

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**AUDITED FINANCIAL STATEMENTS**

Year Ended June 30, 2021

**Table of Contents**

	<b><u>Page(s)</u></b>
Independent Auditors' Report	1 - 2
Management Discussion & Analysis	3 - 11
Basic Financial Statements	
Statement of Net Position	12
Statement of Activities	13
Balance Sheet – Governmental Funds	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	17
Statements of Fiduciary Net Position and Changes in Fiduciary Net Position	18
Notes to Financial Statements	19 - 41
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	43
Budgetary Comparison Schedule – Special Education Fund	44

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**AUDITED FINANCIAL STATEMENTS**

Year Ended June 30, 2021

**Table of Contents**  
**(Continued)**

Required Supplementary Information (Continued)

Schedules of Proportionate Share of the Net Pension Asset (Liability) and Contributions	45
Schedules of Changes in Net OPEB Liability and Related Ratios	46
Schedules of Employer Contributions and Investment Returns	47
Notes to Required Supplementary Information	48 - 49

Other Supplementary Information

Combining Balance Sheet – Nonmajor Governmental Funds	51
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	52
Schedule of Expenditures of State Awards	53
Schedule of Expenditures of Federal Awards	54
Notes to Schedules of Expenditures of Federal and State Awards	55

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	56 - 57
---	---------

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and Wisconsin State Single Audit Guidelines	58 - 59
--	---------

Summary Schedule of Prior Audit Findings	60
--	----

Schedule of Findings and Questioned Costs	61 - 66
---	---------

Corrective Action Plans	67 - 68
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## Independent Auditors' Report

To the School Board  
Seymour Community School District  
Seymour, Wisconsin

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Seymour Community School District ("District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Seymour Community School District as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The financial information listed in the table of contents as other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Wisconsin State Single Audit Guidelines and is not a required part of the basic financial statements.

The financial information listed in the table of contents as other supplementary information is the responsibility of management and was derived from and relates 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 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 supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

December 15, 2021  
Milwaukee, Wisconsin

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Management Discussion & Analysis**  
June 30, 2021

To the Board of Education  
Seymour Community School District

The discussion and analysis of the Seymour Community School District's FY 2021 financial performance provides an overall review of financial activities for the fiscal year. The analysis focuses on school district financial performance as a whole. Efforts have been made to provide comparison to prior year data when such data is available. It should be read in conjunction with the District's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

The assets plus deferred outflows of the District exceeded liabilities and deferred inflows at the close of fiscal 2021 by \$34,023,077 (*net position*). For the year, net position increased by \$2,718,785.

The District completed the year with a general fund balance of \$5,783,037, up from last year's ending fund balance of \$5,348,430. The general fund had an increase in fund balance of \$434,607. The District has added to the fund balance each year for over the last 19 years.

The following events took place during fiscal 2021:

- Property values increased for the sixth straight year and the largest in the past 20 years
- Overall enrollment has been decreasing since 2012
- For the past 20 years, the District has been among the state's lower spending (lowest quartile)
- The district operates an on-site health clinic for employees and dependents covered by district health insurance policy
- The district has moved to a self-funded health insurance plan in addition to the self-funded dental plan that the district has had for over 15 years.
- Health insurance premiums went up by 7.0%.
- The district passed a \$6.55 million building referendum to remodel and add onto the existing Technical Education area and site improvements.
- The district purchased pieces of equipment for their Technology Education classes

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Management Discussion & Analysis**  
June 30, 2021

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements are comprised of 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition, other information supplementary to the basic financial statements is provided.

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

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

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

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

The major features of the District's financial statements, including the activities reported and the type of information contained, is shown in the following table.

