



JOHNSON BLOCK
CPAs



CEDARBURG SCHOOL DISTRICT
FINANCIAL STATEMENTS
Including Independent Auditor's Report
As of and for the year ended June 30, 2021

Johnson Block and Company, Inc.
Certified Public Accountants
2500 Business Park Road
Mineral Point, WI 53565
(608) 987-2206

Cedarburg School District
Table of Contents
June 30, 2021

Independent Auditor’s Report 1

Basic Financial Statements

District-Wide Financial Statements:

Exhibit A-1 Statement of Net Position 3
Exhibit A-2 Statement of Activities 5

Fund Financial Statements:

Exhibit A-3 Balance Sheet – Governmental Funds 6
Exhibit A-4 Reconciliation of the Governmental Funds Balance Sheet with the
Statement of Net Position 7
Exhibit A-5 Statement of Revenues, Expenditures and Changes in Fund Balances-
Governmental Funds..... 8
Exhibit A-6 Reconciliation of Statement of Revenues, Expenditures and Changes in
Fund Balance of Governmental Funds to the Statement of Activities..... 9
Exhibit A-7 Statement of Fiduciary Net Position 10
Exhibit A-8 Statement of Changes in Fiduciary Net Position 11

Notes to the Basic Financial Statements 12

Required Supplementary Information:

Exhibit B-1 Budgetary Comparison Schedule for the General Fund..... 47
Exhibit B-2 Budgetary Comparison Schedule for the Special Education Fund 48
Exhibit B-3 District Net OPEB Liability Schedules..... 49
Exhibit B-4 District Supplemental Pension Plan Schedules 51
Exhibit B-5 Local Retiree Life Insurance Fund Schedules 52
Exhibit B-6 Wisconsin Retirement System Schedules..... 53

Notes to the Required Supplementary Information 54

Supplementary Information:

Exhibit C-1 Combining Balance Sheet – Nonmajor Governmental Funds 57
Exhibit C-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
-Nonmajor Governmental Funds..... 58



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, 2021, 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, 2021, 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.

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 47-56 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 18, 2021

BASIC FINANCIAL STATEMENTS

Exhibit A-1
 Cedarburg School District
 Statement of Net Position
 June 30, 2021

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments	\$ 7,957,914
Restricted cash	410,971
Taxes receivable	5,101,338
Accounts receivable	122,918
Prepays	375,166
Due from other governmental units	1,413,495
Total current assets	15,381,802
Noncurrent assets:	
Capital assets	
Capital assets	121,370,635
Less: accumulated depreciation	(33,473,554)
Net book value of capital assets	87,897,081
Net pension asset - restricted	7,435,796
Total noncurrent assets	95,332,877
Total assets	110,714,679
DEFERRED OUTFLOWS OF RESOURCES	
WRS Pension outflows	11,753,971
District Supplemental pension outflows	90,207
OPEB - District health insurance plan outflows	815,068
OPEB - group life insurance plan outflows	571,703
Total deferred outflows	13,230,949
Total assets and deferred outflows of resources	\$ 123,945,628

Exhibit A-1
 Cedarburg School District
 Statement of Net Position
 June 30, 2021

	Governmental Activities
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 363,873
Payroll taxes and withholdings	529,427
Unearned revenue	7,401
Accrued interest payable	739,776
Current portion of long-term obligations	2,345,000
Total current liabilities	3,985,477
Noncurrent liabilities:	
General obligation debt	
Plus: unamortized debt premium of \$3,342,006	62,032,006
Net OPEB - District health insurance plan	3,516,411
Net OPEB - group life insurance plan	1,253,307
Supplemental pension	342,165
Less: current portion	(2,345,000)
Total noncurrent liabilities	64,798,889
Total liabilities	68,784,366
DEFERRED INFLOWS OF RESOURCES	
WRS Pension inflows	16,298,450
District supplemental pension inflows	6,658
OPEB - District health insurance plan inflows	1,084,805
OPEB - group life insurance plan inflows	327,146
Total deferred inflows	17,717,059
NET POSITION	
Net investment in capital assets	26,828,200
Restricted for:	
Common school funds	15,739
Capital projects	1,324,435
Community service	45,117
Special revenue	491,066
Food service	237,451
Debt service	1,119,501
Wisconsin retirement system pension plan	2,891,317
Unrestricted	4,491,377
Total net position	37,444,203
Total liabilities, deferred inflows of resources, and net position	\$ 123,945,628

Exhibit A-2
Cedarburg School District
Statement of Activities
For the Year Ended June 30, 2021

<u>Functions/Programs</u>	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
<u>Governmental activities:</u>					
<u>Instruction:</u>					
Regular instruction	\$ 13,610,546	\$ 1,702,156	\$ 334,645	\$	\$ (11,573,745)
Vocational instruction	768,599	10,034		25,000	(733,565)
Special instruction	3,250,525		1,950,026		(1,300,499)
Other instruction	1,768,214	381,349	52,904	131,838	(1,202,123)
Total instruction	<u>19,397,884</u>	<u>2,093,539</u>	<u>2,337,575</u>	<u>156,838</u>	<u>(14,809,932)</u>
<u>Support services:</u>					
Pupil services	1,609,954		71,602		(1,538,352)
Instructional staff services	2,279,201		372,922		(1,906,279)
General administration services	855,658				(855,658)
Building administration services	1,576,291				(1,576,291)
Business services	6,065,058	74,256	562,200		(5,428,602)
Central services	350,110				(350,110)
Community services	33,440	33,903			463
Insurance and judgments	325,121				(325,121)
Other support services	826,519		38,997		(787,522)
Food service	884,214	233,233	850,658		199,677
Interest, amortization, other charges	2,329,235				(2,329,235)
Depreciation - unallocated	3,652,619				(3,652,619)
Total support services	<u>20,787,420</u>	<u>341,392</u>	<u>1,896,379</u>		<u>(18,549,649)</u>
<u>Non-program transactions:</u>					
Purchased instructional services	1,809,407		220,108		(1,589,299)
Post-secondary scholarships	37,485				(37,485)
Other non-program transactions	53,669				(53,669)
Total non-program transactions	<u>1,900,561</u>		<u>220,108</u>		<u>(1,680,453)</u>
Total governmental activities	<u>\$ 42,085,865</u>	<u>\$ 2,434,931</u>	<u>\$ 4,454,062</u>	<u>\$ 156,838</u>	<u>(35,040,034)</u>
<u>General Revenues:</u>					
Property taxes:					
General purposes					18,209,993
Debt services					5,797,449
Community services					240,000
Federal and state aid not restricted for specific purposes					
General					14,339,554
Interest and investment earnings					56,942
Gain on disposal of fixed assets					5,254
Miscellaneous					102,527
Amortization of debt premium					224,639
Total general revenues					<u>38,976,358</u>
Change in net position					3,936,324
Net position - beginning					<u>33,507,879</u>
Net position - ending					<u>\$ 37,444,203</u>

