



JOHNSON BLOCK
CPAs

SCHOOL DISTRICT OF MILTON

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S
REPORT

For the Year Ended June 30, 2021

SCHOOL DISTRICT OF MILTON

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For the Year Ended June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the School Board
School District of Milton
Milton, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School District of Milton ("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, the business-type activities, each major fund, and the aggregate remaining fund information of the School District of Milton, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective July 1, 2020, the District adopted the provisions of GASB Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District of Milton's basic financial statements. The other supplemental information as described in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplemental information as listed in the table of contents is 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 other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District of Milton's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
December 7, 2021

SCHOOL DISTRICT OF MILTON
Management's Discussion and Analysis (MD&A Statement)
June 30, 2021

The discussion and analysis of the School District of Milton (the "District") financial information provides an overall review of financial activities for the fiscal year. The analysis focuses on school district financial performance as a whole. Efforts have been made to provide comparison to prior year data when such data is available. It should be read in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Total governmental assets of the District are \$116,306,593 and total deferred outflows of resources are \$15,488,120. Total governmental net position after deducting liabilities and deferred inflows of resources is \$28,575,237.

In terms of general fund operations, we had an Excess of Revenues and Other Sources over Expenditures and Other Uses of \$1,003,248. This increased our fund balance from \$7,959,553 at the beginning of the year to \$8,962,801 at year-end. This fund balance is approximately 19% of our general fund 2020-2021 actual expenditures. The percentage of fund balance held can be viewed in the range of healthy, yet not excessive. Because this fund balance does not meet cash flow timing needs, annual short-term borrowing is necessary. The timing issue is not unique to our district, like other school districts, we wait to receive a substantial state aid payment in early December, though our fiscal year commences July 1.

The general fund (Fund 10) reported an increase in fund balance of \$1,003,248 at the end of the fiscal year. The food service fund (Fund 50) experienced the same amount of revenues and expenditures, and the food service fund balance stayed the same as the previous year balance of \$1,699 after a transfer from general fund (fund 10) for operating loss. The aforementioned numbers are before the full accrual basis adjustments. On a full accrual basis, revenues exceeded expenditures by \$35,157 and fund balance was increased to a deficit of \$211,479. With grades 7-12 students attending in-person every-other day and an additional 20% choosing full-time remote instruction in response to the COVID 19 pandemic, the department had a significant decrease in student participation in the breakfast and lunch programs.

OVERVIEW OF THE FINANCIAL STATEMENTS

This section of the financial report consists of three parts: management's discussion and analysis, basic financial statements (district-wide and fund statements) including notes to the financial statements and other required supplementary information.

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

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

SCHOOL DISTRICT OF MILTON
Management's Discussion and Analysis (MD&A Statement)
June 30, 2021

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

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

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

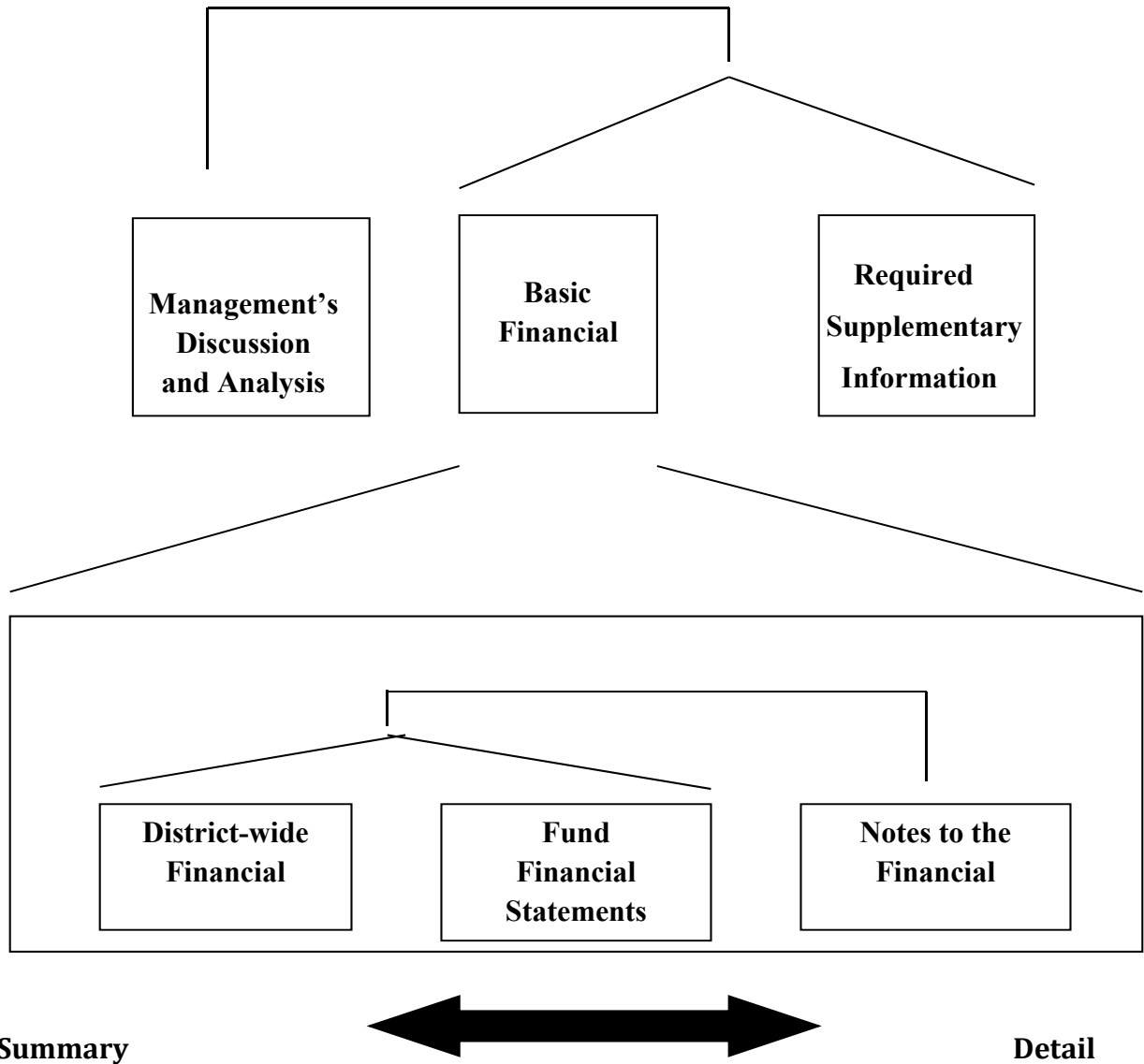


Figure A-2 summarizes the major features of the District's financial statement, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

SCHOOL DISTRICT OF MILTON
Management’s Discussion and Analysis (MD&A Statement)
June 30, 2021

Major Features of the District-wide and Fund Financial Statements

FIGURE A-2	District Wide Statements	Fund Financial Statements		
		Governmental	Proprietary	Fiduciary
Scope	Entire District (Except fiduciary funds).	The activities of the District that are not fiduciary, such as instructional, support services, and community services.	Activities the District operates similar to private business. The District’s food service program is its only proprietary fund.	Assets held by the District on behalf of someone else.
Required financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balance	Statement of Net Position Statement of Revenues, Expenses and Changes in Net Position	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Basis of accounting and measurement focus	Accrual accounting Economic resources focus	Modified accrual accounting Current financial resources focus	Accrual accounting Economic resources focus	Accrual accounting Economic resources focus
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term.	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets and liabilities, both financial and capital; short-term and long-term.	All assets and liabilities, both financial and capital; short-term and long-term.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability are due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions or deductions during the year, regardless of when cash is received or paid.

SCHOOL DISTRICT OF MILTON
Management’s Discussion and Analysis (MD&A Statement)
June 30, 2021

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The two district-wide statements report the District’s *Net Position* and how they have changed. Net Position, the difference between the District’s assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the District’s overall financial position.

- Increases or decreases in the District’s Net Position are one indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall financial condition of the District, additional non-financial factors such as changes in the District’s property tax base and the condition of school buildings and other facilities should be considered.

In the district-wide financial statements, the District’s activities are shown as governmental activities.

Most of the District’s basic services are included here, such as regular and special education, transportation, support services, community programs and administration. Property taxes and state formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District’s *funds*, focusing on its most significant or “major” funds – not the District as a whole. Funds are accounting devices the District uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (for example-paying its long-term debt), or to show that it is properly using certain revenues (for example-capital project funds).

The District has the following type of funds:

- *Governmental funds* – Most of the District’s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for funding future basic services. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Governmental fund information does not report on long-term commitments as they are reported on the district-wide statements. Therefore, an explanation of the differences between the governmental funds and the district-wide statements is included either at the bottom of the governmental funds statements or as a separate statement.

SCHOOL DISTRICT OF MILTON
Management's Discussion and Analysis (MD&A Statement)
June 30, 2021

FINANCIAL ANALYSES

Statement of Net Position

Table 1 provides a summary of the District's Net Position for the period ended June 30, 2021. The Food Service Net Position is restricted for food service operations. The calculation of Net Position uses historical costs for facilities that may not reflect the fair value. The facilities are in fair to good condition, as we have appropriated annually for preventative maintenance. However, dollars available for such appropriation have not met total identified needs.

Table 1							
Condensed Statement of Net Position							
(in millions of dollars)							
	Governmental Activities		Business-type Activities		Total School District		
	2021	2020	2021	2020	2021	2020	
Current & other assets	\$ 24.1	\$ 61.2	\$ 0.1	\$ 0.1	\$ 24.2	\$ 61.3	
Capital assets	84.0	42.9	-	-	84.0	42.9	
Restricted assets	8.2	4.3	0.1	0.1	8.3	4.4	
Total Assets	<u>\$ 116.3</u>	<u>\$ 108.4</u>	<u>\$ 0.2</u>	<u>\$ 0.2</u>	<u>\$ 116.5</u>	<u>\$ 108.6</u>	
Deferred outflows	<u>\$ 15.5</u>	<u>\$ 10.5</u>	<u>\$ 0.3</u>	<u>\$ 0.2</u>	<u>\$ 15.8</u>	<u>\$ 10.7</u>	
Long-term debt outstanding	\$ 60.8	\$ 62.0	\$ -	\$ -	\$ 60.8	\$ 62.0	
Other liabilities	22.2	17.2	0.4	0.3	22.6	17.5	
Total Liabilities	<u>\$ 83.0</u>	<u>\$ 79.2</u>	<u>\$ 0.4</u>	<u>\$ 0.3</u>	<u>\$ 83.4</u>	<u>\$ 79.5</u>	
Deferred inflows	<u>\$ 20.2</u>	<u>\$ 15.4</u>	<u>\$ 0.3</u>	<u>\$ 0.3</u>	<u>\$ 20.5</u>	<u>\$ 15.7</u>	
Net Investment in							
Capital Assets	\$ 27.4	\$ 26.2	\$ -	\$ -	\$ 27.4	\$ 26.2	
Restricted	8.6	0.4	0.1	-	8.7	0.4	
Unrestricted (deficit)	(7.4)	(2.3)	(0.3)	(0.2)	(7.7)	(2.5)	
Total Net Position	<u>\$ 28.6</u>	<u>\$ 24.3</u>	<u>\$ (0.2)</u>	<u>\$ (0.2)</u>	<u>\$ 28.4</u>	<u>\$ 24.1</u>	

In governmental activities, the largest portion of the District's Net Position is its investment in capital assets (e.g. land, buildings and equipment), less related outstanding debt used to acquire those assets. These assets are used to provide services to students and consequently are not available for future spending.

