, 2019 and due April 3, 2020, with an interest rate of 2.00%. The note was for general district operation. Total interest paid on the short-term borrowing was \$32,089.

Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

NOTE 5 SHORT-TERM AND LONG-TERM OBLIGATIONS (CONTINUED)

B. Long-Term Liabilities

Long-term liability balances and activity for the year ended June 30, 2020 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Governmental activities					
General obligation debt	\$44,600,000	\$19,720,000	\$ (2,535,000)	\$61,785,000	\$ 3,095,000
Bond anticipation notes		9,000,000		9,000,000	9,000,000
Bond premiums	2,696,516	1,052,405	(182,276)	3,566,645	
Total - governmental activities	<u>\$47,296,516</u>	<u>\$29,772,405</u>	<u>\$ (2,717,276)</u>	<u>\$74,351,645</u>	<u>\$12,095,000</u>

Total interest paid and accrued during the year:

	Expense	Paid
Long-term debt	\$1,951,592	\$1,817,835
Short-term debt	32,089	32,089
Total	<u>\$1,983,681</u>	<u>\$1,849,924</u>

Long-Term General Obligation Debt

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. General obligation debt at June 30, 2020 is comprised of the following individual issues:

Description	Issue Dates	Interest Rates	Dates of Maturity	Balance 6/30/2020
Bonds payable	12/4/2012	2.0-2.85%	3/1/2025	\$ 1,110,000
Bonds payable	3/4/2019	3.5 - 5.0%	3/1/2039	36,815,000
Notes payable	7/12/2017	2.0-2.25%	3/1/2027	4,965,000
Notes payable	11/6/2019	3.00%	3/1/2029	10,175,000
Bonds payable	6/10/2020	2.125-5.0%	3/1/2040	8,720,000
Total				<u>\$ 61,785,000</u>

The 2019 equalized valuation of the District, as certified by the Wisconsin Department of Revenue is \$2,626,878,898. The legal debt limit and margin of indebtedness as of June 30, 2020 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (10% of \$2,626,878,898)	\$ 262,687,890
Deduct long-term debt applicable to debt margin	<u>(61,785,000)</u>
Margin of indebtedness	<u>\$ 200,902,890</u>

Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

NOTE 5 SHORT-TERM AND LONG-TERM OBLIGATIONS (CONTINUED)

Aggregate cash flow requirements for the retirement of long-term principal and interest at June 30, 2020 follows:

Year Ended June 30,	Principal	Interest	Total
2021	\$ 3,095,000	\$ 2,233,908	\$ 5,328,908
2022	2,345,000	2,219,330	4,564,330
2023	2,435,000	2,131,350	4,566,350
2024	2,540,000	2,039,060	4,579,060
2025	2,975,000	1,936,566	4,911,566
2026-2030	14,495,000	7,513,050	22,008,050
2031-2035	15,290,000	4,742,950	20,032,950
2036-2040	18,610,000	1,414,600	20,024,600
	<u>\$ 61,785,000</u>	<u>\$ 24,230,814</u>	<u>\$ 86,015,814</u>

Anticipation Notes

The anticipation notes do not constitute general obligation indebtedness of the District nor a charge against its general credit. Anticipation notes payable at June 30, 2020 consist of:

	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Balance 6/30/2020</u>
Bond anticipation notes	5/19/2020	1.61%	9,000,000	9,000,000

The bond anticipation notes provided interim financing for referendum projects. The \$8,720,000 of bonds payable issued on June 10, 2020 provided permanent financing for these projects. In August 2020, the proceeds of the bonds were used to currently refund the anticipation notes when the notes became callable.

NOTE 6 OPERATING LEASES

The District leases multiple equipment items. Payments on leases for the year ended June 30, 2020 totaled \$122,739. Future minimum payments under these leases are as follows:

<u>Years Ended June 30,</u>	
2021	\$ 151,069
2022	146,240
2023	145,801
2024	145,801
2025	23,182
Total	<u>\$ 612,094</u>

Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 7

DEFINED BENEFIT PENSION PLAN

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

ETF issued a standalone WRS Financial Report, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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

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

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

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

The WRS also provides death and disability benefits for employees.

Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Year	Core Fund Adjustment	Variable Fund Adjustment
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	(5.0)
2017	2.0	4.0
2018	2.4	17
2019	0.0	(10)

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

During the reporting period, the WRS recognized \$1,259,494 in contributions from the employer.

Contribution rates as of June 30, 2020 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.65%
Protective without Social Security	6.75%	16.25%

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

At June 30, 2020, the District reported a liability (asset) of (\$3,861,699) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District’s proportion of the net pension liability (asset) was based on the District’s share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the District’s proportion was 0.11976279%, which was a decrease of 0.00009531% from its proportion measured as of December 31, 2018.

Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended June 30, 2020, the District's recognized pension expense of \$1,484,278.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 7,330,387	\$ 3,668,368
Changes of assumptions	300,928	
Net differences between projected and actual earnings on pension plan investments		7,894,686
Changes in proportion and differences between employer contributions and proportionate share of contributions	29,261	
Employer contributions subsequent to the measurement date	796,835	
	\$ 8,457,411	\$ 11,563,054

\$796,835 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30,	<b>Net Outflows (Inflows) of Resources</b>
2021	\$ (1,149,492)
2022	(864,098)
2023	140,628
2024	(2,029,516)
Total	\$ (3,902,478)

**Actuarial assumptions.** The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability (Asset)	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

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

Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability (asset) for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

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

<b>Asset Allocation Targets and Expected Returns</b>			
<b>As of December 31, 2019</b>			
<u>Core Fund Asset Class</u>	<u>Asset Allocation</u> %	<u>Long-Term</u> <u>Expected Nominal</u> <u>Rate of Return %</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return %</u>
Global Equities	49	8.0	5.1
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	110	7.5	4.6
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9
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			

Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Single Discount rate.** A single discount rate of 7.00% was used to measure the total pension liability (asset) for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

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

	<b>1% Decrease to Discount Rate (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase to Discount Rate (8.00%)</b>
District’s proportionate share of the net pension liability (asset)	\$9,944,565	(\$3,861,699)	(\$14,183,469)

**Pension plan fiduciary net position.** Detailed information about the pension plan’s fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

NOTE 8

RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 9

LIMITATION OF SCHOOL DISTRICT REVENUES

Wisconsin statutes limit the amount of revenues school districts are permitted to derive from general state aids and property taxes unless a higher amount is approved by a referendum of the taxpayers. This limitation does not apply to revenues needed for the repayment of any general obligation debt (including refinanced debt) authorized by either of the following: (a) a resolution of the school board or a referendum prior to August 12, 1993, (b) a referendum on or after August 12, 1993.



Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

NOTE 10

GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at June 30, 2020 include the following:

	Nonspendable	Restricted	Committed
General fund:			
Prepaid expense	\$ 390,389	\$	\$
Strategic wellness program			20,000
Common school funds		43,331	
Special revenue - future costs		554,945	
Food service:			
Prepaid expense			
Food service program - future costs		28,634	
Debt service - future costs		10,358,688	
Capital projects - future costs		21,977,936	
Community service:			
Prepaid expense	1,244		
Community service program - future costs		13,420	
Total	\$ 391,633	\$ 32,976,954	\$ 20,000

NOTE 11

GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the Government Wide Statement of Net Position at June 30, 2020 includes the following:

Net investment in capital assets		
Capital assets, net of accumulated depreciation		\$ 71,841,585
Less: related long-term debt outstanding and related premium		(65,351,645)
Add: unspent bond proceeds		20,654,709
Total net investment in capital assets		27,144,649
Restricted		
Common school funds		43,331
Capital projects		1,323,226
Community service		14,664
Special revenue		554,945
Food service		28,634
Debt service		626,976
Total restricted		2,591,776
Unrestricted		3,771,454
Total governmental activities net position		\$ 33,507,879

Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 12 OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER HEALTH INSURANCE PLAN

The Cedarburg School District reports its liability for other post-employment benefits based on an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements.

Plan Description – The Cedarburg School District operates a single-employer retiree benefit plan that provides postemployment health, dental, and vision insurance benefits to eligible employees and their spouses. There are 249 active and 29 retired members in the plan. Benefits and eligibility are established and amended by the governing body. The plan does not issue stand-alone financial statements. Current approved benefits are as follows:

**Superintendent and administrators:** If at least age 55 with a minimum of 7 years of service in the District at the time of retirement, the District shall contribute 87.4% of the medical and dental premiums and 95% of the vision premiums on behalf of the retiree. The District’s contributions shall continue in this manner until such time that the retiree reaches Medicare-eligibility.

**Teachers:**

- Retired prior to 6/30/13: The District shall contribute towards a retiree’s medical and dental insurance at the rate frozen in effect at the time of retirement until Medicare eligibility, obtains coverage from another employer, (or a maximum of 8 years if retired between 7/1/11 and 6/30/13), whichever occurs first.
- Hired prior to 10/1/11 who reach age 55 and 15 years of service by 8/31/2024: At least 55 with a minimum of 15 years of full-time service in the District, the District shall contribute towards a retiree’s medical and dental insurance at the rate frozen in effect at the time of retirement and the retiree must contribute at least the premium share contribution in effect at retirement for a maximum of 6 years, until Medicare eligibility or obtains coverage from another employer, whichever should occur first.

**Note:** Teachers that do not meet the qualifications for the above grandfathered benefit are not eligible for a post-employment benefit. Rather they received a permanent salary increase based on the eligibility (Tier 1 or 2).

Contributions and Payments – Premiums under the Plan for post-employment healthcare benefits are funded by retirees desiring such coverage via co-pays paid to the District in accordance with rates established by the District and by the District itself from assets accumulated in the trust and appropriate governmental funds. For the year ended, June 30, 2020, plan members receiving benefits contributed \$81,651 and the District contributed \$434,716 to the plan.

For fiscal year 2020, the District paid \$471,956 to eligible retirees. In addition, the District had an implicit rate subsidy that it “funded” for fiscal year 2020 in the amount of \$158,682.

Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 12 OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER HEALTH INSURANCE PLAN (CONTINUED)

Employees covered by Benefit Terms – At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	29
Inactive employees entitled to but not yet receiving benefit payments	
Active employees	249
	278
	278

Net OPEB Liability – The District’s net OPEB Liability of \$3,557,181 was measured at June 30, 2019, and determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions and Other Inputs – The net OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless other specified:

Inflation	2.5 percent
Discount rate	3.5 percent
Healthcare cost trend rates	Actual increases in the first year then 7.70% decreasing by .050% per year down to 6.50%, then down by 0.10% per year down to 5.0%, and level thereafter
Retirees' share of benefit-related costs	Retirees' are responsible for the difference between the total premium costs and the district's premium.

The discount rate is based on the Bond Buyer Go 20-Year AA Bond Index published by the Federal Reserve for the week at the beginning of the measurement period.

