SCHOOL DISTRICT OF SOUTH MILWAUKEE

FINANCIAL STATEMENTS

JUNE 30, 2021

SCHOOL DISTRICT OF SOUTH MILWAUKEE

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SCHUMACHER SAMA CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Education
School District of South Milwaukee
Milwaukee County, Wisconsin

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 South Milwaukee, 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 South Milwaukee'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 amount 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 South Milwaukee as of June 30, 2021, and the respective changes in financial position 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Proportionate Share of the Net Pension Liability (Asset)-Wisconsin Retirement System, Schedule of Contributions-Wisconsin Retirement System, Schedule of Changes in OPEB Liability (Asset) Other Postemployment Benefits Plan, Schedule of Total OPEB Liability (Asset) as Percentage of Covered – Employee Payroll, Schedule of Annual Money-Weighed Rate of Return on Investments – Other Postemployment Benefits Plan, and the notes to required supplemental information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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 supplemental 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 Tile 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; 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.

Report Issued in Accordance with Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 14, 2021 on our consideration of the School District of South Milwaukee'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

SCHUMACHER SAMA, LLP

Wauwatosa, Wisconsin
December 14, 2021

MANAGEMENT'S DISCUSSION
AND
ANALYSIS

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

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

FINANCIAL HIGHLIGHTS

- The District's total change in net position as shown in the statement of activities was an increase of $4,941,646.

- The General Fund (Fund 10) fund balance decreased $464,433 from $9.2 million to $8.8 million. The fund balance is 21% of Fund 10 expenditures including transfers.

- The Debt Service Fund (Fund 30) fund balance increased $19,170.

- The increase of $252,218 in Other Governmental Funds was due to a decrease in the Food Service Fund $4,953 and increases in the Long-Term Capital Improvement Fund $102,831, Gift Fund $122,617, and Community Service Fund $31,723.

- Total revenues for Governmental Funds were $49.9 million. This amount includes $14.0 million of local property taxes, $34.9 million in operating grants and other federal and state aids and $938,171 in contributions, charges for services and other miscellaneous revenue. Property taxes represent 28% of all revenue. Operating grants and other federal and state aid represents 70% of all revenue.

- Capital assets have been reported at $92.0 million and accumulated depreciation of $41.1 million for a net capital asset value of $50.9 million. The amount listed represents the estimated historical cost of all sites, site improvements, buildings and building improvements, furniture and equipment with a unit value of at least $5,000. An independent physical inventory was last conducted in June, 2021.

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 2020-21 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* focus 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 Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual* is required Supplementary Information, which further explains and supports the financial statements by including a comparison of the District's budget data for the year.

- The *Notes to the 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.

- *Supplementary Information* provides information specific to non-major 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. **The District does not report any program for this designation**.	Assets held by the District on behalf of someone else. Student and other groups that have funds on deposit with the District are reported here. All expendable and non-expendable scholarship funds are reported here. The District's Post-Retirement Health Insurance Benefit Trust is reported here.
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balance	Statement of Net Position Statement of Revenues, Expenses and Changes in Net Position Statement of 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. **The District's fiduciary funds do not currently contain capital assets**.
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

	2021	2020
Assets		
Current Assets	$ 14,809,092	$ 15,063,401
Non-Current Assets	59,584,078	57,040,972
Deferred Outflows of Resources	13,846,745	10,558,259
Total Assets & Deferred Outflows	$ 88,239,915	$ 82,662,632
Liabilities		
Current Liabilities	$ 6,551,415	$ 6,565,887
Non-Current Liabilities	18,971,357	24,149,738
Deferred Inflows of Resources	23,050,224	17,221,734
Total Liabilities & Deferred Inflows	$ 48,572,996	$ 47,937,359
Net Position		
Invested in Capital, Net of Related Debt	$ 37,826,995	$ 35,526,152
Restricted	8,047,833	8,020,834
Unrestricted	(6,207,909)	(8,821,713)
Total Net Position	$ 39,666,919	$ 34,725,273

Note: totals may not add due to rounding

As of June 30, 2021, the District reported total assets and deferred outflows of resources of $88.2 million and total liabilities and deferred inflows of resources of $48.6 million. Net position amounts to $39.7 million. Capital asset reporting includes historical cost of sites, site improvements, buildings, building improvements, furniture and equipment (all net of accumulated depreciation).

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

		Actual 2020-2021	%	Actual 2019-2020	%
Revenues:					
Program	Charges for Services	$ 441,744	0.9	$ 984,598	2.1
	Operating Grants & Cont.	8,357,503	16.7	7,096,468	14.8
General	Property & Other Taxes	14,076,174	28.2	13,553,017	28.3
	General Aid	26,524,873	53.2	25,598,793	53.5
	Gifts	322,504	0.6	313,161	0.7
	Other	173,923	0.3	312,934	0.7
	Total Revenue	$ 49,896,721	100.0	$ 47,858,971	100.0

Note: totals may not add due to rounding.

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

		Actual 2020-2021	%	Actual 2019-2020	%
Expenses:					
	Instruction	$ 24,886,882	55.4	$ 25,921,962	56.6
	Pupil/Instructional services	6,266,762	13.9	5,265,107	11.5
	Administration and business	10,325,144	23.0	10,948,160	23.9
	Other support	367,305	0.8	419,383	0.9
	Interest on debt	279,188	0.6	409,987	0.9
	Community service	933,234	2.1	1,154,306	2.5
	Other	1,896,560	4.2	1,671,976	3.7
	Total Expense	$ 44,955,075	100.0	$ 45,790,881	100.0
Change in Net Position		$ 4,941,646		$ 2,068,090	

Note: totals may not add due to rounding.

Revenues

- The District received $49.9 million in revenue for the 2020-21 fiscal year. $14.1 million (28%) of the District's total revenue came from local school property tax and prior year chargebacks. 70% of the total came from grants and other federal and state aid. The District receives approximately 0.9% in the form of direct fees for services. Book and activity fees, admissions to athletic events, open-enrollment tuition, and building rental fees are included as direct fees for services. 1% of the total came from gifts and other miscellaneous revenue. The overall make-up of the sources of revenue did not vary significantly from the previous fiscal year.

- Federal and State governments subsidized programs with grants and aid were $34.9 million. Special Education Aid and General Equalization Aid are examples of these.

Expenses

- The District's total expenditure amount was $45 million for fiscal year 2020-21. Pupil instruction and instructional services account for 69% of expenditures. Costs for teacher salaries/benefits, textbooks, and instructional supplies are examples of pupil instruction and instructional services. Business Administration and General/Building Administration account for 23% of total expense. These costs include individual building budgets, district maintenance, and school business insurance. The costs associated with Debt Service and Community Services account for 0.6% and 2%, respectively of all District expenses.

Table 4 - Net Cost of Governmental Activities

	2021		2020	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	$ 24,886,882	$ 19,461,604	$ 25,921,962	$ 20,366,971
Pupil/Instructional services	6,266,762	4,704,885	5,265,107	4,483,393
Administration and business	10,325,144	8,813,779	10,948,160	9,650,393
Other support	367,305	344,446	419,383	399,518
Interest on debt	279,188	279,188	409,987	409,987
Unallocated depreciation	1,799,812	1,799,812	1,661,093	1,661,093
Community service	933,234	655,366	1,154,306	727,577
Total	$ 44,858,327	$ 36,059,080	$ 45,779,998	$ 37,698,932

- The total cost of all governmental activities was $44.9 million. (Table 4)
- The net cost of governmental activities was $36.1 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 of services.

General Fund Budgetary Comparison

- The District adopts an interim budget in spring 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 Fund 10 final budget was approved with a balanced budget and no impact projected on fund balance. Actual results for 2020-21 show a decrease of $464,434. The fund balance decrease was due to COVID-19 related expenses, capital investments made in the district's facilities, grounds, and overall infrastructure.