Exhibit A-3
Cedarburg School District
Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 3,388,729	\$ 1,991,249	\$ 1,849,231	\$ 728,705	\$ 7,957,914
Restricted cash		400,925	10,046		410,971
Taxes receivable	5,101,338				5,101,338
Accounts receivable	3,076	48,750		71,092	122,918
Prepays	373,923			1,243	375,166
Due from other governments	1,369,759			43,736	1,413,495
Due from other funds	3,908				3,908
Total assets	\$ 10,240,733	\$ 2,440,924	\$ 1,859,277	\$ 844,776	\$ 15,385,710
LIABILITIES					
Accounts payable	\$ 193,893	\$ 104,614		\$ 65,366	\$ 363,873
Due to other funds				3,908	3,908
Payroll taxes and withholdings	529,427				529,427
Unearned revenue	5,533			1,868	7,401
Total liabilities	728,853	104,614		71,142	904,609
DEFERRED INFLOWS OF RESOURCES					
		48,750			48,750
FUND BALANCES					
Nonspendable	373,923			1,243	375,166
Restricted	15,739	2,287,560	1,859,277	772,391	4,934,967
Committed	20,000				20,000
Unassigned	9,102,218				9,102,218
Total fund balances	9,511,880	2,287,560	1,859,277	773,634	14,432,351
Total liabilities, deferred inflows of resources, fund balances	\$ 10,240,733	\$ 2,440,924	\$ 1,859,277	\$ 844,776	\$ 15,385,710

Exhibit A-4
 Cedarburg School District
 Reconciliation of the Governmental Funds Balance Sheet
 with the Statement of Net Position
 June 30, 2021

Total fund balances - governmental funds:		\$	14,432,351
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			121,370,635
Governmental accumulated depreciation			(33,473,554)
			87,897,081
The net pension asset is not a current financial resource and is, therefore, not reported in the fund statements.			
			7,435,796
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			13,230,949
Deferred inflows of resources			(17,717,059)
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			48,750
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			(58,690,000)
Bond premium			(3,342,006)
Accrued interest on general obligation debt			(739,776)
Net OPEB - District health insurance plan			(3,516,411)
Net OPEB - group life insurance plan			(1,253,307)
Supplemental pension			(342,165)
			(67,883,665)
Total net position - governmental activities		\$	37,444,203

Exhibit A-5
Cedarburg School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 18,209,993	\$	\$ 5,797,449	\$ 240,000	\$ 24,247,442
Other local sources	640,187	71,493	1,790	698,906	1,412,376
Interdistrict sources	1,319,171				1,319,171
Intermediate sources	15,133				15,133
State sources	15,822,163			10,586	15,832,749
Federal sources	2,040,062			840,072	2,880,134
Other sources	61,469	39,857		217	101,543
Total revenues	<u>38,108,178</u>	<u>111,350</u>	<u>5,799,239</u>	<u>1,789,781</u>	<u>45,808,548</u>
EXPENDITURES					
Instruction:					
Regular instruction	14,733,073			9,679	14,742,752
Vocational instruction	809,927			22,038	831,965
Special instruction	3,528,277				3,528,277
Other instruction	1,543,452			324,086	1,867,538
Total instruction	<u>20,614,729</u>			<u>355,803</u>	<u>20,970,532</u>
Support Services:					
Pupil services	1,739,319			240	1,739,559
Instructional staff services	2,421,676				2,421,676
General administration services	855,708			50,841	906,549
Building administration services	1,719,046			220	1,719,266
Business services	5,991,160	19,733,292		1,143,169	26,867,621
Central services	372,338				372,338
Community services				35,767	35,767
Insurance	325,121				325,121
Debt service	18,606		5,367,084		5,385,690
Other support services	903,834				903,834
Total support services	<u>14,346,808</u>	<u>19,733,292</u>	<u>5,367,084</u>	<u>1,230,237</u>	<u>40,677,421</u>
Non-Program Transactions:					
Purchased instructional services	1,809,407				1,809,407
Post-secondary scholarships				37,485	37,485
Other non-program transactions	25,800			27,869	53,669
Total non-program transactions	<u>1,835,207</u>			<u>65,354</u>	<u>1,900,561</u>
Total expenditures	<u>36,796,744</u>	<u>19,733,292</u>	<u>5,367,084</u>	<u>1,651,394</u>	<u>63,548,514</u>
Excess (deficiency) of revenues over expenditures	<u>1,311,434</u>	<u>(19,621,942)</u>	<u>432,155</u>	<u>138,387</u>	<u>(17,739,966)</u>
OTHER FINANCING SOURCES (USES)					
Transfer from other funds			68,434	27,869	96,303
Transfer to other funds	(27,869)	(68,434)			(96,303)
Current refunding of debt principal			(9,000,000)		(9,000,000)
Sale of capital assets				9,135	9,135
Total other financing sources (uses)	<u>(27,869)</u>	<u>(68,434)</u>	<u>(8,931,566)</u>	<u>37,004</u>	<u>(8,990,865)</u>
Net change in fund balances	1,283,565	(19,690,376)	(8,499,411)	175,391	(26,730,831)
Fund balance - beginning	8,228,315	21,977,936	10,358,688	598,243	41,163,182
Fund balance - ending	<u>\$ 9,511,880</u>	<u>\$ 2,287,560</u>	<u>\$ 1,859,277</u>	<u>\$ 773,634</u>	<u>\$ 14,432,351</u>