SCHOOL DISTRICT OF MILTON
Management's Discussion and Analysis (MD&A Statement)
June 30, 2021

Table 2 shows the changes in Net Position for the fiscal year ended June 30, 2021 from all governmental and business-type activities. As shown below, general revenues provide about 82% of the funding for governmental activities. The District relies on property taxes for 38% of its governmental activity revenue.

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u> <u>School District</u>	
	2021	2020	2021	2020	2021	2020
General Revenues:						
Property taxes	\$ 19.5	\$ 18.4	\$ -	\$ -	\$ 19.5	\$ 18.4
State formula aid	22.2	21.5	-	-	22.2	21.5
Other	0.6	1.3	-	-	0.6	1.3
Total general revenues	42.3	41.2	-	-	42.3	41.2
Program revenues:						
Charges for service	3.4	2.7	0.1	0.5	3.5	3.2
Grants and Contributions	5.6	5.5	0.8	0.4	6.4	5.9
Total program revenues	9.0	8.2	0.9	0.9	9.9	9.1
Total revenues	51.3	49.4	0.9	0.9	52.2	50.3
Program Expenses:						
Instruction	23.9	24.6	-	-	23.9	24.6
Pupil & instructional services	3.9	4.7	-	-	3.9	4.7
Administration and business	3.5	4.1	-	-	3.5	4.1
Maintenance and operations	4.5	3.3	-	-	4.5	3.3
Transportation	1.8	1.8	-	-	1.8	1.8
Community service	0.1	0.1	-	-	0.1	0.1
Non-program services	4.0	4.0	-	-	4.0	4.0
Other	5.4	5.6	0.9	1.0	6.3	6.6
Total Expenses	47.1	48.2	0.9	1.0	48.0	49.2
Special Item - Gain (Loss) on Disposal	(0.1)	-	-	-	(0.1)	-
Change in Net Position	4.1	1.2	-	(0.1)	4.1	1.1
Beginning Net Position, Restated	24.5	23.1	(0.2)	(0.1)	24.3	23.0
Ending Net Position	\$ 28.6	\$ 24.3	\$ (0.2)	\$ (0.2)	\$ 28.4	\$ 24.1

SCHOOL DISTRICT OF MILTON
Management's Discussion and Analysis (MD&A Statement)
June 30, 2021

Capital Asset and Debt Administration

Capital Assets:

At the end of the 2021 fiscal year, the District had invested over \$116.7 million in a broad range of capital assets, including buildings, sites, library books, and equipment (see Table 3). Additional information about capital assets can be found in Note 4. Total accumulated depreciation on these assets was \$32.6 million for governmental activities and \$0.1 million for business-type activities.

- Asset acquisition for governmental activities totaled \$44,415,742 and \$0 for the food service program.
- The District recognized depreciation expense of \$1,937,042 for governmental activities and \$722 for the food service program during the fiscal year.
- Major capital asset additions for the year included: elementary buildings, referendum construction for middle and high schools.

Table 3
Capital Assets
(in millions of dollars)

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>School District</u>	
	2021	2020	2021	2020	2021	2020
Land & improvements	\$ 4.7	\$ 4.4	\$ -	\$ -	\$ 4.7	\$ 4.4
Building & building improvements	59.4	48.2	-	-	59.4	48.2
Equipment & furniture	7.6	7.0	0.1	0.1	7.7	7.1
Construction work in progress	44.9	14.9	-	-	44.9	14.9
Accumulated depreciation	(32.6)	(31.6)	(0.1)	(0.1)	(32.7)	(31.7)
Total	\$ 84.0	\$ 42.9	\$ -	\$ -	\$ 84.0	\$ 42.9

Long-Term Debt:

At year-end, the District had \$54,615,000 in general obligation bonds and \$2,424,370 in capital leases outstanding. Additional information on long-term obligations can be found in Note 7.

SCHOOL DISTRICT OF MILTON
Management's Discussion and Analysis (MD&A Statement)
June 30, 2021

FUND SUMMARY

General Fund

The General Fund, the main operating fund of the District remains in a financially stable condition. Revenues were less than expenditures by \$1,003,248. The current general fund balance represents approximately 19% of expenditures.

Approximately 33% of revenues come from property taxes, which are guaranteed by the County of Rock and County of Jefferson. The Board of Education certifies taxes in November to the municipal clerks. The clerks pay the District's proportionate share of collections in January and February. The balance of the taxes is then paid to the County by July 31 and remitted to the School District of Milton in August. This year taxes receivable at year-end was \$4,869,587.

The District adopts an Interim Budget for the Annual Meeting of the electors in August. The Original Budget is adopted in October when the final revenue limit calculations are completed. The Final Budget is adopted after final adjustments are calculated at year-end. The Original 2020-2021 Budget levied at the maximum allowable amount under the revenue limit. The Board of Education approved general fund revenues at \$44,529,475 and expenditures at \$39,775,302. Before operating transfers out which resulted in a balanced budget, the Original Budget had anticipated expenditures not to exceed revenues.

Debt Service Fund

The Debt Service Funds have a fund balance at year-end of \$1,020,291. This balance is used to pay debt service principal and interest payments due in the fall through December 31, which is prior to receiving our first property tax payment in January. Debt service payments come mainly from property taxes and any interest earned on those taxes. Any excess fund balance is the result of additional interest earnings over budget and will be used to lower the property tax levy in future years. The fund balance is restricted and can only be used for debt service payments.

The District's current Moody's Bond Rating is Aa3 (May 2021). Our current debt limit is \$219,593,545 (6/30/2021) and our current bonds payable principal amount outstanding is \$54,615,000, leaving a margin of indebtedness of \$164,978,545.

SCHOOL DISTRICT OF MILTON
Management's Discussion and Analysis (MD&A Statement)
June 30, 2021

Balance of Governmental Funds

The balance of the governmental funds is either funded in part by grants or reliant on the general fund for revenue sources. They are listed in the body of the audit statement.

Factors Bearing on District's Future

On November 3, 2020, the District passed a referendum to allow the District budget to exceed the revenue limit by \$2,500,000 per year for five years. The \$2,500,000 level amount asked for and supported by the electorate is used to support a balanced budget for the next five years. Inflationary components (wages, benefits, transportation, utilities, etc.), coupled with additional demands on the instructional and Building and Grounds budgets cause continued analysis in future years. Changes made at the state (2021-2023 biennial budget) and national level remain a fiscal concern and will be monitored to the best of our ability.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Business Services, School District of Milton, 448 E. High Street, Milton, WI 53563 at (608) 868-9200.

**School District of Milton
Milton, Wisconsin**

**Statement of Net Position
June 30, 2021**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Investments	\$ 10,835,681	\$ 84,814	\$ 10,920,495
Restricted Cash and Investments	7,758,031	-	7,758,031
Receivables:			
Taxes	4,869,587	-	4,869,587
Accounts	50,498	1,169	51,667
Prepaid Expenses	25,000	-	25,000
Internal Balances	9,601	(9,601)	-
Due from Other Governments	594,039	-	594,039
Inventories	-	4,714	4,714
Total Current Assets	<u>24,142,437</u>	<u>81,096</u>	<u>24,223,533</u>
Noncurrent Assets:			
Land, Land Improvements and Work in Progress	49,580,440	-	49,580,440
Buildings and Building Improvements	59,378,015	-	59,378,015
Furniture and Equipment	7,600,829	138,479	7,739,308
Less: Accumulated Depreciation	<u>(32,614,921)</u>	<u>(122,359)</u>	<u>(32,737,280)</u>
Net Capital Assets	<u>83,944,363</u>	<u>16,120</u>	<u>83,960,483</u>
Restricted Assets:			
Net Pension Asset	8,219,793	133,655	8,353,448
Total Restricted Assets	<u>8,219,793</u>	<u>133,655</u>	<u>8,353,448</u>
Total Noncurrent Assets	<u>92,164,156</u>	<u>149,775</u>	<u>92,313,931</u>
Total Assets	<u>116,306,593</u>	<u>230,871</u>	<u>116,537,464</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred OPEB Outflows	2,374,855	59,987	2,434,842
Deferred Pension Outflows	12,975,150	210,978	13,186,128
Deferred Pension Stipend Outflows	138,115	-	138,115
Total Deferred Outflows of Resources	<u>15,488,120</u>	<u>270,965</u>	<u>15,759,085</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	3,106,288	-	3,106,288
Accrued Liabilities:			
Payroll and Related Items	3,675,853	-	3,675,853
Interest	737,345	-	737,345
Due to Fiduciary Funds	340,919	8,611	349,530
Deposits Payable	1,502	70,786	72,288
Short-Term Borrowing	2,400,000	-	2,400,000
Current Portion of Long-Term Obligations	<u>2,845,232</u>	<u>-</u>	<u>2,845,232</u>
Total Current Liabilities	<u>13,107,139</u>	<u>79,397</u>	<u>13,186,536</u>
Noncurrent Liabilities:			
Noncurrent Portion of Long-Term Obligations	57,914,837	-	57,914,837
Supplemental Pension Liability	544,119	-	544,119
Net OPEB Liability	<u>11,450,868</u>	<u>289,242</u>	<u>11,740,110</u>
Total Noncurrent Liabilities	<u>69,909,824</u>	<u>289,242</u>	<u>70,199,066</u>
Total Liabilities	<u>83,016,963</u>	<u>368,639</u>	<u>83,385,602</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred OPEB Inflows	2,013,536	50,861	2,064,397
Deferred Pension Inflows	18,069,667	293,815	18,363,482
Deferred Pension Stipend Inflows	119,310	-	119,310
Total Deferred Inflows of Resources	<u>20,202,513</u>	<u>344,676</u>	<u>20,547,189</u>
NET POSITION (DEFICIT)			
Net Investment in Capital Assets	27,441,056	16,120	27,457,176
Restricted:			
Debt Service	337,176	-	337,176
Net Pension Asset	8,219,793	133,655	8,353,448
Other	16,702	-	16,702
Unrestricted (Deficit)	<u>(7,439,490)</u>	<u>(361,254)</u>	<u>(7,800,744)</u>
Total Net Position	<u>\$ 28,575,237</u>	<u>\$ (211,479)</u>	<u>\$ 28,363,758</u>

See accompanying notes to the financial statements.