Fund Balances

- The District shows a total for all fund balances of $12.5 million as of June 30, 2021. (See Note 9 in the financial statements for the detail of total governmental fund balances).
- $8.8 million is in the General Fund (Fund 10). The District utilizes this fund balance for funding short-term operations. The interest earned on investment of these funds provides additional spending capacity.
- $985,646 is in the Debt Service Fund (Fund 30), which is reserved for future debt payments.
- $501,630 is in the Community Service Fund (Fund 80), which is used to fund short-term operations.
- The remaining amounts are the balance of the Food Service Fund in the amount of $319,089, Gift Fund in the amount of $986,621 and the Long-Term Capital Improvement Fund of $935,541.

Capital Asset and Debt Administration

Capital Assets

- The District hired an independent appraisal firm to perform a comprehensive physical inventory of all capital assets over $5,000 and calculated both annual and accumulated depreciation on all applicable capital assets as of June 30, 2021. The District reported $ 523,829 in capital asset additions and $2.0 million in depreciation expense in fiscal year 2021. (Note 3 in the Financial Statements details capital assets).

Long Term Debt

- As of June 30, 2021 the District had $13.3 million in long-term notes, general obligation bonds, and accrued compensated absences. (Note 4 in the Financial Statements details long-term obligations). The District made payments of $4.0 million on its general obligation debt during the year.

Decisions that will impact the Future of the District

The 2021-23 Wisconsin biennial budget includes a $0 revenue limit per pupil adjustment in both the 2021-22 and 2022-23 fiscal years. The revenue limit per pupil defunding will challenge South Milwaukee's ability to maintain programs and services for students. Over the past few years South Milwaukee has been declining in enrollment which is eroding our revenue limit and challenging our capacity. We need to advocate for a fiscally responsible way to account for enrollment changes that do not compromise programs or services for our students.

We witnessed a state budget process that included a lot of misinformation regarding federal revenues and ended up defunding the revenue limit which governs our ability to provide services to our community. We will have to work hard to expose the misinformation and encourage strategic use of targeted one-time federal funds so that we avoid creating a fiscal cliff in the future.

COVID-19 continues to require schools to modify our instructional delivery and continues to create some unique staffing challenges. South Milwaukee has begun to receive CARES Act funding and will be receiving ARPA funding to help fund the challenges presented by COVID-19. As the pandemic evolves, we will apply this additional funding to ensure we can continue to serve our students in the best way possible throughout the duration of the pandemic.

To maintain programs and services to students, among other items, the School District of South Milwaukee took it to the South Milwaukee voters on November 6th, 2018, and they voted (58% voted Yes) to exceed the revenue limits on a recurring basis by $3.8 million. In future years the revenue limit will be adjusted by the amounts below.

2021-22: $575,000
2022-23: $300,000
2023-24: $725,000
2024-25: $775,000

In addition to the approved referendum we will be largely debt free by the 2023-24 school year. We are excited about the opportunities the referendum has and will continue to afford our students and community over the coming years.

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:

Blaise Paul, Director of Business Services
School District of South Milwaukee
901 15th Avenue
South Milwaukee, WI 53172

Phone: (414) 766-5020
Fax: (414) 766-5029

BASIC FINANCIAL STATEMENTS

SCHOOL DISTRICT OF SOUTH MILWAUKEE
STATEMENT OF NET POSITION
June 30, 2021

ASSETS	
Current Assets	
Cash and investments	$ 10,427,879
Taxes receivable	1,923,858
Accounts receivable	12,978
Due from fiduciary fund	214,412
Due from other governments	2,171,284
Inventories	46,625
Prepaid expenses	12,056
Total Current Assets	14,809,092
Noncurrent Assets	
Capital assets	91,950,788
Less: Accumulated depreciation	(41,053,793)
Net Capital Assets	50,896,995
Net WRS Pension Asset	8,687,083
Total Non-current Assets	59,584,078
Total Assets	74,393,170
Deferred Outflows of Resources	
Deferred outflows of resources from WRS pension	13,706,914
Deferred outflows of resources from OPEB	139,831
Total Deferred Outflows of Resources	13,846,745
Total Assets and Deferred Outflows of Resources	$ 88,239,915
LIABILITIES	
Current Liabilities	
Current portion of long-term obligations	$ 4,169,171
Accounts payable and accrued expenses	1,990,631
Due to other funds	214,412
Other current liabilities	177,201
Total Current Liabilities	6,551,415
Noncurrent Liabilities	
Net OPEB liability	9,856,272
Noncurrent portion of long-term obligations	9,115,085
Total Non-current Liabilities	18,971,357
Total Liabilities	25,522,772
Deferred Inflows of Resources	
Deferred inflows of resources from WRS pension	19,032,078
Deferred inflows of resources from OPEB	4,018,146
	23,050,224
Total Liabilities and Deferred Inflows of Resources	48,572,996
NET POSITION	
Net investment in capital assets	37,826,995
Restricted	8,047,833
Unrestricted	(6,207,909)
Total Net Position	39,666,919
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 88,239,915

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF SOUTH MILWAUKEE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes In Net Position
Instruction				
Regular	$ 17,916,188	$ 143,427	$ 2,994,038	$ (14,778,723)
Physical	731,353	-	137,559	(593,794)
Vocational	1,183,437	-	251,243	(932,194)
Special education	4,416,982	-	1,770,307	(2,646,675)
Other	638,922	-	128,704	(510,218)
Total Instruction	24,886,882	143,427	5,281,851	(19,461,604)
Support Services				
Pupil services	2,340,628	-	278,282	(2,062,346)
Instructional support services	3,926,134	-	1,283,595	(2,642,539)
General administrative services	734,824	-	-	(734,824)
Building administrative services	1,810,261	-	-	(1,810,261)
Business administrative services	6,672,687	20,449	1,490,916	(5,161,322)
Central services	568,178	-	-	(568,178)
Insurance and judgements	539,194	-	-	(539,194)
Other support services	367,305	-	22,859	(344,446)
Interest and fees	279,188	-	-	(279,188)
Unallocated depreciation	1,799,812	-	-	(1,799,812)
Total Support Services	19,038,211	20,449	3,075,652	(15,942,110)
Community Service	933,234	277,868	-	(655,366)
Total Activities	$ 44,858,327	$ 441,744	$ 8,357,503	(36,059,080)
General Revenues				
Taxes				
Property taxes				
General purposes				9,133,034
Debt service				4,150,332
Community Service				792,808
Federal and State aids not restricted to specific functions				26,524,873
Gifts				322,504
Investment income				10,826
Miscellaneous				163,097
Total General Revenues				41,097,474
Other Expenses				
Loss on disposal of capital assets				(96,748)
Change in Net Position				4,941,646
Net Position, beginning of year				34,725,273
NET POSITION, end of year				$ 39,666,919

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF SOUTH MILWAUKEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	$ 6,941,359	$ 985,646	$ 2,500,874	$ 10,427,879
Taxes receivable	1,923,858	-	-	1,923,858
Accounts receivable	1,000	-	11,978	12,978
Due from other funds	-	-	214,412	214,412
Due from other governments	1,973,158	-	198,126	2,171,284
Inventories	46,625	-	-	46,625
Prepaid expenses	10,948	-	1,108	12,056
Total Assets	$ 10,896,948	$ 985,646	$ 2,926,498	$ 14,809,092
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 268,337	$ -	$ 33,681	$ 302,018
Accrued salaries and wages	283,617	-	53,370	336,987
Due to other funds	214,412	-	-	214,412
Unearned revenue	1,096	-	96,566	97,662
Other current liabilities	1,351,626	-	-	1,351,626
Total Liabilities	2,119,088	-	183,617	2,302,705
Fund Balances				
Nonspendable	57,573	-	1,108	58,681
Restricted	957,387	985,646	2,741,773	4,684,806
Unassigned	7,762,900	-	-	7,762,900
Total Fund Balances	8,777,860	985,646	2,742,881	12,506,387
Total Liabilities and Fund Balances	$ 10,896,948	$ 985,646	$ 2,926,498	

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.	50,896,995
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.	(10,372,668)
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.	(13,363,795)
Net Position of Governmental Activities	$ 39,666,919

See accompanying notes to the financial statements.