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, 2021

Net change in fund balances-total governmental funds		\$ (26,730,831)
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	19,711,996	
Depreciation expenses reported in the statement of activities	<u>(3,652,619)</u>	
Amount by which capital outlays are greater (less) than depreciation in the current period.		16,059,377
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, and disposals) is to increase/(decrease) net position		
		(3,881)
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		(16,250)
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		12,095,000
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 amortized in the current year		224,639
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.		2,135,261
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		(123,568)
Change in Net OPEB - District health insurance plan liability and related deferred outflows and inflows of resources		296,280
Change in supplemental pension liability and related deferred outflows and inflows of resources		38,843
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	2,270,134	
The amount of interest accrued on long-term debt during the current period	<u>(2,308,680)</u>	
Interest paid is greater (less) than interest expensed by		<u>(38,546)</u>
Change in net position-governmental activities		<u>\$ 3,936,324</u>

Exhibit A-7
Cedarburg School District
Statement of Fiduciary Net Position
June 30, 2021

	<u>Employee Benefit Trust Fund</u>
ASSETS	
Cash and investments	<u>\$ 442,183</u>
Total assets	<u><u>\$ 442,183</u></u>
NET POSITION	
Restricted	<u>442,183</u>
Total net position	<u><u>\$ 442,183</u></u>

Exhibit A-8
 Cedarburg School District
 Statement of Changes in Fiduciary Net Position
 For the Year Ended June 30, 2021

	Employee Benefit Trust Fund
ADDITIONS	
Contributions to employee benefit trust	\$ 534,040
Interest	556
	534,596
 DEDUCTIONS	
Trust fund disbursements	670,177
Change in net position	(135,581)
Net position - beginning	577,764
Net position - ending	\$ 442,183

NOTES TO THE BASIC FINANCIAL STATEMENTS

Cedarburg School District
June 30, 2021
Index to the Notes to the Financial Statements

	<u>PAGE</u>
Note 1. <u>Summary of Significant Accounting Policies</u>	
A. Reporting Entity	12
B. Basis of Presentation	12 – 14
C. Basis of Accounting	15 – 16
D. Measurement Focus.....	16
E. Cash and Cash Equivalents/Investments	17
F. Receivables	17
G. Prepaids.....	17
H. Capital Assets	18
I. Compensated Absences and Other Employee Benefit Amounts	18 – 19
J. Long-Term Obligations.....	19
K. Claims and Judgments.....	19
L. Interfund Transactions.....	20
M. Equity Classifications.....	20 – 21
N. Pensions	21
O. Deferred Outflows and Inflows of Resources	21
Note 2. <u>Explanation of Certain Differences Between Governmental Fund Statements and District-Wide Statements</u>	22
Note 3. <u>Cash and Cash Equivalents/Investments</u>	23 – 26
Note 4. <u>Capital Assets</u>	27
Note 5. <u>Short-Term and Long-Term Obligations</u>	27 – 29
Note 6. <u>Operating Leases</u>	29
Note 7. <u>Defined Benefit Pension Plan</u>	29 – 34
Note 8. <u>Risk Management</u>	34
Note 9. <u>Limitation of School District Revenues</u>	34
Note 10. <u>Governmental Fund Balances</u>	35
Note 11. <u>Governmental Activities Net Position</u>	35
Note 12. <u>Other Postemployment Benefits – Single Employer Health Insurance Plan</u>	36 – 39
Note 13. <u>Other Postemployment Benefits – Multiple-Employer Life Insurance Plan</u>	40 – 43
Note 14. <u>Supplemental Pension Plan</u>	43 – 45
Note 15. <u>Interfund Receivables/Payables</u>	46
Note 16. <u>Effect of New Accounting Standards on Current Financial Statements</u>	46
Note 17. <u>Commitments/ Subsequent Events</u>	46

Cedarburg School District
Notes to the Basic Financial Statements
June 30, 2021

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, 2021

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, 2021

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 (Not Included in Government-Wide Statements)

Fiduciary funds consist of pension (and other employee benefit) trust funds, private-purpose trust funds, investment trust funds, and custodial funds. Fiduciary funds should be used only to report resources held for individuals, private organizations, or other governments. A fund is presented as a fiduciary fund when all of the following criteria are met: a) The government *controls* the assets that finance the activity, b) assets are *not* generated from the *government's own-source revenues* or from government-mandated or voluntary nonexchange transactions, c) assets are administered through a *qualifying trust* of the government does not have *administrative involvement* and the assets are *not* generated from the *government's delivery of goods or services* to the beneficiaries, *or* the assets are for the benefit of *entities that are not part of the government's reporting entity*.

The District reports the following fiduciary fund:

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, 2021

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. Certain government funded grant revenues are considered available if they are collected within 180 days of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

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, 2021

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, 2021

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 expected uncollectible accounts.

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 30th and have not yet been earned by the recipient.

Cedarburg School District
Notes to the Basic Financial Statements
June 30, 2021

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:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
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, 2021

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 (revenue), 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 member 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, 2021

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, 2021

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 30th).

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, and pension expense (revenue), 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, 2021

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, 2021

NOTE 3

CASH AND CASH EQUIVALENTS/INVESTMENTS

As previously discussed, cash for all District funds is pooled for investment purposes with the exception of separate accounts for debt service, fiduciary, and capital project uses. At June 30, 2021, the cash and investments included the following:

Deposits with financial institutions	\$	7,023,640
Wisconsin LGIP		1,362,802
Wisconsin investment series coop (WISC)		424,626
Total cash and investments	\$	8,811,068

Cash and investments as of June 30, 2021 are classified in the accompanying financial statements as follows:

Statement of Net Position:		
Cash and investments	\$	7,957,914
Restricted cash		410,971
Statement of Fiduciary Net Position:		
Cash and investments		442,183
Total cash and investments	\$	8,811,068

The WISC investments consist of the following:

Money market accounts	\$	424,626
-----------------------	----	---------

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, 2021

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, 2021. The District's investments in the Wisconsin Local Government Investment Pool was not rated as of June 30, 2021.