**School District of Milton Milton,
Wisconsin**

**Statement of Activities
For the Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities						
Instruction						
Regular Instruction	\$ 16,189,384	\$ 2,889,235	\$ 2,866,000	\$ (10,434,149)	\$ -	\$ (10,434,149)
Vocational Instruction	1,307,756	6,270	36,605	(1,264,881)	-	(1,264,881)
Special Education Instruction	4,361,307	21,495	1,637,135	(2,702,677)	-	(2,702,677)
Other Instruction	1,994,381	321,052	-	(1,673,329)	-	(1,673,329)
Total Instruction	<u>23,852,828</u>	<u>3,238,052</u>	<u>4,539,740</u>	<u>(16,075,036)</u>	<u>-</u>	<u>(16,075,036)</u>
Support Services						
Pupil Services	1,967,176	28,435	456,348	(1,482,393)	-	(1,482,393)
Instructional Staff Services	1,930,135	-	168,795	(1,761,340)	-	(1,761,340)
General Administration Services	655,328	878	-	(654,450)	-	(654,450)
Building Administration Services	2,224,529	-	-	(2,224,529)	-	(2,224,529)
Business Services	634,111	-	15,583	(618,528)	-	(618,528)
Operations and Maintenance	4,480,383	4,129	62,933	(4,413,321)	-	(4,413,321)
Pupil Transportation	1,827,047	11,949	180,081	(1,635,017)	-	(1,635,017)
Central Services	380,108	-	19,579	(360,529)	-	(360,529)
Insurance	370,922	-	-	(370,922)	-	(370,922)
Interest and Fiscal Charges on Debt	2,009,725	-	-	(2,009,725)	-	(2,009,725)
Other Support Services	1,276,157	88,544	8,293	(1,179,320)	-	(1,179,320)
Community Services	103,473	42,161	-	(61,312)	-	(61,312)
Unallocated Depreciation	1,291,698	-	-	(1,291,698)	-	(1,291,698)
Total Support Services	<u>19,150,792</u>	<u>176,096</u>	<u>911,612</u>	<u>(18,063,084)</u>	<u>-</u>	<u>(18,063,084)</u>
Purchased and Non-Program Services	<u>4,021,641</u>	<u>-</u>	<u>107,189</u>	<u>(3,914,452)</u>	<u>-</u>	<u>(3,914,452)</u>
Total Governmental Activities	<u>47,025,261</u>	<u>3,414,148</u>	<u>5,558,541</u>	<u>(38,052,572)</u>	<u>-</u>	<u>(38,052,572)</u>
Business-Type Activities						
Food Service Program	909,148	107,895	782,001	-	(19,252)	(19,252)
Total Business-Type Activities	<u>909,148</u>	<u>107,895</u>	<u>782,001</u>	<u>-</u>	<u>(19,252)</u>	<u>(19,252)</u>
Total Governmental and Business-Type Activities	<u>\$ 47,934,409</u>	<u>\$ 3,522,043</u>	<u>\$ 6,340,542</u>	<u>(38,052,572)</u>	<u>(19,252)</u>	<u>(38,071,824)</u>
General revenues:						
Taxes:						
Property Taxes, Levied for General Purposes				15,554,054	-	15,554,054
Property Taxes, Levied for Debt Service				3,643,275	-	3,643,275
Property Taxes, Levied for Community Services				300,000	-	300,000
Federal and State Aid not Restricted to Specific Purpose						
General				22,169,890	-	22,169,890
Interest and Investment Earnings				313,158	-	313,158
Miscellaneous				362,719	8,263	370,982
Transfers				<u>(67,246)</u>	<u>46,146</u>	<u>(21,100)</u>
Total General Revenues and Transfers				<u>42,275,850</u>	<u>54,409</u>	<u>42,330,259</u>
Special Item- Gain (Loss) on Disposal				<u>(125,729)</u>	<u>-</u>	<u>(125,729)</u>
Change in Net Position				<u>4,097,549</u>	<u>35,157</u>	<u>4,132,706</u>
Net Position (Deficit) - Beginning, as Previously Reported				<u>24,277,564</u>	<u>(246,636)</u>	<u>24,030,928</u>
Prior Period Adjustment				<u>200,124</u>	<u>-</u>	<u>200,124</u>
Net Position (Deficit) - Beginning, as Restated				<u>24,477,688</u>	<u>(246,636)</u>	<u>24,231,052</u>
Net Position (Deficit) - Ending				<u>\$ 28,575,237</u>	<u>\$ (211,479)</u>	<u>\$ 28,363,758</u>

See accompanying notes to the financial statements.

**School District of Milton
Milton, Wisconsin**

**Balance Sheet
Governmental Funds
June 30, 2021**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Investments	\$ 10,533,158	\$ -	\$ 302,523	\$ 10,835,681
Restricted Cash and Investments	-	6,737,740	1,020,291	7,758,031
Receivables:				
Taxes	4,869,587	-	-	4,869,587
Accounts	43,543	-	6,955	50,498
Prepaid Expenses	9,942	-	15,058	25,000
Due from Other Funds	46,001	498,000	31,081	575,082
Due from Other Governments	582,517	-	11,522	594,039
Total Assets	<u>\$ 16,084,748</u>	<u>\$ 7,235,740</u>	<u>\$ 1,387,430</u>	<u>\$ 24,707,918</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Short-term Borrowing	\$ 2,400,000	\$ -	\$ -	\$ 2,400,000
Accounts Payable	121,925	2,984,363	-	3,106,288
Accrued Payroll and Related Items	3,675,853	-	-	3,675,853
Accrued Interest	54,230	-	-	54,230
Due to Other Funds	868,437	24,878	13,085	906,400
Other Deposits Payable	1,502	-	-	1,502
Total Liabilities	<u>7,121,947</u>	<u>3,009,241</u>	<u>13,085</u>	<u>10,144,273</u>
Fund Balances:				
Nonspendable	9,942	-	15,058	25,000
Restricted	16,702	4,226,499	1,020,291	5,263,492
Assigned	-	-	338,996	338,996
Unassigned	8,936,157	-	-	8,936,157
Total Fund Balances	<u>8,962,801</u>	<u>4,226,499</u>	<u>1,374,345</u>	<u>14,563,645</u>
Total Liabilities and Fund Balances	<u>\$ 16,084,748</u>	<u>\$ 7,235,740</u>	<u>\$ 1,387,430</u>	<u>\$ 24,707,918</u>

See accompanying notes to the financial statements.

**School District of Milton
Milton, Wisconsin**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2021**

Total fund balance, governmental funds	\$	14,563,645
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.		83,944,363
The net pension asset is not a current financial resource, and is, therefore, not reported in the fund statements.		8,219,793
<p>Pension and OPEB deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined pension plan and OPEB plans. These items are reflected in the Statement of Net Position and are being amortized with pension and OPEB expenses in the Statement of Activities. The deferred outflows of resources and deferred inflows of resources are not current financial resources or uses and therefore are not reported in the fund statements.</p>		
Net deferred outflows and inflows of resources		(4,714,393)
<p>Other items, including OPEB liability and supplemental pension liability are not due and payable in the current period and, therefore, are either deferred or not reported in the fund statements.</p>		
Net OPEB liability		(11,450,868)
Supplemental pension liability		(544,119)
<p>Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.</p>		
General obligation debt		(54,615,000)
Premium on long-term debt		(3,690,436)
Capital leases payable		(2,424,370)
Accrued interest on long-term debt		(683,115)
Termination benefits liability		(30,263)
Net Position of Governmental Activities in the Statement of Net Position	\$	28,575,237

See accompanying notes to the financial statements.

**School District of Milton
Milton, Wisconsin**

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Property Taxes	\$ 15,554,054	\$ -	\$ 3,943,275	\$ 19,497,329
Other Local Sources	438,868	412,643	306,913	1,158,424
Inter-district Sources	2,710,834	-	21,411	2,732,245
Intermediate Sources	5,498	-	-	5,498
State Sources	26,583,046	-	-	26,583,046
Federal Sources	1,115,312	-	-	1,115,312
Other Sources	100,510	24,631	-	125,141
Total Revenues	<u>46,508,122</u>	<u>437,274</u>	<u>4,271,599</u>	<u>51,216,995</u>
EXPENDITURES				
Instruction:				
Regular Instruction	17,948,951	-	9,224	17,958,175
Vocational Instruction	1,231,233	-	-	1,231,233
Special Education Instruction	4,500,746	-	177,841	4,678,587
Other Instruction	1,848,196	-	232,123	2,080,319
Total Instruction	<u>25,529,126</u>	<u>-</u>	<u>419,188</u>	<u>25,948,314</u>
Support Services:				
Pupil Services	1,889,212	-	8,389	1,897,601
Instructional Staff Services	1,467,811	-	-	1,467,811
General Administration Services	610,686	-	-	610,686
Building Administration Services	2,393,999	-	20,491	2,414,490
Business Services	707,514	-	2,500	710,014
Operations and Maintenance	3,236,789	1,143,990	190,660	4,571,439
Pupil Transportation	1,844,334	-	-	1,844,334
Central Services	400,013	-	1,430	401,443
Insurance	357,142	13,780	-	370,922
Other Support Services	1,308,530	-	-	1,308,530
Community Services	-	-	107,329	107,329
Total Support Services	<u>14,216,030</u>	<u>1,157,770</u>	<u>330,799</u>	<u>15,704,599</u>
Debt Service:				
Principal	1,795,194	-	1,565,000	3,360,194
Interest and Fiscal Charges	123,563	-	2,117,400	2,240,963
Total Debt Service	<u>1,918,757</u>	<u>-</u>	<u>3,682,400</u>	<u>5,601,157</u>
Capital Outlay	2,661,335	40,907,211	105,002	43,673,548
Purchased and Non-Program Services	4,021,640	-	-	4,021,640
Total Expenditures	<u>48,346,888</u>	<u>42,064,981</u>	<u>4,537,389</u>	<u>94,949,258</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,838,766)</u>	<u>(41,627,707)</u>	<u>(265,790)</u>	<u>(43,732,263)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	1,288,164	98,788	-	1,386,952
Capital Lease Proceeds	2,362,046	-	-	2,362,046
Transfer In	-	498,000	242,950	740,950
Transfer Out	(808,196)	-	-	(808,196)
Total Other Financing Sources and Uses	<u>2,842,014</u>	<u>596,788</u>	<u>242,950</u>	<u>3,681,752</u>
Net Change in Fund Balances	1,003,248	(41,030,919)	(22,840)	(40,050,511)
Fund Balances - Beginning, as restated	7,959,553	45,257,418	1,397,185	54,614,156
Fund Balances - Ending	<u>\$ 8,962,801</u>	<u>\$ 4,226,499</u>	<u>\$ 1,374,345</u>	<u>\$ 14,563,645</u>

See accompanying notes to the financial statements.

**School District of Milton
Milton, Wisconsin**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
For the Year Ended June 30, 2021**

Net change in fund balances - total governmental funds:	\$ (40,050,511)
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
<p>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.</p>	
This is the amount by which current year capital outlays (\$44,415,743) were greater than depreciation (\$1,937,042) in the current period.	42,478,701
<p>Vested employee benefits are reported in the government funds when amounts are paid. The Statement of Activities reports the value of benefits earned/used during the year.</p>	
Net decrease (increase) in net OPEB Liability and deferred OPEB outflows (inflows) of resources	(547,880)
Net decrease (increase) in supplemental pension liability and deferred supplemental pension outflows (inflows) of resources	(2,140)
Net decrease (increase) in termination benefits	11,179
<p>The Statement of Activities reports losses arising from the disposal of capital assets. Losses on disposal do not appear in the governmental funds. This is the amount of loss on disposal of current year capital assets.</p>	
	(1,413,893)
<p>Proceeds from issuing long-term Capital Leases are reported as revenue in the governmental funds but increase long-term liabilities in the Statement of Net Position.</p>	
	(2,362,046)
<p>Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the Statement of Net Position and does not affect the Statement of Activities.</p>	
The amount of long-term debt principal payments in the current year is:	1,565,000
The amount of capital lease principal payments in the current year is:	1,795,194
The amount of debt premium amortized in the current year is:	205,024
<p>In governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the Statement of Activities interest is reported as incurred.</p>	
Change in amount of accrued interest not reflected on Governmental Funds	26,214
<p>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 (asset) from the prior year to the current year, with some adjustments.</p>	
Amount of current year required contributions into the defined benefit pension plan	1,443,325
Actuarially determined change in net pension liability (asset) between years, with adjustments	949,382
Change in net position of governmental activities	\$ 4,097,549

See accompanying notes to the financial statements.

**School District of Milton Milton,
Wisconsin**

**Statement of Net Position
Proprietary Funds
June 30, 2021**

	Food Service
ASSETS	
Current Assets:	
Cash and Investments	\$ 84,814
Accounts Receivable	1,169
Inventories	4,714
Total Current Assets	90,697
Noncurrent Assets:	
Furniture and Equipment	138,479
Less Accumulated Depreciation	(122,359)
Net Noncurrent Assets	16,120
Restricted Assets	
Net Pension Asset	133,655
Total Restricted Asset	133,655
Total Assets	240,472
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Outflows	210,978
Deferred OPEB Outflows	59,987
Total Deferred Outflows of Resources	270,965
LIABILITIES	
Current Liabilities:	
Due to Other Funds	18,212
Food Service Deposits	70,786
Total Current Liabilities	88,998
Noncurrent Liabilities:	
Net OPEB Liability	289,242
Total Noncurrent Liabilities	289,242
Total Liabilities	378,240
DEFERRED INFLOWS OF RESOURCES	
Deferred OPEB Inflows	50,861
Deferred Pension Inflows	293,815
Total Deferred Inflows of Resources	344,676
NET POSITION (DEFICIT)	
Net Investment in Capital Assets	16,120
Restricted for Net Pension Asset	133,655
Unrestricted (Deficit)	(361,254)
Total Net Position	\$ (211,479)

See accompanying notes to the financial statements.