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

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local	$ 9,285,678	$ 4,151,427	$ 1,414,831	$ 14,851,936
Interdistrict	3,048,780	-	89,460	3,138,240
Intermediate	6,536	-	-	6,536
State	27,898,476	-	57,241	27,955,717
Federal	2,860,110	-	1,017,769	3,877,879
Other	66,029	-	385	66,414
Total Revenues	43,165,609	4,151,427	2,579,686	49,896,722
Expenditures				
Instruction				
Regular	15,070,409	-	182,259	15,252,668
Physical	797,390	-	-	797,390
Special education	4,501,402	-	-	4,501,402
Vocational	1,250,681	-	28,886	1,279,567
Other	604,357	-	14,650	619,007
Total Instruction	22,224,239	-	225,795	22,450,034
Support Services				
Pupil services	2,529,211	-	-	2,529,211
Instructional support services	4,094,047	-	68,285	4,162,332
General administrative services	734,118	-	84,745	818,863
Building administrative services	2,125,534	-	-	2,125,534
Business administrive services	5,341,368	-	1,619,609	6,960,977
Central services	598,828	-	4,715	603,543
Insurance and judgements	483,902	-	55,292	539,194
Other support services	392,632	-	-	392,632
Debt service				
Principal	-	3,915,000	-	3,915,000
Interest and fees	-	397,257	-	397,257
Total Support Services	16,299,640	4,312,257	1,832,646	22,444,543
Community Services	-	-	1,003,862	1,003,862
Non-Program				
General tuition payments	4,098,014	-	30,623	4,128,637
Other non-program services	63,737	-	-	63,737
Total Non-Program	4,161,751	-	30,623	4,192,374
Total Expenditures	42,685,630	4,312,257	3,092,926	50,090,813
Excess (deficiency) of revenue over expenditures	479,979	(160,830)	(513,240)	(194,091)
Other Financing Sources (Uses)				
Proceeds on sale of fixed assets	-	-	1,046	1,046
Transfers (to) from other funds	(944,412)	180,000	764,412	-
Net Change in Fund Balances	(464,433)	19,170	252,218	(193,045)
Fund Balances, beginning of year	9,242,293	966,476	2,490,663	12,699,432
FUND BALANCES, end of year	$ 8,777,860	$ 985,646	$ 2,742,881	$ 12,506,387

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF SOUTH MILWAUKEE
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		$ (193,045)
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	$ 523,829	
Depreciation expense reported in the Statement of Activities	(2,040,192)	
Proceeds from disposal of fixed assets	(1,046)	
Gain (loss) on disposal of fixed assets	(96,748)	
		(1,614,157)
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.		2,690,452
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		3,915,000
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.		98,295
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.		45,101
Change in Net Position		$ 4,941,646

See accompanying notes to the financial statements.

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

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Local	$ 8,981,135	$ 9,533,284	$ 9,285,678	$ (247,606)
Interdistrict	2,847,714	3,097,440	3,048,780	(48,660)
State	26,085,627	26,271,015	26,359,671	88,656
Federal	719,236	1,775,166	1,994,986	219,820
Other	125,000	125,000	66,029	(58,971)
Total Revenues	38,758,712	40,801,905	40,755,144	(46,761)
Expenditures				
Instruction				
Regular	15,446,914	15,718,308	15,020,466	697,842
Physical	917,538	917,538	797,390	120,148
Vocational	1,249,962	1,249,962	1,250,681	(719)
Other	698,073	706,173	604,357	101,816
Total Instruction	18,312,487	18,591,981	17,672,894	919,087
Support Services				
Pupil services	1,566,299	1,604,164	1,590,846	13,318
Instructional support services	2,724,280	2,980,648	3,820,114	(839,466)
General administrative services	725,863	725,863	734,118	(8,255)
Building administrative services	2,208,909	2,208,909	2,125,534	83,375
Business administrative services	4,531,618	5,007,264	5,204,821	(197,557)
Central services	681,642	681,642	598,828	82,814
Insurance and Judgements	472,200	472,200	483,902	(11,702)
Other support services	111,495	111,645	382,832	(271,187)
Debt service	10,000	10,000	-	10,000
Total Support Services	13,032,306	13,802,335	14,940,995	(1,138,660)
Non-Program				
General tuition payments	2,907,598	3,780,038	3,819,470	(39,432)
Other non-program services	180,000	180,000	63,737	116,263
Total Non-Program	3,087,598	3,960,038	3,883,207	76,831
Total Expenditures	34,432,391	36,354,354	36,497,096	(142,742)
Excess of revenues over expenditures	4,326,321	4,447,551	4,258,048	(189,503)
Other Financing Uses				
Transfers to other funds	(4,326,321)	(4,447,551)	(4,722,481)	(274,930)
Net Change in Fund Balances	-	-	(464,433)	(464,433)
Fund Balances, beginning of year	9,242,293	9,242,293	9,242,293	-
FUND BALANCES, end of year	$ 9,242,293	$ 9,242,293	$ 8,777,860	$ (464,433)

See accompanying notes to the financial statements.

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

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Intermediate	$ -	$ -	$ 6,536	$ 6,536
State	1,340,000	1,340,000	1,538,805	198,805
Federal	847,018	1,009,842	865,124	(144,718)
Total Revenues	2,187,018	2,349,842	2,410,465	60,623
Expenditures				
Instruction				
Regular	51,762	51,762	49,943	1,819
Special education	4,728,788	4,791,488	4,501,402	290,086
Total Instruction	4,780,550	4,843,250	4,551,345	291,905
Support Services				
Pupil services	1,026,282	1,124,962	938,365	186,597
Instructional support services	255,757	293,357	273,933	19,424
Business administrative services	165,000	182,000	136,547	45,453
Other support services	-	-	9,800	(9,800)
Total Support Services	1,447,039	1,600,319	1,358,645	241,674
Non-Program				
General tuition payments	285,750	353,824	278,544	75,280
Total Non-Program	285,750	353,824	278,544	75,280
Total Expenditures	6,513,339	6,797,393	6,188,534	608,859
Deficiency of revenues over expenditures	(4,326,321)	(4,447,551)	(3,778,069)	669,482
Other Financing Sources				
Transfers from other funds	4,326,321	4,447,551	3,778,069	(669,482)
Net Change in Fund Balances	-	-	-	-
Fund Balances, beginning of year	-	-	-	-
FUND BALANCES, end of year	$ -	$ -	$ -	$ -

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF SOUTH MILWAUKEE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2021

	Employee Benefit Trust Fund	Custodial Fund
ASSETS		
Cash and investments	$ 1,070,986	$ 32,811
Total Assets	$ 1,070,986	$ 32,811
LIABILITIES		
Total Liabilities	$ -	$ -
NET POSITION		
Restricted for postemployment benefits other than pensions	1,070,986	-
Restricted for custodial funds	-	32,811
Total Net Position	1,070,986	32,811
Total Liabilities and Net Position	$ 1,070,986	$ 32,811

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF SOUTH MILWAUKEE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2021

	Employee Benefit Trust Fund	Custodial Fund
ADDITIONS		
Contributions		
Employer	$ 1,150,455	$ -
Plan members	180,937	-
Investment income		
Net increase in fair market value of investments	63,325	-
Interest	12,701	-
Other	-	33,433
Total Additions	1,407,418	33,433
DEDUCTIONS		
Other expenses	2,249	47,472
Postemployment benefits	1,162,463	-
Total Deductions	1,164,712	47,472
Change in Net Position	242,706	(14,039)
Net position - beginning	828,280	46,850
Net position - ending	$ 1,070,986	$ 32,811

See accompanying notes to the financial statements.

Note 1 - Summary of Significant Accounting Policies

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

A. REPORTING ENTITY

The School District of South Milwaukee is organized as a common school district. The District, governed by an elected school board, operates grades K through 12 and is comprised of one taxing district. This report includes all of the funds of the School District of South Milwaukee. 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.

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, liabilities, fund equity, revenues, and expenditures.

