

SCHOOL DISTRICT OF NEW BERLIN

FINANCIAL STATEMENTS

June 30, 2021

SCHOOL DISTRICT OF NEW BERLIN

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SCHOOL DISTRICT OF NEW BERLIN

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INDEPENDENT AUDITOR'S REPORT

Board of Education
School District of New Berlin
New Berlin, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of New Berlin, 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

School District of New Berlin's 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of New Berlin as of June 30, 2021, and the respective changes in financial position, where applicable, and the respective budgetary comparisons for the General Fund and Special Education Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 19, the district has implemented GASB No. 84, Fiduciary Activities, for the year ended June 30, 2021. 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 other schedules listed as required supplementary information 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 District's basic financial statements. The financial information listed in the table of contents as supplemental financial information; and the schedules of expenditures of federal awards and state awards, as required by the audit requirements of Title 2 U.S. Code of Federal regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and by the Wisconsin Department of Administration; are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental financial information and schedules of expenditures of federal awards and state awards are the responsibility of management and was 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 supplemental financial information and the schedules of expenditures of federal awards and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2020 on our consideration of the School District of New Berlin's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the District's internal control over financial reporting and compliance.

SCHUMACHER SAMA, LLP

A handwritten signature in cursive script that reads "Schumacher Sama, LLP".

Wauwatosa, Wisconsin
December 14, 2021

**MANAGEMENT'S DISCUSSION
AND
ANALYSIS**

SCHOOL DISTRICT OF NEW BERLIN

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2021

The School District of New Berlin is a public-school district operating kindergarten through 12th grade and limited community programs in accordance with laws and regulations of the State of Wisconsin. Laws and regulations determine the way compliance will be demonstrated, including financial reporting preparation. The discussion and analysis of the School District of New Berlin's financial performance provides an overall review of financial activities for the fiscal year and focuses on school District financial performance as a whole.

FINANCIAL HIGHLIGHTS

- The General Fund (Fund 10) fund balance increased \$3.4 million from \$14.0 million to \$17.4 million. The fund balance is 36.6% of the \$47.5 million Fund 10 expenditures (excluding transfers) for the 2020-2021 fiscal year.
- The school board policy is to maintain a minimum General Fund balance equal to 10% of expenditures. The district has met this minimum fund balance as of June 30, 2021.
- Capital assets have been reported at \$106.2 million and accumulated depreciation of \$43.7 million for a net capital asset value of \$62.5 million. The amount listed represents the estimated historical cost of all sites, site improvements, buildings and building improvements, vehicles, and furniture and equipment with a unit value of at least \$5,000. Capital assets are assigned to an expense function and annual and accumulated depreciation for each expense function has been incorporated into the financial statements (see Note 3 in the Notes to the Financial Statements).
- The district follows GASB #73, *Accounting and Financial Reporting for Pensions* for its Supplemental Pension Plan, GASB 74, *Financial Reporting for Postemployment Benefits Other Than Pensions*, and GASB #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This allows the District to report its total supplemental pension liability and net OPEB liability. As of June 30, 2021, a \$17,252 supplemental pension liability and a \$13,110,790 net OPEB liability are reported in the Statement of Net Position.
- The District follows GASB #68, *Accounting and Financial Reporting for Pension* and GASB #71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* for its membership in the Wisconsin Retirement System (WRS) pension plan. This allows the District to report its proportionate share of the WRS plan net pension liability. As of June 30, 2021, a \$10,314,436 net pension asset is reported in the Statement of Net Position.
- The District's overall financial status, as reflected in total net position, increased by \$7,428,586.
- Financial activity resulted in an increase in fund balance in the Food Service Fund (Fund 50) of \$235,284. Revenues of \$1.6 million exceeded expenses of \$1.4 million resulting in an ending fund balance of \$711,662.
- Financial activity resulted in an increase in fund balance in the Community Service Fund (Fund 80) of \$240,133. Revenues of \$812,996 exceeded expenditures of \$572,863. The fund balance in Fund 80 is \$1,085,386.
- Financial activity resulted in an increase in fund balance in the Gift Fund (Fund 21) of \$175,977. Revenues of \$529,554 exceeded expenses of \$353,577 resulting in an ending fund balance of \$1,173,221 which is restricted per the gift requirements of fund 21.

- Total revenues for Governmental Funds were \$66 million. This amount includes \$45.7 million of local property taxes, \$14.2 million of general federal and state aids, and \$3.1 million of specific federal and state aid. Property taxes represent 69.4% of all revenue.
- The District implemented GASB #84, Fiduciary Activities as of July 1, 2020. This resulted in some student activities from the Student Activities Fund (Fund 60) being reclassified to the Gift Fund (Fund 21) with an adjustment to fund balance of \$356,644.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial report consists of four parts:

1. Management's Discussion and Analysis
2. Basic Financial Statements (District-Wide and Fund Statements)
3. Notes to the Financial Statements
4. Required and Additional Supplementary Information

The basic financial statements consist of *District-Wide Financial Statements* and *Fund Statements* that present different views of the District's financial activities.

District-Wide Financial Statements

- The *Statement of Net Position* and *Statement of Activities* provide information on a District-wide basis. These statements present an aggregate view of the District's finances. These statements contain useful long-term information as well as information for the 2020-2021 fiscal year.
- The *Statement of Net Position* compares assets to liabilities to give an overall view of the financial health of the District.
- The *Statement of Activities* defines the District's expenses by function and illustrates the total that is offset by corresponding revenues (charges for services and/or operating grants and contributions). General revenue and any extraordinary credits are identified. The result is total net expense offset by general and miscellaneous revenue and recognizing the change in net position for the District from the previous year.

Fund Financial Statements

- The remaining statements: *Balance Sheet - Governmental Funds* and *Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds* focuses on individual parts of the District. Fund statements generally report operations in more detail than the district-wide statements and support the *Statement of Net Position*.
- The *Notes to Financial Statements* provide further explanation of some of the information in the statements and provide additional disclosure so statement users have 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 and includes all reports in the financial statements through and including the financial notes.
- *Additional Supplementary Information* provides information specific to nonmajor governmental funds. The major features of the District's financial statements, including the portion of the activities reported and type of information contained is shown in the following table (Table 1).

Table 1 - Major Features of District-Wide and Fund Financial Statements

	District-Wide Statements	Governmental Fund Statements	Proprietary Fund Statements	Fiduciary Fund Statements
Scope	Entire district (except fiduciary funds)	The activity of the District that is not proprietary or fiduciary, such as instructional, support services and community services.	An activity the District operates similar to private businesses. <u>The District does not report any program for this designation.</u>	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 Balances	Statement of Net Position Statement of Revenues, Expenses and Changes in Net Position Statement of Cash Flows	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 and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities are 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. <u>The District's fiduciary funds do not currently contain capital assets.</u>
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 liabilities 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 and paid.

Table 2 - Condensed Statement of Net Position
(2020 has not been restated for GASB 84 implementation)

	<u>2021</u>	<u>2020</u>	<u>% Change</u>
<u>Assets</u>			
Current Assets	\$ 25,231,306	\$ 21,438,848	17.7
Non-Current Assets	72,844,791	71,630,430	1.7
Deferred Outflows of Resources	<u>18,870,130</u>	<u>14,938,670</u>	26.3
Total Assets & Deferred Outflows	<u>\$ 116,946,227</u>	<u>\$ 108,007,948</u>	8.3
<u>Liabilities</u>			
Current Liabilities	\$ 9,216,295	\$ 5,104,770	80.5
Long-Term Debt Outstanding	33,126,916	41,598,648	(20.4)
Non-Current Liabilities	13,110,790	14,389,502	(8.9)
Deferred Inflows of Resources	<u>23,623,866</u>	<u>16,831,899</u>	40.4
Total Liabilities & Deferred Inflows	<u>\$ 79,077,867</u>	<u>\$ 77,924,819</u>	1.5
<u>Net Position</u>			
Invested in Capital, Net of Related Debt	\$ 24,795,578	\$ 24,605,690	0.8
Restricted	9,352,504	10,276,518	(9.0)
Unrestricted	<u>3,720,278</u>	<u>(4,799,079)</u>	(177.5)
Total Net Position	<u>\$ 37,868,360</u>	<u>\$ 30,083,129</u>	25.9

As of June 30, 2021, the District reported total assets and deferred outflows of \$116.9 million and total liabilities and deferred inflows of \$79.1 million. Net position amounts to \$37.9 million. Noncurrent asset reporting includes historical cost of sites, site improvements, buildings, building improvements, vehicles, and furniture and equipment (all net of accumulated depreciation).

Table 3 - Change in Net Position from Operating Results
For Governmental Activities

		<u>Actual 2020-2021</u>	<u>%</u>	<u>Actual 2019-2020</u>	<u>%</u>
<u>Revenues:</u>					
Program	Charges for Services	\$ 1,501,090	2.3	\$ 2,120,740	3.3
	Operating Grants & Cont.	3,101,591	4.7	2,907,407	4.6
General	Property & Other Taxes	45,742,523	69.1	49,109,185	76.9
	General Federal and State Aids	14,244,846	21.5	8,478,635	13.3
	Gifts	162,810	0.2	394,547	0.6
	Other	<u>1,417,097</u>	<u>2.1</u>	<u>830,595</u>	<u>1.3</u>
	Total Revenue	<u>\$ 66,169,957</u>	<u>100.0</u>	<u>\$ 63,841,109</u>	<u>100.0</u>

**Table 3 - Change in Net Position from Operating Results
For Governmental Activities
(continued)**

	Actual 2020-2021	%	Actual 2019-2020	%
<u>Expenses:</u>				
Instruction	\$ 32,379,508	55.1	\$ 32,747,022	55.3
Pupil/Instructional Services	5,493,375	9.4	5,768,157	9.7
Business and Administration	15,754,256	26.8	16,441,950	27.8
Other Support	3,480,102	5.9	2,360,261	4.0
Interest on Debt	1,105,309	1.9	1,182,277	2.0
Community Service	528,821	0.9	677,282	1.1
Total Expense	\$ 58,741,371	100.0	\$ 59,176,949	100.0
Change in Net Position	\$ 7,428,586		\$ 4,664,160	