**SEYMOUR COMMUNITY SCHOOL DISTRICT**

Seymour, Wisconsin

**Management Discussion & Analysis**

June 30, 2021

**Major Features of the District-wide and Fund Financial Statements**

	District-wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire district (except fiduciary funds).	The activities of the District that are not proprietary or fiduciary, such as instruction, support services, debt service, capital projects, food service and community services.	Assets held by the District on behalf of someone else.
Required financial statements	<ul style="list-style-type: none"> <li>● Statement of Net Position.</li> <li>● Statement of Activities.</li> </ul>	<ul style="list-style-type: none"> <li>● Balance Sheet.</li> <li>● Statement of Revenues, Expenditures and Changes in Fund Balance.</li> </ul>	<ul style="list-style-type: none"> <li>● Statement of Fiduciary Net Position.</li> <li>● Statement of Changes in Fiduciary Net Position.</li> </ul>
Basis of accounting and measurement focus	<p>Accrual accounting.</p> <p>Economic resources focus.</p>	<p>Modified accrual accounting.</p> <p>Current financial resources focus.</p>	<p>Accrual accounting.</p> <p>Economic resources focus.</p>
Type of asset and liability information	All assets and liabilities; both financial and capital, short-term and long-term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets and liabilities, both financial and capital; short-term and long-term. These funds do not currently contain any capital assets, although they can.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability are due and payable.	All additions or deductions during the year, regardless of when cash is received and paid.

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Management Discussion & Analysis**  
June 30, 2021

**DISTRICT WIDE STATEMENTS**

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of activities reports all revenues and expenses used to support the District. The statement of net position reports all assets, deferred outflows of resources, liabilities, and deferred inflows of resources available to support District activities. The two district-wide statements report the District's *net position* and how they have changed. Net position, the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, are one way to measure the District's overall financial position. Increases or decreases in the District's net position are one indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

In the district-wide financial statements, the District's activities are reported as one activity:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, support services, debt service, capital projects, and administration. Property taxes and state formula aid finance most of these activities.

**FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements. Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues (like capital project funds).

The District has two kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for funding future basic services. Governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Governmental funds information does not report on long-term commitments as is reported on the district-wide statements.
- *Fiduciary funds* – The District serves as a trustee, or fiduciary, for the Employee Benefit Trust Fund. The assets of this fund belong to the Trust and not the District. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. These activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.



**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Management Discussion & Analysis**  
June 30, 2021

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

Table 1, below, provides a summary of the District's net position for the year ended June 30, 2021 compared to 2020.

**Table 1**  
**Condensed Statement of Net Position**

	<u>2020</u>	<u>2021</u>	<u>Percentage Change 2020-2021</u>
<b>Assets</b>			
Current and other assets	\$ 11,603,629	\$ 17,623,877	
Net pension asset	2,781,324	5,249,924	
Capital assets	<u>30,634,622</u>	<u>29,904,850</u>	
Total assets	45,019,575	52,778,651	17.2%
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to pensions & OPEB	7,496,447	10,345,120	
Unamortized loss on refunding and defeasance	<u>174,267</u>	<u>217,800</u>	
Total deferred outflows of resources	7,670,714	10,562,920	37.7%
<b>Liabilities</b>			
Current liabilities	2,935,161	3,087,230	
Net pension liability	--	--	
Noncurrent liabilities	<u>9,739,330</u>	<u>14,258,322</u>	
Total liabilities	12,674,491	17,345,552	36.9%
<b>Deferred Inflows of Resources</b>			
Deferred inflows related to pensions & OPEB	<u>8,711,506</u>	<u>11,972,942</u>	37.4%
<b>Net position</b>			
Net invested in capital assets	24,023,793	25,175,611	
Restricted	4,043,537	3,381,621	
Unrestricted	<u>3,236,962</u>	<u>5,465,845</u>	
Total net position	\$ <u>31,304,292</u>	\$ <u>34,023,077</u>	8.7%

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Management Discussion & Analysis**  
June 30, 2021

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)**

Table 2 provides summarized operating results and their impact on net position.