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

a. Total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and

b. Total assets, liabilities, revenues, or expenditures of the individual governmental funds are at least 5 percent of the corresponding total for all governmental funds combined.

c. In addition, any other governmental fund that the District believes is particularly important to financial statement users may be reported as a major fund.

Governmental Activities

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

General Fund

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

Permanent Funds

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

Note 1 - Summary of Significant Accounting Policies (continued)

B. BASIS OF PRESENTATION (continued)

Fiduciary Funds (Not Included in District-Wide Statements)

Private-Purpose Trust Funds

Private-purpose Trust Funds are used to account for resources legally held in trust for student scholarships.

Employee Benefit Trust Funds

Employee Benefit Trust Funds are used to account for resources legally held in trust for the District's post-retirement health insurance benefits.

Custodial 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

Non-Major Funds

The District reports the following non major funds:

Gift Fund
Food Service Fund
Long-Term Capital Improvement Fund
Community Services Fund
Vocational Education Fund
Youth Apprenticeship Fund
SWSA/SSLC Fund

Fiduciary Funds

The District reports the following fiduciary funds:

Custodial Funds -
Pupil Activity Fund

Employee Benefit Trust Funds -
Post-Retirement Health Insurance Trust Fund

Note 1 - Summary of Significant Accounting Policies (continued)

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 agency 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 school'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.

Property taxes are collected by the City of South Milwaukee until July 31. Real estate tax collections after that date are made by South Milwaukee, 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 the local taxing district for collection. Property taxes attach as an enforceable lien as of 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 deferred inflows. Amounts received prior to the entitlement period are also recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, and investment income.

Charges for services provided 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.

Note 1 - Summary of Significant Accounting Policies (continued)

C. BASIS OF ACCOUNTING (continued)

For governmental fund financial statements, deferred inflows arise when 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.

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 deferred revenue or a reservation of fund equity. Liabilities for claims, judgments, compensated absences and pension contributions which will not be currently liquidated using expendable available financial resources are included as liabilities in the district-wide and enterprise fund financial statements but are excluded from the governmental fund financial statements. The related expenditures are recognized in the governmental fund financial statements when the liabilities are liquidated.

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 or proprietary 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 bonds payable 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.

In governmental funds, debt issuance premiums received are recognized in the current period. For the district-wide financial statements, these amounts are amortized over the life of the debt issue. At June 30, 2021 the District reported $150,273 of unamortized premium.

Note 1 - Summary of Significant Accounting Policies (continued)

G. CAPITAL ASSETS

District-Wide Statements

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

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

Site Improvements	20 years
Buildings	45 years
Furniture and equipment	5-20 years
Computer and related technology	5 years

Fund Financial Statements

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

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 1.C.

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 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.

Note 1 - Summary of Significant Accounting Policies (continued)

K. PENSIONS

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

L. COMPENSATED ABSENCES AND OTHER EMPLOYEE BENEFIT AMOUNTS

The District's policy allows certain employees to earn varying amounts of vacation pay each year depending on the total number of years employed. In some instances, the District allows carryover of these benefits. Upon retirement or termination of employment, the employee is entitled to payment in cash.

The District's policy allows certain employees to earn varying amounts of sick pay for each year employed. Upon retirement, employees are entitled to receive payment for their accumulated benefits as specified by contracts.

Vested amounts of both vacation and sick pay are reported as long-term liabilities in the statement of Net Position.

The District also allows early retirement elections. Under this program health insurance benefits are paid in future fiscal years. (See Note 6).

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.

Note 1 - Summary of Significant Accounting Policies (continued)

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.

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 net investment in capital assets.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

Minimum fund Balance Policy

The District does not have a minimum fund balance policy but recognizes the need to maintain adequate unassigned fund balance as a safeguard.

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. Bank accounts and the local government investment pool are also insured by the state Deposit Guarantee Fund in the amount of $400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual organizations. This coverage has not been considered. At June 30, 2021, the District's uninsured deposits were $12,420,381.

Bank deposits are subject to *custodial credit risk*. *Custodial credit risk* for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned.

Fluctuating cash flows during the year due to tax collection, receipt of state aid and/or proceeds from borrowing may have resulted in temporary balances exceeding insured amounts by substantially higher amounts than reported at the balance sheet date.

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 school had the following investments:

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 months	6 - 24 Months
CESA 6 Wisconsin OPEB Trust	Fair Value - Level 2	$ 864,070	$ 864,070	$ -
Wisconsin Investment Series Cooperative Investment Series	Amortized Cost	114,988	114,988	-
Local Government Investment Pool	Amortized Cost	10,142,075	10,142,075	-
		$ 11,121,133	$ 11,121,133	$ -

Note 2 - Cash and Investments (continued)

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 two.

Investments in the Local Government Investment Pool (LGIP) are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the Pool except U.S. Government and agency securities. The bond provides unlimited coverage on principal losses, reduced by any FDIC, State of Wisconsin Guarantee Fund Insurance. The District is exposed to market risk through its investment in the LGIP. The district's invested funds in the LGIP are valued at amortized cost.

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.

Note 3 - Capital Assets

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

	Balance 7/1/2020	Additions	Deletions	Balance 6/30/2021
Capital assets not being depreciated				
Sites	$ 2,343,180	$ -	$ -	$ 2,343,180
Total Capital Assets Not Being Depreciated	2,343,180	-	-	2,343,180
Capital assets being depreciated				
Buildings and Improvements	81,069,800	-	-	81,069,800
Equipment and Machinery	8,338,676	523,829	(324,697)	8,537,808
Total Capital Assets Being Depreciated	89,408,476	523,829	(324,697)	89,607,608
Total Capital Assets	91,751,656	523,829	(324,697)	91,950,788
Less Accumulated Depreciation	39,240,504	2,040,192	(226,903)	41,053,793
Net Capital Assets	$ 52,511,152	$ (1,516,363)	$ (97,794)	$ 50,896,995

Note 3 - Capital Assets (continued)

Depreciation expense was charged to functions as follows:

Instruction	
Regular	$ 37,788
Support services	
General administration services	99,918
Building administration services	43,367
Business administration services	59,307
Unallocated/general	1,799,812
Total Depreciation Expense	$ 2,040,192

Note 4 - Long-Term Obligations

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

	Balance 7/1/2020	Additions	Reductions	Balance 6/30/2021	Due Within One Year
Bonds and Notes Payable					
Notes payable	$ 7,105,000	$ -	$ -	$ 7,105,000	$ -
Bonds payable	9,880,000	-	3,915,000	5,965,000	4,005,000
Plus refunding premium	248,568	-	98,295	150,273	100,188
Total Bond and Notes Payable	17,233,568	-	4,013,295	13,220,273	4,105,188
Other Liabilities					
Accrued compensated absences - vacation	89,310	283,414	308,741	63,983	63,983
Total Long-term Liabilities	$ 17,322,878	$ 283,414	$ 4,322,036	$ 13,284,256	$ 4,169,171

Interest paid and expended on long-term general obligation debt was $397,258 and $279,188 respectively, for the year ended June 30, 2021.

B. All general obligation debt is backed by the full faith and credit of the District and will be retired by future property tax levies and transfers from the general fund.

Type	Issue	Maturity	Rate	Orginal Indebtedness	Balance Outstanding 6/30/2021
General Obligation Debt					
Bonds	6/8/2004	10/1/2022	2.0% - 4.0%	22,360,000	$ 3,580,000
Bonds	9/5/2012	10/1/2026	0.50% - 3.2%	4,595,000	2,385,000
Promissory Note	4/1/2014	10/1/2024	2.50%	7,105,000	7,105,000
Total General Obligation Debt					$ 13,070,000

Note 4 - Long-Term Obligations (continued)

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

Year Ending June 30	Principal	Interest	Total
2022	$ 4,005,000	$ 318,158	$ 4,323,158
2023	3,960,000	236,145	4,196,145
2024	4,070,000	136,020	4,206,020
2025	500,000	32,370	532,370
2024	535,000	17,120	552,120
Totals	$ 13,070,000	$ 739,813	$ 13,809,813

D. The 2020 equalized valuation of the District as certified by the Wisconsin Department of Revenue is $1,283,568,400. 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 $1,283,568,400)	$ 128,356,840
Deduct: Long-term debt applicable to debt margin	13,070,000
Margin of indebtedness	$ 115,286,840

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, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issued a standalone Annual Comprehensive Financial Report (ACFR), 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.