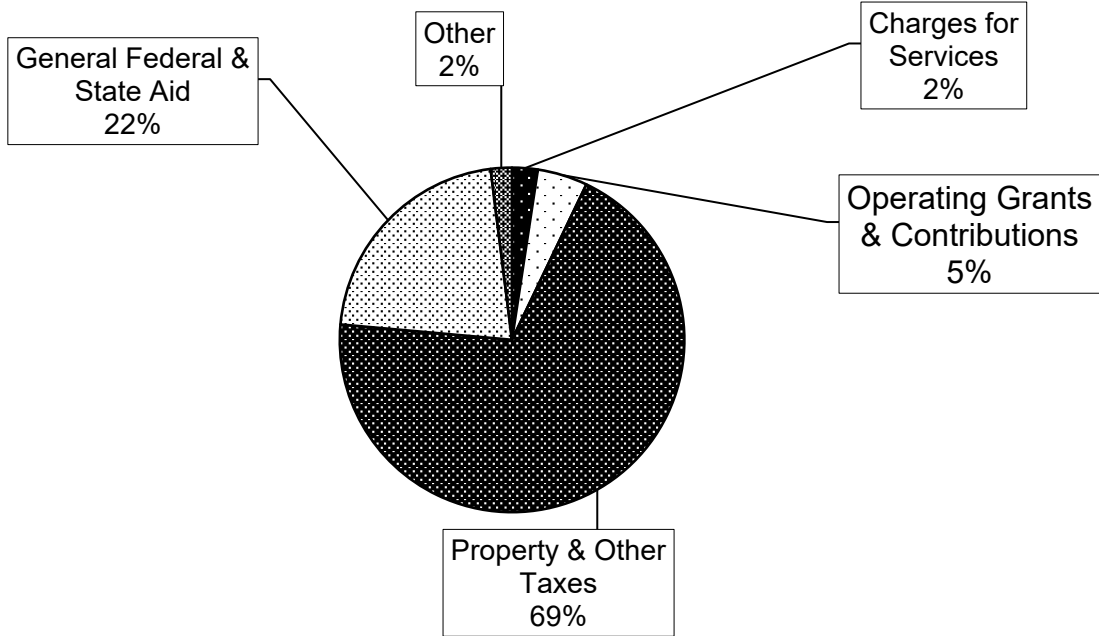
Revenues

- The District received \$66.2 million in revenue for the 2020-2021 fiscal year. Sixty-nine percent (69%) of the District's total revenue came from local school property tax and prior year charge backs. The District received approximately seven percent (7%) in the form of specific use State Grants, Federal Aid, and direct fees for services. Twenty-two percent (22%) of the total came from general federal and state aids and two percent (2%) from other sources. Local school property taxes decreased approximately eight percent (8%) and general Federal and State aids increased approximately eight percent (8%) of total revenue from the previous fiscal year.
- Individuals who directly participated or benefited from a program contributed \$1.5 million of the cost. Book and activity fees, admissions to athletic events, open enrollment tuition, recreation fees, and food services are included as charges for services.
- Federal and State governments subsidized certain specific programs with grants and contributions of approximately \$3.1 million. Special Education Aid, Transportation Aid and Integration Aid are examples of operating grants and contributions.
- General Revenues in the form of property taxes accounted for \$45.7 million and general Federal and State aids for \$14.2 million.

Expenses

- The District's total expenditure amount was \$58.7 million for fiscal year 2020-2021. Sixty-five percent (65%) was directed to pupil instruction and instructional services. Costs for teacher salaries/benefits, textbooks, and instructional supplies are examples of pupil instruction and instructional services. Administration and other support account for thirty-three percent (33%). These costs include administration and support salaries/benefits, district maintenance, utility costs, pupil transportation, legal services, and school business insurance. Two percent (2%) was directed to interest on debt. These costs include interest on the repayment of long-term bonds and capital leases. The costs associated with Community Service account for approximately one percent (1%) of all district expenses.

REVENUE BY SOURCE



EXPENSES BY FUNCTION

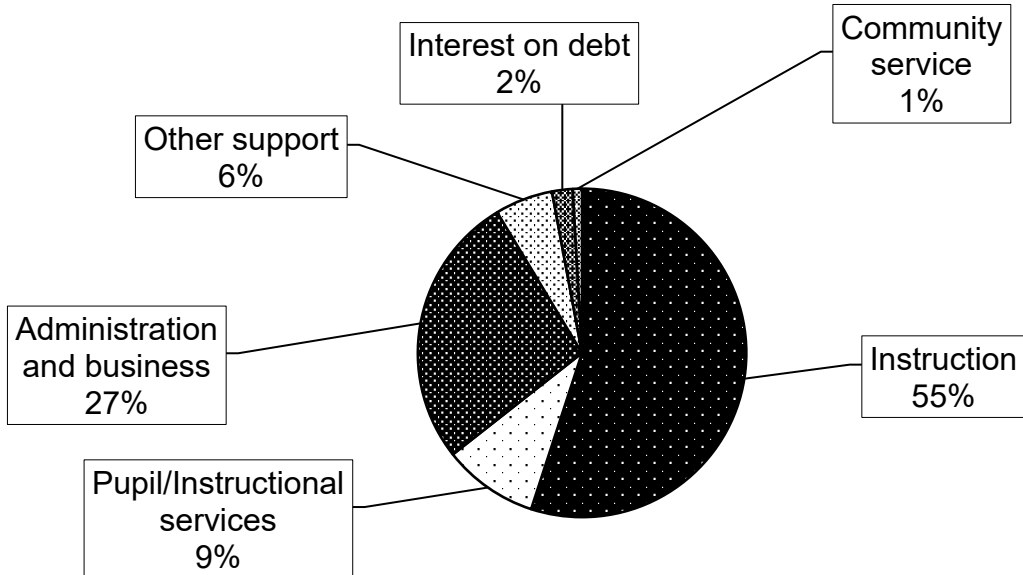


Table 4 - Net Cost of Governmental Activities

	2021		2020	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 32,379,508	\$ 29,056,478	\$ 32,747,022	\$ 29,509,223
Pupil/Instructional Services	5,493,375	4,940,612	5,768,157	5,291,542
Administration and Business	15,754,256	15,233,091	16,441,950	15,401,303
Other Support	2,246,005	2,228,278	2,360,261	2,260,835
Interest on Debt	1,105,309	1,105,309	1,182,277	1,182,277
Community Service	528,821	340,825	677,282	503,622
Total	<u>\$ 57,507,274</u>	<u>\$ 52,904,593</u>	<u>\$ 59,176,949</u>	<u>\$ 54,148,802</u>

The net cost of governmental activities was \$52.9 million. The net cost is the total cost less the program revenues. Refer to the Statement of Activities for the detailed adjustments made for the net cost.

Fund Financial Statements

Fund financial statements are prepared on a modified accrual basis of accounting and are designed to demonstrate regulatory compliance and report limitation and restrictions on district assets. Funds are classified as either major or minor depending on the amount of financial activity as compared to financial activity for the district as a whole. Major funds are presented separately on both the *balance sheet* and the *statement of revenues, expenditures and changes in fund balance* whereas non-major funds are combined into a single, aggregated column. Information for each individual non-major fund is provided separately as supplementary information. Fund statements have the following characteristics.

- A fund is a grouping of related accounts that is used to maintain control over resources that are segregated for specific activities and to demonstrate compliance with finance related legal requirements. Fund statements generally provide information that may be useful in evaluating a district's near-term financing requirements.
- Generally, the focus of fund financial statements is narrower than that of the entity wide statements, reporting on inflows and outflows of spendable resources.

General Fund Budgetary Comparison

The District adopts an interim budget in June for the subsequent year. Consistent with current state statutes and regulations, the original budget is amended in October to reflect the actual revenue cap and state aid certification. The budget was subsequently amended in June of 2021.

General Fund final budget was approved with a deficit of \$51,880. Actual results for 2020-2021 show an increase of \$3,417,246 to the fund balance. The surplus was due to budget management and spending that could not be booked in fiscal year 2021 due to supply chain/delivery delays.

Fund Balances

- The District shows a total for all fund balances of \$21.1 million as of June 30, 2021. (See Note 11 in the financial statements for the detail of total governmental fund balances).
- \$17.4 million is in the General Fund (Fund 10). \$1.80 million represents assets reserved for the self-funded insurance program (Note 9 details the program) and \$5,683 represents reserved unspent common school fund revenue. The District utilizes the unrestricted Fund 10 fund balance for funding short-term operations. The interest earned on investment of these funds provides additional spending capacity.
- \$711,662 is in the Food Service Fund (Fund 50) and is used for food service equipment replacements.
- The District had a \$1.1 million fund balance in the Community Service Fund (Fund 80) at June 30, 2021.
- The remaining amounts are the balance of the Gift Fund (Fund 21) in the amount of \$1.2 million and the Debt Service Fund in the amount of \$688,542. Fund 21 reflects the balance of awards and donations to the District unspent by June 30, 2021.
- The district adopts an annual appropriation budget for the general fund. Although special education activities are reported in the general fund, the district prepares a separate budgetary comparison statement in compliance with regulatory requirements.

Capital Asset and Debt Administration

Capital Assets

- By the end of the 2021 fiscal year, the District had invested \$106.2 million in a broad range of capital assets including land, buildings, computer and audio-visual equipment, and other instructional or support equipment. (More detailed information about capital assets can be found in Note 3 to the financial statements). Total depreciation expense for the year was \$2,811,850, furniture and equipment (including vehicles) originally costing \$2,363,847 was disposed of, while building improvements and additions to equipment and furniture amounted to \$525,052. (Note 3 details the District's capital assets).

Long Term Debt

- As of June 30, 2021 the District had total debt outstanding of \$37.7 million in long-term obligations which includes bonds, notes payable, and capital leases (Note 4 details the District's long-term obligations).

General Obligation Debt of the District is secured by an irrevocable tax levy adopted by the School Board at the time of issuance. Wisconsin State Statutes require that the first property tax receipts be segregated for use for annual debt service payment. The School District of New Berlin complies with all these statutory requirements.

Decisions that Will Impact the Future of the District

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

1. The State biennial budget did not provide for any increase in per pupil revenue limits or add any dollars to per pupil categorical aid, rather the State is relying on federal dollars to bridge the gap between the current level of funding and inflation. While this does not present any issues for the 2022 and 2023 fiscal years, it is likely to create a funding cliff while planning for the 2024 fiscal year and beyond. The result may require the board to authorize the spending of fund balance to fill the gap created by this potential funding cliff. Since the District is a negative tertiary district, spending from fund balance may likely result in a reduction in state aid if the spending is over the revenue limit that was established for the 2021 fiscal year.
2. The District has significantly increased its fund balance through budget management and higher than anticipated revenues. The Board has authorized the spending of fund balance to address deferred maintenance projects throughout the District. Additionally, the District is considering paying off callable debt through the use of fund balance in the 2022 fiscal year. While beneficial to the overall finances of the District, this additional spending will increase the District's shared costs, which may likely result in a reduction in state aid for the 2023 fiscal year. This will be monitored and reported to the Board by the Finance and Operations office.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, 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 regarding this report or need additional financial information, please contact:

Patrick Miller, Chief Finance and Operations Officer
School District of New Berlin
4333 S. Sunny Slope Road
New Berlin, WI 53151

Phone: 262-789-6211
E-mail: patrick.miller@nbexcellence.org

BASIC FINANCIAL STATEMENTS

SCHOOL DISTRICT OF NEW BERLIN
STATEMENT OF NET POSITION
June 30, 2021

ASSETS

Current Assets

Cash and investments	\$ 18,233,419
Taxes receivable	5,976,100
Accounts receivable	48,949
Due from other governments	936,888
Prepaid expenses	35,950