**Table 2**  
**Changes in Net Position from Operating Results**

	<u>2020</u>	<u>2021</u>	<u>Percentage Change 2020-2021</u>
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 1,210,372	\$ 1,026,719	
Operating grants & contributions	2,710,961	3,451,013	
Capital grants and contributions	---	---	
General revenues			
Property taxes	7,804,889	8,295,654	
Federal & state formula aid	17,809,111	17,785,734	
Interest	98,074	30,517	
Insurance proceeds	---	---	
Other	<u>1,940,761</u>	<u>2,032,791</u>	
<b>Total revenues</b>	<u>31,574,168</u>	<u>32,622,428</u>	3.3%
<b>Expenses</b>			
Instruction	15,674,950	15,933,317	
Pupil & instructional services	4,188,488	4,192,795	
Administration & finance	1,843,955	1,538,105	
Maintenance & operations	3,112,243	3,145,815	
Transportation	1,179,046	1,474,577	
Other support services	588,432	744,462	
Interest on debt	236,501	365,098	
Other	<u>2,720,042</u>	<u>2,532,193</u>	
<b>Total Expenses</b>	<u>29,543,657</u>	<u>29,926,362</u>	1.3%
<b>Increase (decrease) in net position</b>	<b>\$ <u>2,030,511</u></b>	<b>\$ <u>2,696,066</u></b>	

The District relies primarily on property taxes (25.4% of total governmental revenues) and state and federal unrestricted aid (54.5%) to fund governmental activities.

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Management Discussion & Analysis**  
June 30, 2021

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)**

Table 3 presents the cost of the major district activities. The table reports each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost reflects the financial burden that was placed on the District's taxpayers by each of these functions.

**Table 3**  
**Net Cost of Governmental Activities**

	Net Cost of Services		Percentage
	<u>2020</u>	<u>2021</u>	<u>Change</u> <u>2020-2021</u>
<b>Expenses</b>			
Instruction	\$ 12,936,883	\$ 12,559,420	-2.9%
Pupil & instructional services	4,081,032	4,049,744	-0.8%
Administration & finance	1,843,955	1,538,105	-16.6%
Maintenance & operations	3,109,188	3,071,841	-1.2%
Transportation	1,113,796	1,406,572	26.3%
Other support services	588,432	744,462	26.5%
Interest on debt	236,501	365,098	54.4%
Other	1,712,537	1,713,388	0.0%
Total Expenses	<u>\$ 25,622,324</u>	<u>\$ 25,448,630</u>	<u>-0.7%</u>

The cost of all governmental activities this year was \$29,926,362. Charges for services paid for \$1,026,719 of costs. Federal and State grants and contributions contributed \$3,451,013. The net cost of governmental activities \$25,448,630 was financed primarily from property taxes \$8,295,654 and State/Federal general aid \$17,785,734.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District reviews an interim budget in May for the subsequent year (beginning July 1<sup>st</sup>). Consistent with current state statutes and regulations an *original* budget is adopted in October following determination of official enrollment and certification of states aids. Generally, the original budget is not significantly modified. The District modified its original budget in 2020-21 to reflect:

- Changes in expenditures due to COVID-19
- Modifications in several state and federal grants
- Modification of transfer to long-term capital projects fund
- Reallocation of expenditures to offset additional State and Federal funds in grants and aid

While the District's original budget for the general fund anticipated that expenditures would equal revenues, actual results for the year show revenue and other financing uses exceeding expenses by \$434,607.

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Management Discussion & Analysis**  
June 30, 2021

**FINANCIAL ASPECTS OF THE DISTRICT'S FUNDS**

The District completed the year with a general fund balance of \$5,783,037 up from last year's ending fund balance of \$5,348,430.

- The general fund had an increase in fund balance of \$434,607.
- The capital projects fund had an increase in fund balance of \$6,791,060
- The nonmajor funds had a decrease in fund balance of \$886,315

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2021, the District had invested \$59,049,251 in capital assets, including buildings; sites and equipment (see Table 4). Total accumulated depreciation on these assets was \$29,144,401. Asset acquisitions for governmental activities totaled \$867,631. The District recognized depreciation expense of \$1,620,122. (Detailed information about capital assets can be found in Note 3 to the financial statements.)