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

The WRS also provides death and disability benefits for employees.

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

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

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

During the reporting period, the WRS recognized $1,575,921 in contributions from the employer.

Note 5 - WRS Pension Plan (continued)

Contribution rates as of June 30, 2021 are:

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the School District of South Milwaukee reported a liability (asset) of ($8,687,083) 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 South Milwaukee's proportion of the net pension liability (asset) was based on the School District of South Milwaukee's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the School District of South Milwaukee's proportion was .1391%, which was a decrease of 0.0014% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the School District of South Milwaukee recognized pension expense (revenue) of $(964,375).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 12,572,875	$ 2,708,175
Net differences between projected and actual earnings on pension plan investments	-	16,309,290
Changes of Actuarial Assumptions	197,040	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,258	14,613
Employer contributions subsequent to the measurement date	934,741	-
Total	**$13,706,914**	**$19,032,078**

Note 5 - WRS Pension Plan (continued)

$934,741 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 Outflows (Inflows) of Resources
2021	$ (1,610,033)
2022	$ (441,582)
2023	$ (2,957,652)
2024	$ (1,250,638)

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 Seniority/Merit	 3.0% 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.

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

Note 5 - WRS Pension Plan (continued)

Asset Allocation Targets and Expected Returns
As of December 31, 2020

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

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4%
Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

Single Discount rate. A single discount rate of 7.00% was used to measure the Total Pension Liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.00% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 5 - WRS Pension Plan (continued)

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

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
School District of South Milwaukee's proportionate share of the net pension liability (asset)	$8,268,899	($8,687,083)	($21,141,126)

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 – Other Postemployment Benefits

Plan Description. The District operates a post-employment benefit trust, single-employer retiree benefit plan that provides postemployment medical insurance benefits to eligible employees and their spouses.

Plan Membership. There are 289 active and 50 retired members in the plan as of July 1, 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 South Milwaukee reported a liability of $9,856,272 for its net OPEB liability (asset). The net OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of July 1, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date.

Funding Policy. The District has $1,070,986 of invested plan assets accumulated for payment of future benefits. For the year ended June 30, 2021, the District contributed $1,331,393 to the Trust.

Investment Policy. Investment management of the Trust assets shall be in accordance with the following asset allocation guidelines:

Asset Class	Minimum	Maximum	Preferred
Domestic Equity	10%	40%	30%
International Equity	0%	10%	0%
Inflation Sensitive	0%	10%	0%
High Yield Bonds	0%	20%	10%
Fixed Income IG Bonds	40%	75%	55%
Cash Equivalents	0%	30%	5%

Note 6 – Other Postemployment Benefits (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 3,944,448
Changes in assumptions	139,831	-
Net difference between projected and actual earnings on OPEB plan investments	-	73,698
Total	**$ 139,831**	**$ 4,018,146**

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

Year ended June 30,	Net Deferred Outflows (Inflows) of Resources
2022	$ (118,782)
2023	$ (203,280)
2024	$ (199,805)
2025	$ (198,518)
2026	$ (195,028)
Thereafter	$ (2,962,902)

For the year ended June 30, 2021, the School District of South Milwaukee recognized OPEB expense of $1,000,299. The OPEB expense is made up of certain changes in the total OPEB liability and amortization of the net deferred outflows (inflows) of resources.

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date:	July 1, 2020
Measurement Date:	June 30, 2021
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Value
Discount Rate:	1.55% (20-year AA rated municipal bond rate)
Mortality:	WRS 2015-17 Experience Study for Public School Employees
Annual Termination Rates:	WRS 2015-17 Experience Study for Public School Employees
Disability Rates:	WRS 2015-17 Experience Study for Public School Employees
New Employees:	None
Annual Rates of Retirement	WRS 2015-17 Experience Study for Public School Employees
Salary Increases:	5.6% per year
Administrative Expenses:	Included in claim cost
Assumed Rate of Return on Plan Assets:	3.00%

Note 6 – Other Postemployment Benefits (continued)

Sensitivity of the School District of South Milwaukee's net OPEB liability (asset) to changes in the discount rate. The following presents the District's net OPEB liability (asset) calculated using the discount rate of 1.55%, as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (0.55%) or 1-percentage-point higher (2.55%) than the current rate:

	1% Decrease to Discount Rate (0.55%)	Current Discount Rate (1.55%)	1% Increase to Discount Rate (2.55%)
Net OPEB liability (asset)	$10,278,047	$9,856,272	$9,439,586

Sensitivity of the School District of South Milwaukee's net OPEB liability (asset) to changes in the healthcare cost trend rates. The following presents the District's net OPEB liability (asset) calculated using the healthcare cost trend rate of 6.0% decreasing to 5.0%, as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.0% decreasing to 4.0%) or 1-percentage-point higher (7.0% decreasing to 6.0%) than the current rate.

	1% Decrease to Trend Rates (5% decreasing to 4%)	Current Trend Rates (6% decreasing to 5%)	1% Increase to Trend Rates (7% decreasing to 6%)
Net OPEB liability (asset)	$9,846,012	$9,856,272	$9,866,433

Note 7 – Lease Agreement, as Lessee

The District has entered into a lease agreement for office equipment with terms expiring in June 2025. The District is obligated to make future minimum lease payments as follows:

Year Ending June 30	Amount
2022	$ 14,836
2023	14,836
2024	9,216
2025	3,296
	$ 42,184

Lease expense was $14,836 for the year ended June 30, 2021.

Note 8 - 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	$ 50,896,995
Less: related long-term debt outstanding	(13,070,000)
Total Net Investment in Capital Assets	37,826,995
Restricted	
Net WRS restricted net position	3,361,919
Self-funded health insurance	957,387
Debt Service	985,646
Nonmajor funds	2,742,881
Total Restricted	8,047,833
Unrestricted	(6,207,909)
Total Governmental Activities Net Position	$ 39,666,919

Note 9 - Governmental Fund Balances

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

Nonspendable	
Inventories and prepaid expenses:	
General Fund	$ 57,573
Community Service	1,108
Total Nonspendable Fund Balance	58,681
Restricted	
Self-funded health insurance	957,387
Long-Term Capital Improvement Fund	935,541
Gift Fund	986,621
Food Service	319,089
Community Service	500,522
Debt Service	985,646
Total Restricted Fund Balance	4,684,806
Unassigned	7,762,900
Total Governmental Fund Balances	$ 12,506,387

Note 10 - 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	$ 50,896,995

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	$ 8,687,083
Net OPEB liability	(9,856,272)
Deferred outflows of resources from WRS pension	13,706,914
Deferred outflows of resources from OPEB	139,831
Deferred inflows of resources from WRS pension	(19,032,078)
Deferred inflows of resources from OPEB	(4,018,146)
Combined Adjustment	$ (10,372,668)

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	$ (13,070,000)
Net deferred debt premium	(150,273)
Accrued compensated absences	(63,983)
Accrued interest on long-term obligations	(79,539)
Combined Adjustment	$ (13,363,795)

Note 11 - Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities

Capital related difference includes (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	$ 523,829
Depreciation expense	(2,040,192)
Proceeds from disposal of fixed assets	(1,046)
Loss on disposal of fixed assets	(96,748)
Combined Adjustment	$ (1,614,157)

Note 11 - Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities (continued)

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

Employer WRS Contributions	$ 1,575,921
WRS pension revenue adjustment	964,375
OPEB benefits paid	1,150,455
OPEB expense adjustment	(1,000,299)
Combined Adjustment	$ 2,690,452

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:

Principal payments on long-term debt and capital leases	$ 3,915,000

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:

Amortization of debt premium	$ 98,295

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:

Compensated absences	$ 25,327
Accrued interest	19,774
Combined Adjustment	$ 45,101

Note 12 - 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 13 - Commitments and Contingencies

From time to time, the District is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted 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 adverse effect on the District's financial position.