Total Current Assets 25,231,306

Noncurrent Assets

Capital assets	106,199,861
Less: Accumulated depreciation	<u>(43,669,506)</u>

Net Capital Assets 62,530,355

Net WRS Pension Asset 10,314,436

Total Non-current Assets 72,844,791

Total Assets 98,076,097

Deferred Outflows of Resources

Deferred outflows of resources from WRS pension	16,287,787
Deferred outflows of resources from OPEB	<u>2,582,343</u>

Total Deferred Outflows of Resources 18,870,130

Total Assets and Deferred Outflows of Resources \$ 116,946,227

LIABILITIES

Current Liabilities

Current portion of long-term obligations	\$ 4,744,488
Accounts payable and accrued expenses	4,025,685
Net supplemental pension liability	17,252
Unearned revenue	98,942
Other current liabilities	329,928

Total Current Liabilities 9,216,295

Noncurrent Liabilities

Net OPEB liability	13,110,790
Noncurrent portion of long-term obligations	<u>33,126,916</u>

Total Non-current Liabilities 46,237,706

Total Liabilities 55,454,001

Deferred Inflows of Resources

Deferred inflows of resources from WRS pension	22,716,297
Deferred inflows of resources from OPEB	<u>907,569</u>
	<u>23,623,866</u>

Total Liabilities and Deferred Inflows of Resources 79,077,867

NET POSITION

Net investment in capital assets	24,795,578
Restricted	9,352,504
Unrestricted	<u>3,720,278</u>

Total Net Position 37,868,360

Total Liabilities, Deferred Inflows and Net Position \$ 116,946,227

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF NEW BERLIN
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes In Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Instruction				
Regular	\$ 23,718,858	\$ 950,898	\$ 630,369	\$ (22,137,591)
Physical	982,439	-	-	(982,439)
Vocational	966,721	49,547	46,901	(870,273)
Special education	5,473,352	-	1,548,854	(3,924,498)
Other	1,238,138	96,461	-	(1,141,677)
Total Instruction	<u>32,379,508</u>	<u>1,096,906</u>	<u>2,226,124</u>	<u>(29,056,478)</u>
Support Services				
Pupil services	2,203,483	-	266,020	(1,937,463)
Instructional support services	3,289,892	-	286,743	(3,003,149)
General administrative services	446,698	-	-	(446,698)
Building administrative services	2,643,460	-	-	(2,643,460)
Business administrative services	11,529,263	216,188	298,803	(11,014,272)
Central services	688,448	-	6,174	(682,274)
Insurance and judgements	446,387	-	-	(446,387)
Other support services	2,246,005	-	17,727	(2,228,278)
Debt service	1,105,309	-	-	(1,105,309)
Community service	528,821	187,996	-	(340,825)
Total Support Services	<u>25,127,766</u>	<u>404,184</u>	<u>875,467</u>	<u>(23,848,115)</u>
Total Activities	<u>\$ 57,507,274</u>	<u>\$ 1,501,090</u>	<u>\$ 3,101,591</u>	<u>(52,904,593)</u>
General Revenues				
Taxes				
Property taxes				
General purposes				39,871,579
Debt service				5,245,944
Community service				625,000
Federal and State aids not restricted to specific functions				14,244,846
Gifts				162,810
Investment income				9,000
Miscellaneous				1,408,097
Total General Revenues				<u>61,567,276</u>
Other Expenses				
Loss on disposal of capital assets				<u>(1,234,097)</u>
Change in Net Position				
				7,428,586
Net Position, beginning of year as restated				<u>30,439,774</u>
NET POSITION, end of year				<u>\$ 37,868,360</u>

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF NEW BERLIN
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021**

	General Fund	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 14,493,789	\$ 688,542	\$ 3,051,088	\$ 18,233,419
Taxes receivable	5,976,100	-	-	5,976,100
Accounts receivable	48,816	-	133	48,949
Due from other governments	847,332	-	89,556	936,888
Prepaid expenses	35,950	-	-	35,950
	Total Assets	\$ 688,542	\$ 3,140,777	\$ 25,231,306
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 1,117,665	\$ -	\$ 67,885	\$ 1,185,550
Accrued salaries and wages	2,836,452	-	3,681	2,840,133
Unearned revenue	-	-	98,942	98,942
	Total Liabilities	-	170,508	4,124,625
Fund Balances				
Nonspendable	35,950	-	-	35,950
Restricted	1,807,767	688,542	2,970,269	5,466,578
Unassigned	15,604,153	-	-	15,604,153
	Total Fund Balances	688,542	2,970,269	21,106,681
	Total Liabilities and Fund Balances	\$ 688,542	\$ 3,140,777	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	62,530,355
The District's proportionate share net pension and OPEB assets (liabilities) as well as pension and OPEB related deferred outflows and deferred inflows of resources are recognized in the government-wide statements.	(7,567,342)
Long term liabilities, including bonds and notes payable and related accrued interest and deferred premium, are not due and payable in the current period and therefore are not reported in the funds.	(38,201,334)
Net Position of Governmental Activities	\$ 37,868,360

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF NEW BERLIN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	<u>General Fund</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Local property taxes	\$ 39,871,579	\$ 5,245,944	\$ 625,000	\$ 45,742,523
Other local sources	1,252,945	1,207	941,238	2,195,390
Interdistrict	332,501	-	72,202	404,703
Intermediate	37,812	-	-	37,812
State	14,205,260	-	12,998	14,218,258
Federal	1,692,331	-	1,380,310	3,072,641
Other	498,628	-	-	498,628
Total Revenues	<u>57,891,056</u>	<u>5,247,151</u>	<u>3,031,748</u>	<u>66,169,955</u>
Expenditures				
Instruction				
Regular	20,378,112	-	35,025	20,413,137
Physical	1,064,404	-	-	1,064,404
Special education	5,414,178	-	-	5,414,178
Vocational	1,061,816	-	5,875	1,067,691
Other	1,002,785	-	306,301	1,309,086
Total Instruction	<u>28,921,295</u>	<u>-</u>	<u>347,201</u>	<u>29,268,496</u>
Support Services				
Pupil services	1,948,902	-	-	1,948,902
Instructional support services	3,494,398	-	-	3,494,398
General administrative services	476,098	-	5,591	481,689
Building administrative services	2,863,429	-	-	2,863,429
Business administrative services	9,462,175	-	1,370,260	10,832,435
Central services	679,256	-	8,783	688,039
Insurance and judgements	446,387	-	-	446,387
Other support services	2,167,954	-	12,294	2,180,248
Debt service				
Principal	367,398	16,885,000	-	17,252,398
Interest and fees	7,422	1,302,062	-	1,309,484
Community services	-	-	564,703	564,703
Total Support Services	<u>21,913,419</u>	<u>18,187,062</u>	<u>1,961,631</u>	<u>42,062,112</u>
Non-Program				
General tuition payments	3,867,105	-	-	3,867,105
Other non-program services	407,391	-	71,522	478,913
Total Non-Program	<u>4,274,496</u>	<u>-</u>	<u>71,522</u>	<u>4,346,018</u>
Total Expenditures	<u>55,109,210</u>	<u>18,187,062</u>	<u>2,380,354</u>	<u>75,676,626</u>
Excess (deficiency) of revenue over expenditures	2,781,846	(12,939,911)	651,394	(9,506,671)
Other Financing Sources (Uses)				
Proceeds from long-term debt	-	12,894,383	-	12,894,383
Proceeds from capital leases	635,400	-	-	635,400
Net Change in Fund Balances	3,417,246	(45,528)	651,394	4,023,112
Fund Balances, beginning of year as restated	14,030,624	734,070	2,318,875	17,083,569
FUND BALANCES, end of year	<u>\$ 17,447,870</u>	<u>\$ 688,542</u>	<u>\$ 2,970,269</u>	<u>\$ 21,106,681</u>

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF NEW BERLIN
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 \$ 4,023,112

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay reported in governmental fund statements	\$ 525,052	
Depreciation expense reported in the Statement of Activities	(2,811,850)	
Gain (loss) on disposal of fixed assets	<u>(1,234,097)</u>	(3,520,895)

Net difference between OPEB and pension system contributions recognized in the fund statement of revenues, expenditures, and changes in fund balances and the statement of activities. 3,136,209

Capital lease and long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of capital lease and long-term debt principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which proceeds exceeded payments. 4,221,998

Premiums in association with debt financing are deferred and amortized in the government-wide statements but recognized as revenue in the fund statements when received. (358,127)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (73,711)

Change in Net Position \$ 7,428,586

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the School District of New Berlin conform to generally accepted accounting principles as applicable to governmental units.

A. REPORTING ENTITY

The School District of New Berlin is organized as a common school district. The District, governed by a seven member elected school board, operates grades pre-kindergarten through 12 and is comprised of one taxing district. This report includes all of the funds of the School District of New Berlin. The reporting entity for the District consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. This report does not contain any component units.

B. BASIS OF PRESENTATION

District-Wide Financial Statements

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

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

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

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

Internally dedicated resources are reported as general revenues rather than as program revenues.

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

B. BASIS OF PRESENTATION (continued)

Fund Financial Statements

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

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Governmental Funds

Governmental funds are identified as either general or special revenue funds based upon the following guidelines:

General Fund

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

Special Revenue Funds

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

Debt Service Funds

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

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

B. BASIS OF PRESENTATION (continued)

Custodial Funds (not included in District-Wide statements)

Agency Funds

Custodial Funds are used to account for assets held by the District as an agent for individuals, private organizations, and/or other governmental units.

Major Funds

The District reports the following major governmental funds:

General Fund
Debt Service Fund

Nonmajor Funds

The District reports the following nonmajor funds:

Gift Fund
Food Service Fund
Community Service Fund
Package Cooperative Program Fund

C. BASIS OF ACCOUNTING

The District-wide Statement of Net Position and Statement of Activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The modified accrual basis of accounting is followed by the governmental funds and custodian funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property tax revenues are recognized as revenues in the fiscal year levied as the District considers the property taxes as due prior to June 30. The District considers the taxes as due on January 1 the date from which interest and penalties accrue for non-payment of a scheduled installment. Full receipt of the entire levy is assured within sixty days of the District's fiscal year end. Receipt of the balance of taxes levied within sixty days meets the requirements for availability in accordance with generally accepted accounting principles applicable to governmental entities.

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

Property taxes are collected by the City of New Berlin until May 31. Real estate tax collections after that date are made by Waukesha County, which assumes all responsibility for delinquent real estate taxes.

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

Property tax calendar - 2020 tax roll:

Lien date and levy date	October, 2020
Tax bills mailed	December 2020
Payment in full, or	January 31, 2021
First installment due	January 31, 2021
Second installment due	March 31, 2021
Third installment due	May 31, 2021
Personal property taxes in full	January 31, 2021

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

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, and investment income. Other general revenues are recognized as revenue when received in cash or when measurable and available.

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

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

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

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

D. MEASUREMENT FOCUS

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

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

E. INVENTORIES

Governmental fund inventories are recorded at cost based on the FIFO (first-in, first-out) method using the consumption method of accounting.

F. LONG-TERM OBLIGATIONS

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations and whether they are reported in the District-wide or fund financial statements.

All long-term debt to be repaid from governmental resources are reported as liabilities in the district-wide statements. The long-term debt consists primarily of capital leases, unfunded prior service cost, and accrued compensated absences.