Since assets are held solely as cash and cash-equivalents, the long-term expected rate of return on OPEB plan investments was based upon the 20-year AA municipal bond rate and applied to all periods of projected benefits to determine the total OPEB liability.

Mortality rates were based on the Wisconsin 2018 mortality table.

The actuarial assumptions used in the June 30, 2019 valuation were based on a study conducted in 2018 using the Wisconsin Retirement System (WRS) experience from 2015-2017.

Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER HEALTH INSURANCE PLAN (CONTINUED)

**Changes in the Net OPEB Liability:**

	Increase (Decrease)		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
<b>Balances at 6/30/2018</b>	\$ 4,185,758	\$ 696,167	\$ 3,489,591
<b>Changes for the year:</b>			
Service cost	137,503		137,503
Interest	150,290		150,290
Differences between expected and actual experience	216,385		216,385.00
Changes in assumptions or other input	49,911		49,911
Contributions - Employer		482,369	(482,369)
Net investment income		4,130	(4,130)
Benefit payments	(493,534)	(493,534)	
Administrative expense			
<b>Net Changes</b>	<u>60,555</u>	<u>(7,035)</u>	<u>67,590</u>
<b>Balances at 6/30/2019</b>	<u>\$ 4,246,313</u>	<u>\$ 689,132</u>	<u>\$ 3,557,181</u>

There were no changes of benefit terms during the year.

The most recent actuarial valuation was performed as of June 30, 2019. In that valuation, the discount rate decreased from 3.75% to 3.5%.

**Sensitivity of the total OPEB liability to changes in the discount rate**

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5 percent) or 1-percentage-point higher (4.5 percent) than the current discount rate:

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
	Total OPEB Liability	\$ 4,373,918	\$ 4,246,313
Fiduciary Net Position	689,132	689,132	689,132
Net OPEB Liability 6/30/2019	<u>\$ 3,684,786</u>	<u>\$ 3,557,181</u>	<u>\$ 3,430,437</u>

Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER HEALTH INSURANCE PLAN (CONTINUED)

**Sensitivity of the total OPEB liability to changes in healthcare cost trend rates**

The following represents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.7 percent decreasing to 4.0 percent) or 1-percentage-point higher (8.7 decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease (6.7% decreasing to 4.0%)	Healthcare Cost Trend Rates (7.7% decreasing to 5.0%)	1% Increase (8.7% decreasing to 6.0%)
Total OPEB Liability	\$ 4,114,316	\$ 4,246,313	\$ 4,386,361
Fiduciary Net Position	689,132	689,132	689,132
Net OPEB Liability 6/30/2019	\$ 3,425,184	\$ 3,557,181	\$ 3,697,229

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$143,669. At June 30, 2020 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 196,714	\$ 955,962
Changes of assumptions or other inputs	45,374	283,386
Net difference between projected and actual earnings on OPEB plan investments	37,297	-
Contributions after the measurement date	434,716	-
Total	\$ 714,101	\$ 1,239,348

\$434,716 reported as deferred outflows of resources related to OPEB resulting from the Cedarburg School District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2021.

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

Year Ended June 30:	
2021	\$ (118,227)
2022	(118,227)
2023	(121,609)
2024	(125,980)
2025	(130,335)
Thereafter	(345,585)
Total	\$ (959,963)

Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE EMPLOYER LIFE INSURANCE PLAN

**Plan description.** The Local Retiree Life Insurance Fund (LRLIF) is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

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

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75local.do>.

**Benefits provided.** The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

**Contributions.** The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member’s working lifetime funds a post-retirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of June 30, 2020 are:

Coverage Type	Employer Contribution
25% Post Retirement Coverage	20% of employee contribution

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2019 are as listed below:

<b>Life Insurance Employee Contribution Rates* For the year ended December 31, 2019</b>		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57
*Disabled members under age 70 receive a waiver-of-premium benefit.		

During the reporting period, the LRLIF recognized \$4,750 in contributions from the employer.

Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS - MULTIPLE EMPLOYER LIFE INSURANCE PLAN (CONTINUED)

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs***

At June 30, 2020, the LRLIF Employer reported a liability (asset) of \$1,119,015 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2019 rolled forward to December 31, 2019. 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 OPEB liability (asset) was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, the District's proportion was 0.26279100%, which was an increase of 0.024167% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$111,781.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$	\$ 50,131
Changes of assumptions	412,809	123,083
Net differences between projected and actual earnings on OPEB plan investments	21,109	
Changes in proportion and differences between employer contributions and proportionate share of contributions	76,288	103,493
Employer contributions subsequent to the measurement date	334	
Totals	\$ 510,540	\$ 276,707

\$334 reported as deferred outflows related to OPEB resulting from the District employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<b>Net Outflows (Inflows) of Resources</b>
Year ended June 30:	
2021	\$ 37,856
2022	37,856
2023	35,580
2024	33,236
2024	24,620
Thereafter	64,351
Total	\$ 233,499

Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS - MULTIPLE EMPLOYER LIFE INSURANCE PLAN (CONTINUED)

**Actuarial assumptions.** The total OPEB liability in the January 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2019
Measurement Date of Net OPEB Liability (Asset)	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.74%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.87%
Salary Increases	
Inflation:	3.00%
Seniority/Merit:	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total OPEB liability (asset) for December 31, 2019 is based upon a roll-forward of the liability calculated from the January 1, 2019 actuarial valuation.