**School District of Milton
Milton, Wisconsin**

**Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021**

	Food Service
OPERATING REVENUES	
Food Sales	\$ 107,895
State Sources	20,483
Federal Sources	662,156
Commodities	99,362
Miscellaneous Income	8,263
Total Operating Revenues	898,159
OPERATING EXPENSES	
Salaries and Fringes	514,236
Purchased Services	15,780
Food and Supplies	361,882
Depreciation	722
Other	16,528
Total Operating Expenses	909,148
Operating Income (Loss)	(10,989)
Transfers In	67,246
Transfers Out - Benefit Trust Payment	(21,100)
Change in Net Position	35,157
Total Net Position (Deficit) - Beginning	(246,636)
Total Net Position (Deficit) - Ending	\$ (211,479)

See accompanying notes to the financial statements.

**School District of Milton
Milton, Wisconsin**

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021**

	Food Service
Cash Flows from Operating Activities:	
Cash received from user charges	\$ 101,909
Cash received from other governmental payments	782,001
Cash received from miscellaneous sources	8,263
Cash payments to employees for services	(541,638)
Cash payments to utilities and other purchased services	(15,780)
Cash payments to suppliers for goods and services	(363,170)
Cash payments for other operating activities	(21,100)
Net cash provided (used) by operating activities	(49,515)
Cash Flows from Noncapital Financing Activities:	
Contributions from General Fund	67,246
Net cash provided (used) by noncapital financing activities	67,246
Net increase (decrease) in cash and cash equivalents	17,731
Cash and equivalents- beginning of year	67,083
Cash and equivalents- end of year	\$ 84,814
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ (10,989)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	722
Payment to benefit trust	(21,100)
Pension expense	(39,664)
OPEB expense	3,785
Changes in assets and liabilities:	
Due to (from) other funds	8,477
Inventory	15,240
Accounts receivable	1,648
Deposits	(7,634)
Net cash provided (used) by operating activities	\$ (49,515)
Noncash Noncapital Financing Activities:	
During the year the District received commodities from the U.S. Department of Agriculture in the amount of	\$ 99,362

See accompanying notes to the financial statements.

**School District of Milton
Milton, Wisconsin**

**Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021**

	<u>Employee Benefit Trust</u>
ASSETS	
Cash and Cash Equivalents	\$ 2,828,419
Due from Other Funds	349,530
Total Assets	<u>\$ 3,177,949</u>
NET POSITION	
Restricted	\$ 3,177,949
Total Net Position	<u>\$ 3,177,949</u>

See accompanying notes to the financial statements.

**School District of Milton
Milton, Wisconsin**

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021**

	Employee Benefit Trust
ADDITIONS	
Employer Contributions	\$ 856,424
Interest and Dividends	9,109
Employee Contributions	20,133
Total Additions	<u>885,666</u>
DEDUCTIONS	
Benefits Paid	<u>488,170</u>
Total Deductions	<u>488,170</u>
Change in Net Position	397,496
Net Position - Beginning	<u>2,780,453</u>
Net Position - Ending	<u><u>\$3,177,949</u></u>

See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For The Year Ended June 30, 2021

1. Summary of Significant Accounting Policies

A. Introduction

The School District of Milton (the “District”) is organized as a common school district. The District, governed by a seven-member elected school board, operates grades 4K through 12 and is comprised of all or parts of nine taxing districts. As required by accounting principles generally accepted in the United States of America, these financial statements present the District as the primary government.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America 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 in the following sections.

B. Component Units

Accounting principles generally accepted in the United States of America require that these financial statements include the primary government and its component units. Component units are separate organizations that are included in the District’s reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the basic financial statements. The District has no component units.

C. District-Wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the District’s governmental and business-type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in part by fees charged to external parties.

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

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For The Year Ended June 30, 2021

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented.

The emphasis of fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. All remaining funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal value. Non operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

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* or 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 major governmental funds:

General Fund – The general fund is the operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in other funds. Under GASB 54, the General Fund includes the operations of the Special Education Fund.

Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary fund and trust funds).

The District operates one major enterprise fund, the Food Service Fund. This fund accounts for the activities of the District's food service programs.

The District reports its Employee Benefit Trust fund in the fiduciary fund. The benefit trust fund is used to fund and pay for retiree benefits.

The District also has the following non-major funds:

- Special Revenue Trust
- Community Service Fund
- Debt Service Fund
- Package Cooperative Fund

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For The Year Ended June 30, 2021

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

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

E. Measurement Focus and Basis of Accounting

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures when paid. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

Interest income on temporary investments is recognized in the fiscal period earned.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For The Year Ended June 30, 2021

1. Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments

The District's cash and equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

All funds share common (pooled) checking and investment accounts unless regulations require separate investment accounts.

State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, U.S. Treasury obligations, U.S. Agency issues, high-grade commercial paper, and the local government pooled-investment fund administered by the state investment board. Available balances in the debt service fund may be invested in municipal obligations, obligations of the United States, and the local government pooled-investment fund.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Determination of fair value for investment in the state treasurer's investment pool is based on information provided by the State of Wisconsin Investment Board. See footnote 3 for additional information.

G. Receivables

Taxes

The aggregate District tax levy is apportioned and certified in November of the current fiscal year for the collection to comprising municipalities based on the immediate past October 1 full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes may be paid in full or two or more installments with the first installment payable the subsequent January 31, and the final payment no later than the following July 31. On or before January 15, and by the 20th of each subsequent month thereafter, the District is paid by the collecting municipalities proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the County Treasurer makes full settlement to the District for any remaining balance. 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 1, 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 30 and are available to pay current liabilities.

Interfunds

The amounts reported on the Statement of Net Position for internal receivables and payables represents amounts due between different fund types (governmental activities, business-type activities and fiduciary funds). Eliminations have been made for these internal balances within the same fund type. Residual internal balances between governmental and business-type activities are further eliminated in the total primary government column.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For The Year Ended June 30, 2021

1. Summary of Significant Accounting Policies (Continued)

G. Receivables (Continued)

Accounts Receivable

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

H. Other Assets

Inventories are valued at cost using the FIFO (first-in/first-out) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased. Prepaid items represent payments made by the District for which benefits extend beyond June 30.

A reserve for these non-liquid assets (inventories and prepaid items) have been recognized to signify that a portion of fund balance is not available for other subsequent expenditures, except in cases where inventories are offset by deferred inflows.

I. Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to 1992. For assets acquired prior to 1992, estimated historical costs, based on appraisals conducted by an independent third-party professional appraisal firm, are used. Donated assets are reported at estimated acquisition value at the time received.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$ 5,000	Straight-line	50 years
Building improvements	5,000	Straight-line	20 years
Site improvements	5,000	Straight-line	10-25 years
Computer and related technology	5,000	Straight-line	5-20 years
Furniture and equipment	5,000	Straight-line	5-10 years
Library books	5,000	Straight line	5 years

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For The Year Ended June 30, 2021

1. Summary of Significant Accounting Policies (Continued)

J. Other Obligations

Accrued Vacation Benefits

Liabilities and the related expenses for vacation benefits are recognized when earned.

Sick Leave Benefits

Sick leave days accumulated up to 110 days do not vest and are recognized as expenses when paid. Teachers who accumulate sick leave days in excess of 110 days are compensated for the excess days in December of each year. The liability for days in excess of 110 days is accrued on the fund financial statements. Administrators are paid at retirement, a onetime payment for unused sick leave up to the number of days and at a rate agreed to in the administrator's contract. The current value of sick days payable upon retirement is \$30,263.

Vested Employee Benefits

Teachers, administrators and support staff, who have met age and years of service requirements, may elect retirement. The District pays the cost of health and long-term care insurance for a maximum of four to eight years, or Medicare eligibility, if earlier. A retirement stipend based on number of years of service is paid to administrators. The District funds this on a pay as you go basis.

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.

Net Other Post-Employment Benefit Obligations (NOPEBO)

For purposes of measuring the NOPEBO, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB 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 benefit terms. See Note 10 for additional information.

K. Estimates

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

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For The Year Ended June 30, 2021

1. Summary of Significant Accounting Policies (Continued)

L. Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

M. Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

N. Fund Balance

In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

Restricted – resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – resources which are subject to limitation the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned – resources neither restricted nor committed for which a government has a stated intended use as established by the District Board or a body or official of which the District Board has delegated the authority to assign amounts for specific purposes.

Unassigned – resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

When restricted and other fund balance resources are available for use, it is the District's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For The Year Ended June 30, 2021

1. Summary of Significant Accounting Policies (Continued)

O. Change in Accounting Principle

In accordance with GASB No. 84 guidance, effective July 1, 2020, operations of certain student activity accounts began to be reported as governmental activities. Prior to implementation of GASB No. 84, these operations were reported as fiduciary activities. Prior period adjustments were recorded as of July 1, 2020, to increase governmental activities net position and governmental fund balances on the Statement of Net Position and Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

Effective July 1, 2020, a prior period adjustment has been recorded in the fund statements as follows:

	Governmental Fund	Total Fund Balance impact on related funds
Fund balance, as previously reported	\$ 50,633	\$ 50,633
Cumulative effect for change in accounting principle (GASB No. 84)		
Reclassify pupil organization accounts	200,124	200,124
Net increase (decrease)	200,124	200,124
Fund balance, as restated	\$ 250,757	\$ 250,757

The pupil organization accounts were reported as an agency fund in prior years and did not have a net position. As of June 30, 2020, the \$200,124 of pupil organization accounts were reported as liabilities.

Effective July 1, 2020, a prior period adjustment has been recorded in the statement of activities as follows:

	Governmental Activities
Net position, as previously reported	\$ 24,277,564
Cumulative effect for change in accounting principle (GASB No. 84)	
Reclassify pupil organization accounts	200,124
Net increase (decrease)	200,124
Net position, as restated	\$ 24,477,688

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For The Year Ended June 30, 2021

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 Balances and the Statement of Activities fall into one of three broad categories:

- 1) 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.
- 2) Capital related differences include the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.
- 3) Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest expense is recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

3. Cash and Investments

The debt service funds account for their transactions through separate and distinct bank and investment accounts as required by State Statutes. In addition, the trust fund uses separate and distinct accounts. All other funds share in common bank and investment accounts.

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following: time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local governmental investment pool.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For The Year Ended June 30, 2021

3. Cash and Investments (Continued)

The carrying amount of the District's cash and investments, including the separate accounts noted above, totaled \$21,506,945 on June 30, 2021 as summarized below:

<u>Depository:</u>	<u>Carrying Amount</u>	<u>Associated Risk</u>
Deposits with financial institutions	\$ 4,648,121	Custodial credit risk
Petty cash funds	8,610	None
Certificates of Deposit	4,766,067	Custodial credit risk, interest rate risk
LGIP	<u>12,084,147</u>	Credit risk, interest rate risk
 Total June 30, 2021	 <u><u>\$ 21,506,945</u></u>	

A reconciliation of cash and investments as shown on the statements is as follows:

Basic financial statements	
Cash and investments	\$ 10,920,495
Restricted cash and investments:	
Capital projects	6,737,740
Debt service	1,020,291
Fiduciary funds	
Employee-Benefit trust	<u>2,828,419</u>
Total	<u><u>\$ 21,506,945</u></u>

Restricted cash in the amount of \$1,020,291 in the Debt Service fund and \$6,737,740 in Capital Projects fund include amounts set aside for future payment of G.O. debt and capital projects. The restricted cash to pay for this future requirement is offset in the restricted fund balance of the respected funds.