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

G. CAPITAL ASSETS

District-Wide Statements

In the District-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. The minimum capitalization threshold used by the District is \$5,000.

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

Site Improvements	20 years
Buildings & Building Improvements	50 years
Furniture and Equipment	5-20 years
Vehicles	8 years

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

Fund Financial Statements

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

H. INTERFUND RECEIVABLES AND PAYABLES

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

I. BUDGETS

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1C.

Operating budgets are adopted each fiscal year for all governmental funds in accordance with section 65.90 of the Wisconsin Statutes. The budgeted amounts presented include amendments, if any, adopted during the year. Transfers between functions and changes to the overall budget must be approved and amended by School Board resolution. Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgetary expenditure control is exercised at the function level in the General Fund and at the fund level for all other funds.

J. ALLOWANCES FOR UNCOLLECTIBLE ACCOUNTS

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

K. COMPENSATED ABSENCES AND OTHER EMPLOYEE BENEFIT AMOUNTS

Vacation

The District's policy allows employees to earn varying amounts of vacation pay each year depending on the total number of years employed. Accrued vacation not used during the fiscal year is recorded as a compensated absence liability.

Sick Pay

The District's policy does not allow accumulated sick pay benefits to vest. Unused accumulated employee sick pay benefits are forfeited upon retirement or termination of employment. Benefits are recorded as expenditure in the year used.

Postemployment Benefits

Teachers and certain administrative, clerical, and support personnel may be entitled to postemployment retirement benefits for employees who have provided specified minimum years of service to the District. Under the early retirement options, the District is liable at June 30 for varying amounts of health benefits. (See Notes 6 and 7).

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

WRS Pension

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 the 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.

L. OTHER ASSETS

In governmental funds, debt issuance costs or premiums are recognized in the current period. For the district-wide financial statements, the district has elected to prospectively amortize debt issue costs or premiums over the life of the debt issue. At June 30, 2021 the district had \$1,038,687 of net unamortized bond premiums.

M. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents 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.

N. CLAIMS AND JUDGMENTS

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

O. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as operating transfers.

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

P. EQUITY CLASSIFICATIONS

District-Wide Statements

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

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

It is the practice of the District to spend restricted amounts first followed by unrestricted amounts when expenditures are incurred for purposes for which amounts in any of the net position classifications could be used.

Fund Statements

Governmental fund equity is classified as fund balance and is reported in the following categories:

- a. Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – Amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- c. Committed – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the School Board (the district's highest level of decision-making authority).
- d. Assigned - Amounts that are intended to be used for a particular purpose expressed by the School Board or other authorized committee or individual.
- e. Unassigned – All amounts not included in other spendable classifications.

It is the practice of the District to spend restricted amounts before unrestricted, and committed amounts first followed by assigned then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the fund balance classifications could be used.

Minimum Fund Balance Policy

The District's policy is to strive to maintain a minimum general fund balance of at least 10% of the subsequent year's general fund expenditures.

**SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

Note 2 - Cash and Investments

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 per depositor at each financial institution. As of June 30, 2021, all deposits of the District were placed in financial institutions that provide 100% collateral for all amounts held.

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

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

At June 30, 2021 the District had the following investments:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Less Than 6 months</u>	<u>6 - 24 Months</u>
Wisconsin Investment Series Cooperative				
Cash Management Series	Amortized Cost	\$ 2	\$ 2	\$ -
Investment Series	Amortized Cost	18,621,487	18,621,487	-
		<u>\$ 18,621,489</u>	<u>\$ 18,621,489</u>	<u>\$ -</u>

PMA Financial Network is the administrator for the Wisconsin Investment Series Cooperative (WISC). The investment manager for WISC is PMA Financial Network. The WISC is not registered with the Securities and Exchange Commission but invests its funds in accordance with applicable Wisconsin statutes. The WISC values its invested funds using various fair value measurements as applicable, depending on the type of investment as shown in the table above. Measurement methods include cost, amortized cost and fair value hierarchy - level 2.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments. *Credit risk* for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. For investments, *interest rate risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to greater risk.

**SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

Note 3 - Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Balance 7/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2021</u>
Capital assets not being depreciated				
Sites	\$ 903,011	\$ -	\$ -	\$ 903,011
Total Capital Assets Not Being Depreciated	<u>903,011</u>	<u>-</u>	<u>-</u>	<u>903,011</u>
Depreciable capital assets				
Site improvements	3,851,798	126,433	47,272	3,930,959
Buildings & building improvements	97,073,656	28,900	726,996	96,375,560
Furniture and equipment	5,830,486	369,719	1,589,579	4,610,626
Vehicles	<u>379,705</u>	<u>-</u>	<u>-</u>	<u>379,705</u>
Total depreciable capital assets	<u>107,135,645</u>	<u>525,052</u>	<u>2,363,847</u>	<u>105,296,850</u>
Less: Accumulated depreciation for				
Site improvements	1,997,037	156,784	64,664	2,089,157
Buildings & building improvements	36,237,731	2,357,438	51,851	38,543,318
Furniture and equipment	3,467,524	265,552	923,818	2,809,258
Vehicles	<u>285,114</u>	<u>32,076</u>	<u>89,417</u>	<u>227,773</u>
Total Accumulated Depreciation	<u>41,987,406</u>	<u>2,811,850</u>	<u>1,129,750</u>	<u>43,669,506</u>
Total depreciable capital assets, net of accumulated depreciation	<u>65,148,239</u>	<u>(2,286,798)</u>	<u>1,234,097</u>	<u>61,627,344</u>
Net capital assets, net of accumulated depreciation	<u>\$ 66,051,250</u>	<u>\$ (2,286,798)</u>	<u>\$ 1,234,097</u>	<u>\$ 62,530,355</u>

Depreciation expense was charged to functions as follows:

Instruction	
Regular	\$ 1,642,150
Vocational	6,900
Support Services	
Business Admin	1,117,242
Central Services	<u>45,558</u>
	<u>\$ 2,811,850</u>

**SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

Note 4 – Long-Term Obligations

A. Long-term liability activity for the year ended June 30, 2021, was as follows:

	<u>Balance 6/30/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2021</u>	<u>Due Within One Year</u>
General obligation debt					
Bonds and notes payable					
Bonds	\$ 40,765,000	\$ 12,395,000	\$ 16,885,000	\$ 36,275,000	\$ 4,185,000
Refunding premium	680,560	499,383	141,256	1,038,687	213,562
	<u>41,445,560</u>	<u>12,894,383</u>	<u>17,026,256</u>	<u>37,313,687</u>	<u>4,398,562</u>
Other Liabilities:					
Compensated absences	18,083	136,627	18,083	136,627	136,627
Capital leases	153,088	635,400	367,398	421,090	209,299
	<u>171,171</u>	<u>772,027</u>	<u>551,579</u>	<u>338,518</u>	<u>345,926</u>
Totals	<u>\$ 41,616,731</u>	<u>\$ 13,666,410</u>	<u>\$ 17,411,737</u>	<u>\$ 37,871,404</u>	<u>\$ 4,744,488</u>

Total long-term interest paid and expended during the year was \$1,216,628 and \$1,012,452 respectively.

B. All general obligation debt is secured by the full faith and credit of unlimited taxing powers of the District. Bonds payable in the governmental fund will be funded by future property tax levies.

<u>Type</u>	<u>Issue</u>	<u>Maturity</u>	<u>Rate</u>	<u>Original Indebtedness</u>	<u>Balance Outstanding 6/30/2021</u>
General Obligation Debt					
Bonds payable	2/24/2014	3/1/2025	2.00-3.00%	9,995,000	\$ 5,830,000
Bonds payable	11/16/2015	3/1/2029	2.0-2.375%	9,995,000	3,670,000
Bonds payable	8/10/2017	3/1/2032	2.0-3.0%	4,000,000	3,045,000
Bonds payable	10/16/2018	3/1/2029	3.20-3.65%	12,680,000	12,680,000
Bonds payable	12/2/2020	9/1/2031	2.0-3.0%	12,395,000	11,050,000
					<u>\$ 36,275,000</u>
Total General Obligation Debt					<u>\$ 36,275,000</u>

C. Debt service requirements to maturity on general obligation debt are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 4,185,000	\$ 989,784	\$ 5,174,784
2023	4,335,000	903,684	5,238,684
2024	4,435,000	805,504	5,240,504
2025	4,555,000	695,384	5,250,384
2026	4,715,000	574,384	5,289,384
Thereafter	<u>14,050,000</u>	<u>956,442</u>	<u>15,006,442</u>
Totals	<u>\$ 36,275,000</u>	<u>\$ 4,925,182</u>	<u>\$ 41,200,182</u>

**SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

Note 4 – Long-Term Obligations (continued)

- D. The 2021 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$5,363,814,925. The legal debt limit and margin of indebtedness as of June 30, 2021 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (10% of \$5,363,814,925)	\$ 536,381,493
Deduct: Long-term debt applicable to debt margin	<u>36,275,000</u>
Margin of indebtedness	<u><u>\$ 500,106,493</u></u>

- E. The District has financed computer equipment under capital leases with an original cost of \$635,400 as of June 30, 2021. The following is a schedule by year of the future minimum lease payments together with the present value of net minimum lease payments as of June 30, 2021:

<u>Year Ending June 30</u>	<u>Amount</u>
2022	\$ 214,310
2023	<u>214,310</u>
	428,620
Less: Amounts representing interest	<u>7,530</u>
Present value of minimum lease payments	<u><u>\$ 421,090</u></u>

Note 5 - WRS Pension Plan

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

ETF issued a standalone WRS Financial Report, which can be found at <https://etf.wi.gov/publications/cafr.htm>

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

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

**SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

Note 5 - WRS Pension Plan (continued)

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

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(7.0)	(7.0)
2014	(9.6)	9.0
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, 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 \$1,775,368 in contributions from the District.

**SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

Note 5 - WRS Pension Plan (continued)

Contribution rates as of December 31, 2020 are:

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

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the School District of New Berlin reported a liability (asset) of (\$10,314,436) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The School District of New Berlin's proportion of the net pension liability (asset) was based on the School District of New Berlin's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the School District of New Berlin's proportion was 0.16521%, which was a decrease of .0078% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the School District of New Berlin recognized pension expense (revenue) of (\$1,563,780).

At June 30, 2021, the School District of New Berlin 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	\$ 14,928,155	\$ 3,215,498
Changes in assumptions	233,951	-
Net differences between projected and actual earnings on pension plan investments	-	19,364,513
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	136,286
Employer contributions subsequent to the measurement date	1,125,681	-
Total	\$ 16,287,787	\$ 22,716,297

**SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

Note 5 - WRS Pension Plans (continued)

\$1,125,681 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	Net Deferred Outflow (Inflows) of Resources
2021	\$ (1,955,139)
2022	\$ (559,726)
2023	\$ (3,540,400)
2024	\$ (1,498,926)

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

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability (Asset)	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 5 - WRS Pension Plan (continued)

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

Asset Allocation Targets and Expected Returns

As of December 31, 2020

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	51	7.2	4.7
Fixed Income	25	3.2	0.8
Inflation Sensitive Assets	16	2.0	(0.4)
Real Estate	8	5.6	3.1
Private Equity/Debt	11	10.2	7.6
Multi-Asset	4	5.8	3.3
Total Core Fund	115	6.6	4.1
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	6.6	4.1
International Equities	30	7.4	4.9
Total Variable Fund	100	7.1	4.6

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4%

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

**SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

Note 5 - WRS Pension Plan (continued)

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.