**Table 4**  
**Capital Assets**

	<u>Governmental Activities</u>		<u>Percentage</u>
	<u>2020</u>	<u>2021</u>	<u>Change</u>
			<u>2020-2021</u>
Land	\$ 1,199,100	\$ 1,199,100	0.0%
Buildings	52,156,436	52,849,526	1.3%
Equipment	4,819,876	5,000,625	3.8%
Accumulated depreciation	(27,540,790)	(29,144,401)	5.8%
<b>Net capital assets</b>	<u>\$ 30,634,622</u>	<u>\$ 29,904,850</u>	-2.4%

**Long-term Obligations**

At year-end, the District had \$10,840,000 of existing general obligation long-term debt.

**Table 5**  
**Outstanding Long-term Obligations**

	<u>Total School District</u>		<u>Percentage</u>
	<u>2020</u>	<u>2021</u>	<u>Change</u>
			<u>2020-2021</u>
General obligation debt	\$ 6,460,000	\$ 10,840,000	67.8%
Other post-retirement liability	3,829,234	4,089,309	6.8%
<b>Total</b>	<u>\$ 10,289,234</u>	<u>\$ 14,929,309</u>	45.1%

Debt of the District is secured by an irrevocable tax levy adopted by the School Board at the time of issuance. Wisconsin state statutes require that the first property tax receipts be segregated for annual debt service payments.

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Management Discussion & Analysis**  
June 30, 2021

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

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

- The District expects to have declining enrollment over the next few years with reductions predicted to occur at the middle and high school grades in Seymour.
- Capital projects will continue to be needed to maintain educational facilities at a high level.
- Health care costs will create the need to consider negotiated adjustments to the health insurance plan going forward. It is expected that rising medical costs will continue to drive health insurance costs faster than inflation as measured by the CPI index.
- The District carries an outstanding "AA-" long-term credit rating from Standard and Poor's. The District maintains to have a very strong capacity to meet financial commitments.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Peter Kempen, Business Manager, Seymour Community School District (920) 833-2304, 10 Circle Drive, Seymour, WI 54165

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

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

	<b>Governmental Activities</b>
<b>Assets:</b>	
<b>Current assets:</b>	
Cash and equivalents	\$ 2,119,497
Investments	12,183,309
Taxes receivable	2,253,876
Due from employee trust fund	441,498
Due from other governments	625,697
<b>Total current assets</b>	17,623,877
<b>Noncurrent assets:</b>	
Net pension asset - wrs	5,249,924
<b>Capital assets:</b>	
Nondepreciable	1,199,100
Depreciable, net of accumulated depreciation	28,705,750
<b>Net capital assets</b>	29,904,850
<b>Total noncurrent assets</b>	35,154,774
<b>Total assets</b>	52,778,651
<b>Deferred outflows of resources:</b>	
Deferred outflows related to pensions	8,294,755
Deferred outflows related to OPEB	2,050,365
Unamortized loss on defeasance	75,218
Unamortized loss on refunding	142,582
<b>Total deferred outflows of resources</b>	10,562,920
<b>Liabilities:</b>	
Accounts payable	22,045
Withholdings and related district fringes payable	404,500
Accrued interest	55,850
Accrued payroll	31,664
Claimed vested benefits currently payable	18,817
Due to employee trust fund	421,142
Deposits payable	753,019
Unearned revenues	60,193
Long-term debt obligations due within one year	1,320,000
Long-term liabilities:	
Long-term debt obligations due in more than one year	9,520,000
Net OPEB liability	4,089,309
Unamortized premium on advance refunding	649,013
<b>Total liabilities</b>	17,345,552
<b>Deferred inflows of resources</b>	
Deferred inflows related to pensions	11,523,275
Deferred inflows related to OPEB	449,667
<b>Total deferred inflows of resources</b>	11,972,942
<b>Net position:</b>	
Net investment in capital assets	25,175,611
Restricted for:	
Debt service	425,649
Capital projects	1,991,549
Food service	105,613
Other special revenue	858,418
Common school library	392
Unrestricted	5,465,845
<b>Total net position</b>	\$ 34,023,077

The accompanying notes to financial statements  
are an integral part of these statements.