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 carrying value. Information on derivatives was not available to the District.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For The Year Ended June 30, 2021

3. Cash and Investments (Continued)

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, 3.45% in Commercial Paper and Corporate Notes, and 1.07% in Certificates of Deposit, Bankers' Acceptances and Time Deposits. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater sensitivity its fair value has to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity. The LGIP investments have an average maturity of 73 days.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 6 Months</u>	<u>6 Months to 1 Year</u>	<u>1 Year to 3 Years</u>
Certificates of Deposit	\$ 4,766,067	\$ 4,766,067	\$ -	\$ -
Local Government Investment Pool	12,084,147	12,084,147	-	-
	<u>\$ 16,850,214</u>	<u>\$ 16,850,214</u>	<u>\$ -</u>	<u>\$ -</u>

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. As of June 30, 2021, the District's investment in the Wisconsin Local Government Investment Pool was not rated.

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 the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The District does not have an additional custodial credit policy.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For The Year Ended June 30, 2021

3. Cash and Investments (Continued)

Deposits in banks are insured by the FDIC in the amount of \$250,000 for demand accounts and \$250,000 for time and savings accounts. Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. Due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities.

As of June 30, 2021, \$3,814,781 of the District's deposits with financial institutions in excess of federal depository insurance limits were exposed to custodial credit risk as follows:

Collateralized in the District's Name	\$ 1,528,306
Insured by the State Deposit Guarantee Fund	1,783,855
Uninsured and uncollateralized	<u>502,620</u>
	<u><u>\$ 3,814,781</u></u>

Fluctuating cash flows during the year due to tax collections, receipt of state aids and proceeds from borrowing may have resulted in temporary balances during the year exceeding uninsured amounts at the balance sheet date.

4. Capital Assets

	Balance 7/1/2020	Additions	Retirements	Balance 6/30/2021
Governmental Activities				
Construction in progress	\$ 14,860,289	\$41,550,394	\$ (11,499,452)	\$ 44,911,231
Land and land improvements	4,410,286	258,923	-	4,669,209
Buildings and building improvements	48,213,732	11,164,283	-	59,378,015
Furniture and equipment	7,034,434	2,941,594	(2,375,199)	7,600,829
Total Government Activities	<u>74,518,741</u>	<u>55,915,194</u>	<u>(13,874,651)</u>	<u>116,559,284</u>
Less Accumulated Depreciation				
Land improvements	(1,583,722)	(150,283)	-	(1,734,005)
Buildings and building improvements	(26,289,219)	(1,107,310)	-	(27,396,529)
Furniture and equipment	(3,766,244)	(679,449)	961,306	(3,484,387)
Total Accumulated Depreciation	<u>(31,639,185)</u>	<u>(1,937,042)</u>	<u>961,306</u>	<u>(32,614,921)</u>
Net Governmental Activities Capital Assets	<u><u>\$ 42,879,556</u></u>	<u><u>\$53,978,152</u></u>	<u><u>\$ (12,913,345)</u></u>	<u><u>\$ 83,944,363</u></u>
Business-Type Activities				
Furniture and equipment	\$ 138,479	\$ -	\$ -	\$ 138,479
Less Accumulated Depreciation	<u>(121,637)</u>	<u>(722)</u>	<u>-</u>	<u>(122,359)</u>
Net Business-Type Capital Assets	<u><u>\$ 16,842</u></u>	<u><u>\$ (722)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 16,120</u></u>

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For The Year Ended June 30, 2021

4. Capital Assets (Continued)

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 527,341
General administration services	87,162
Operations and maintenance of facilities	15,665
Pupil transportation	15,176
Depreciation not charged to a specific function	<u>1,291,698</u>
Total Depreciation for Governmental Activities	<u><u>\$ 1,937,042</u></u>

5. Short-term Obligation

The District has one taxable revolving line of credit with a limit of \$1.9 million with interest at 2.39% and one taxable tax and revenue anticipation promissory note in an amount of \$2.4 million with interest of 3.00%. The short-term borrowings mature on November 1, 2021 and October 22, 2021, respectively. Short-term obligation activity for the year ended June 30, 2021 was as follows:

	Balance 7/1/2020	Additions	Removals	Balance 6/30/2021
Tax and Revenue Anticipation Promissory Note	\$ 2,600,000	\$ 2,400,000	\$ (2,600,000)	\$ 2,400,000
Line of Credit	-	1,159,000	(1,159,000)	-
Total	<u>\$ 2,600,000</u>	<u>\$ 3,559,000</u>	<u>\$ (3,759,000)</u>	<u>\$ 2,400,000</u>

Interest accrued on draws against the line of credit totaled \$54,230.

6. Capital Lease

In March 2021, the District entered into another capital lease agreement for the purpose of facilitating the acquisition of equipment.

Equipment capitalized with leases has an original cost of \$2,466,109 and accumulated depreciation of \$267,424.

Future minimum lease payments are as follows:

2022	\$ 613,559
2023	613,559
2024	613,559
2025	<u>590,513</u>
Total minimum lease payments	2,431,190
Less: Amount representing interest	<u>(6,820)</u>
Present Value of net minimum lease payments	<u><u>\$ 2,424,370</u></u>

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For The Year Ended June 30, 2021

7. Long-term Obligations

Long-term obligations of the District are as follows:

	Balance 7/1/2020	Issued	Retired	Balance 6/30/2021	Amount Due Within One Year
General obligation debt					
Bonds payable	\$ 56,180,000	\$ -	\$ 1,565,000	\$ 54,615,000	\$ 2,030,000
Total GO Debt	<u>56,180,000</u>	<u>-</u>	<u>1,565,000</u>	<u>54,615,000</u>	<u>2,030,000</u>
Premium on debt	3,895,460	-	205,024	3,690,436	205,024
Capital leases	1,857,518	2,362,046	1,795,194	2,424,370	610,208
Termination benefits	41,442	1,196	12,375	30,263	-
Total Long-Term Obligations	<u>\$ 61,974,420</u>	<u>\$ 2,363,242</u>	<u>\$ 3,577,593</u>	<u>\$ 60,760,069</u>	<u>\$ 2,845,232</u>

The termination benefits liability attributed to governmental activities are typically being liquidated in the general fund.

General Obligation Debt

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt at June 30, 2021 is comprised of the following individual issues:

Description	Issue Date	Interest Rate	Date of Maturity	Balance	Amount Due Within One Year
GO Refunding Bonds	7/31/2019	3%-5%	3/1/2039	\$ 54,615,000	\$ 2,030,000
Total General Obligation Debt				<u>\$ 54,615,000</u>	<u>\$ 2,030,000</u>

Aggregate cash flow requirements for the retirement of long-term principal and interest as of June 30, 2021 are as follows:

Year Ended June 30,	Principal	Interest	Total
2022	\$ 2,030,000	\$ 2,039,150	\$ 4,069,150
2023	2,325,000	1,937,650	4,262,650
2024	2,270,000	1,821,400	4,091,400
2025	2,390,000	1,707,900	4,097,900
2026	2,510,000	1,588,400	4,098,400
2027-2031	14,380,000	6,105,700	20,485,700
2032-2036	17,130,000	3,309,450	20,439,450
2037-2039	11,580,000	701,700	12,281,700
Totals	<u>\$ 54,615,000</u>	<u>\$ 19,211,350</u>	<u>\$ 73,826,350</u>

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For The Year Ended June 30, 2021

7. Long-term Obligations (Continued)

Debt Limit

The 2020 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$2,195,935,447. The legal debt limit and margin of indebtedness as of June 30, 2021, in accordance with §67.03(1) (b) of the Wisconsin statutes follows:

Debt Limit (10% of \$2,195,935,447)	\$ 219,593,545
Deduct long-term debt applicable to debt margin	<u>54,615,000</u>
Margin of indebtedness	<u><u>\$ 164,978,545</u></u>

8. Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, 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>

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

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

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

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

The WRS also provides death and disability benefits for employees.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For The Year Ended June 30, 2021

8. Defined Benefit Pension Plan (Continued)

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

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
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

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 \$1,466,794 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%

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For The Year Ended June 30, 2021

8. Defined Benefit Pension Plan (Continued)

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

At June 30, 2021, the District reported an asset of \$8,353,448 for its proportionate share of the net pension 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 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 0.13380206%, which was a decrease of 0.00292332% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension revenue of \$934,320.

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	\$ 12,090,005	\$ (2,604,165)
Changes of assumptions	189,472	-
Net difference between projected and actual earnings on pension plan investments	-	(15,682,918)
Changes in proportion and difference between Employer contributions and proportionate share of contributions	240	(76,399)
Employer contributions subsequent to the measurement date	906,411	-
Total	\$ 13,186,128	\$ (18,363,482)

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For The Year Ended June 30, 2021

8. Defined Benefit Pension Plan (Continued)

\$906,411 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 (revenue) as follows:

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2022	\$ (1,576,869)
2023	(443,722)
2024	(2,853,586)
2025	(1,209,588)
2026	-
Total	\$ (6,083,765)

Actuarial Assumptions. The total pension liability (asset) 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 (asset) for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For The Year Ended June 30, 2021

8. 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

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
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
Variable Fund Asset Class			
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.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For The Year Ended June 30, 2021

8. Defined Benefit Pension Plan (Continued)

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

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
District's proportionate share of the net pension liability (asset)	\$ 7,951,325	\$ (8,353,448)	\$ (20,329,182)

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

Allocation of Pension Plan. Pension amounts are allocated between the Governmental Activities and Business-type Activities based on the percentage of required contributions of each opinion unit.

9. Supplemental Pension (Stipend) Benefit

At June 30, 2021, The District’s total pension liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

Plan Description. The District provides Administrators with a stipend benefit – based upon their exit salary as well as years of service in the District – at the time of their retirement. Since retirees receive a pension benefit from the Wisconsin Retirement System (WRS), these post-employment pension benefits (stipend and cash in lieu payments) are supplemental to the WRS benefit and therefore, we refer to them as a supplemental pension benefit. The supplemental pension plan description is identified below:

Teacher (retiring on or after July 1, 2013) with a minimum of 15 years of service in the District of Milton who is eligible for WRS shall receive a cash in lieu (of OPEB) payments. Eligible retirees waiving coverage in the District’s group medical plans will receive an annual cash benefit of \$2,375 in lieu of such participation for a period of 4 years.

Teacher (retired between July 1, 2011 and July 1, 2013) shall receive a cash in lieu (of OPEB) payments. Eligible retirees waiving coverage in the District’s group medical plans will receive an annual cash benefit of \$4,750 in lieu of such participation for a period of 4 years.

Administrators (retiring on or after July 1, 2013) with a minimum of 10 years of service in the School District of Milton who retire at the age of 55 years or older shall receive a retirement stipend in the amount equal to 60% of their exit salary. The total stipend amount will be paid out equally over a period of 4 years. Eligible retirees who waive the coverage in the District’s group medical plans will instead receive an annual cash benefit of \$2,375 in lieu of such participation for a period of 6 years.

Administrators (retired prior to July 1, 2013) shall receive a retirement stipend and a cash in lieu of medical benefit. The annual stipend benefit is based on years of services. The cash in lieu of medical benefit will be \$4,750 for same duration.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For The Year Ended June 30, 2021

9. Supplemental Pension (Stipend) Benefit (Continued)

District Administrators (as of November 1, 2019) with a minimum of 5 years of service in the School District of Milton who retire at the age of 55 years or older shall receive a retirement stipend based on the following scale and the exit salary compensation will be divided into four (4) equal installments and distributed to the retired Administrator in four (4) annual payments. Eligible retirees who waive the coverage in the District’s group medical plans will instead receive an annual cash benefit of \$2,375 in lieu of such participation for a period of 6 years.