Sensitivity of the School District of New Berlin's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the School District of New Berlin's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the School District of New Berlin'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%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
School District of New Berlin's proportionate share of the net pension liability (asset)	\$9,817,914	\$(10,314,436)	\$(25,101,498)

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

Note 6 - Supplemental Pension Plan

The District provides a stipend benefit to two Active Administrators hired prior to July 1, 2012 based upon a percentage of their final salary at retirement. As of June 30, 2016, the final administrators eligible for this benefit retired and the District recognized the full liability. The District has no plan assets accumulated for payment of these future benefits. The District will pay \$35,243 each year for 5 years fully satisfying the obligation.

The District's annual pension cost and total pension obligation for the current year is:

Obligation as of July 1, 2020	\$ 52,495
Benefit payments	<u>(35,243)</u>
Obligation as of June 30, 2021	<u>\$ 17,252</u>

**SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

Note 7 - Other Postemployment Benefits

Plan Description. The District operates a single-employer retiree benefit plan that provides postemployment medical insurance benefits to eligible employees and their spouses. There are 456 active and 303 retired members in the plan as of June 30, 2020, the most recent actuarial valuation date. Benefits and eligibility are established and amended by the governing body.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2021, the School District of New Berlin reported a liability of \$13,110,790 for its net OPEB liability. The net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021. Actuarial assumptions are based upon an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-2017. The projection of cash flows used to determine the single discount rate assumed that the plan would continue to be funded on a pay-as-you-go basis. Based on these assumptions, the 20-year AA municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. A discount rate of 2.25% was used in calculating the District's OPEB liabilities (based upon all projected payments discounted at a municipal bond rate of 2.25%).

Funding Policy. The District has no invested plan assets accumulated for payment of future benefits. The employer makes all contributions on a pay-as-you-go basis. The District paid \$1,052,887 in benefits for the year ended June 30, 2021.

For the year ended June 30, 2021, the School District of New Berlin recognized OPEB expense of \$1,291,069. The OPEB expense is made up of certain changes in the Total OPEB Liability and amortization of Deferred Outflows (Inflows). At June 30, 2021, the School District of New Berlin reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,567,696	\$ 8,772
Changes of assumptions or other input	1,014,647	898,797
Total	\$ 2,582,343	\$ 907,569

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

Year ended June 30:	Net Outflows and Inflows
2022	\$ 441,054
2023	\$ 441,057
2024	\$ 441,057
2025	\$ 441,057
2026	\$ 56,739
Thereafter	\$(146,190)

**SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

Note 7 - Other Postemployment Benefits (continued)

Actuarial assumptions. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following major actuarial assumptions and methods, applied to all periods included in the measurement:

Actuarial Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Reporting Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal (level percent of salary)
Medical Care Trend	6.50% decreasing by 0.10% per year down to 5.00%, and level thereafter
Discount Rate*	2.25% (based upon all years of projected payments discounted at a municipal bond rate of 2.25%)
Municipal Bond Rate Source	Bond Buyer 20-Bond GO Index
Actuarial Assumptions	Based on an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-17.
Mortality Assumptions	Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%)

* Implicit in this rate is an assumed rate of inflation of 2.00%

Single Discount rate. A single discount rate of 2.25% was used to measure the total OPEB liability.

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

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
School District of New Berlin's Total OPEB liability	\$14,292,424	\$13,110,790	\$12,059,551

Sensitivity of the School District of New Berlin's OPEB liability to changes in the healthcare trend rates. The following presents the School District of New Berlin's total OPEB liability calculated using the current trend rates, as well as what the School District of New Berlin's total OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (5.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (6.5% decreasing To 5.0%)	1% Increase (7.5% decreasing to 6.0%)
School District of New Berlin's Total OPEB liability	\$12,216,328	\$13,110,790	\$14,169,826

**SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

Note 8 - Lease Agreements, as Lessee

The District has entered into lease agreements for equipment and vehicles with terms expiring through July, 2023. The District is obligated to make future minimum lease payments as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2022	\$ 139,131
2023	<u>11,358</u>
	<u>\$ 150,489</u>

Lease expense was \$179,526 for the year ended June 30, 2021.

Note 9 - Self-Funded Insurance Program

The District provides self-funded health and dental benefits for its employees. An administrator, HUB International, is responsible for the approval, processing and payments of claims, after which the District is billed for reimbursement. The District is also responsible for a monthly administrative fee. The Plan reports on a fiscal year ending June 30, 2021.

Accounting and budgeting requirements for the Plan are established by the Wisconsin Department of Public Instruction. Currently, the Plan is accounted for in the General Fund of the District.

As part of the health care coverage of the Plan, the District purchases stop-loss coverage, which pays claims in excess of \$300,000 per individual and/or 125% of the annual estimated claims as provided by HUB International. For the year ended June 30, 2021, the aggregate claim limit was \$10,100,000. The District has no stop-loss insurance for the Plan's dental or vision care coverage of the Plan.

On June 30, 2021, the District has reported a liability of \$1,802,084, which represents reported and unreported claims which were incurred on or before June 30, 2021, but were not paid by the District as of that date. This amount consists of claims reported to the District by the Plan administrator of \$1,056,084 and claims which were not yet reported to either the Plan administrator or the District of \$746,000. The amounts not reported to the District were determined by the Plan administrator. Changes in the claims liability for the years ended June 30, 2021 and June 30, 2020 are as follows:

	<u>Year Ended June 30, 2021</u>	<u>Year Ended June 30, 2020</u>
Estimated Claims Outstanding July 1	\$ 1,943,481	\$ 2,659,504
Current Year Claims and Changes in Estimates	8,096,275	8,722,520
Claim Payments	<u>(8,237,672)</u>	<u>(9,438,543)</u>
Estimated Claims Outstanding June 30	<u>\$ 1,802,084</u>	<u>\$ 1,943,481</u>

We are unable to get the actuarial certification due to the lack of definition around adequacy of reserves and overall financial soundness of the plan.

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 10 - Governmental Activities Net Position

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

Governmental Activities

Net investment in Capital Assets

Capital assets, net of accumulated depreciation	\$ 62,530,355
Less: related long-term debt outstanding	<u>37,734,777</u>
Total Net Investment in Capital Assets	<u>24,795,578</u>

Restricted

Net WRS restricted net position	3,885,926
Self insurance	1,802,084
Unspent Common School Fund	5,683
Debt Service	688,542
Gift	1,173,221
Food Service	711,662
Community Service	<u>1,085,386</u>
	<u>9,352,504</u>

Unrestricted

	<u>3,720,278</u>
Total Governmental Activities Net Position	<u><u>\$ 37,868,360</u></u>

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 11 - Governmental Fund Balances

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

Nonspendable	
Prepaid Expenses:	
General Fund	\$ 35,950
Total Nonspendable Fund Balance	<u>35,950</u>
 Restricted	
Self Insurance	1,802,084
Unspent Common School Fund	5,683
Debt Service	688,542
Gift	1,173,221
Food Service	711,662
Community Service	1,085,386
Total Restricted Fund Balance	<u>5,466,578</u>
 Unassigned	 <u>15,604,153</u>
Total Governmental Fund Balances	<u>\$ 21,106,681</u>

Note 12 - Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Capital assets, net of accumulated depreciation	<u>\$ 62,530,355</u>
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The District's proportionate share of pension and OPEB liabilities (assets) and related deferred outflows and deferred inflows of resources that are recognized in the government-wide statements include:

Net WRS pension asset	\$ 10,314,436
Total supplemental pension liability	(17,252)
Total OPEB liability	(13,110,790)
Deferred outflows of resources from WRS pension	16,287,787
Deferred outflows of resources from OPEB	2,582,343
Deferred inflows of resources from WRS pension	(22,716,297)
Deferred inflows of resources from OPEB	<u>(907,569)</u>
Combined Adjustment	<u>\$ (7,567,342)</u>

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 12 - Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position (continued)

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.

General obligation bonds and notes payable	\$ (36,275,000)
Capital leases	(421,090)
Net deferred debt premium	(1,038,687)
Accrued compensated absences	(136,627)
Accrued interest on long-term obligations	<u>(329,930)</u>
Combined Adjustment	<u><u>\$ (38,201,334)</u></u>

Note 13 - Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities

Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording depreciation expense on those items as recorded in the Statement of Activities. This adjustment is a combination of the following items:

Capital expenditures	\$ 525,052
Depreciation expense	(2,811,850)
Loss on disposal of fixed assets	<u>(1,234,097)</u>
Combined Adjustment	<u><u>\$ (3,520,895)</u></u>

Differences between pension system contributions recognized occur because pension expense in the statement of activities is adjusted to account for the net pension asset(liability), deferred outflows and deferred inflows. The adjustment is a combination of the following items:

Employer WRS Contributions	\$ 1,775,368
WRS pension expense	1,563,780
Supplemental pension benefits paid	35,243
OPEB benefits paid	1,052,887
OPEB expense	<u>(1,291,069)</u>
Combined Adjustment	<u><u>\$ 3,136,209</u></u>

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 13 - Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities (continued)

Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenues and principal payments are recorded as expenditures in the governmental fund statements. In the Statement of Activities, long-term debt proceeds are recorded as a liability and principal payments are recorded as a reduction of liabilities. This adjustment is as follows:

Proceeds from long-term debt and capital leases	\$ (13,030,400)
Principal payments on long-term debt and capital leases	<u>17,252,398</u>
Combined Adjustment	<u><u>\$ 4,221,998</u></u>

Premiums in association with debt refinancing are deferred and amortized in the government-wide statements but recognized as revenue in the fund statements. The adjustment is as follows:

Proceeds of debt premium	\$ (499,383)
Amortization of debt premium	<u>141,256</u>
Combined Adjustment	<u><u>\$ (358,127)</u></u>

Under the modified accrual basis of accounting used in the governmental funds, expenditures are recognized for transactions that are normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported when the liability is incurred. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment is a combination of the following items:

Accrued compensated absences	\$ (136,627)
Accrued interest	<u>62,916</u>
Combined Adjustment	<u><u>\$ (73,711)</u></u>

Note 14 - Risk Management

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

Note 15 - Commitments and Contingencies

From time to time, the District is party to various claims and legal proceedings. Although the forecasted outcome of such matters cannot be done with certainty, it is the opinion of management and the District's legal counsel that the likelihood is remote that any such claims or proceedings will have a material effect on the District's financial position or results of operations.

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

**SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

Note 16 - Limitation of School District Revenues

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

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.

Note 17 – Interfund Receivables/Payables and Transfers

The District didn't have any transfers for the 2020-2021 fiscal year. Generally, transfers are used to use unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and Wisconsin Department of Public Instruction directives.