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, 2021

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, 2021, \$500,000 of the District's deposits with financial institutions were insured by FDIC. For District deposits in excess of FDIC thresholds, \$8,350,388 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, 2021, 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, 2021 was: 95.48% in U.S. Government Securities, 1.07% in Bankers' Acceptances, and 3.45% 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, 2021

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. 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, 2021

NOTE 4

CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Sites	\$ 339,600	\$	\$	\$ 339,600
Construction work in progress	<u>15,535,890</u>	<u></u>	<u>(15,535,890)</u>	<u></u>
Total capital assets, not being depreciated	<u>15,875,490</u>	<u></u>	<u>(15,535,890)</u>	<u>339,600</u>
Capital assets, being depreciated:				
Buildings and improvements	80,744,938	31,771,277		112,516,215
Equipment	<u>5,106,684</u>	<u>3,476,609</u>	<u>(68,473)</u>	<u>8,514,820</u>
Total capital assets, being depreciated	85,851,622	35,247,886	(68,473)	121,031,035
Less accumulated depreciation:	<u>(29,885,527)</u>	<u>(3,652,619)</u>	<u>64,592</u>	<u>(33,473,554)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>55,966,095</u>	<u>31,595,267</u>	<u>(3,881)</u>	<u>87,557,481</u>
Capital assets, net of accumulated depreciation	<u>\$ 71,841,585</u>	<u>\$ 31,595,267</u>	<u>\$ (15,539,771)</u>	<u>\$ 87,897,081</u>

All depreciation expense was charged to unallocated depreciation.

Capital outlay was charged to governmental functions as follows:

Business services	<u>\$ 19,711,996</u>
-------------------	----------------------

NOTE 5

SHORT-TERM AND LONG-TERM OBLIGATIONS

A. Short-term Notes Payable

Short-term obligations of the District are as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Removals</u>	<u>Ending Balance</u>
\$	\$ 3,800,000	\$(3,800,000)	\$

The note was dated November 5, 2020 and due April 9, 2021, with an interest rate of 1.00%. The note was for general district operation. Total interest paid on the short-term borrowing was \$16,256.

Cedarburg School District
Notes to the Basic Financial Statements
June 30, 2021

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, 2021 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Governmental activities					
General obligation debt	\$61,785,000	\$	\$ (3,095,000)	\$58,690,000	\$ 2,345,000
Bond anticipation notes	9,000,000		(9,000,000)		
Bond premiums	3,566,645		(224,639)	3,342,006	
Total - governmental activities	<u>\$74,351,645</u>	<u>\$</u>	<u>\$ (12,319,639)</u>	<u>\$62,032,006</u>	<u>\$ 2,345,000</u>

Total interest paid and accrued during the year:

	Expense	Paid
Long-term debt	\$ 2,308,680	\$ 2,270,134
Short-term debt	16,256	16,256
Total	<u>\$ 2,324,936</u>	<u>\$ 2,286,390</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, 2021 is comprised of the following individual issues:

Description	Issue Dates	Interest Rates	Dates of Maturity	Balance 6/30/2021
Bonds payable	12/4/2012	2.2-2.85%	3/1/2025	\$ 900,000
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	7,905,000
Bonds payable	6/10/2020	2.125-5.0%	3/1/2040	8,105,000
Total				<u>\$ 58,690,000</u>

The 2020 equalized valuation of the District, as certified by the Wisconsin Department of Revenue is \$2,769,331,186. The legal debt limit and margin of indebtedness as of June 30, 2021 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (10% of \$2,769,331,186)	\$ 276,933,119
Deduct long-term debt applicable to debt margin	<u>(58,690,000)</u>
Margin of indebtedness	<u>\$ 218,243,119</u>

Cedarburg School District
Notes to the Basic Financial Statements
June 30, 2021

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, 2021 follows:

Year Ended			
June 30,	Principal	Interest	Total
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	2,820,000	1,847,668	4,667,668
2027-2031	14,485,000	7,744,990	22,229,990
2032-2036	15,925,000	4,525,590	20,450,590
2037-2040	15,165,000	1,186,422	16,351,422
	<u>\$ 58,690,000</u>	<u>\$ 23,630,976</u>	<u>\$ 82,320,976</u>

NOTE 6 OPERATING LEASES

The District leases multiple equipment items. Payments on leases for the year ended June 30, 2021 totaled \$145,107. Future minimum payments under these leases are as follows:

<u>Years Ended June 30,</u>	
2022	\$ 146,240
2023	145,801
2024	145,801
2025	23,182
Total	<u>\$ 461,025</u>

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

Cedarburg School District
Notes to the Basic Financial Statements
June 30, 2021

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

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 (%)
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0

Cedarburg School District
Notes to the Basic Financial Statements
June 30, 2021

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, 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 \$1,322,223 in contributions from the employer.

Contribution rates as of June 30, 2021 are:

Employee Category	Employee	Employer
General (including teachers, executives and elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.75%
Protective without Social Security	6.75%	16.35%

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

At June 30, 2021, the District reported a liability (asset) of (\$7,435,796) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. 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, 2020, the District's proportion was 0.11910349%, which was a decrease of 0.0006593% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District's recognized pension expense (revenue) of (\$795,737).

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,761,880	\$ (2,318,089)
Net differences between projected and actual earnings on pension plan investments		(13,960,102)
Changes in assumptions	168,658	
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,479	(20,259)
Employer contributions subsequent to the measurement date	811,954	
Total	\$ 11,753,971	\$ (16,298,450)

Cedarburg School District
Notes to the Basic Financial Statements
June 30, 2021

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$811,954 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, 2022. 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:	Net Deferred Outflows (Inflows) of Resources
2022	\$ (1,374,122)
2023	(374,940)
2024	(2,533,152)
2025	(1,074,219)
Total	\$ (5,356,433)

Actuarial assumptions. The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability (Asset):	December 31, 2020
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.