**Long-term expected Return on Plan Assets.** The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

**Local OPEB Life Insurance  
Asset Allocation Targets and Expected Returns  
As of December 31, 2019**

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Credit Bonds	Barclays Credit	45%	2.12%
US Long Credit Bonds	Barclays Long Credit	5%	2.90%
US Mortgages	Barclays MBS	50%	1.53%
Inflation			2.20%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return decreased slightly from 5.00% in the prior year to 4.25% in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.30% in the prior year to 2.20% in the current year. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.



Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS - MULTIPLE EMPLOYER LIFE INSURANCE PLAN (CONTINUED)

**Single Discount rate.** A single discount rate of 2.87% was used to measure the total OPEB liability (asset) for the current year, as opposed to a discount rate of 4.22% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.10% as of December 31, 2018 to 2.74% as of December 31, 2019. The Plan’s fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan’s fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan’s fiduciary net position is projected to be insufficient. The plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

**Sensitivity of the District’s proportionate share of the net OPEB liability (asset) to changes in the discount rate.** The following presents the District’s proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.87 percent, as well as what the District’s proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.87 percent) or 1-percentage-point higher (3.87 percent) than the current rate:

	<b>1% Decrease to Discount Rate (1.87%)</b>	<b>Current Discount Rate (2.87%)</b>	<b>1% Increase to Discount Rate (3.87%)</b>
District’s proportionate share of the net OPEB liability (asset)	\$1,545,173	\$1,119,015	\$749,792

**OPEB plan fiduciary net position.** Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.do>

NOTE 14 SUPPLEMENTAL PENSION PLAN

**Plan Description –** The District administers a single-employer defined benefit supplemental pension plan to eligible teachers. Eligible retirees shall receive a retirement stipend in the amount of \$1,000 for each year of full-time service capped at the amount earned as of June 30, 2011. This total amount is divided into six equal payments and contributed to the retiree’s WEA TSA over a three-year period. Teachers hired after October 1, 2011 are not eligible for this benefit. Contribution requirements are established through personnel policy guidelines and may be amended by action of the governing board.

There are 30 active and 13 retired employees in the plan as of June 30, 2019.

**Funding Policy –** Payments under the plan are made on a pay-as-you go basis. There are no invested plan assets accumulated for payment of future benefits. The general fund is used for funding of all pension/retirement benefits. The employer makes all contributions.

**Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions –** For the year ended June 30, 2020, the District recognized pension expense of \$30,748.

Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

NOTE 14

SUPPLEMENTAL PENSION PLAN (CONTINUED)

Below is a schedule of changes in the total pension liability for the current reporting period:

	Total Pension Liability
<b>Balances at 6/30/2018</b>	\$ 378,515
<b>Changes for the year:</b>	
Service cost	14,825
Interest	13,366
Changes of benefit terms	-
Differences between expected and actual experience	32,182
Changes of assumptions or other input	(695)
Benefit payments	(59,000)
<b>Net changes</b>	678
<b>Balances at 6/30/2019</b>	\$ 379,193

There were no changes of benefit terms during the year. The most recent actuarial valuation was performed as of June 30, 2019. In the valuation, the discount rate was decreased from 3.75% to 3.5%.

At June 30, 2020, the District reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 24,136	\$ 10,280
Changes of assumptions or other inputs	825	2,280
District contributions subsequent to the measurement date	69,333	
Total	\$ 94,294	\$ 12,560

\$69,333 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and deferred inflows or resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2021	\$ 2,557
2022	2,558
2023	7,286
Total	\$ 12,401

Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 14

SUPPLEMENTAL PENSION PLAN (CONTINUED)

*Actuarial assumptions.* The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	June 30, 2019
Measurement Date of Net Pension Liability	June 30, 2019
Discount Rate:	3.5% - Implicit in this rate is 2.50% assured rate of inflation. 3.5% based upon a municipal bond rate on the Bond Buyer Go 20-Year AA Bond Index published by the Federal Reserve for the week at the beginning of the measurement period.

Mortality, disability and retirement rates are based on those used to value the Wisconsin Retirement System pension plan for public schools.

Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015-2017.

*Single Discount rate.* A single discount rate of 3.5% was used to measure the total pension liability. This single discount rate was based on municipal bond rates.

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

1% Decrease to Discount Rate (2.50%)	Current Discount Rate (3.50%)	1% Increase to Discount Rate (4.50%)
\$ 389,162	\$ 379,193	\$ 369,185

Cedarburg School District  
Notes to the Basic Financial Statements  
June 30, 2020

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NOTE 15 INTERFUND RECEIVABLES/PAYABLES

The following is a schedule of interfund receivables and payables at June 30, 2020:

Receivable Fund	Payable Fund	Amount	Purpose
Special revenue	General	\$ 2,000	Entry fee refund
General	Community service	71,087	Cash flow
	Total	\$ 73,087	

For the statement of net position, interfund balances which are owed within the governmental activities are netted and eliminated.

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Purpose
Capital projects	General	\$ 500,000	Long-term capital improvements

Funds transferred for long-term capital improvements may only be accessed five years after the establishment of the “trust” fund.

NOTE 16 EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has adopted GASB Statement No. 87, *Leases*. When this standard becomes effective, portions of these financial statements may be restated.

NOTE 17 COMMITMENTS/ SUBSEQUENT EVENTS

On November 6, 2018, a \$59.8 million District referendum passed for improvements to facilities. As of June 30, 2020, unspent referendum debt proceeds approximated \$20,655,000.