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

Note 18 – Subsequent Event

Management has evaluated subsequent events for possible recognition or disclosure through December 14, 2021 the date the financial statements were available to be distributed.

Note 19 - Change in Accounting Principle

The district implemented GASB #84, Fiduciary Activities, as of July 1, 2020. As a result, beginning of year net position and fund balance has been restated as follows:

Fund balance as previously reported on July 1, 2020	\$ 16,726,925
Beginning student activities adjustment	<u>356,644</u>
 Fund balance, as restated	 <u><u>\$ 17,083,569</u></u>
 Net position as previously reported on July 1, 2020	 \$ 30,083,129
Beginning student activities adjustment	<u>356,644</u>
 Net position, as restated	 <u><u>\$ 30,439,773</u></u>

Note 20 – Recently Issued Accounting Standards

The Governmental Accounting Standards Board (GASB) recently approved the following statements which were not implemented for these financial statements:

The GASB issued Statement No. 87 *Leases* in June 2017. This statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of the related Statement are effective for financial Statement periods beginning after June 15, 2021.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* in June 2018. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 20 – Recently Issued Accounting Standards (continued)

The GASB issued Statement No. 91, *Conduit Debt Obligations* in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of the related statement are effective for financial statement periods beginning after December 15, 2021.

The GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* in March 2020. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address these and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this Statement, except for paragraphs 11b, 13, and 14 are effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years periods beginning after June 15, 2021, and all reporting periods thereafter. Earlier application is encouraged.

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* in March 2020. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 20 – Recently Issued Accounting Standards (continued)

GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32 in June 2020. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective as follows: The requirements in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. The requirements in paragraphs 6–9 of this Statement are effective for fiscal years beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

The effect these standards may have on future financial statements is not determinable at this time.

REQUIRED SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT OF NEW BERLIN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2021

	Budget		Actual	Variance
	Original	Final		with Final Budget
Revenues				
Local property taxes	\$ 39,862,335	\$ 39,862,335	\$ 39,871,579	\$ 9,244
Other local sources	1,291,275	1,313,961	1,252,945	(61,016)
Interdistrict	201,997	201,997	314,776	112,779
Intermediate	33,635	27,721	34,560	6,839
State	12,195,134	12,215,666	12,307,746	92,080
Federal	354,171	476,785	603,951	127,166
Other	128,000	128,000	498,289	370,289
Total Revenues	<u>54,066,547</u>	<u>54,226,465</u>	<u>54,883,846</u>	<u>657,381</u>
Expenditures				
Instruction				
Regular	20,589,032	20,724,494	20,378,112	346,382
Physical	1,068,463	1,068,513	1,064,404	4,109
Vocational	1,089,687	1,134,254	1,061,816	72,438
Other	1,134,986	1,143,211	1,002,785	140,426
Total Instruction	<u>23,882,168</u>	<u>24,070,472</u>	<u>23,507,117</u>	<u>563,355</u>
Support Services				
Pupil services	1,054,021	1,050,262	1,041,695	8,567
Instructional support services	3,172,839	3,181,600	3,113,553	68,047
General administrative services	683,233	683,233	473,119	210,114
Building administrative services	2,841,506	2,824,201	2,863,429	(39,228)
Business administrative services	10,362,621	9,837,949	9,090,441	747,508
Central services	1,016,549	981,524	673,738	307,786
Insurance and judgements	619,328	614,328	446,387	167,941
Other support services	2,350,721	2,382,429	2,167,954	214,475
Debt service	404,820	374,820	374,820	-
Total Support Services	<u>22,505,638</u>	<u>21,930,346</u>	<u>20,245,136</u>	<u>1,685,210</u>
Non-Program				
General tuition payments	2,330,382	3,239,767	3,364,316	(124,549)
Other non-program services	10,000	10,000	407,391	(397,391)
Total Non-Program	<u>2,340,382</u>	<u>3,249,767</u>	<u>3,771,707</u>	<u>(521,940)</u>
Total Expenditures	<u>48,728,188</u>	<u>49,250,585</u>	<u>47,523,960</u>	<u>1,726,625</u>
Excess of revenues over expenditures	5,338,359	4,975,880	7,359,886	2,384,006
Other Financing Sources (Uses)				
Proceeds on sale of fixed assets	5,800	5,800	-	(5,800)
Proceeds from capital leases	-	367,390	635,400	268,010
Transfers indirect costs	43,397	44,162	-	(44,162)
Transfers to other funds	(5,445,112)	(5,445,112)	(4,578,040)	867,072
Net Change in Fund Balances	(57,556)	(51,880)	3,417,246	3,469,126
Fund Balances, beginning of year	14,030,624	14,030,624	14,030,624	-
FUND BALANCES, end of year	<u>\$ 13,973,068</u>	<u>\$ 13,978,744</u>	<u>\$ 17,447,870</u>	<u>\$ 3,469,126</u>

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF NEW BERLIN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
SPECIAL EDUCATION FUND
For the Year Ended June 30, 2021

	Budget		Actual	Variance
	Original	Final		with Final Budget
Revenues				
Interdistrict	\$ -	\$ -	\$ 17,725	\$ 17,725
Intermediate	-	-	3,252	3,252
State	1,598,096	1,598,096	1,897,514	299,418
Federal	1,108,811	1,108,811	1,088,380	(20,431)
Other	-	-	339	339
Total Revenues	<u>2,706,907</u>	<u>2,706,907</u>	<u>3,007,210</u>	<u>300,303</u>
Expenditures				
Instruction				
Special education	5,547,249	5,547,249	5,414,178	133,071
Total Instruction	<u>5,547,249</u>	<u>5,547,249</u>	<u>5,414,178</u>	<u>133,071</u>
Support Services				
Pupil services	896,993	896,993	907,207	(10,214)
Instructional support services	418,471	418,471	380,845	37,626
General administrative services	40,000	40,000	2,979	37,021
Business administrative services	511,476	511,476	371,734	139,742
Central services	5,337	5,337	5,518	(181)
Total Support Services	<u>1,872,277</u>	<u>1,872,277</u>	<u>1,668,283</u>	<u>203,994</u>
Non-Program				
General tuition payments	685,305	685,305	502,789	182,516
Total Non-Program	<u>685,305</u>	<u>685,305</u>	<u>502,789</u>	<u>182,516</u>
Total Expenditures	<u>8,104,831</u>	<u>8,104,831</u>	<u>7,585,250</u>	<u>519,581</u>
Deficiency of revenues over expenditures	(5,397,924)	(5,397,924)	(4,578,040)	819,884
Other Financing Uses				
Transfers indirect costs	(47,188)	(47,188)		47,188
Transfers from other funds	5,445,112	5,445,112	4,578,040	(867,072)
Net Change in Fund Balances	-	-	-	-
Fund Balances, beginning of year	-	-	-	-
FUND BALANCES, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF NEW BERLIN
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System
Last 10 Fiscal Years* (which may be built prospectively)**

	2021	2020	2019	2018	2017	2016	2015
School District of New Berlin's proportion of the net pension liability (asset)	0.1652%	0.1730%	0.1772%	0.1780%	0.1740%	0.1740%	0.1360%
School District of New Berlin's proportionate share of the net pension liability (asset)	(\$10,314,436)	(\$5,579,180)	\$6,305,325	(\$5,275,567)	\$1,442,886	\$2,829,254	(\$4,339,880)
School District of New Berlin's covered-employee payroll	\$26,298,177	\$26,311,994	\$26,776,102	\$26,484,703	\$25,536,566	\$24,960,530	\$24,193,417
School District of New Berlin's proportionate share of the net pension liability (asset) as a percentage of the covered-employee payroll	(39.22%)	(21.20%)	23.55%	(19.92%)	5.65%	11.33%	-17.94%
Plan fiduciary net position as a percentage of the total pension liability (asset)	105.26%	102.96%	96.45%	102.93%	99.12%	98.20%	102.74%

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

(See Note 5 and Notes to Required Supplementary Information)

**SCHOOL DISTRICT OF NEW BERLIN
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Contributions
Wisconsin Retirement System
Last 10 Fiscal Years* (which may be built prospectively)**

	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 1,775,368	\$ 1,723,435	\$ 1,797,494	\$ 1,823,107	\$ 1,685,622	\$ 1,697,315	\$ 1,693,539
Contributions in relation to the contractually required contributions	\$ 1,775,368	\$ 1,723,435	\$ 1,797,494	\$ 1,823,107	\$ 1,685,622	\$ 1,697,315	\$ 1,693,539
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District of New Berlin's covered-employee payroll	\$ 26,298,177	\$ 26,311,994	\$ 26,776,102	\$ 26,484,703	\$ 25,536,566	\$ 24,960,530	\$ 24,193,417
Contributions as a percentage of covered-employee payroll	6.75%	6.55%	6.71%	6.88%	6.60%	6.80%	7.00%

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

(See Notes 5 and Notes to Required Supplementary Information)

**SCHOOL DISTRICT OF NEW BERLIN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY AND RELATED RATIOS
SUPPLEMENTAL PENSION PLAN
Last 10 Fiscal Years (which may be built prospectively)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Pension Liability, beginning of year	\$ 52,495	\$ 87,738	\$ 122,981	\$ 158,224	\$ 193,467	\$ 21,032
Changes for the year:						
Service Cost	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Differences between expected and actual experience	-	-	-	-	-	-
Changes of assumptions or other input	-	-	-	-	-	176,216
Benefit payments	<u>(35,243)</u>	<u>(35,243)</u>	<u>(35,243)</u>	<u>(35,243)</u>	<u>(35,243)</u>	<u>(3,781)</u>
Net Changes	<u>(35,243)</u>	<u>(35,243)</u>	<u>(35,243)</u>	<u>(35,243)</u>	<u>(35,243)</u>	<u>172,435</u>
Total Pension Liability, end of year	<u>\$ 17,252</u>	<u>\$ 52,495</u>	<u>\$ 87,738</u>	<u>\$ 122,981</u>	<u>\$ 158,224</u>	<u>\$ 193,467</u>
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Pension liability (asset) as a percentage of the covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A

(See Note 6 and Notes to Required Supplementary Information)

**SCHOOL DISTRICT OF NEW BERLIN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFITS PLAN
Last 10 Fiscal Years (which may be built prospectively)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Total OPEB liability - beginning	\$ 14,337,007	\$ 12,987,304	\$ 10,420,673	\$ 10,453,685
Changes for the year:				
Service Cost	533,275	417,321	404,542	404,542
Interest	316,737	445,520	380,324	377,144
Benefit Payments	(1,052,887)	(933,643)	(961,968)	(814,698)
Changes in Benefit Terms	-	-	53,496	-
Differences between expected and actual experience	(10,234)	-	2,743,468	-
Changes of assumptions or other input	(1,013,108)	1,420,505	(53,231)	-
Net Changes	<u>(1,226,217)</u>	<u>1,349,703</u>	<u>2,566,631</u>	<u>(33,012)</u>
Total OPEB liability - ending	<u>\$ 13,110,790</u>	<u>\$ 14,337,007</u>	<u>\$ 12,987,304</u>	<u>\$ 10,420,673</u>
Covered-employee payroll	\$ 25,833,784	\$ 25,516,080	\$ 25,516,080	\$ 25,237,724
Total OPEB liability as a percentage of the covered-employee payroll	50.75%	56.19%	50.90%	41.29%

(See Note 7 and Notes to Required Supplementary Information)

**SCHOOL DISTRICT OF NEW BERLIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

Note 1 – Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting as described in Note 1C. Reported budget amounts are as amended by School Board resolution. Budgets are adopted at the function level in the general fund and at the fund level for all other funds. Appropriations lapse at year end unless specifically carried over.