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 for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

Cedarburg School District
Notes to the Basic Financial Statements
June 30, 2021

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Asset Allocation Targets and Expected Returns			
As of December 31, 2020			
<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	51	7.2	4.7
Fixed Income	25	3.2	0.8
Inflation Sensitive Assets	16	2.0	(0.4)
Real Estate	8	5.6	3.1
Private Equity/Debt	11	10.2	7.6
Multi-Asset	4	5.8	3.3
Total Core Fund	115	6.6	4.1
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	6.6	4.1
International Equities	30	7.4	4.9
Total Variable Fund	100	7.1	4.6
New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4%			
Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations			

Single Discount rate. A single discount rate of 7.00% was used to measure the Total Pension Liability 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 2.00% (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, 2020. 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.

Cedarburg School District
Notes to the Basic Financial Statements
June 30, 2021

NOTE 10

GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at June 30, 2021 include the following:

	Nonspendable	Restricted	Committed
General fund:			
Prepaid expense	\$ 373,923	\$	\$
Strategic wellness program			20,000
Common school funds		15,739	
Special revenue - future costs		491,066	
Food service:			
Food service program - future costs		237,451	
Debt service - future costs		1,859,277	
Capital projects - future costs		2,287,560	
Community service:			
Prepaid expense	1,243		
Community service program - future costs		43,874	
Total	\$ 375,166	\$ 4,934,967	\$ 20,000

NOTE 11

GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the Government Wide Statement of Net Position at June 30, 2021 includes the following:

Governmental Activities:

Net investment in capital assets

Capital assets, net of accumulated depreciation	\$ 87,897,081
Less: related long-term debt outstanding and related premium	(62,032,006)
Add: unspent bond proceeds	963,125
Total net investment in capital assets	26,828,200

Restricted

Common school funds	15,739
Capital projects	1,324,435
Community service	45,117
Special revenue	491,066
Food service	237,451
Debt service	1,119,501
Wisconsin retirement system pension plan	2,891,317
Total restricted	6,124,626

Unrestricted

Total governmental activities net position	\$ 37,444,203
--	---------------

Cedarburg School District
Notes to the Basic Financial Statements
June 30, 2021

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, 2021, plan members receiving benefits contributed \$99,324 and the District contributed \$434,716 to the plan.

For fiscal year 2021, the District paid \$501,679 to eligible retirees. In addition, the District had an implicit rate subsidy that it “funded” for fiscal year 2021 in the amount of \$168,498.

Cedarburg School District
Notes to the Basic Financial Statements
June 30, 2021

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

Net OPEB Liability – The District’s net OPEB liability of \$3,516,411 was measured at June 30, 2020, and determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and measurement date.

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

Inflation	2.0 percent
Discount rate	2.25 percent
Healthcare cost trend rates	7.70% the first year, then 7.0% 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 adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%).

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, 2021

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)
	Balances at 6/30/2019	\$ 4,246,313	\$ 689,132
Changes for the year:			
Service cost	121,607		121,607
Interest	141,142		141,142
Differences between expected and actual experience			
Changes in assumptions or other input	134,100		134,100
Contributions - Employer		434,716	(434,716)
Net investment income		2,903	(2,903)
Benefit payments	(548,987)	(548,987)	
Administrative expense			
Net Changes	(152,138)	(111,368)	(40,770)
Balances at 6/30/2020	\$ 4,094,175	\$ 577,764	\$ 3,516,411

There were no changes of benefit terms during the year.

The most recent actuarial valuation was performed as of June 30, 2019. The discount rate was decreased from 3.5% to 2.25% when the information was rolled forward to June 30, 2020.

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 (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current discount rate:

	1%	Current	1%
	Decrease	Discount Rate	Increase
	1.25%	2.25%	3.25%
Total OPEB Liability	\$ 4,200,654	\$ 4,094,175	\$ 3,986,932
Fiduciary Net Position	577,764	577,764	577,764
Net OPEB Liability 6/30/2020	\$ 3,622,890	\$ 3,516,411	\$ 3,409,168

Cedarburg School District
Notes to the Basic Financial Statements
June 30, 2021

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 presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.7 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	\$ 3,942,489	\$ 4,094,175	\$ 4,255,616
Fiduciary Net Position	577,764	577,764	577,764
Net OPEB Liability 6/30/2020	\$ 3,364,725	\$ 3,516,411	\$ 3,677,852

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$138,436. At June 30, 2021 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	\$ 177,043	\$ 836,467
Changes of assumptions or other inputs	162,746	248,338
Net difference between projected and actual earnings on OPEB plan investments	40,563	
Contributions after the measurement date	434,716	
Total	\$ 815,068	\$ 1,084,805

\$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, 2022.

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:	
2022	\$ (102,193)
2023	(105,575)
2024	(109,946)
2025	(114,299)
2026	(118,144)
Thereafter	(154,296)
Total	\$ (704,453)

Cedarburg School District
Notes to the Basic Financial Statements
June 30, 2021

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

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, 2021 are:

Coverage Type	Employer Contribution
25% Post Retirement Coverage	20% of Member 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, 2020 are as listed below:

Life Insurance		
Employee Contribution Rates*		
For the year ended December 31, 2020		
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.

Cedarburg School District
Notes to the Basic Financial Statements
June 30, 2021

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

During the reporting period, the LRLIF recognized \$4,543 in contributions from the employer.

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

At June 30, 2021, the LRLIF Employer reported a liability (asset) of \$1,253,307 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2020, and the total OPEB liability (asset) used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2020 rolled forward to December 31, 2020. 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, 2020, the District's proportion was 0.22784400%, which was a decrease of 0.034947% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense of \$130,755.