In late 2019, a novel strain of coronavirus (COVID-19) originated and subsequently spread worldwide. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. The spread of COVID-19 coronavirus created economic uncertainty domestically and internationally. In March 2020 and through the remainder of the 2019/2020 school year, the State of Wisconsin required the closing of schools and in person learning, and school instruction was shifted to virtual platforms.

The full financial impact on the District is unknown. It is anticipated that the impacts of COVID-19 will continue for some time. Future impacts may include changes to student enrollment. Student enrollment factors into calculations for certain state aid revenues and impacts revenue limits. Enrollment changes from COVID-19 could impact multiple school years as certain aid and revenue limit calculations use a three-year enrollment rolling average. Other impacts may include, but are not limited to, continued disruptions of in-person schooling and events, and restrictions on employees’ ability to work. Changes to the operating environment are also expected to increase operating costs.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit B-1  
Required Supplementary Information  
Cedarburg School District  
Budgetary Comparison Schedule for the General Fund  
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
<b>REVENUES</b>					
Property taxes	\$ 18,456,752	\$ 18,456,752	\$ 18,456,752	\$	\$
Other local sources	772,995	799,292	1,890,882	1,117,887	1,091,590
Interdistrict sources	1,438,685	1,438,685	1,375,240	(63,445)	(63,445)
Intermediate sources	12,156	12,593	10,841	(1,315)	(1,752)
State sources	13,194,962	13,252,139	13,265,751	70,789	13,612
Federal sources	227,958	247,791	207,716	(20,242)	(40,075)
Other sources	60,000	60,000	79,643	19,643	19,643
Total revenues	<u>34,163,508</u>	<u>34,267,252</u>	<u>35,286,825</u>	<u>1,123,317</u>	<u>1,019,573</u>
<b>EXPENDITURES</b>					
Instruction:					
Undifferentiated curriculum	8,258,439	8,171,220	8,316,944	(58,505)	(145,724)
Regular instruction	6,666,359	6,671,864	6,700,033	(33,674)	(28,169)
Vocational instruction	841,209	841,011	826,238	14,971	14,773
Physical curriculum	743,909	746,123	764,306	(20,397)	(18,183)
Co-curricular activities	597,835	649,835	525,230	72,605	124,605
Other special needs	171,946	171,696	171,701	245	(5)
Total instruction	<u>17,279,697</u>	<u>17,251,749</u>	<u>17,304,452</u>	<u>(24,755)</u>	<u>(52,703)</u>
Support services:					
Pupil services	851,636	854,420	865,631	(13,995)	(11,211)
Instructional staff services	1,985,631	2,113,561	1,899,850	85,781	213,711
General administration services	808,149	808,149	796,395	11,754	11,754
Building administration services	1,770,484	1,768,345	1,766,492	3,992	1,853
Business services	5,152,373	5,116,114	5,978,226	(825,853)	(862,112)
Central services	384,025	384,475	321,896	62,129	62,579
Insurance	351,318	349,318	366,415	(15,097)	(17,097)
Principal and interest	6,000	6,000	34,389	(28,389)	(28,389)
Other support services	865,723	868,068	931,154	(65,431)	(63,086)
Total support services	<u>12,175,339</u>	<u>12,268,450</u>	<u>12,960,448</u>	<u>(785,109)</u>	<u>(691,998)</u>
Non-program transactions:					
Purchased instructional services	870,534	870,534	798,032	72,502	72,502
Other non-program transactions	26,500	26,500	35,369	(8,869)	(8,869)
Total non-program transactions	<u>897,034</u>	<u>897,034</u>	<u>833,401</u>	<u>63,633</u>	<u>63,633</u>
Total expenditures	<u>30,352,070</u>	<u>30,417,233</u>	<u>31,098,301</u>	<u>(746,231)</u>	<u>(681,068)</u>
Excess (deficiency) of revenues over expenditures	<u>3,811,438</u>	<u>3,850,019</u>	<u>4,188,524</u>	<u>377,086</u>	<u>338,505</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of capital assets					
Transfer to other funds	(3,811,438)	(3,806,923)	(3,635,787)	175,651	171,136
Total other financing sources (uses)	<u>(3,811,438)</u>	<u>(3,806,923)</u>	<u>(3,635,787)</u>	<u>175,651</u>	<u>171,136</u>
Net change in fund balances		43,096	552,737	552,737	509,641
Fund balance - beginning	7,675,578	7,675,578	7,675,578		
Fund balance - ending	<u>\$ 7,675,578</u>	<u>\$ 7,718,674</u>	<u>\$ 8,228,315</u>	<u>\$ 552,737</u>	<u>\$ 509,641</u>