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

The School District of South Milwaukee, as described in Note 6, has agreed to provide “other post-employment benefits” (OPEB) to employees who have terminated their employment with the District and have satisfied specified eligibility standards. This activity is accounted for in the CESA 6 WI OPEB Trust (the Trust). The District’s funding obligation for OPEB costs is to pay current expenses as they become due. There is no legal or accounting requirement that the District pay, in any year, an amount in excess of current benefits.

Note 14 - Limitation of School District Revenues

Wisconsin Statutes limit the amount of revenues that school districts may derive from general school aid 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 15 - Excess Expenditures Over Appropriations

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

Fund - Function	Excess Expenditures
General Fund	
Vocational instruction	$ 719
Instructional support services	$ 839,466
General administrative services	$ 8,255
Business administrative services	$ 197,557
Insurance and judgements	$ 11,702
Other support services	$ 271,187
General tuition payments	$ 39,432
Special Education Fund	
Other support services	$ 9,800

Note 16 - Interfund Activity

There were no interfund receivables and payables on June 30, 2021. The following is a schedule of interfund transfers.

Fund Transferred To	Fund Transferred From	Amount
Long-Term Capital Improvement Fund	General Fund	764,412
Debt Service	General Fund	180,000
Total - Fund Financial Statements		944,412
Less: Eliminations		(944,412)
Total Transfers - Government-Wide Statement of Activities		$ -

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 17 - Self-Funded Insurance Program

The District established a self-funded health and dental benefit plan for its employees. The Plan administrator, HNI Risk Advisors, is responsible for the approval, processing, and payments of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The Plan reports on a fiscal year ending June 30.

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 $100,000 per individual and/or 125% of the annual estimated claims as provided by HNI Risk Advisors. For the year ended June 30, 2021, the aggregate claim limit was $6,629,721. The District has no stop-loss coverage for dental care coverage of the Plan.

On June 30, 2021, the District has reported a liability of $1,265,399, 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 $1,070,183 and claims which were not yet reported to either the Plan administrator or the District of $195,216. 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:

	Year Ended June 30, 2021	Year Ended June 30,2020
Estimated Claims Outstanding July 1	$ 1,445,506	$ 1,428,224
Current Year Claims and Changes in Estimates	3,943,106	4,741,250
Claim Payments	(4,123,213)	(4,723,968)
Estimated Claims Outstanding June 30	$ 1,265,399	$ 1,445,506

The District was unable to get the actuarial certification due to the lack of definition around adequacy of reserves and overall financial soundness of the Plan.

Note 18 - Subsequent Events

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 - 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

Note 19 - Recently Issued Accounting Standards (continued)

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.

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.

Note 19 - 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 Plan*s—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 SUPPLEMENTAL INFORMATION

SCHOOL OF SOUTH MILWAUKEE
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)

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

	2021	2020	2019	2018	2017	2016	2015
School District of South Milwaukee's proportion of the net pension liability (asset)	0.1391%	0.1405%	0.1430%	0.1447%	0.1458%	0.1471%	0.1484%
School District of South Milwaukee's proportionate share of the net pension liability (asset)	($8,687,083)	($4,529,820)	$5,086,949	($4,294,899)	$1,201,481	$2,390,242	($3,644,976)
School District of South Milwaukee's covered-employee payroll	$23,160,616	$21,826,434	$21,420,202	$21,280,532	$20,809,042	$20,589,535	$20,601,595
School District of South Milwaukee's proporitionate share of the net pension liability (asset) as a percentage of the covered-employee payroll	(37.51%)	(20.73%)	23.75%	(20.18%)	5.77%	11.61%	17.69%
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 OF SOUTH MILWAUKEE
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	$1,575,921	$1,440,918	$1,443,839	$1,454,146	$1,382,919	$1,401,235	$1,442,992
Contributions in relation to the contractually required contributions	$1,575,921	$1,440,918	$1,443,839	$1,454,146	$1,382,919	$1,401,235	$1,442,992
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District of South Milwaukee's covered-employee payroll	$23,160,616	$21,846,434	$21,420,202	$21,280,532	$20,809,042	$20,589,535	$20,601,595,
Contributions as a percentage of covered-employee payroll	6.80%	6.60%	6.74%	6.83%	6.65%	6.81%	7.00%

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

(See Note 5 Notes to Required Supplementary Information)

SCHOOL OF SOUTH MILWAUKEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN OPEB LIABILITY
OTHER POSTEMPLOYMENT BENEFITS PLAN
Last 10 Fiscal Years (which may be built prospectively)

	2021	2020	2019	2018	2017
Total OPEB Liability					
Total OPEB liability - beginning	$ 11,757,745	$ 14,911,427	$ 15,355,645	$ 15,109,095	$ 15,218,828
Changes for the year:					
Service Cost	583,771	485,286	505,195	486,417	454,261
Interest	191,989	434,054	439,291	572,837	597,736
Benefit payments	(1,162,463)	(993,716)	(1,388,704)	(1,406,670)	(1,157,512)
Differences between expected and actual experience	(485,731)	(3,586,292)	-	59,942	(26,883)
Changes of assumptions or other input	41,947	506,986	-	534,024	22,665
Net Changes	(830,487)	(3,153,682)	(444,218)	246,550	(109,733)
Total OPEB liability - ending (a)	$ 10,927,258	$ 11,757,745	$ 14,911,427	$ 15,355,645	$ 15,109,095
Fiduciary Net Position					
Fiduciary net position - beginning	$ 828,280	$ 378,632	$ 542,654	$ 538,129	$ 346,484
Changes for the year:					
Contributions - Employer	1,331,393	1,421,155	1,200,464	1,393,817	1,335,770
Net Investment Income	73,776	22,209	23,814	17,378	13,387
Benefit payments	(1,162,463)	(993,716)	(1,388,704)	(1,406,670)	(1,157,512)
Net Changes	242,706	449,648	(164,426)	4,525	191,645
Fiduciary net position - ending (b)	$ 1,070,986	$ 828,280	$ 378,228	$ 542,654	$ 538,129
Net OPEB Liability					
Net OPEB liability - ending (a) - (b)	$ 9,856,272	$ 10,929,465	$ 14,533,199	$ 14,812,991	$ 14,570,966

(See Note 6 and Notes to Required Supplementary Information)

SCHOOL OF SOUTH MILWAUKEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOTAL OPEB LIABILITY AS PERCENTAGE OF COVERED-EMPLOYEE PAYROLL
OTHER POSTEMPLOYMENT BENEFITS PLAN
Last 10 Fiscal Years (which may be built prospectively)

	2021	2020	2019	2018	2017
Net OPEB liability (asset)	$ 9,856,272	$ 10,929,465	$ 14,533,199	$ 14,812,991	$ 14,570,966
Covered-employee payroll	$ 21,394,414	$ 20,686,072	$ 20,153,040	$ 19,928,935	$ 19,163,699
Total OPEB liability (asset) as a percentage of the covered-employee payroll	46.07%	52.83%	72.11%	74.33%	76.03%

(See Note 6 and Notes to Required Supplementary Information)

SCHOOL OF SOUTH MILWAUKEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF ANNUAL MONEY-WEIGHTED RATE OF RETURN ON INVESTMENTS
OTHER POSTEMPLOYMENT BENEFITS PLAN
Last 10 Fiscal Years (which may be built prospectively)

Year Ending June 30	Rate of Return
2021	11.2%
2020	5.2%
2019	5.9%
2018	3.2%
2017	2.5%

(See Note 6 and Notes to Required Supplementary Information)

Note 1 – 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 were noted from the prior year.

Note 2 – Other Postemployment Benefit Plan

Changes of benefit terms. There have been no substantive plan changes since the prior valuation.

Changes of assumptions. The discount rate has been changed from 1.65% to 1.55% and the mortality, termination, retirement and disability assumptions have been updated from WRS 2009-11 Experience Study for Public School Employees to WRS 2015-17 Experience Study for Public School Employees. Other assumptions are consistent with those used in the prior valuation.