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

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

	<b>Program Revenues</b>			<b>Net</b>
<b>Expenses</b>	<b>Charges for</b>	<b>Services</b>	<b>Operating</b>	<b>(Expenses)</b>
			<b>Grants and</b>	<b>Revenues and</b>
			<b>Contributions</b>	<b>Changes in</b>
				<b>Net Position</b>
<b>Governmental activities:</b>				
Instruction:				
Regular instruction	\$ 11,371,753	\$ 941,883	\$ 854,737	\$ (9,575,133)
Special education instruction	2,357,689	---	1,575,219	(782,470)
Vocational instruction	1,007,078	---	---	(1,007,078)
Other instruction	1,196,797	2,058	---	(1,194,739)
<b>Total instruction</b>	15,933,317	943,941	2,429,956	(12,559,420)
<b>Support services:</b>				
Pupil services	1,438,407	---	---	(1,438,407)
Instructional staff services	2,754,388	---	143,051	(2,611,337)
Administration services	1,538,105	---	---	(1,538,105)
Operation and maintenance of plant	3,145,815	---	73,974	(3,071,841)
Pupil transportation	1,474,577	---	68,005	(1,406,572)
Central services	32,376	---	520	(31,856)
Other support services	744,462	---	---	(744,462)
Community services	309,882	50,670	---	(259,212)
Food service	921,073	32,108	735,507	(153,458)
Interest on long-term debt	365,098	---	---	(365,098)
Unallocated depreciation**	1,268,862	---	---	(1,268,862)
<b>Total support services</b>	13,993,045	82,778	1,021,057	(12,889,210)
<b>Total school district</b>	\$ 29,926,362	\$ 1,026,719	\$ 3,451,013	(25,448,630)

**General revenues:**

Taxes:

Property taxes, levied for general purposes	6,560,379
Property taxes, levied for debt service	1,450,000
Property taxes, levied for specific purposes	285,275
Other taxes	7,261
Federal and state aid not restricted to specific purposes	
General	17,785,734
Other	1,679,271
Interest and investment earnings	30,517
Miscellaneous	346,259
	346,259

**Changes in net position** 2,696,066

**Net position - beginning of year** 31,304,292

Prior-period adjustment 22,719

**Net position - beginning of year as adjusted** 31,327,011

**Net position - end of year** \$ 34,023,077

\*\*This amount excludes the depreciation that is included in the direct expenses of the various programs.

The accompanying notes to financial statements  
are an integral part of these statements.