Years of Service	Amount of Stipend
At least 5 but less than 6 years	35% of Administrators exit salary
At least 6 but less than 7 years	40% of Administrators exit salary
At least 7 but less than 8 years	45% of Administrators exit salary
At least 8 but less than 9 years	50% of Administrators exit salary
At least 9 but less than 10 years	55% of Administrators exit salary
At least 10 years	60% of Administrators exit salary

Supervisors with a minimum of 10 years of service in the District of Milton who retire at the age of 55 years or older shall receive a cash in lieu (of OPEB) payments. Eligible retirees waiving coverage in the District’s group medical plans will receive an annual cash benefit of \$2,375 in lieu of such participation for a period of 6 years.

Support Staff (retiring on or after July 1, 2013) with a minimum of 15 years of service in the District of Milton who retire at the age of 55 years or older shall receive a cash in lieu (of OPEB) payments. Eligible retirees waiving coverage in the District’s group medical plans will receive an annual cash benefit of \$2,375 in lieu of such participation for a period of 4 years.

Employees Covered by Benefit Terms. Employees participating in the supplemental pension (stipend) benefit consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

Inactive employees or beneficiaries currently receiving benefit payments	15
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	96
	111
	111

Funding Policy and Progress. This is funded 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.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For The Year Ended June 30, 2021

9. Supplemental Pension (Stipend) Benefit (Continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2021, the District recognized a supplemental pension expense of \$55,203.

Total Supplemental Pension Liability:	
Beginning Balance	\$ 479,224
Changes for the Year	
Service Cost	44,913
Interest	16,869
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions or Other Input	42,525
Benefit Payments	(39,412)
Net Changes	<u>64,895</u>
Ending Balance	<u>\$ 544,119</u>

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

Gain / Loss	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 46,071	\$ (57,020)
Changes of assumptions or other input	38,981	(62,290)
District contributions subsequent to the measurement date	53,063	-
Total	<u>\$ 138,115</u>	<u>\$ (119,310)</u>

\$53,063 reported as deferred outflows related to the supplemental pension benefit resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net supplemental 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 the supplemental pension benefit will be recognized in pension expense as follows:

Year Ended June 30:	
2022	\$ (6,579)
2023	(6,579)
2024	(6,579)
2025	(6,579)
2026	(6,579)
Thereafter	(1,363)
	<u>\$ (34,258)</u>

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For The Year Ended June 30, 2021

9. Supplemental Pension (Stipend) Benefit (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% - based upon all years of projected payments discounted at a municipal bond rate of 2.25%.

Mortality assumptions are based upon 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 Wisconsin Retirement System (WRS) experience from 2015-17.

Single Discount Rate. A single discount rate of 2.25% (based upon all years of projected payments discounted at a municipal bond rate of 2.25%) was used in this valuation in calculating the supplemental pension liability. It was assumed that the District would continue to fund its retiree benefits out of its general fund assets on a pay-as-you-go basis.

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 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%)
Total Supplemental Pension Liability	<u>\$579,595</u>	<u>\$544,119</u>	<u>\$509,918</u>

10. Other Post-Employment Benefits (OPEB) Plan

At June 30, 2021, the District's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019.

Plan Description. The District provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer defined benefit plan. A bi-annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The last actuarial valuation was made June 30, 2019. The post-retirement plan does not issue stand-alone financial reports.

Funding Policy. The District established the School District of Milton Post-Employment Benefits Trust in order to accumulate funds and finance the costs of OPEB.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For The Year Ended June 30, 2021

10. Other Post-Employment Benefits (OPEB) Plan (Continued)

Benefits Provided. For the School District of Milton, the OPEB liability consists of several interdependent pieces arising from the rules of the plan. The amounts paid by the District for continued health care for all classification that are entitled to a benefit are briefly outlined below:

Administrators Retiring On or After 7/1/13: At least age 55 with a minimum of 10 years of service

The District will make the same medical on behalf of the retiree as is made on behalf of active Administrators (currently an 87.4% medical contribution) for a period of 6 years. If a retiree becomes Medicare-eligible prior to the exhaustion of their benefit, a Medicare ‘carve-out’ plan will be instituted in lieu of regular coverage.

Note: Administrators that retired prior to July 1, 2013 receive continued medical for a period determined by years of service.

District Administrators as of November 1, 2019: At least age 55 with a minimum of 5 years of service

The Board shall contribute the dollar amount equal to 87.4% of the retired Administrator’s single or family health premium based on the following scale:

Years of Service	Duration of Medical Benefit (commencing with the first month following retirement)
At least 5 but less than 6 years	3.5 years
At least 6 but less than 7 years	4 years
At least 7 but less than 8 years	4.5 years
At least 8 but less than 9 years	5 years
At least 9 but less than 10 years	5.5 years
At least 10 years	6 years

If a retiree becomes Medicare-eligible prior to the exhaustion of their benefit, a Medicare ‘carve-out’ plan will be instituted in lieu of regular coverage.

Teachers Retiring On or After 7/1/13: Eligible for WRS with a minimum of 15 years of service

The District will make the same medical on behalf of the retiree as is made on behalf of active Teachers (currently an 87.4% medical contribution). The District’s contributions will remain frozen at these amounts for a period of 4 years. If a retiree becomes Medicare-eligible prior to the exhaustion of their benefit, a Medicare ‘carve-out’ plan will be instituted in lieu of regular coverage.

Note: Teachers that retired between July 1, 2011 and July 1, 2013 receive continued medical subsidized by District, duration based on years of service. A Medicare carve-out plan will be paid for if retiree becomes Medicare eligible prior to exhaustion of benefit.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For The Year Ended June 30, 2021

10. Other Post-Employment Benefits (OPEB) Plan (Continued)

Supervisors: At least age 55 with a minimum of 10 years of service

The District will make the same medical on behalf of the retiree as is made on behalf of active Supervisors (currently an 87.4% medical contribution) for a period of 6 years. If a retiree becomes Medicare-eligible prior to the exhaustion of their benefit, a Medicare ‘carve-out’ plan will be instituted in lieu of regular coverage.

Support Staff Retiring On or After 7/1/13: At least age 55 with a minimum of 15 years of service

The District will make the same medical on behalf of the retiree as is made on behalf of active Support Staff (currently a 94% medical contribution). The District’s contributions will remain frozen at these amounts for a period of 4 years. If a retiree becomes Medicare-eligible prior to the exhaustion of their benefit, a Medicare ‘carve-out’ plan will be instituted in lieu of regular coverage.

All Retirees Participating in the District’s Group Medical Plan (Inclusive of COBRA Participants):
 Upon retirement

From 7/1/2013 to 6/30/2014 the District implemented a Section 105 Health Reimbursement Arrangement wherein a portion of the prescription drug copay expenses and office visits are covered by the HRA through a TPA. While there is no individual cap, the District has a total dollar cap per plan year.

Effective 7/1/2014, the above benefit ended and the District implemented a HRA Benefit for reimbursement of a portion of the medical plan deductible, which is applicable to retirees for reimbursable expenses. It is assumed that the District will provide reimbursement for up to \$1,900 for those retirees with single coverage and \$3,800 for those retirees with family coverage.

Notes: This benefit is available for active employees as well as retirees participating in the District’s Group Medical Plan. For purposes of the valuation, it is assumed that those retirees with single coverage will expend \$1,900 in reimbursable deductible expenses and those with family coverage will expend \$3,800 in reimbursable deductible expenses each year they are covered under the District’s plan. Retirees may be reimbursed for prescription medication through the HRA for Tier 2 and Tier 3 levels but only up to 50% for each tier. Unused HRA funds are forfeited each year.

Employees Covered by Benefit Terms. Employees participating in the OPEB benefit consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

Inactive employees or beneficiaries currently receiving benefit payments	44
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	395
	439
	439

Net OPEB Liability. The District’s net OPEB liability of \$11,740,110 was measured at June 30, 2020, and was determined by an actuarial valuation as of June 30, 2019.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For The Year Ended June 30, 2021

10. Other Post-Employment Benefits (OPEB) Plan (Continued)

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

Inflation	2.00 percent
Salary increases	3.00 percent, average, including inflation
Discount rate	2.25 percent
Healthcare cost trend rates	-2.0% in the first year, 7.00% in the second year decreasing by 0.50% down to 6.50%, then by 0.10% per year down to 5.00%, and level thereafter

Mortality assumptions were based on 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 an experience study conducted in 2018 using the Wisconsin Retirement System (WRS) experience from 2015-17.

Discount Rate. The discount rate used to measure the total net OPEB liability was 2.25%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the net OPEB liability. The long-term expected rate of return is equal to the discount rate.

The discount rate is based upon all years of projected payments discounted at a 2.25% long-term expected rate of return. This rate is equivalent to the Bond Buyer GO 20-year AA Bond Index published by the Federal Reserve as of the week of the measurement date.

Assets Allocation. The current assets allocation of the District's OPEB plan's asset classes as of June 30, 2021 was as follows:

- 59% deposited in Financial Institution earning an interest rate of 0.5%
- 41% invested in LGIP, the average interest for the year ended June 30, 2021 was 0.09%

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For The Year Ended June 30, 2021

10. Other Post-Employment Benefits (OPEB) Plan (Continued)

Changes in the Net OPEB Liability.

	Increase (Decrease)		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at 6/30/2019	<u>\$ 12,278,661</u>	<u>\$ 2,724,198</u>	<u>\$ 9,554,463</u>
Changes for the year:			
Service cost	1,080,587	-	1,080,587
Interest	440,481	-	440,481
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes in assumptions or other inputs	1,188,399	-	1,188,399
Contributions - employer	-	496,238	(496,238)
Net investment income	-	27,582	(27,582)
Benefit payments	(467,563)	(467,563)	-
Net Changes	<u>2,241,904</u>	<u>56,257</u>	<u>2,185,647</u>
Balance at 6/30/2020	<u>\$ 14,520,565</u>	<u>\$ 2,780,455</u>	<u>\$ 11,740,110</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the District, as well as what the District's total 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% Decrease 1.25%	Current Discount Rate 2.25%	1% Increase 3.25%
Net OPEB Liability	<u>\$ 12,743,509</u>	<u>\$ 11,740,110</u>	<u>\$ 10,783,161</u>

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For The Year Ended June 30, 2021

10. Other Post-Employment Benefits (OPEB) Plan (Continued)

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates. The following represents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (-3.0 percent in year 1, then 6.0 percent decreasing to 4.0 percent) or 1-percentage-point higher (-1.0 percent in year 1, then 8.0 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease (-3.0% in Year 1, then 6.0% decreasing to 4.0%)	Healthcare Cost Trend Rates (-2.0% in Year 1, then 7.0% decreasing to 5.0%)	1% Increase (-1.0% in Year 1, then 8.0% decreasing to 6.0%)
Net OPEB Liability	\$ 10,166,838	\$ 11,740,110	\$ 13,597,182

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 \$1,408,089. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources:

Gain / Loss	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 47,034	\$ (1,890,205)
Changes of assumptions or other inputs	1,402,625	(174,192)
Net difference between projected and actual earnings on OPEB plan investments	128,759	-
District contributions subsequent to the measurement date	856,424	-
Total	\$ 2,434,842	\$ (2,064,397)

\$856,424 reported as deferred outflows related to OPEB resulting from the District 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 pension expense as follows:

Year Ended June 30:	
2022	\$ (17,130)
2023	(27,868)
2024	(41,306)
2025	(53,481)
2026	(67,136)
Thereafter	(279,058)
	\$ (485,979)

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For The Year Ended June 30, 2021

11. Interfund Activities

Due to/Due from Other Funds

Individual fund interfund receivable and payable balances on June 30, 2021 are as follows:

Due To	Due From	Amount	Purpose
Employee Benefit Trust	General Fund	\$ 339,356	OPEB Contribution
General Fund	Capital Projects Fund	24,878	Capital Projects
Capital Projects Fund	General Fund	498,000	Transfer for Capital Improvement
General Fund	Package Cooperative Fund	11,522	Cash Shortfall
Employee Benefit Trust	Community Service Fund	1,563	OPEB Contribution
Employee Benefit Trust	Food Service Fund	8,611	OPEB Contribution
General Fund	Food Service Fund	9,601	Operation
Special Revenue	General Fund	31,081	Account Close Transfer
Total Fund Financial Statements		<u>924,612</u>	
Less: Fund Eliminations		<u>(575,082)</u>	
Total District-Wide Statement of Net Position - Due to Fiduciary Funds		<u><u>\$ 349,530</u></u>	

Transfers

The District had the following interfund transfers:

Receiving Fund	Paying Fund	Amount	Purpose
Package Cooperative Fund	General Fund	\$ 242,950	Support Package Cooperative Fund
Food Service	General Fund	67,246	Food Service Operating
Capital Projects Fund	General Fund	498,000	Capital Improvement Trust Fund Transfer
Employee Benefit Trust	Food Service	21,100	OPEB Contribution
Total Governmental Activities		<u>829,296</u>	
Less: Fund Eliminations		<u>(808,196)</u>	
Total District-Wide Statement of Activities		<u><u>\$ 21,100</u></u>	

On the district-wide Statement of Activities, a transfer of \$21,100 was recorded to show the amount paid by the food service fund to the Employee Benefit Trust so that it is reflected in the governmental activities.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For The Year Ended June 30, 2021

12. Fund Balances

The following is a detailed schedule of ending fund balances as reported in the fund financial statements by category:

	General Fund	Debt Service	Capital Projects	Community Service Fund	Special Revenue Trust	Total
Fund balances:						
<u>Nonspendable:</u>						
Prepays	\$ 9,942	\$ -	\$ -	\$ -	\$ 15,058	\$ 25,000
<u>Restricted for:</u>						
Unspent Common School Fund	16,702	-	-	-	-	16,702
Debt Service Retirement	-	1,020,291	-	-	-	1,020,291
Capital Projects	-	-	4,226,499	-	-	4,226,499
<u>Assigned for:</u>						
Programs	-	-	-	92,749	246,247	338,996
<u>Unassigned</u>	8,936,157	-	-	-	-	8,936,157
Total Fund Balances	<u>\$ 8,962,801</u>	<u>\$ 1,020,291</u>	<u>\$ 4,226,499</u>	<u>\$ 92,749</u>	<u>\$ 261,305</u>	<u>\$ 14,563,645</u>

13. Limitation on School District Revenues

Wisconsin statutes limit the amount of revenues school districts may derive from general school aids and property taxes unless a higher amount is approved by a referendum.

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

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

14. Contingencies

The District is exposed to the risk of loss in several areas, including personal injury, wrongful actions, and fire and other casualties. Management has chosen to obtain insurance covering such losses in amounts believed to be sufficient to eliminate the possibility of a material loss in excess of insurance coverage.

15. Subsequent Events

Subsequent Borrowing

In September 2021, the District adopted the resolution authorizing a temporary borrowing in the amount not to exceed \$1,400,000.

In September 2021, the District adopted the resolution authorizing a taxable tax and revenue anticipation promissory note for cash flow purposes in the amount not to exceed \$1,900,000 at a net interest rate of \$2.49%.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For The Year Ended June 30, 2021

16. Construction Commitments

On April 2, 2019, the voters in the District approved a \$59.9 million-dollar referendum for additions and renovations to nearly every school. As of June 30, 2021, the District's facilities were undergoing remodeling and upgrades as approved by the referendum. The District has the following contract commitments related to construction projects:

	Estimated Total Contract	Expenditures through June 30, 2021	Estimated Remaining Commitment
Middle School Referendum Projects Construction	\$ 7,271,410	\$ 7,108,364	\$ 163,046
High School Referendum Projects Construction	36,796,338	34,447,711	2,348,627
Referendum Project Management Fee	585,000	430,625	154,375
	<u>\$ 44,652,748</u>	<u>\$ 41,986,700</u>	<u>\$ 2,666,048</u>

17. 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.

REQUIRED SUPPLEMENTARY INFORMATION

**School District of Milton
Milton, Wisconsin**

**Budgetary Comparison Schedule for the
General Fund - Budget and Actual
For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 15,554,054	\$ 15,554,054	\$ 15,554,054	\$ -
Other Local Sources	732,118	732,118	438,868	(293,250)
Inter-District Sources	2,659,400	2,659,400	2,710,834	51,434
Intermediate Sources	-	-	5,498	5,498
State Sources	25,060,706	25,064,355	25,125,883	61,528
Federal Sources	438,997	545,018	497,640	(47,378)
Other Sources	84,200	84,200	100,510	16,310
Total Revenues	<u>44,529,475</u>	<u>44,639,145</u>	<u>44,433,287</u>	<u>(205,858)</u>
EXPENDITURES				
Instruction:				
Regular Instruction	17,150,246	18,025,963	17,948,951	77,012
Vocational Instruction	1,223,774	1,231,371	1,231,233	138
Special Instruction	268,886	272,226	235,283	36,943
Other Instruction	2,033,057	2,015,206	1,848,196	167,010
Total Instruction	<u>20,675,963</u>	<u>21,544,766</u>	<u>21,263,663</u>	<u>281,103</u>
Support Services:				
Pupil Services	1,023,351	1,027,640	1,009,759	17,881
Instructional Staff Services	1,327,729	1,418,090	1,180,749	237,341
General Administration Services	704,850	704,850	610,686	94,164
Building Administration Services	2,432,117	2,397,130	2,393,999	3,131
Business Services	733,116	736,077	700,427	35,650
Operations and Maintenance	3,383,249	3,327,817	3,236,789	91,028
Pupil Transportation	1,764,960	1,755,911	1,574,701	181,210
Central Services	514,437	457,711	394,965	62,746
Insurance	332,490	332,490	357,142	(24,652)
Other Support Services	1,393,896	1,394,239	1,308,530	85,709
Total Support Services	<u>13,610,195</u>	<u>13,551,955</u>	<u>12,767,747</u>	<u>784,208</u>
Debt Service:				
Principal and Interest	685,344	1,891,348	1,918,757	(27,409)
Total Debt Service	<u>685,344</u>	<u>1,891,348</u>	<u>1,918,757</u>	<u>(27,409)</u>
Capital Outlay	859,740	2,541,124	2,643,484	(102,360)
Purchased and Non-Program Services	3,944,060	3,961,047	3,855,564	105,483
Total Expenditures	<u>39,775,302</u>	<u>43,490,240</u>	<u>42,449,215</u>	<u>1,041,025</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,754,173</u>	<u>1,148,905</u>	<u>1,984,072</u>	<u>835,167</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	1,206,001	1,288,164	82,163
Transfer to Special Education Fund	(4,170,171)	(4,170,171)	(3,822,838)	347,333
Transfer to Food Service Fund	(19,444)	(19,444)	(67,246)	(47,802)
Transfer to Other Funds	(564,558)	(564,558)	(740,950)	(176,392)
Capital Lease Proceeds	-	2,362,046	2,362,046	-
Total Other Financing Sources and Uses	<u>(4,754,173)</u>	<u>(1,186,126)</u>	<u>(980,824)</u>	<u>205,302</u>
Net Change in Fund Balance	-	(37,221)	1,003,248	1,040,469
Fund Balance - Beginning	7,959,553	7,959,553	7,959,553	-
Fund Balance - Ending	<u>\$ 7,959,553</u>	<u>\$ 7,922,332</u>	<u>\$ 8,962,801</u>	<u>\$ 1,040,469</u>

See accompanying notes to the required supplementary information.

**School District of Milton
Milton, Wisconsin**

**Budgetary Comparison Schedule for the
Special Education Fund - Budget and Actual
For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
State	\$ 1,350,000	\$ 1,350,000	\$ 1,457,163	\$ 107,163
Federal	694,825	851,841	617,672	(234,169)
Total Revenues	<u>2,044,825</u>	<u>2,201,841</u>	<u>2,074,835</u>	<u>(127,006)</u>
EXPENDITURES				
Instruction				
Special Instruction	4,283,261	4,422,762	4,265,463	157,299
Total Instruction	<u>4,283,261</u>	<u>4,422,762</u>	<u>4,265,463</u>	<u>157,299</u>
Support Services				
Pupil Services	869,547	870,247	879,453	(9,206)
Instructional Staff Services	302,163	302,618	287,062	15,556
Business Services	8,000	8,000	7,087	913
Operations and Maintenance	375	375	-	375
Pupil Transportation	456,850	456,965	269,633	187,332
Central Services	6,300	7,348	5,048	2,300
Total Support Services	<u>1,643,235</u>	<u>1,645,553</u>	<u>1,448,283</u>	<u>197,270</u>
Capital Outlay	21,000	17,908	17,851	57
Non-Program Services	267,500	283,587	166,076	117,511
Total Expenditures	<u>6,214,996</u>	<u>6,369,810</u>	<u>5,897,673</u>	<u>472,137</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,170,171)</u>	<u>(4,167,969)</u>	<u>(3,822,838)</u>	<u>345,131</u>
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	4,170,171	4,170,171	3,822,838	(347,333)
Net Change in Fund Balance	-	2,202	-	(2,202)
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 2,202</u>	<u>\$ -</u>	<u>\$ (2,202)</u>

See accompanying notes to the required supplementary information.

**School District of Milton
Milton, Wisconsin**

**Explanation of Differences Between Budgetary Inflows and Outflows
and GAAP Revenues and Expenditures
For the Year Ended June 30, 2021**

	General Fund	Special Education Fund
A) Sources/Inflows of Resources:		
Actual amounts "total revenues" from the budgetary comparison schedules	\$ 44,433,287	\$ 2,074,835
Reclassification: Special education fund revenues are reclassified to the general fund, required for GAAP reporting	2,074,835	(2,074,835)
The general fund revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	\$ 46,508,122	\$ -
B) Uses/Outflows of Resources:		
Actual amounts "total expenditures" from the budgetary comparison schedules	\$ 42,449,215	\$ 5,897,673
Reclassification: Special education fund expenditures are reclassified to the general fund, required for GAAP reporting	5,897,673	(5,897,673)
The general fund expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	\$ 48,346,888	\$ -

See accompanying notes to the required supplementary information.