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ (59,803)
Net differences between projected and actual earnings on plan investments	18,247	
Changes in actuarial assumptions	487,553	(85,994)
Changes in proportion and differences between employer contributions and proportionate share of contributions	62,924	(181,349)
Employer contributions subsequent to the measurement date	2,979	
Totals	\$ 571,703	\$ (327,146)

\$2,979 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2022	\$ 44,780
2023	42,807
2024	40,774
2025	33,099
2026	62,963
Thereafter	17,155
Total	\$ 241,578

Cedarburg School District
Notes to the Basic Financial Statements
June 30, 2021

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

Actuarial assumptions. The total OPEB liability in the January 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2020
Measurement Date of Net OPEB Liability (Asset)	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.12%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.25%
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 for December 31, 2020 is based upon a roll-forward of the liability calculated from the January 1, 2020 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, 2020

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Credit Bonds	Barclays Credit	50%	1.47%
US Mortgages	Barclays MBS	50%	0.82%
Inflation			2.20%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return and expected inflation rate remained unchanged from the prior year at 4.25% and 2.20% respectively. 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, 2021

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

Single Discount rate. A single discount rate of 2.25% was used to measure the Total OPEB liability for the current year, as opposed to a discount rate of 2.87% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.74% as of December 31, 2019 to 2.12% as of December 31, 2020. 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 2.25 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 (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
District's proportionate share of the net OPEB liability (asset)	\$ 1,704,855	\$ 1,253,307	\$ 911,813

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, 2021, the District recognized pension expense of \$27,157.

Cedarburg School District
Notes to the Basic Financial Statements
June 30, 2021

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
Balances at 6/30/2019	\$ 379,193
Changes for the year:	
Service cost	9,802
Interest	12,230
Changes of benefit terms	
Differences between expected and actual experience	
Changes of assumptions or other input	10,273
Benefit payments	(69,333)
Net changes	(37,028)
Balances at 6/30/2020	\$ 342,165

There were no changes of benefit terms during the year. The most recent actuarial valuation was performed as of June 30, 2019. The discount rate was decreased from 3.5% to 2.25% when the information was rolled forward to June 30, 2020.

At June 30, 2021, 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	\$ 16,090	\$ 5,139
Changes of assumptions or other inputs	8,117	1,519
District contributions subsequent to the measurement date	66,000	
Total	\$ 90,207	\$ 6,658

\$66,000 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 total net pension liability in the year ended June 30, 2022. 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:	
2022	\$ 5,126
2023	9,854
2024	2,569
Total	\$ 17,549

Cedarburg School District
Notes to the Basic Financial Statements
June 30, 2021

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 total Pension Liability	June 30, 2020
Discount Rate:	2.25% - Implicit in this rate is 2.00% assured rate of inflation. 2.25% 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 rates were based on the Wisconsin 2018 mortality table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%).

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

Single Discount rate. A single discount rate of 2.25% was used to measure the total pension liability. This single discount rate was based on municipal bond rates.

Sensitivity of the District's total pension liability to changes in the discount rate. The following presents the District's total pension liability calculated using the discount rate of 2.25 percent, as well as what the District's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point (1.25 percent) or 1-percentage point higher (3.25 percent) than the current rate:

1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
\$ 350,229	\$ 342,165	\$ 333,959

Cedarburg School District
Notes to the Basic Financial Statements
June 30, 2021

NOTE 15 INTERFUND RECEIVABLES/PAYABLES

The following is a schedule of interfund receivables and payables at June 30, 2021:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	Special revenue	\$ 3,908	P-Card reimbursements

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:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Purpose</u>
Food service	General	\$ 27,869	Bad debt expense
Debt service	Capital projects	68,434	Unspent energy efficiency debt proceeds
		\$ 96,303	

NOTE 16 EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has adopted GASB Statement No. 87, *Leases*, effective for periods beginning after June 15, 2021, and GASB Statement No. 91, *Conduit Debt Obligations*, effective for periods beginning after December 15, 2021. When these become effective, application of these standards may restate portions of these financial statements.

NOTE 17 COMMITMENTS/ SUBSEQUENT EVENTS

On November 6, 2018, a \$59.8 million District referendum passed for improvements to facilities. As of June 30, 2021, unspent referendum debt proceeds approximated \$963,000.

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, 2021

	Budgeted Amounts		Actual	Positive (Negative)	
	Original	Final		Original	Final
	to Actual	to Actual			
REVENUES					
Property taxes	\$ 18,209,993	\$ 18,209,993	\$ 18,209,993	\$	\$
Other local sources	678,307	678,307	640,187	(38,120)	(38,120)
Interdistrict sources	1,366,705	1,366,705	1,319,171	(47,534)	(47,534)
Intermediate sources	11,384	11,384	9,880	(1,504)	(1,504)
State sources	14,537,253	14,537,253	14,568,599	31,346	31,346
Federal sources	334,630	334,630	1,016,252	681,622	681,622
Other sources	172,000	172,000	61,261	(110,739)	(110,739)
Total revenues	<u>35,310,272</u>	<u>35,310,272</u>	<u>35,825,343</u>	<u>515,071</u>	<u>515,071</u>
EXPENDITURES					
Instruction:					
Undifferentiated curriculum	8,556,992	8,582,807	8,454,134	102,858	128,673
Regular instruction	6,603,205	6,615,601	6,278,939	324,266	336,662
Vocational instruction	847,672	849,840	809,927	37,745	39,913
Physical curriculum	785,524	785,722	776,066	9,458	9,656
Co-curricular activities	624,344	645,944	591,162	33,182	54,782
Other special needs	176,421	176,421	173,372	3,049	3,049
Total instruction	<u>17,594,158</u>	<u>17,656,335</u>	<u>17,083,600</u>	<u>510,558</u>	<u>572,735</u>
Support services:					
Pupil services	940,025	936,210	936,936	3,089	(726)
Instructional staff services	2,110,301	2,080,336	2,081,336	28,965	(1,000)
General administration services	853,558	853,558	855,708	(2,150)	(2,150)
Building administration services	1,827,083	1,821,198	1,719,046	108,037	102,152
Business services	5,908,494	5,886,894	5,752,773	155,721	134,121
Central services	353,066	353,066	372,338	(19,272)	(19,272)
Insurance	320,000	320,000	325,121	(5,121)	(5,121)
Principal and interest	34,000	34,000	18,606	15,394	15,394
Other support services	897,335	897,335	903,834	(6,499)	(6,499)
Total support services	<u>13,243,862</u>	<u>13,182,597</u>	<u>12,965,698</u>	<u>278,164</u>	<u>216,899</u>
Non-program transactions:					
Purchased instructional services	1,338,593	1,338,593	1,580,719	(242,126)	(242,126)
Other non-program transactions	26,500	26,500	25,800	700	700
Total non-program transactions	<u>1,365,093</u>	<u>1,365,093</u>	<u>1,606,519</u>	<u>(241,426)</u>	<u>(241,426)</u>
Total expenditures	<u>32,203,113</u>	<u>32,204,025</u>	<u>31,655,817</u>	<u>547,296</u>	<u>548,208</u>
Excess (deficiency) of revenues over expenditures	<u>3,107,159</u>	<u>3,106,247</u>	<u>4,169,526</u>	<u>1,062,367</u>	<u>1,063,279</u>
OTHER FINANCING SOURCES (USES)					
Transfer to other funds	<u>(3,458,086)</u>	<u>(3,145,751)</u>	<u>(2,885,961)</u>	<u>572,125</u>	<u>259,790</u>
Net change in fund balances	<u>(350,927)</u>	<u>(39,504)</u>	<u>1,283,565</u>	<u>1,634,492</u>	<u>1,323,069</u>
Fund balance - beginning	8,228,315	8,228,315	8,228,315		
Fund balance - ending	<u>\$ 7,877,388</u>	<u>\$ 8,188,811</u>	<u>\$ 9,511,880</u>	<u>\$ 1,634,492</u>	<u>\$ 1,323,069</u>