Exhibit B-2  
Required Supplementary Information  
Cedarburg School District  
Budgetary Comparison Schedule for the Special Education Fund  
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
<b>REVENUES</b>					
Other local sources	\$ 1,000	\$ 1,000	\$	\$ (1,000)	\$ (1,000)
Intermediate sources			3,447	3,447	3,447
State sources	1,165,000	1,165,000	1,159,727	(5,273)	(5,273)
Federal sources	816,664	878,179	666,855	(149,809)	(211,324)
Other sources	6,500	6,500	9,487	2,987	2,987
Total revenues	<u>1,989,164</u>	<u>2,050,679</u>	<u>1,839,516</u>	<u>(149,648)</u>	<u>(211,163)</u>
<b>EXPENDITURES</b>					
Instruction:					
Regular instruction			844	(844)	(844)
Special instruction	3,573,701	3,589,201	3,408,692	165,009	180,509
Other instruction	2,286	2,286	2,851	(565)	(565)
Total instruction	<u>3,575,987</u>	<u>3,591,487</u>	<u>3,412,387</u>	<u>163,600</u>	<u>179,100</u>
Support services:					
Pupil services	769,303	769,303	750,789	18,514	18,514
Instructional staff services	377,282	418,782	364,040	13,242	54,742
Business services	289,030	289,030	257,221	31,809	31,809
Total support services	<u>1,435,615</u>	<u>1,477,115</u>	<u>1,372,050</u>	<u>63,565</u>	<u>105,065</u>
Non-program transactions:					
Purchased instructional services	283,000	283,000	190,866	92,134	92,134
Other non-program transactions	6,000	6,000		6,000	6,000
Total non-program transactions	<u>289,000</u>	<u>289,000</u>	<u>190,866</u>	<u>98,134</u>	<u>98,134</u>
Total expenditures	<u>5,300,602</u>	<u>5,357,602</u>	<u>4,975,303</u>	<u>325,299</u>	<u>382,299</u>
Excess (deficiency) of revenues over expenditures	<u>(3,311,438)</u>	<u>(3,306,923)</u>	<u>(3,135,787)</u>	<u>175,651</u>	<u>171,136</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer from other funds	3,311,438	3,306,923	3,135,787	(175,651)	(171,136)
Total other financing sources (uses)	<u>3,311,438</u>	<u>3,306,923</u>	<u>3,135,787</u>	<u>(175,651)</u>	<u>(171,136)</u>
Net change in fund balances					
Fund balance - beginning					
Fund balance - ending	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

Exhibit B-3  
Required Supplementary Information  
Cedarburg School District  
District Net OPEB Liability Schedules  
June 30, 2020

**Schedule of Changes in the District's Net OPEB Liability and Related Ratios  
as of the Measurement Date**

	Year Ended June 30			
	2016	2017	2018	2019
<b><u>Total OPEB Liability</u></b>				
Service cost	\$ 586,692	\$ 586,692	\$ 142,114	\$ 137,503
Interest	266,169	269,856	149,678	150,290
Changes in benefit terms	-	(3,090,556)	-	-
Differences between expected and actual experience	-	(1,314,447)	-	216,385
Changes of assumptions or other input	-	(352,498)	(33,029)	49,911
Benefit payments	(825,907)	(633,965)	(556,933)	(493,534)
<b>Net change in total OPEB liability</b>	<b>\$ 26,954</b>	<b>\$ (4,534,918)</b>	<b>\$ (298,170)</b>	<b>\$ 60,555</b>
<b>Total OPEB liability - beginning</b>	<b>8,991,892</b>	<b>9,018,846</b>	<b>4,483,928</b>	<b>4,185,758</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 9,018,846</b>	<b>\$ 4,483,928</b>	<b>\$ 4,185,758</b>	<b>\$ 4,246,313</b>
<b><u>Fiduciary Net Position</u></b>				
Contributions - Employer	\$ 920,112	\$ 714,851	\$ 629,556	\$ 482,369
Net investment income	443	541	1,181	4,130
Benefit payments	(825,907)	(633,965)	(556,933)	(493,534)
Administrative expense	-	-	-	-
<b>Net change in fiduciary net position</b>	<b>\$ 94,648</b>	<b>\$ 81,427</b>	<b>\$ 73,804</b>	<b>\$ (7,035)</b>
<b>Fiduciary net position - beginning</b>	<b>446,288</b>	<b>540,936</b>	<b>622,363</b>	<b>696,167</b>
<b>Fiduciary net position - ending (b)</b>	<b>\$ 540,936</b>	<b>\$ 622,363</b>	<b>\$ 696,167</b>	<b>\$ 689,132</b>
<b><u>Net OPEB Liability</u></b>				
<b>Net OPEB liability - ending (a) - (b)</b>	<b>\$ 8,477,910</b>	<b>\$ 3,861,565</b>	<b>\$ 3,489,591</b>	<b>\$ 3,557,181</b>
<b>Fiduciary net position as a percentage of the total OPEB liability</b>	6.00%	13.88%	16.63%	16.23%
<b>Covered payroll</b>	<b>\$ 10,455,926</b>	<b>\$ 14,851,772</b>	<b>\$ 14,851,772</b>	<b>\$ 17,305,109</b>
<b>Net OPEB liability as a percentage of covered payroll</b>	81.08%	26.00%	23.50%	20.56%



Exhibit B-3 (Continued)  
 Required Supplementary Information  
 Cedarburg School District  
 District Net OPEB Liability Schedules (Continued)  
 For the Year Ended June 30, 2020

**Schedule of District Contributions  
 Last 10 Fiscal Years**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially Determined Contribution (ADC)	\$ 968,363	\$ 968,363	\$ 654,675	\$ 654,675
Contributions in Relation to ADC	920,112	714,851	629,556	482,369
Contribution Deficiency/(Excess)	<u>\$ 48,251</u>	<u>\$ 253,512</u>	<u>\$ 25,119</u>	<u>\$ 172,306</u>
<b>Covered-Employee Payroll</b>	<b>\$ 10,455,926</b>	<b>\$ 14,851,772</b>	<b>\$ 14,851,772</b>	<b>\$ 17,305,109</b>
<b>Contributions as a percentage of Covered-Employee Payroll</b>	<b>8.80%</b>	<b>4.81%</b>	<b>4.24%</b>	<b>2.79%</b>