Excess Expenditures Over Appropriations

The following general fund functions had an excess of actual expenditures over appropriations for the year ended June 30, 2021:

Fund - Function	Excess Expenditures
General Fund	
Building administrative services	\$ 39,228
General tuition payments	\$ 124,549
Other non-program services	\$ 397,391
Special Education Fund	
Pupil services	\$ 10,214
Central services	\$ 181

Note 2 – Wisconsin Retirement System (WRS) Pension Data

The data presented in the Schedule of Proportionate Share of Net Pension Liability (Asset) and the Schedule of Contributions is derived from data provided by the Wisconsin Department of Employee Trust Funds.

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

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

Note 3 – Supplemental Pension Data

The supplemental pension was not included in the actuarial study due to the circumstances described in Note 6 of the financial statements. The Schedule of changes in total pension liability – Supplemental pension is included to disclose the changes in the total pension liability in the format that is consistent with new pension standards.

Note 4 – Other Postemployment Benefit Plan

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

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

SUPPLEMENTAL FINANCIAL INFORMATION

**SCHOOL DISTRICT OF NEW BERLIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021**

	<u>Gift Fund</u>	<u>Food Service</u>	<u>Community Service</u>	<u>Package Cooperative Program Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS					
Cash and investments	\$ 1,233,698	\$ 728,604	\$ 1,088,786	\$ -	\$ 3,051,088
Accounts receivable	-	133	-	-	133
Due from other governments	-	89,556	-	-	89,556
Total Assets	<u>\$ 1,233,698</u>	<u>\$ 818,293</u>	<u>\$ 1,088,786</u>	<u>\$ -</u>	<u>\$ 3,140,777</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 60,477	\$ 5,973	\$ 1,435	\$ -	\$ 67,885
Accrued salaries and wages	-	1,716	1,965	-	3,681
Unearned revenue	-	98,942	-	-	98,942
Total Liabilities	<u>60,477</u>	<u>106,631</u>	<u>3,400</u>	<u>-</u>	<u>170,508</u>
Fund Balances					
Restricted	<u>1,173,221</u>	<u>711,662</u>	<u>1,085,386</u>	<u>-</u>	<u>2,970,269</u>
Total Fund Balances	<u>1,173,221</u>	<u>711,662</u>	<u>1,085,386</u>	<u>-</u>	<u>2,970,269</u>
Total Liabilities and Fund Balances	<u>\$ 1,233,698</u>	<u>\$ 818,293</u>	<u>\$ 1,088,786</u>	<u>\$ -</u>	<u>\$ 3,140,777</u>

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF NEW BERLIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	Gift Fund	Food Service	Community Service	Package Cooperative Program Fund	Total Nonmajor Governmental Funds
REVENUES					
Local property taxes	\$ -	\$ -	\$ 625,000	\$ -	\$ 625,000
Other local sources	529,554	223,688	187,996	-	941,238
Interdistrict	-	-	-	72,202	72,202
State	-	12,998	-	-	12,998
Federal	-	1,380,310	-	-	1,380,310
Other revenue	-	-	-	-	-
Total Revenues	<u>529,554</u>	<u>1,616,996</u>	<u>812,996</u>	<u>72,202</u>	<u>3,031,748</u>
EXPENDITURES					
Instruction					
Regular	34,345	-	-	680	35,025
Vocational	5,875	-	-	-	5,875
Other	306,301	-	-	-	306,301
Total Instruction	<u>346,521</u>	<u>-</u>	<u>-</u>	<u>680</u>	<u>347,201</u>
Support Services					
General administrative services	5,591	-	-	-	5,591
Business administrative services	1,465	1,367,602	1,193	-	1,370,260
Central services	-	1,816	6,967	-	8,783
Other support services	-	12,294	-	-	12,294
Community services	-	-	564,703	-	564,703
Total Support Services	<u>7,056</u>	<u>1,381,712</u>	<u>572,863</u>	<u>-</u>	<u>1,961,631</u>
Non-Program					
Other non-program services	-	-	-	71,522	71,522
Total Non-Program	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,522</u>	<u>71,522</u>
Total Expenditures	<u>353,577</u>	<u>1,381,712</u>	<u>572,863</u>	<u>72,202</u>	<u>2,380,354</u>
Net Change in Fund Balances	175,977	235,284	240,133	-	651,394
Fund Balances, beginning of year as restated	997,244	476,378	845,253	-	2,318,875
FUND BALANCES, end of year	<u>\$ 1,173,221</u>	<u>\$ 711,662</u>	<u>\$ 1,085,386</u>	<u>\$ -</u>	<u>\$ 2,970,269</u>

See accompanying notes to the financial statements.

**SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
AND OTHER AUDITOR'S REPORTS**

SCHOOL DISTRICT OF NEW BERLIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Awarding Agency/Pass-Through Agency/Award Description	Federal CFDA Number	Pass-Through Entity Identifying Number	Program of Award Amount	Accrued Receivable 7/1/2020	Expenditures Grantor	Revenues Grantor Reimbursements	Accrued Receivable 6/30/2021
U.S. DEPARTMENT OF EDUCATION							
State of Wisconsin							
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION							
Title I Programs							
<u>IASA Title I- Public</u>	84.010	2021-673925-DPI-TIA-141					
July 1, 2019 - June 30, 2020			\$ 107,781	\$ 36,376	\$ -	\$ 36,376	\$ -
July 1, 2020 - June 30, 2021			\$ 110,689	-	91,742	67,870	23,872
<u>IASA Title I- Private</u>	84.010	2021-673925-DPI-TIA-141					
July 1, 2019 - June 30, 2020			\$ 15,083	833	-	833	-
July 1, 2020 - June 30, 2021			\$ 15,373	-	14,574	10,202	4,372
Milwaukee Public Schools							
<u>IASA Title I</u>	84.010	N/A					
July 1, 2020 - June 30, 2021			-	-	52,730	52,730	-
Mukwonago School District							
<u>IASA Title I</u>	84.010	N/A					
July 1, 2020 - June 30, 2021			-	-	1,017	1,017	-
Waukesha School District							
<u>IASA Title I</u>	84.010	N/A					
July 1, 2020 - June 30, 2021			-	-	7,939	7,939	-
West Allis - West Milwaukee School District							
<u>IASA Title I</u>	84.010	N/A					
July 1, 2020 - June 30, 2021			-	-	10,516	10,516	-
Total Title I programs				<u>37,209</u>	<u>178,518</u>	<u>187,483</u>	<u>28,244</u>
Career Education Programs							
<u>Carl Perkins Grant</u>	84.048	2021-673925-DPI-CTE-400					
July 1, 2019 - June 30, 2020			\$ 13,220	3,045	(781)	2,264	-
July 1, 2020 - June 30, 2021			\$ 12,289	-	12,085	8,535	3,550
<u>WCTC Youth Apprentice</u>	84.048	2021-673925-DPI-CTE-400					
July 1, 2020 - June 30, 2021			\$ 16,744	-	16,744	16,744	-
<u>WCTC Career Prep Tech Support</u>	84.048	2021-673925-DPI-CTE-400					
July 1, 2020 - June 30, 2021			\$ 1,515	-	1,515	1,515	-
<u>WEDC Fab-Lab</u>	N/A	N/A					
July 1, 2020 - June 30, 2021			\$ 19,000	-	18,981	18,981	-
Total Career Education Programs				<u>3,045</u>	<u>48,544</u>	<u>48,039</u>	<u>3,550</u>
Special Education Cluster							
<u>IDEA Flow Through</u>	84.027	2021-673925-DPI-IDEA-FT-341					
July 1, 2019 - June 30, 2020			\$ 1,019,319	275,765	-	275,765	-
July 1, 2020 - June 30, 2021			\$ 907,844	-	897,968	662,686	235,282
<u>IDEA CEIS</u>	84.027	2021-673925-DPI-IDEA-FT-341					
July 1, 2019 - June 30, 2020			-	51,756	-	51,756	-
July 1, 2020 - June 30, 2021			-	-	159,134	148,440	10,694
<u>IDEA Preschool</u>	84.173	2021-673925-DPI-IDEA-P-347					
July 1, 2019 - June 30, 2020			-	10,045	-	10,045	-
July 1, 2020 - June 30, 2021			-	-	34,416	29,007	5,409
<u>IDEA Schoolwide</u>	84.027	N/A					
July 1, 2019 to June 30, 2020			-	6,183	-	6,183	-
<u>Hartland-Lakeside School District</u>	84.027	N/A					
July 1, 2020 to June 30, 2021			-	-	17,725	17,725	-
Total Special Education Cluster				<u>343,749</u>	<u>1,109,243</u>	<u>1,201,607</u>	<u>251,385</u>
Elementary and Secondary School Emergency Relief	84.425	2021-673925-DPI-ESSERF-160					
July 1, 2020 - June 30, 2021			-	-	92,994	92,994	-
Title II -Quality Teachers and Principals	84.367	2021-673925-DPI-TIIA-365					
July 1, 2019 - June 30, 2020			\$ 63,200	16,136	-	16,136	-
July 1, 2020 - June 30, 2021			\$ 61,488	-	56,353	46,213	10,140
Title IV - Student Support and Acad Enrich Grants	84.424	2021-673925-DPI-TIV-A-381					
July 1, 2019 - June 30, 2020			-	1,857	-	1,857	-
July 1, 2020 - June 30, 2021			\$ 10,650	-	5,614	4,931	683
Total U.S. Department of Education				<u>401,996</u>	<u>1,491,266</u>	<u>1,599,260</u>	<u>294,002</u>

See accompanying notes to schedules of expenditures of federal and state awards.