SUPPLEMENTAL FINANCIAL INFORMATION

SCHOOL DISTRICT OF SOUTH MILWAUKEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021

	Gift Fund	Food Service	Long-Term Capital Improvement Fund	Community Service	Vocational Education Fund	Youth Apprenticeship Fund	SWSA/ SSLC Fund	Total Nonmajor Governmental Funds
ASSETS								
Cash and investments	$ 991,407	$ 300,540	$ 724,967	$ 564,699	$ (95,394)	$ (30,800)	$ 45,455	$ 2,500,874
Accounts receivable	-	-	-	11,978	-	-	-	11,978
Due from other funds	-	-	214,412	-	-	-	-	214,412
Due from other governments	-	70,332	-	-	95,394	32,400	-	198,126
Prepaid expenses	-	-	-	1,108	-	-	-	1,108
Total Assets	$ 991,407	$ 370,872	$ 939,379	$ 577,785	$ -	$ 1,600	$ 45,455	$ 2,926,498
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	$ 4,786	$ 5,394	$ 3,838	$ 13,608	$ -	$ 1,600	$ 4,455	$ 33,681
Accrued salaries and wages	-	18,034	-	35,336	-	-	-	53,370
Unearned Revenue	-	28,355	-	27,211	-	-	41,000	96,566
Total Liabilities	4,786	51,783	3,838	76,155	-	1,600	45,455	183,617
Fund Balances								
Nonspendable	-	-	-	1,108	-	-	-	1,108
Restricted	986,621	319,089	935,541	500,522	-	-	-	2,741,773
Total Fund Balances	986,621	319,089	935,541	501,630	-	-	-	2,742,881
Total Liabilities and Fund Balances	$ 991,407	$ 370,872	$ 939,379	$ 577,785	$ -	$ 1,600	$ 45,455	$ 2,926,498

See accompanying notes to the financial statements.

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

	Gift Fund	Food Service	Long-Term Capital Improvement Fund	Community Service	Vocational Education Fund	YOUTH Apprenticeship Fund	SWSA/ SSLC Fund	Total Nonmajor Governmental Funds
REVENUES								
Local	$ 255,244	$ 20,449	$ 680	$ 1,138,458	$ -	$ -	$ -	$ 1,414,831
Interdistrict	-	-	-	-	-	-	89,460	89,460
State	-	24,841	-	-	-	32,400	-	57,241
Federal	-	922,375	-	-	95,394	-	-	1,017,769
Other revenue	-	-	-	385	-	-	-	385
Total Revenues	255,244	967,665	680	1,138,843	95,394	32,400	89,460	2,579,686
EXPENDITURES								
Instruction								
Regular	117,977	-	64,282	-	-	-	-	182,259
Vocational	-	-	-	-	26,486	2,400	-	28,886
Other	14,650	-	-	-	-	-	-	14,650
Total Instruction	132,627	-	64,282	-	26,486	2,400	-	225,795
Support Services								
Instructional support	-	-	-	-	38,285	30,000	-	68,285
General administrative services	-	-	-	-	-	-	84,745	84,745
Business administrative services	-	918,763	597,979	102,867	-	-	-	1,619,609
Central services	-	-	-	-	-	-	4,715	4,715
Insurance and judgements	-	53,855	-	1,437	-	-	-	55,292
Community Services	-	-	-	1,003,862	-	-	-	1,003,862
Total Support Services	-	972,618	597,979	1,108,166	38,285	30,000	89,460	2,836,508
Non-Program								
General tuition payments	-	-	-	-	30,623	-	-	30,623
Total Non-Program	-	-	-	-	30,623	-	-	30,623
Total Expenditures	132,627	972,618	662,261	1,108,166	95,394	32,400	89,460	3,092,926
Excess (deficiency) of revenues over expenditures	122,617	(4,953)	(661,581)	30,677	-	-	-	(513,240)
OTHER FINANCING SOURCES								
Proceeds on sale of fixed assets	-	-	-	1,046	-	-	-	1,046
Transfers (to) from other fund	-	-	764,412	-	-	-	-	764,412
Net Change in Fund Balances	122,617	(4,953)	102,831	31,723	-	-	-	252,218
Fund Balances, beginning of year	864,004	324,042	832,710	469,907	-	-	-	2,490,663
FUND BALANCES, end of year	$ 986,621	$ 319,089	$ 935,541	$ 501,630	$ -	$ -	$ -	$ 2,742,881

See accompanying notes to the financial statements.

SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND RELATED AUDITOR'S REPORTS

SCHOOL DISTRICT OF SOUTH MILWAUKEE
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							
IDEA Cluster							
IDEA Flow Through	84.027	2021-405439-DPI-IDEA-FT-341					
July 1, 2019 - June 30, 2020			$803,014	$ 162,323	$ -	$ 162,323	$ -
July 1, 2020 - June 30, 2021			$817,763	-	741,339	441,667	299,672
IDEA Preschool Entitlement	84.173	2021-405439-DPI-IDEA-P-347					
July 1, 2019 - June 30, 2020			$ 30,675	26,133	-	26,133	-
July 1, 2020 - June 30, 2021			$ 42,079	-	39,282	-	39,282
TOTAL IDEA CLUSTER				188,456	780,621	630,123	338,954
CARES Act Grants							
ESSER - School Emergency Relief(COVID-19)	84.425D	2021-405439-DPI-ESSERF-160					-
July 1, 2020 - June 30, 2021	Public		$477,427	-	477,425	176,728	300,697
July 1, 2020 - June 30, 2021	Private		$ 72,482	-	35,180	-	35,180
GEERF - Governor's Emergency Education Relief(COVID-19)	84.425C	2021-405439-DPI-GEERF-162					
July 1, 2020 - June 30, 2021	Public		$380,118	-	281,762	212,575	69,187
July 1, 2020 - June 30, 2021	Private		$ 57,708	-	37,136	28,716	8,420
TOTAL CARES ACT GRANTS				-	831,503	418,019	413,484
ESEA Title III - A Acquisition Grants	84.365	2021-405439-DPI-TIIIA-391					
July 1, 2019 - June 30, 2020			$ 30,000	7,638	-	7,638	-
July 1, 2020 - June 30, 2021	Public		$ 22,700	-	47,912	10,403	37,509
July 1, 2020 - June 30, 2021	Private		-	-	19,847	-	19,847
ESEA Title IV - A Student Support	84.424	2021-405439-DPI-TIV-A-381					
July 1, 2019 - June 30, 2020	Public		$ 43,754	20,518	-	20,518	-
July 1, 2019 - June 30, 2020	Private		$ 4,575	2,158	-	2,158	-
July 1, 2020 - June 30, 2021	Public		$ 41,065	-	24,065	15,065	9,000
July 1, 2020 - June 30, 2021	Private		$ 4,430	-	7,928	7,928	-
RPIC Grant	84.037A	2021-405439-DPI-RtPLEA-342	-				
July 1, 2019 - June 30, 2020			-	10,000	-	10,000	-
July 1, 2020 - June 30, 2021				-	13,800	-	13,800
Title 1 - Basic Grant	84.010	2021-405439-DPI-TIA-141					
July 1, 2019 - June 30, 2020	Public		$643,574	165,691	-	165,691	-
July 1, 2019 - June 30, 2020	Private		$ 7,650	1,081	-	1,081	-
July 1, 2020 - June 30, 2021	Public		$608,375	-	722,247	157,959	564,288
July 1, 2020 - June 30, 2021	Private		-	-	10,717	-	10,717
Carl Perkins - Vocational Education	84.048	2021-405439-DPI-CTE-400					
July 1, 2019 - June 30, 2020			$114,443	114,443	-	114,443	-
July 1, 2020 - June 30, 2021			$ 95,394	-	95,394	-	95,394
Title II A - Class Sized Reduction	84.367	2021-405439-DPI-TIIA-365					
July 1, 2019 - June 30, 2020	Public		$189,621	46,642	-	46,642	-
July 1, 2019 - June 30, 2020	Private		$ 15,450	350	-	350	-
July 1, 2020 - June 30, 2021	Public		$157,629	-	157,629	73,187	84,442
July 1, 2020 - June 30, 2021	Private		12,537	-	12,537	-	12,537
TOTAL U.S. DEPARTMENT OF EDUCATION				556,977	2,724,200	1,681,205	1,599,972
U.S. DEPARTMENT OF HEALTH AND FAMILY SERVICES							
Medicaid Reimbursement	93.778	44217800					
July 1, 2019 - June 30, 2020				982	160,601	161,583	-
July 1, 2020 - June 30, 2021				-	70,703	65,270	5,433
TOTAL U.S. DEPARTMENT OF HEALTH AND FAMILY SERVICES				982	231,304	226,853	5,433
U.S. DEPARTMENT OF AGRICULTURE							
Child Nutrition Cluster							
National Summer School Food Service	10.559	2021-405439-DPI-SFSP-566					
July 1, 2019 - June 30, 2020				55,882	-	55,882	-
July 1, 2020 - June 30, 2021				-	770,265	699,933	70,332
Food Distribution (Commodities)	10.555	2021-405439-DPI-NSLAE-566					
July 1, 2020 - June 30, 2021				-	152,110	152,110	-
TOTAL CHILD NUTRITION CLUSTER AND U.S. DEPARTMENT OF AGRICULTURE				55,882	922,375	907,925	70,332
TOTAL FEDERAL AWARDS				$ 613,841	$ 3,877,879	$ 2,815,983	$ 1,675,737