Exhibit B-2
Required Supplementary Information
Cedarburg School District
Budgetary Comparison Schedule for the Special Education Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
REVENUES					
Intermediate sources	\$	\$	\$ 5,253	\$ 5,253	\$ 5,253
State sources	1,115,055	1,115,055	1,253,564	138,509	138,509
Federal sources	1,314,921	1,002,586	1,023,810	(291,111)	21,224
Other sources	9,500	9,500	208	(9,292)	(9,292)
Total revenues	<u>2,439,476</u>	<u>2,127,141</u>	<u>2,282,835</u>	<u>(156,641)</u>	<u>155,694</u>
EXPENDITURES					
Instruction:					
Special instruction	3,719,102	3,719,102	3,528,277	190,825	190,825
Other instruction	3,432	3,432	2,852	580	580
Total instruction	<u>3,722,534</u>	<u>3,722,534</u>	<u>3,531,129</u>	<u>191,405</u>	<u>191,405</u>
Support services:					
Pupil services	807,550	807,550	802,383	5,167	5,167
Instructional staff services	441,143	441,143	340,340	100,803	100,803
Business services	301,000	301,000	238,387	62,613	62,613
Total support services	<u>1,549,693</u>	<u>1,549,693</u>	<u>1,381,110</u>	<u>168,583</u>	<u>168,583</u>
Non-program transactions:					
Purchased instructional services	283,000	283,000	228,688	54,312	54,312
Total expenditures	<u>5,555,227</u>	<u>5,555,227</u>	<u>5,140,927</u>	<u>414,300</u>	<u>414,300</u>
Excess (deficiency) of revenues over expenditures	<u>(3,115,751)</u>	<u>(3,428,086)</u>	<u>(2,858,092)</u>	<u>257,659</u>	<u>569,994</u>
OTHER FINANCING SOURCES (USES)					
Transfer from other funds	<u>3,115,751</u>	<u>3,428,086</u>	<u>2,858,092</u>	<u>(257,659)</u>	<u>(569,994)</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, 2021

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

	Year Ended June 30				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Total OPEB Liability</u>					
Service cost	\$ 586,692	\$ 586,692	\$ 142,114	\$ 137,503	\$ 121,607
Interest	266,169	269,856	149,678	150,290	141,142
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	134,100
Benefit payments	(825,907)	(633,965)	(556,933)	(493,534)	(548,987)
Net change in total OPEB liability	\$ 26,954	\$ (4,534,918)	\$ (298,170)	\$ 60,555	\$ (152,138)
Total OPEB liability - beginning	8,991,892	9,018,846	4,483,928	4,185,758	4,246,313
Total OPEB liability - ending (a)	<u>\$ 9,018,846</u>	<u>\$ 4,483,928</u>	<u>\$ 4,185,758</u>	<u>\$ 4,246,313</u>	<u>\$ 4,094,175</u>
<u>Fiduciary Net Position</u>					
Contributions - Employer	\$ 920,112	\$ 714,851	\$ 629,556	\$ 482,369	\$ 434,716
Net investment income	443	541	1,181	4,130	2,903
Benefit payments	(825,907)	(633,965)	(556,933)	(493,534)	(548,987)
Administrative expense	-	-	-	-	-
Net change in fiduciary net position	\$ 94,648	\$ 81,427	\$ 73,804	\$ (7,035)	\$ (111,368)
Fiduciary net position - beginning	446,288	540,936	622,363	696,167	689,132
Fiduciary net position - ending (b)	<u>\$ 540,936</u>	<u>\$ 622,363</u>	<u>\$ 696,167</u>	<u>\$ 689,132</u>	<u>\$ 577,764</u>
<u>Net OPEB Liability</u>					
Net OPEB liability - ending (a) - (b)	<u>\$ 8,477,910</u>	<u>\$ 3,861,565</u>	<u>\$ 3,489,591</u>	<u>\$ 3,557,181</u>	<u>\$ 3,516,411</u>
Fiduciary net position as a percentage of the total OPEB liability	6.00%	13.88%	16.63%	16.23%	14.11%
Covered payroll	\$ 10,455,926	\$ 14,851,772	\$ 14,851,772	\$ 17,305,109	\$ 17,305,109
Net OPEB liability as a percentage of covered payroll	81.08%	26.00%	23.50%	20.56%	20.32%

Exhibit B-3 (Continued)
 Required Supplementary Information
 Cedarburg School District
 District Net OPEB Liability Schedules (Continued)
 For the Year Ended June 30, 2021

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially Determined Contribution (ADC)	968,363	968,363	654,675	654,675	434,716
Contributions in Relation to ADC	920,112	714,851	629,556	482,369	434,716
Contribution Deficiency/(Excess)	<u>48,251</u>	<u>253,512</u>	<u>25,119</u>	<u>172,306</u>	<u>-</u>
Covered-Employee Payroll	10,455,926	14,851,772	14,851,772	17,305,109	17,305,109
Contributions as a percentage of Covered-Employee Payroll	8.80%	4.81%	4.24%	2.79%	2.51%