**SEYMOUR COMMUNITY SCHOOL DISTRICT**

Seymour, Wisconsin

**Balance Sheet  
Governmental Funds**

June 30, 2021

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Cash and equivalents	\$ ---	\$ 1,744,099	\$ 375,398	\$ 2,119,497
Investments	4,483,233	6,550,000	1,150,076	12,183,309
Taxes receivable	2,253,876	---	---	2,253,876
Due from other funds	8,420	494,190	257,738	760,348
Due from employee trust fund	441,498	---	---	441,498
Due from other governments	601,890	---	23,807	625,697
<b>Total assets</b>	<b>\$ 7,788,917</b>	<b>\$ 8,788,289</b>	<b>\$ 1,807,019</b>	<b>\$ 18,384,225</b>
<b>Liabilities, Deferred Inflows and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 15,909	\$ ---	\$ 6,136	\$ 22,045
Withholdings and related district fringes payable	404,437	---	63	404,500
Accrued payroll	21,861	---	9,803	31,664
Claimed vested benefits currently payable	18,817	---	---	18,817
Due to other funds	370,695	254,766	134,887	760,348
Due to employee trust fund	421,142	---	---	421,142
Deposits payable	753,019	---	---	753,019
Unearned revenues	---	---	60,193	60,193
<b>Total liabilities</b>	<b>2,005,880</b>	<b>254,766</b>	<b>211,082</b>	<b>2,471,728</b>
<b>Fund Balances:</b>				
Nonspendable	---	---	646,811	646,811
Restricted	392	8,533,523	742,869	9,276,784
Assigned	---	---	206,257	206,257
Unassigned	5,782,645	---	---	5,782,645
<b>Total fund balances</b>	<b>5,783,037</b>	<b>8,533,523</b>	<b>1,595,937</b>	<b>15,912,497</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 7,788,917</b>	<b>\$ 8,788,289</b>	<b>\$ 1,807,019</b>	<b>\$ 18,384,225</b>

The accompanying notes to financial statements  
are an integral part of these statements.



**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

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

<b>Total fund balances - governmental funds</b>		<b>\$ 15,912,497</b>
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources; therefore, are not reported as assets in governmental funds:		
Cost of the assets	\$ 59,049,251	
Accumulated depreciation	<u>(29,144,401)</u>	29,904,850
The District's proportionate share of the net pension asset at WRS is reported as an asset on the statement of net position, but is not reported in the governmental funds.		
		5,249,924
The District's net OPEB liability is recorded as a liability on the statement of net position, but is not reported in the governmental funds		
		(4,089,309)
Deferred inflows and outflows of resources related to pensions and other post-employment benefits are applicable to future periods and therefore, are not reported in the governmental funds.		
		(1,627,822)
Long-term liabilities and related items, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities and deferred outflows of resources in the government funds. Long-term liabilities and related items at year-end consist of:		
Bonds payable	10,840,000	
Unamortized loss on refunding	(142,582)	
Unamortized loss on defeasance	(75,218)	
Unamortized premium on advance refunding	<u>649,013</u>	(11,271,213)
Accrued interest payable on the bonds is not due and payable in the current period and therefore is not reported as a liability in the funds		
		<u>(55,850)</u>
<b>Total net position - governmental activities</b>		<b><u>\$ 34,023,077</u></b>

The accompanying notes to financial statements  
are an integral part of these statements.

**SEYMOUR COMMUNITY SCHOOL DISTRICT**

Seymour, Wisconsin

**Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds**

Year Ended June 30, 2021

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Local	\$ 6,691,743	\$ 49,086	\$ 1,972,752	\$ 8,713,581
Interdistrict payments within Wisconsin	854,673	---	---	854,673
Intermediate sources	20,089	---	---	20,089
State	20,187,551	---	29,214	20,216,765
Federal	1,894,011	---	785,155	2,679,166
Other	110,025	---	1,024	111,049
<b>Total revenues</b>	<b>29,758,092</b>	<b>49,086</b>	<b>2,788,145</b>	<b>32,595,323</b>
<b>Expenditures:</b>				
Instruction:				
Current	15,796,482	---	212,532	16,009,014
Interdistrict	1,662,133	---	---	1,662,133
Capital outlay	88,082	---	---	88,082
Support Services:				
Current	10,797,239	8,026	1,260,490	12,065,755
Capital outlay	779,549	---	---	779,549
Debt service	---	---	2,584,464	2,584,464
<b>Total expenditures</b>	<b>29,123,485</b>	<b>8,026</b>	<b>4,057,486</b>	<b>33,188,997</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>634,607</b>	<b>41,060</b>	<b>(1,269,341)</b>	<b>(593,674)</b>
<b>Other Financing Sources (uses):</b>				
Operating transfers in (out)	(200,000)	200,000	---	---
Debt proceeds	---	6,550,000	---	6,550,000
Other financing sources - premium	---	---	383,026	383,026
<b>Total other financing sources (uses)</b>	<b>(200,000)</b>	<b>6,750,000</b>	<b>383,026</b>	<b>6,933,026</b>
<b>Net change in fund balances</b>	<b>434,607</b>	<b>6,791,060</b>	<b>(886,315)</b>	<b>6,339,352</b>
<b>Fund Balances - Beginning of year</b>	<b>5,348,430</b>	<b>1,742,463</b>	<b>2,482,252</b>	<b>9,573,145</b>
<b>Fund Balances - End of year</b>	<b>\$ 5,783,037</b>	<b>\$ 8,533,523</b>	<b>\$ 1,595,937</b>	<b>\$ 15,912,497</b>