SCHOOL DISTRICT OF NEW BERLIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021
(Continued)

Awarding Agency/Pass-Through Agency/Award Description	Federal CFDA Number	Pass-Through Entity Identifying Number	Program of Award Amount	Accrued Receivable 7/1/2020	Expenditures Grantor	Revenues Grantor Reimbursements	Accrued Receivable 6/30/2021
U.S. DEPARTMENT OF AGRICULTURE							
State of Wisconsin							
<u>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</u>							
Child Nutrition Cluster							
National School Lunch Program July 1, 2020 - June 30, 2021	10.555	2021-673925-DPI-NSL-547	-	\$ -	\$ 1,179,388	\$ 1,101,251	\$ 78,137
Food Service Aid School Breakfast July 1, 2020 - June 30, 2021	10.553	2021-673925-DPI-SB-546	-		22,589	11,170	11,419
National School Lunch Program - COVID-19 July 1, 2019 - June 30, 2020	10.555	2021-673925-DPI-NSL-547	-	26,253	-	26,253	-
Food Distribution July 1, 2020 - June 30, 2021	10.555	2021-673925-DPI-NSL-547	-	-	178,332	178,332	-
Total Child Nutrition Cluster and U.S. Department of Agriculture				<u>26,253</u>	<u>1,380,309</u>	<u>1,317,006</u>	<u>89,556</u>
U.S. DEPARTMENT OF HEALTH AND FAMILY SERVICES							
State of Wisconsin							
<u>WISCONSIN DEPARTMENT OF HEALTH SERVICES</u>							
Medicaid Reimbursements July 1, 2019 - June 30, 2020	93.778	44210200	-	11,823	-	11,823	-
July 1, 2020 - June 30, 2021			-	-	339,536	327,409	12,127
Total Medicaid Reimbursement and U.S. Department of Health and Family Services				<u>11,823</u>	<u>339,536</u>	<u>339,232</u>	<u>12,127</u>
Totals				<u>\$ 440,072</u>	<u>\$ 3,211,111</u>	<u>\$ 3,255,498</u>	<u>\$ 395,685</u>

See accompanying notes to schedules of expenditures of federal and state awards.

SCHOOL DISTRICT OF NEW BERLIN
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended June 30, 2021

<u>Awarding Agency/Pass-Through Agency/Award Description</u>	<u>State ID Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Accrued Receivable 7/1/2020</u>	<u>Revenue/ Expenditures</u>	<u>Reimbursements</u>	<u>Accrued Receivable 6/30/2021</u>
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION						
Entitlement Programs						
Major Programs						
General Aids Cluster						
Equalization Aid	255.201	673925-116	\$ 45,841	\$ 7,302,669	\$ 7,233,124	\$ 115,386
Integration Aid - Non-resident	255.204	673925-106	-	30,714	30,714	-
Total General Aids Cluster			<u>45,841</u>	<u>7,333,383</u>	<u>7,263,838</u>	<u>115,386</u>
Handicapped Pupils and School Age Parents	255.101	673925-100	-	1,815,975	1,815,975	-
Total Major Programs			<u>45,841</u>	<u>9,149,358</u>	<u>9,079,813</u>	<u>115,386</u>
Nonmajor Programs						
State School Lunch Aid	255.102	673925-107	-	12,998	12,998	-
Common School Library Fund	255.103	673925-104	-	182,534	182,534	-
Pupil Transportation	255.107	673925-102	-	105,412	105,412	-
School Based Mental Health Services	255.297	673925-176	-	109,800	52,710	57,090
High Cost Special Education	255.210	673925-119	-	65,539	65,539	-
Supplemental Per Pupil Aid	255.245	673925-181	-	13,423	13,423	-
Educator Effective Eval Sys Grants	255.940	673925-154	-	23,440	23,440	-
Per Pupil Adjustment Aid	255.945	673925-113	-	3,277,414	3,277,414	-
Career and Technical Education	255.950	673925-152	-	36,692	36,692	-
Assessments of Reading Readiness	255.956	673925-166	-	11,500	11,500	-
Robotics League Participation Grants	255.959	673925-167	4,403	4,417	4,403	4,417
Special Education Transition Incentive	255.960	673925-168	-	16,000	16,000	-
Early College Credit Program	255.445	673925-178	-	17,465	17,465	-
Total Nonmajor Programs			<u>4,403</u>	<u>3,876,634</u>	<u>3,819,530</u>	<u>61,507</u>
Total Wisconsin Department of Public Instruction			<u>50,244</u>	<u>13,025,992</u>	<u>12,899,343</u>	<u>176,893</u>
WISCONSIN DEPARTMENT OF REVENUE						
Major Programs						
Exempt Computer Aid	-	-	327,392	1,183,627	1,183,627	327,392
Total Wisconsin Department of Revenue			<u>327,392</u>	<u>1,183,627</u>	<u>1,183,627</u>	<u>327,392</u>
WISCONSIN DEPARTMENT OF JUSTICE						
Safety Grant	-	-	-	8,640	8,640	-
Total Wisconsin Department of Justice			<u>-</u>	<u>8,640</u>	<u>8,640</u>	<u>-</u>
Other						
CESA - Transit of Aid	-	-	995	3,252	2,946	1,301
Fast Forward Health Occupations	-	-	12,730	-	12,730	-
Total Other			<u>13,725</u>	<u>3,252</u>	<u>15,676</u>	<u>1,301</u>
Total			<u>\$ 391,361</u>	<u>\$ 14,221,511</u>	<u>\$ 14,107,286</u>	<u>\$ 505,586</u>

See accompanying notes to schedules of expenditures of federal and state awards.

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE AWARDS
June 30, 2021

Note 1 - Basis of Presentation

The accompanying schedules of expenditures of federal awards and state awards (the "Schedules") includes the federal and state award activity of the District. The information in these Schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the Wisconsin State Single Audit Guidelines. Because the Schedules present only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State and Local Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Wisconsin State Single Audit Guidelines.

The District did not elect to use the 10% de minimis cost rate as covered in Uniform Guidance Section 200.414 *Indirect (F&A) Costs*.

Note 3 - Oversight Agencies

The District's federal oversight agency for audit is the U.S. Department of Education. The District's state cognizant agency is the Wisconsin Department of Public Instruction.

Note 4 - Eligible Costs for Special Education

Eligible costs for special education under project 011 were \$6,634,259 for the year ended June 30, 2021.



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

Board of Education
School District of New Berlin
New Berlin, Wisconsin

We have audited, 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the School District of New Berlin, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District of New Berlin's basic financial statements and have issued our report thereon dated December 14, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as **Finding 2021-001** that we consider to be a significant deficiency.

Compliance and Other Matters

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

Purpose of this Report

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

School District of New Berlin's Response to Findings

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

Restriction on Use

This report is intended for the information and use of management, the Board of Education, federal and state awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

SCHUMACHER SAMA, LLP



Wauwatosa, Wisconsin
December 14, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE
AND THE STATE SINGLE AUDIT GUIDELINES**

Board of Education
School District of New Berlin
New Berlin, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited School District of New Berlin's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. We have also audited the compliance of the District with the types of compliance requirements described in the State Single Audit Guidelines issued by the Wisconsin Department of Administration and the Wisconsin Public School District Audit Manual, issued by the Wisconsin Department of Public Instruction that are applicable to each of its major state programs for the year ended June 30, 2021. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, School District of New Berlin complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

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

SCHUMACHER SAMA, LLP



Wauwatosa, Wisconsin
December 14, 2021

**SCHOOL DISTRICT OF NEW BERLIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021**

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified	
Internal control over financial reporting		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(s) identified not considered to be material weaknesses?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Federal Awards

Internal control over major programs		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(s) identified not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Type of auditor's report issued on compliance for major programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Identification of major programs

CFDA NUMBER(S)

84.027,84.173

Name of Federal Program or Cluster

Special Education IDEA Cluster

Dollar threshold used to distinguish between Type A & Type B programs \$750,000

Auditee qualified as low-risk auditee? yes no

**SCHOOL DISTRICT OF NEW BERLIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021**

Section I: Summary of Auditor's Results (continued)

State Awards

Internal control over major programs
 Material weakness(es) identified? ___ yes X no
 Significant deficiency(s) identified not
 considered to be material weaknesses? ___ yes X no

Type of auditor's report issued on compliance
 for major programs. Unmodified

Any audit findings disclosed that are required
 in accordance with the State Single Audit Guidelines ___ yes X no
 Identification of major state programs

<u>State Identification Number</u>	<u>Name of State Program or Cluster</u>
255.201	General Equalization Aid – General Aids Cluster
255.204	Integration Aid- General Aids Cluster
255.101	Special Education and School Aged Parents
-	Exempt Computer AID

Section II: Financial Statement Findings

Finding 2021-001:

Criteria - *Government Auditing Standards* considers the inability to comply with guidelines in accordance with accounting principles generally accepted in the United States (GAAP) to be an internal control deficiency.

Condition - The District's internal control over financial reporting extends through completion of the general ledger, but not to preparation of financial statements and notes. As auditors, we were requested to draft the financial statements including adjustments required under GASB 34, and the accompanying notes to the financial statements. The auditors believe, in the auditors' judgment, the District does possess the necessary expertise to prepare the financial statements but has chosen to hire the auditors to perform this service.

Effect - As a result of not having an individual on staff to prepare GAAP basis financial statements, the District has an internal control deficiency.

Cause - Management and those charged with governance have accepted this condition because of cost.

Recommendation - We recommend that management and those charged with governance continue to oversee and accept responsibility of the financial statement preparation services.

District Response - The District does not have the resources and staff to prepare the financial statements and notes but will continue to oversee the auditor's services and review and approve the financial statements and notes.

**SCHOOL DISTRICT OF NEW BERLIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021**

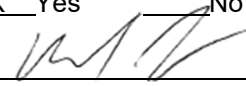
Section III: Other issues

1. Does the auditor's report of the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? _____Yes X No _____N/A

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

Department of Health Services	_____Yes	_____X No	_____N/A
Department of Workforce Development	_____Yes	_____X No	_____N/A
Department of Corrections	_____Yes	_____X No	_____N/A

3. Was a Management letter or other document conveying audit comments issued as a result of this audit? _____X Yes _____No _____N/A

4. Name and signature of partner


 Michael Sama, CPA

5. Date of report _____December 14, 2021_____

**SCHOOL DISTRICT OF NEW BERLIN
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2021**

Finding No. 2021-001 Significant Deficiency in Internal Control Finding – Financial Statement Preparation

The District will continue to work with the District's audit firm in the oversight and preparation of the District financial statements. The District will not seek to hire the necessary personnel to produce financial statements internally. The production of these financial statements can be produced in a more efficient and cost-effective manner by outsourcing this process to the District's audit firm.

Contact Person: Patrick Miller 262-789-6211

SCHOOL DISTRICT OF NEW BERLIN
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2021

Finding 2020-001:

Criteria - *Government Auditing Standards* considers the inability to comply with guidelines in accordance with accounting principles generally accepted in the United States (GAAP) to be an internal control deficiency.

Condition - The District's internal control over financial reporting extends through completion of the general ledger, but not to preparation of financial statements and notes. As auditors, we were requested to draft the financial statements including adjustments required under GASB 34, and the accompanying notes to the financial statements. The auditors believe, in the auditors' judgment, the District does possess the necessary expertise to prepare the financial statements but has chosen to hire the auditors to perform this service.

Effect - As a result of not having an individual on staff to prepare GAAP basis financial statements, the District has an internal control deficiency.

Cause - Management and those charged with governance have accepted this condition because of cost.

Recommendation - We recommend that management and those charged with governance continue to oversee and accept responsibility of the financial statement preparation services.

District Response - The District does not have the resources and staff to prepare the financial statements and notes but will continue to oversee the auditor's services and review and approve the financial statements and notes.

State of Finding: No change