Key Methods and Assumption Used to Calculate ADC

Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset valuation method	Market Value	Market Value	Market Value
Amortization method	30 year Level \$	9 year Level \$	15 year Level \$
Discount rate	5.00%	3.50%	3.50%
Inflation	3.50%	2.50%	2.50%
Valuation date	July 1, 2015	June 30, 2017	June 30, 2020

Exhibit B-4
Cedarburg School District
District Supplemental Pension Plan Schedules
June 30, 2021

**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	2020
Changes for the Year					
Service costs	\$ 26,021	\$ 26,021	\$ 15,353	\$ 14,825	\$ 9,802
Interest	16,307	15,278	13,446	13,366	12,230
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)	10,273
Benefit payments	(119,585)	(33,667)	(47,667)	(59,000)	(69,333)
Net change in total pension liability	\$ (77,257)	\$ (112,782)	\$ (21,801)	\$ 678	\$ (37,028)
Total pension liability- beginning	590,355	513,098	400,316	378,515	379,193
Total pension liability- ending	<u>\$ 513,098</u>	<u>\$ 400,316</u>	<u>\$ 378,515</u>	<u>\$ 379,193</u>	<u>\$ 342,165</u>
Covered payroll	\$ 7,329,397	\$ 3,021,722	\$ 3,021,722	\$ 2,227,759	\$ 2,227,759
Total pension liability as a percentage of covered payroll	7.00%	13.25%	12.53%	17.02%	15.36%

**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, 2021

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)
2020	0.22784400%	\$ 1,253,307	\$ 15,774,000	7.95%	31.36%
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.

Exhibit B-6
Cedarburg School District
Wisconsin Retirement System Schedules
June 30, 2021

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)
2020	(0.11910349%)	\$ (7,435,796)	\$ 19,588,520	(37.96%)	(105.26%)
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
2021	\$ 1,337,681	\$ (1,337,681)		\$ 19,817,518	6.75%
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, 2021

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, 2021:

Individual Fund	Excess Expenditures
General	
Non-program transactions	\$ 241,426

Cedarburg School District
Notes to the Required Supplementary Information
For the Year Ended June 30, 2021

NOTE 3

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

	<u>General Fund</u>	<u>Special Education Fund</u>
A) Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "total revenues" from the budgetary comparison schedules	\$ 35,825,343	\$ 2,282,835
Reclassification:		
Special education fund revenues are reclassified to the general fund, required for GAAP reporting	<u>2,282,835</u>	<u>(2,282,835)</u>
The general fund revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 38,108,178</u>	<u>\$</u>
B) Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedules	\$ 31,655,817	\$ 5,140,927
Reclassification:		
Special education fund expenditures are reclassified to the general fund, required for GAAP reporting	<u>5,140,927</u>	<u>(5,140,927)</u>
The general fund expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 36,796,744</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 5 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. The discount rate was decreased from 3.5% to 2.25% when the information was rolled forward to June 30, 2020.

Cedarburg School District
Notes to the Required Supplementary Information
For the Year Ended June 30, 2021

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 5 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. The discount rate was decreased from 3.5% to 2.25% when the information was rolled forward to June 30, 2020.

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 6 preceding years.

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

Changes of assumptions. The Single Discount Rate assumption used to develop Total OPEB liability changed from the prior year. Please refer to the Actuarial Assumptions section above for additional detail.

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 3 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, 2021

	Community Service Fund	Special Revenue Fund	Food Service Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 57,222	\$ 496,954	\$ 174,529	\$ 728,705
Accounts receivable			71,092	71,092
Prepays	1,243			1,243
Due from other governments			43,736	43,736
Total assets	\$ 58,465	\$ 496,954	\$ 289,357	\$ 844,776
LIABILITIES				
Accounts payable	\$ 11,480	\$ 1,980	\$ 51,906	\$ 65,366
Due to other funds		3,908		3,908
Unearned revenue	1,868			1,868
Total liabilities	13,348	5,888	51,906	71,142
FUND BALANCES				
Nonspendable	1,243			1,243
Restricted	43,874	491,066	237,451	772,391
Total fund balances	45,117	491,066	237,451	773,634
Total liabilities and fund balances	\$ 58,465	\$ 496,954	\$ 289,357	\$ 844,776

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, 2021

	Community Service Fund	Special Revenue Fund	Food Service Fund	Total Nonmajor Governmental Funds
REVENUES				
Property taxes	\$ 240,000			\$ 240,000
Other local sources	33,902	431,766	233,238	698,906
State sources			10,586	10,586
Federal sources			840,072	840,072
Other sources		217		217
Total revenues	<u>273,902</u>	<u>431,983</u>	<u>1,083,896</u>	<u>1,789,781</u>
EXPENDITURES				
Instruction:				
Regular instruction		9,679		9,679
Vocational instruction		22,038		22,038
Other instruction		324,086		324,086
Total instruction		<u>355,803</u>		<u>355,803</u>
Support Services:				
Pupil services		240		240
General administration	50,841			50,841
Building administration services		220		220
Business administration	156,841	102,114	884,214	1,143,169
Community services	35,767			35,767
Total support services	<u>243,449</u>	<u>102,574</u>	<u>884,214</u>	<u>1,230,237</u>
Non-Program Transactions:				
Post-Secondary scholarships		37,485		37,485
Other non-program transactions			27,869	27,869
Total non-program transactions		<u>37,485</u>	<u>27,869</u>	<u>65,354</u>
Total expenditures	<u>243,449</u>	<u>495,862</u>	<u>912,083</u>	<u>1,651,394</u>
OTHER FINANCING SOURCES (USES)				
Transfer from other funds			27,869	27,869
Sale of fixed assets			9,135	9,135
Total other financing sources (uses)			<u>37,004</u>	<u>37,004</u>
Net change in fund balances	30,453	(63,879)	208,817	175,391
Fund balances - beginning	<u>14,664</u>	<u>554,945</u>	<u>28,634</u>	<u>598,243</u>
Fund balances - ending	<u>\$ 45,117</u>	<u>\$ 491,066</u>	<u>\$ 237,451</u>	<u>\$ 773,634</u>