**Key Methods and Assumption Used to Calculate ADC**

Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	Market Value	Market Value
Amortization method	30 year Level \$	9 year Level \$
Discount rate	5.00%	3.50%
Inflation	3.50%	2.50%
Valuation date	July 1, 2015	June 30, 2017

Exhibit B-4  
 Cedarburg School District  
 District Supplemental Pension Plan Schedules  
 June 30, 2020

**SCHEDULE OF CHANGES IN PENSION LIABILITY AND RELATED RATIOS**  
**AS OF THE MEASUREMENT DATE**  
Last 10 Years\*\*

	Year Ended June 30			
	2016	2017	2018	2019
Changes for the Year				
Service costs	\$ 26,021	\$ 26,021	\$ 15,353	\$ 14,825
Interest	16,307	15,278	13,446	13,366
Changes of benefit terms	-	(96,775)	-	-
Differences between expected and actual experiences	-	(25,703)	-	32,182
Change of assumptions or other inputs	-	2,064	(2,933)	(695)
Benefit payments	(119,585)	(33,667)	(47,667)	(59,000)
Net change in total pension liability	\$ (77,257)	\$ (112,782)	\$ (21,801)	\$ 678
Total pension liability- beginning	590,355	513,098	400,316	378,515
Total pension liability- ending	<u>\$ 513,098</u>	<u>\$ 400,316</u>	<u>\$ 378,515</u>	<u>\$ 379,193</u>
Covered payroll	\$ 7,329,397	\$ 3,021,722	\$ 3,021,722	\$ 2,227,759
Total pension liability as a percentage of covered payroll	7.00%	13.25%	12.53%	17.02%

\*\*The pension information presented above for each year is based on information that occurred as of the year ended 12 months prior to the financial reporting period.

Exhibit B-5  
Cedarburg School District  
Local Retiree Life Insurance Fund Schedules  
June 30, 2020

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)**  
Last 10 Calendar Years\*

Year ended December 31,	Proportion of the net OPEB liability (asset)	Proportionate share of the net OPEB liability (asset)	Covered- employee payroll	Proportionate share of the net OPEB liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2019	0.26279100%	\$ 1,119,015	\$ 15,036,000	7.44%	37.58%
2018	0.23862400%	615,730	15,021,000	4.10%	48.69%
2017	0.29134100%	876,523	12,251,722	7.15%	44.81%

\*The proportionate share of the net OPEB liability (asset) and other amounts presented above for each year were determined as of the calendar year-end that occurred 6 months prior to the financial reporting period.

**SCHEDULE OF CONTRIBUTIONS**  
Last 10 Fiscal Years\*\*

Year ended June 30,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
2020	\$ 2,591	\$ (2,591)		\$ 15,467,000	0.02%
2019	2,310	(2,310)		15,681,470	0.01%
2018	2,163	(2,163)		15,091,438	0.01%

\*\*The contribution and other amounts presented above for each fiscal year are based on information that occurred during that fiscal year.

Exhibit B-6  
Cedarburg School District  
Wisconsin Retirement System Schedules  
June 30, 2020

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
Last 10 Calendar Years\*

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2019	(0.11976279%)	\$ (3,861,699)	\$ 19,228,867	(20.08%)	102.96%
2018	0.11985810%	4,264,175	18,454,363	23.11%	96.45%
2017	(0.12038770%)	(3,574,453)	17,691,998	(20.20%)	(102.93%)
2016	0.12185282%	1,004,358	17,409,909	5.77%	99.12%
2015	0.12413160%	2,017,114	17,227,425	11.71%	98.20%
2014	(0.12580000%)	(3,089,553)	17,081,788	(18.09%)	(102.74%)

\*The proportionate share of the net pension liability (asset) and other amounts presented above for each year were determined as of the calendar year-end that occurred 6 months prior to the financial reporting period.

**SCHEDULE OF CONTRIBUTIONS**  
Last 10 Fiscal Years\*\*

Year ended June 30,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2020	\$ 1,303,574	\$ (1,303,574)		\$ 19,541,415	6.67%
2019	1,253,983	(1,253,983)		18,973,428	6.61%
2018	1,217,399	(1,217,399)		18,064,278	6.74%
2017	1,173,530	(1,173,530)		17,399,927	6.74%
2016	1,166,237	(1,166,237)		17,460,439	6.68%
2015	1,143,700	(1,143,700)		16,632,987	6.88%

\*\*The contribution and other amounts presented above for each fiscal year are based on information that occurred during that fiscal year.

Cedarburg School District  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2020

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NOTE 1

BUDGET SCHEDULE

Operating budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. The legally adopted budget and budgetary expenditure control is exercised at the one-digit function level in the general fund and at the total expenditure level for all other funds.

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

- Based upon requests from District staff, District administration recommends budget proposals to the school board.
- The school board prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- A public note is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
- Pursuant to the public budget hearing, the school board may make alterations to the proposed budget.
- Once the school board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire school board.
- Appropriations lapse at year-end unless authorized as a carryover by the school board. The portion of fund balance representing carryover appropriations is reported as assigned fund balance.

The District is legally required by the State of Wisconsin to maintain and budget separately for a Special Education Fund. Professional standards require the Special Education Fund to be combined with the General Fund in the basic financial statements. Due to the perspective differences in budgeting, the required supplementary information reports the budgetary comparison information separately for the General Fund and the Special Education Fund.

Except as noted in the previous paragraph, annual budgets are adopted on a basis consistent with U.S generally accepted accounting principles for all governmental and special revenue funds.