**School District of Milton
Milton, Wisconsin**

**District Net OPEB Liability Schedules
For the Year Ended June 30, 2021**

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total OPEB Liability					
Service costs	\$ 1,080,587	\$ 1,086,076	\$ 1,127,086	\$ 895,916	\$ 895,916
Interest	440,481	513,091	454,932	364,044	358,710
Changes of benefit terms	-	(6,211)	-	-	-
Difference between expected and actual experience	-	(2,268,245)	-	70,550	-
Changes in assumptions or other inputs	1,188,399	135,842	(232,257)	300,085	-
Benefit payments	(467,563)	(642,554)	(647,254)	(1,118,553)	(1,035,132)
Net change in total OPEB	2,241,904	(1,182,001)	702,507	512,042	219,494
Total OPEB Liability-Beginning	12,278,661	13,460,662	12,758,155	12,246,113	12,026,619
Total OPEB Liability-Ending (a)	<u>\$ 14,520,565</u>	<u>\$ 12,278,661</u>	<u>\$ 13,460,662</u>	<u>\$ 12,758,155</u>	<u>\$ 12,246,113</u>
Fiduciary Net Position					
Contributions - employer	\$ 496,238	\$ 846,354	\$ 1,037,011	\$ 1,097,980	\$ 1,096,681
Net investment income	27,582	36,105	17,971	8,068	4,466
Benefit payments	(467,563)	(642,554)	(647,254)	(1,118,553)	(1,035,132)
Other adjustment	-	-	-	20,503	-
Net change in fiduciary net position	56,257	239,905	407,728	7,998	66,015
Fiduciary Net Position-Beginning	2,724,198	2,484,293	2,076,565	2,068,567	2,002,552
Fiduciary Net Position-Ending (b)	<u>\$ 2,780,455</u>	<u>\$ 2,724,198</u>	<u>\$ 2,484,293</u>	<u>\$ 2,076,565</u>	<u>\$ 2,068,567</u>
Net OPEB Liability					
Net OPEB Liability - ending (a) - (b)	<u>\$ 11,740,110</u>	<u>\$ 9,554,463</u>	<u>\$ 10,976,369</u>	<u>\$ 10,681,590</u>	<u>\$ 10,177,546</u>
Fiduciary net position as a percentage of the Total OPEB Liability	19.15%	22.19%	18.46%	16.28%	16.89%
Covered Employee Payroll	\$ 20,417,295	\$ 20,417,295	\$ 19,204,027	\$ 19,204,027	\$ 17,426,758
Total OPEB Liability as a percentage of covered-employee payroll	57.50%	46.80%	57.16%	55.62%	58.40%

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially Determined Contribution (ADC)	\$ 1,471,704	\$ 1,608,353	\$ 1,561,508	\$ 1,266,953	\$ 1,266,953
Contributions in Relation to the ADC	856,424	496,238	846,354	1,037,011	1,097,980
Contribution Deficiency/(Excess)	<u>\$ 615,280</u>	<u>\$ 1,112,115</u>	<u>\$ 715,154</u>	<u>\$ 229,942</u>	<u>\$ 168,973</u>
Covered-Employee Payroll	\$ 20,887,410	\$ 20,417,295	\$ 19,476,859	\$ 19,476,859	\$ 19,204,027
Contributions as a Percentage of Covered-Employee Payroll	4.10%	2.43%	4.35%	5.32%	5.72%

Data presented as of the fiscal year ended.

See accompanying notes to the required supplementary information.

**School District of Milton
Milton, Wisconsin
District Supplemental Pension Plan Schedules
As of the Measurement Date
June 30, 2021**

Schedule of Changes in Total Pension Liability

Last 10 Years*

Changes for the Year	2020	2019	2018	2017	2016
Service Costs	\$ 44,913	\$ 27,896	\$ 28,800	\$ 37,027	\$ 37,027
Interest	16,869	12,280	11,907	15,381	15,952
Changes of Benefit Terms	-	100,267	-	-	-
Differences Between Expected and Actual Experiences	-	55,285	-	(85,532)	-
Changes of Assumptions or Other Inputs	42,525	(6,065)	(5,588)	(79,569)	-
Benefit Payments	(39,412)	(47,937)	(46,848)	(64,551)	(79,443)
Net Change in Total Pension Liability	64,895	141,726	(11,729)	(177,244)	(26,464)
Total Pension Liability - Beginning	479,224	337,498	349,227	526,471	552,935
Total Pension Liability - Ending	<u>\$ 544,119</u>	<u>\$ 479,224</u>	<u>\$ 337,498</u>	<u>\$ 349,227</u>	<u>\$ 526,471</u>
 Covered Payroll	 \$ 5,438,073	 \$ 5,438,073	 \$ 4,819,713	 \$ 4,819,713	 \$ 4,850,579
Total Pension Liability as a Percentage of Covered Payroll	10.01%	8.81%	7.00%	7.25%	10.85%

* Data presented as of the measurement date

See accompanying notes to the required supplementary information.

**School District of Milton
Milton, Wisconsin**

**Wisconsin Retirement System
June 30, 2021**

**Schedule of Proportionate Share of the Net Pension Liability (Asset)
As of the Measurement Date
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	Collective 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	-0.13380206%	\$ (8,353,448)	\$ 21,729,975	(38.44%)	105.26%
2019	-0.13672538%	(4,408,650)	21,583,969	(20.43%)	102.96%
2018	0.13598820%	4,838,033	21,024,884	23.01%	96.45%
2017	-0.13159675%	(3,907,263)	20,585,052	(18.98%)	102.93%
2016	0.12609521%	1,039,326	19,129,270	5.43%	99.12%
2015	0.12496407%	2,030,642	17,510,893	11.60%	98.20%
2014	-0.12622806%	(3,099,654)	17,159,106	(18.06%)	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 District's Contributions
For the Year Ended
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	\$ 1,462,928	\$ (1,462,928)	\$ -	\$ 22,152,113	6.60%
2020	1,464,667	(1,464,667)	-	21,927,739	6.68%
2019	1,417,633	(1,417,633)	-	21,345,777	6.64%
2018	1,403,713	(1,403,713)	-	20,725,101	6.77%
2017	1,326,930	(1,326,930)	-	19,735,337	6.72%
2016	1,260,224	(1,260,224)	-	18,873,608	6.68%
2015	1,221,588	(1,221,588)	-	17,743,469	6.88%

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

See accompanying notes to the required supplementary information.

SCHOOL DISTRICT OF MILTON
Notes to Required Supplementary Information
For The Year Ended June 30, 2021

1. Budgetary Information

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 two-digit sub function level in the General Fund and the function level in all other funds. Reported budget amounts are as originally adopted or as amended by the School Board.

Excess of Expenditures Over Appropriations

The General Fund incurred expenditures, by function, in excess of appropriations by \$10,000 or more as follows:

Fund	Function	Variance Amount
General	Insurance	\$ 24,652
General	Capital Outlay	102,360
General	Debt Service	27,409

2. District Net OPEB Liability Schedules

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 5 preceding years.

Actuarial assumptions

Key methods and assumptions used to calculate actuarially determined contributions (ADC) were as follows:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value
Amortization Method	30 year Level %
Discount Rate	2.25%
Inflation	2.00%

Changes of benefit terms

There were no changes of benefit terms.

Change of assumptions

Actuarial assumptions are based upon an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-2017. A discount rate of 2.25% was used in calculating the District's OPEB liabilities (based upon all projected payments discounted at a long-term expected rate of return of 2.25%).

SCHOOL DISTRICT OF MILTON
Notes to Required Supplementary Information
For The Year Ended June 30, 2021

3. District Supplemental Pension Plan Schedules

Governmental Accounting Standards Board Statement No. 73 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.

Changes of assumptions

Actuarial assumptions are based upon an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-2017. A discount rate of 2.25% was used in calculating the District's OPEB liabilities (based upon all projected payments discounted at a long-term expected rate of return of 2.25%).

Assets

There are no assets accumulated in a trust that meet the criteria in governmental accounting standards to pay related benefits.

4. Wisconsin Retirement System Schedules

Governmental Accounting Standards Board Statement No. 68 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 changes in assumptions were noted from the prior year.

OTHER SUPPLEMENTARY INFORMATION

**School District of Milton
Milton, Wisconsin**

**Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2021**

	<u>Special Revenue Trust</u>	<u>Community Service Fund</u>	<u>Debt Service</u>	<u>Package Cooperative Fund</u>	<u>Total Non- Major Governmental Funds</u>
ASSETS					
Cash and Investments	\$ 215,166	\$ 87,357	\$ -	\$ -	\$ 302,523
Restricted Cash and Investments	-	-	1,020,291	-	1,020,291
Accounts Receivable	-	6,955	-	-	6,955
Prepaid Expenses	15,058	-	-	-	15,058
Due from Other Funds	31,081	-	-	-	31,081
Due from Other Governments	-	-	-	11,522	11,522
Total Assets	<u>\$ 261,305</u>	<u>\$ 94,312</u>	<u>\$ 1,020,291</u>	<u>\$ 11,522</u>	<u>\$ 1,387,430</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to Other Funds	\$ -	\$ 1,563	\$ -	\$ 11,522	\$ 13,085
Total Liabilities	<u>-</u>	<u>1,563</u>	<u>-</u>	<u>11,522</u>	<u>13,085</u>
Fund Balances:					
Nonspendable	15,058	-	-	-	15,058
Restricted	-	-	1,020,291	-	1,020,291
Assigned	246,247	92,749	-	-	338,996
Total Fund Balances	<u>261,305</u>	<u>92,749</u>	<u>1,020,291</u>	<u>-</u>	<u>1,374,345</u>
Total Liabilities and Fund Balances	<u>\$ 261,305</u>	<u>\$ 94,312</u>	<u>\$ 1,020,291</u>	<u>\$ 11,522</u>	<u>\$ 1,387,430</u>

**School District of Milton
Milton, Wisconsin**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2021**

	Special Revenue Trust	Community Service Fund	Debt Service	Package Cooperative Fund	Total Non- Major Governmental Funds
REVENUES					
Property Taxes	\$ -	\$ 300,000	\$ 3,643,275	\$ -	\$ 3,943,275
Other Local Sources	263,617	42,553	658	85	306,913
Inter-District Sources	-	-	-	21,411	21,411
Total Revenues	<u>263,617</u>	<u>342,553</u>	<u>3,643,933</u>	<u>21,496</u>	<u>4,271,599</u>
EXPENDITURES					
Instruction:					
Regular instruction	9,224	-	-	-	9,224
Special Instruction	-	-	-	177,841	177,841
Other Instruction	232,123	-	-	-	232,123
Total Instruction	<u>241,347</u>	<u>-</u>	<u>-</u>	<u>177,841</u>	<u>419,188</u>
Support Services:					
Pupil Services	-	-	-	8,389	8,389
Building Administration Services	-	-	-	20,491	20,491
Business Services	2,500	-	-	-	2,500
Operations and Maintenance	-	134,365	-	56,295	190,660
Central Services	-	-	-	1,430	1,430
Community Services	-	107,329	-	-	107,329
Total Support Services	<u>2,500</u>	<u>241,694</u>	<u>-</u>	<u>86,605</u>	<u>330,799</u>
Debt Service:					
Principal	-	-	1,565,000	-	1,565,000
Interest and Fiscal Charges	-	-	2,117,400	-	2,117,400
Total Debt Service	<u>-</u>	<u>-</u>	<u>3,682,400</u>	<u>-</u>	<u>3,682,400</u>
Capital Outlay	9,222	95,780	-	-	105,002
Total Expenditures	<u>253,069</u>	<u>337,474</u>	<u>3,682,400</u>	<u>264,446</u>	<u>4,537,389</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>10,548</u>	<u>5,079</u>	<u>(38,467)</u>	<u>(242,950)</u>	<u>(265,790)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	242,950	242,950
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>242,950</u>	<u>242,950</u>
Net Change in Fund Balances	<u>10,548</u>	<u>5,079</u>	<u>(38,467)</u>	<u>-</u>	<u>(22,840)</u>
Fund Balances - Beginning, as previously reported	50,633	87,670	1,058,758	-	1,197,061
Prior period adjustment - implementation of GASB Statement No. 84	200,124	-	-	-	200,124
Fund Balances - Beginning, as restated	<u>250,757</u>	<u>87,670</u>	<u>1,058,758</u>	<u>-</u>	<u>1,397,185</u>
Fund Balances - Ending	<u>\$ 261,305</u>	<u>\$ 92,749</u>	<u>\$ 1,020,291</u>	<u>\$ -</u>	<u>\$ 1,374,345</u>