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

SCHOOL DISTRICT OF SOUTH MILWAUKEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended June 30, 2021

Awarding Agency/Pass-Through Agency/Award Description	State ID Number	Pass-Through Entity Identifying Number	Accrued Receivable 7/1/2020	Revenue/ Expenditures	Reimbursements	Accrued Receivable 6/30/2021
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION						
Entitlement Programs						
Major Programs						
General Equalization	255.201	405439-116	$ 371,769	$ 23,502,004	$ 23,519,720	$ 354,053
Integration Aid - Non-resident	255.204	405439-106	-	73,926	73,926	-
Handicapped Pupils and School Age Parents	255.101	405439-100	-	1,515,129	1,515,129	-
Total Major Programs			371,769	25,091,059	25,108,775	354,053
Nonmajor Programs						
State Lunch Aid	255.102	405439-107	-	12,519	12,519	-
Common School Library Fund	255.103	405439-104	-	122,179	122,179	-
Per Pupil Adjustment Aid	255.945	405439-113	-	2,131,024	2,131,024	-
Supplemental Per Pupil Aid	255.245	405439-181	-	8,728	8,728	-
High Cost Special Education	255.210	405439-119	-	10,676	10,676	-
School Mental Health Programs	255.227	405439-176	-	105,215	105,215	-
School Breakfast Program	255.344	405439-108	-	12,322	12,322	-
Student Achievement Guarantee in Education	255.504	405439-160	-	256,863	256,863	-
Educator Effectiveness Grant	255.940	405439-154	-	19,600	19,600	-
Early College Credit Program	255.445	405439-178	-	733	733	-
Career and Technical Education Grant	255.950	405439-152	-	19,143	19,143	-
Assessments of Reading Readiness	255.956	405439-166	-	4,756	4,756	-
Special Education Transition Incentive Grants	255.960	405439-168	-	13,000	13,000	-
Total Nonmajor Programs			-	2,716,758	2,716,758	-
Total Wisconsin Department of Public Instruction			371,769	27,807,817	27,825,533	354,053
WISCONSIN DEPARTMENT OF REVENUE						
Major Programs						
Personal Property Aid	-	-	-	4,225	4,225	-
Exempt Computer Aid	-	-	70,173	70,173	70,173	70,173
Total Wisconsin Department of Revenue			70,173	74,398	74,398	70,173
WISCONSIN DEPARTMENT OF JUSTICE						
Major Program						
Safety Grant	-	-	94,359	8,460	102,819	-
Total Wisconsin Department of Justice			94,359	8,460	102,819	-
Wisconsin Department of Workforce Development						
Speak Up Speak Out	-	-	-	2,500	2,500	-
Aide to Teacher Grant	445.109	-	-	30,141	30,141	-
Youth Apprenticeship Grant	445.107	-	40,500	32,400	40,500	32,400
Total Wisconsin Department of Workforce Development			40,500	65,041	73,141	32,400
Total State Awards			$ 576,801	$ 27,955,716	$ 28,075,891	$ 456,626

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

SCHOOL DISTRICT OF SOUTH MILWAUKEE
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
June 30, 2021

Note 1 - Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include 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. Coded of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Wisconsin Single Audit Guidelines.

The District has not elected to use the 10% deminimis 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 $5,193,697 for the year ended June 30, 2021.

SCHUMACHER SAMA CERTIFIED PUBLIC ACCOUNTANTS

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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 South Milwaukee
Milwaukee County, Wisconsin

We have audited, in accordance with the auditing standards generally accept 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 South Milwaukee (the "District") 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 South Milwaukee'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 a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as **Findings 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 from 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*.

School District of South Milwaukee'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.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Schumacher Sama, LLP

Wauwatosa, Wisconsin
December 14, 2021

SCHUMACHER SAMA CERTIFIED PUBLIC ACCOUNTANTS

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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 South Milwaukee
Milwaukee County, Wisconsin

Report on Compliance for Each Major Federal Program

We have audited the School District of South Milwaukee'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 its major federal programs for the year ended June 30, 2021. We have also audited the District's compliance 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 auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

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 have occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, School District of South Milwaukee 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

Schumacher Sama, LLP

Wauwatosa, Wisconsin
December 14, 2021

SCHOOL DISTRICT OF SOUTH MILWAUKEE
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?	____ yes	__X__ no
Significant deficiencies identified not considered to be material weaknesses?	__X__ yes	_____ no
Noncompliance material to financial statements noted?	____ yes	__X__ no

Federal Awards

Internal control over major programs		
Material weakness(es) identified?	____ yes	__X__no
Significant deficiencies 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 to be reported in accordance with 2 CFR 200.516(a)?	___ yes	__X___ no

Identification of major programs

CFDA NUMBER(S)	Name of Federal Program or Cluster
84.425C	GEERF – Governor's Emergency Education Relief
84.425D	ESSER – School Emergency Relief

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

Auditee qualified as low-risk auditee? __X___ yes _____ no

SCHOOL DISTRICT OF SOUTH MILWAUKEE
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 deficiencies 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 Title 2 CFR 200.510(a)?	____ yes	__X__ no

Identification of major state programs

State Identification Number	Name of State Program or Cluster
255.201	Equalization Aid
255.204	Integration Aid – Non-resident
255.101	Handicapped Pupils and School Age Parents

Section II: Financial Statement Findings

Finding 2021-001

Criteria – *Government Auditing* Standards considers the inability to report financial data reliably 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 basic 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.

Corrective Action Plan – 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 and accept responsibility for them.

SCHOOL DISTRICT OF SOUTH MILWAUKEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

Section III: Federal and State Awards Findings and Questioned Costs

Federal

There were no findings or questioned costs for federal awards.

State

There were no findings or questioned costs for federal awards.

Section IV: Other issues

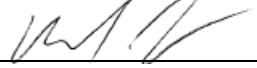
1. Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? ____Yes __X__No ____N/A

2. Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiencies, 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 Justice	____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 A. Sama, CPA

Date of report December 14, 2021

SCHOOL DISTRICT OF SOUTH MILWAUKEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021
CORRECTIVE ACTION PLAN

Financial Statement

Finding 2021-001: Inability to Report Financial Data

Corrective Action Plan – 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 and accept responsibility for them.

SCHOOL DISTRICT OF SOUTH MILWAUKEE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2021

Financial Statements

Finding 2020-001 Inability to report financial data

Criteria – *Government Auditing* Standards considers the inability to report financial data reliably 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 basic 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.

Corrective Action Plan – 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 and accept responsibility for them.

Status of Finding – No Change