NOTE 2

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following functions had an excess of actual expenditures over budget for the year ended June 30, 2020:

Individual Fund	Excess Expenditures
General	
Instruction	\$ 52,703
Support services	691,998

Cedarburg School District  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2020

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NOTE 3

EXPLANATIONS OF DIFFERENCES BETWEEN BUDGETARY  
INFLOWS AND OUTFLOWS AND GAAP REVENUES AND EXPENDITURES

	General Fund	Special Education Fund
A) Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "total revenues" from the budgetary comparison schedules	\$ 35,286,825	\$ 1,839,516
Reclassification: Special education fund revenues are reclassified to the general fund, required for GAAP reporting	<u>1,839,516</u>	<u>(1,839,516)</u>
The general fund revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 37,126,341</u>	<u>\$ _____</u>
B) Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedules	\$ 31,098,301	\$ 4,975,303
Reclassification: Special education fund expenditures are reclassified to the general fund, required for GAAP reporting	<u>4,975,303</u>	<u>(4,975,303)</u>
The general fund expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 36,073,604</u>	<u>\$ _____</u>

NOTE 4

OTHER POSTEMPLOYMENT BENEFITS PLAN – DISTRICT HEALTH INSURANCE PLAN

Governmental Accounting Standards Board requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 6 preceding years.

*Changes of benefit terms.* There were no changes of benefit terms during the year.

*Changes of assumptions.* The most recent actuarial valuation was performed as of June 30, 2019. In the valuation, the discount rate was decreased from 3.75% to 3.5%.

Cedarburg School District  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2020

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NOTE 5

SUPPLEMENTAL PENSION PLAN SCHEDULES

Governmental Accounting Standards Board requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 6 preceding years.

*Changes of benefit terms.* There were no changes of benefit terms during the year.

*Changes of assumptions.* The most recent actuarial valuation was performed as of June 30, 2019. In that valuation, the discount rate was decreased from 3.75% to 3.5%.

*Assets.* There are no assets accumulated in a trust that meet the criteria in Governmental Accounting Standards to pay related benefits.

NOTE 6

LOCAL RETIREE LIFE INSURANCE SCHEDULES

Governmental Accounting Standards Board requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 7 preceding years.

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

*Changes of assumptions.* Several actuarial assumptions changed from the prior year, including the single discount rate, long-term expected rate of return and expected inflation. Please refer to the Actuarial Assumptions section above for additional details.

NOTE 7

WISCONSIN RETIREMENT SYSTEM SCHEDULES

Governmental Accounting Standards Board requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 4 preceding years.

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

*Changes of assumptions.* No significant change in assumptions were noted from the prior year.

SUPPLEMENTARY INFORMATION



Exhibit C-1  
Cedarburg School District  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2020

	Community Service Fund	Special Revenue Fund	Food Service Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 94,188	\$ 534,117	\$ 43,251	\$ 671,556
Accounts receivable		19,830	94,269	114,099
Prepays	1,244			1,244
Due from other governments			37,453	37,453
Due from other funds		2,000		2,000
<b>Total assets</b>	<b>\$ 95,432</b>	<b>\$ 555,947</b>	<b>\$ 174,973</b>	<b>\$ 826,352</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 7,102	\$ 1,002	\$ 146,339	\$ 154,443
Due to other funds	71,087			71,087
Payroll taxes and withholdings	711			711
Unearned revenue	1,868			1,868
<b>Total liabilities</b>	<b>80,768</b>	<b>1,002</b>	<b>146,339</b>	<b>228,109</b>
<b>FUND BALANCES</b>				
Nonspendable	1,244			1,244
Restricted	13,420	554,945	28,634	596,999
<b>Total fund balances</b>	<b>14,664</b>	<b>554,945</b>	<b>28,634</b>	<b>598,243</b>
<b>Total liabilities and fund balances</b>	<b>\$ 95,432</b>	<b>\$ 555,947</b>	<b>\$ 174,973</b>	<b>\$ 826,352</b>

Exhibit C-2  
Cedarburg School District  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2020

	Community Service Fund	Special Revenue Fund	Food Service Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 150,000	\$		\$ 150,000
Other local sources	36,911	635,536	651,219	1,323,666
State sources			7,656	7,656
Federal sources			213,855	213,855
Other sources		22		22
Total revenues	186,911	635,558	872,730	1,695,199
<b>EXPENDITURES</b>				
Instruction:				
Regular instruction		23,544		23,544
Vocational instruction		134		134
Other instruction		470,961		470,961
Total instruction		494,639		494,639
Support Services:				
Pupil services		1,260		1,260
General administration	55,736			55,736
Building administration services		645		645
Business administration	148,671	2,832	1,466,735	1,618,238
Community services	41,058			41,058
Total support services	245,465	4,737	1,466,735	1,716,937
Non-Program Transactions:				
Post-Secondary scholarships		43,075		43,075
Other non-program transactions			140	140
Total non-program transactions		43,075	140	43,215
Total expenditures	245,465	542,451	1,466,875	2,254,791
Net change in fund balances	(58,554)	93,107	(594,145)	(559,592)
Fund balances - beginning, as previously reported	73,218	125,684	622,779	821,681
Prior period adjustment - implementation of GASB Statement No. 84		336,154		336,154
Fund balances - beginning, as restated	73,218	461,838	622,779	1,157,835
Fund balances - ending	\$ 14,664	\$ 554,945	\$ 28,634	\$ 598,243