The accompanying notes to financial statements  
are an integral part of these statements.

**SEYMOUR COMMUNITY SCHOOL DISTRICT**

Seymour, Wisconsin

**Reconciliation of the Governmental Funds Statement of  
Revenues, Expenditures, and Changes in Fund Balances  
to the Statement of Activities**

Year Ended June 30, 2021

**Total net change in fund balances - governmental funds** \$ 6,339,352

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses:

Depreciation expense	\$ (1,620,122)	
Capital outlays	<u>867,631</u>	(752,491)

Losses on debt defeasance are not recorded in the governmental funds, but are capitalized on the statement of net position. 87,754

Bond premiums are recorded as a revenue in the governmental funds, but these are amortized over the life of the bonds in the statement of activities. (383,026)

Proceeds received for the issuance of debt is a revenue in the governmental funds, but the proceeds increase long-term liabilities in the statement of net position. (6,550,000)

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:

Bonds payable		2,170,000
---------------	--	-----------

In the statement of activities post-employment benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. 292,513

Amortization reduces the balance of the respective liability and deferred outflow of resources. The amortization is an expenditure or revenue in the statement of net position, but is not shown in the governmental funds.

Amortization of loss on refunding	(31,685)	
Amortization of loss on debt defeasance	(12,536)	
Amortization of premium	<u>59,108</u>	14,887

In the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension revenue (expense). In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.

Pension revenue	576,996	
District pension contributions	<u>926,253</u>	1,503,249

In the statement of activities, interest income is recognized when earned. In the governmental funds, however, interest income is recognized when measurable and available for use. (32,005)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 5,833

**Change in net position of governmental activities** \$ 2,696,066

The accompanying notes to financial statements  
are an integral part of these statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT

Seymour, Wisconsin

Statement of Fiduciary Net Position

June 30, 2021

	<b>Employee Benefit Trusts</b>
<b>Assets:</b>	
Investments	\$ 6,117,325
Due from other funds	<u>421,142</u>
<b>Total assets</b>	<b><u><u>\$ 6,538,467</u></u></b>
<b>Liabilities and Net Position:</b>	
<b>Liabilities:</b>	
Due to other funds	\$ 441,498
<b>Net Position:</b>	
Restricted	<u>6,096,969</u>
<b>Total liabilities and net position</b>	<b><u><u>\$ 6,538,467</u></u></b>

Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2021

	<b>Employee Benefit Trusts</b>
<b>Additions:</b>	
Interest	\$ 248,224
Employer contributions to employee benefit trust	850,478
Employee contributions to employee benefit trust	47,303
Unrealized gain on investments	<u>491,128</u>
<b>Total additions</b>	<b>1,637,133</b>
<b>Deductions:</b>	
Trust fund fees	21,474
Trust fund disbursements	<u>894,485</u>
<b>Total deductions</b>	<b><u>915,959</u></b>
<b>Change in net position</b>	<b>721,174</b>
<b>Net position - June 30, 2020</b>	<b><u>5,375,795</u></b>
<b>Net position - June 30, 2021</b>	<b><u><u>\$ 6,096,969</u></u></b>

The accompanying notes to financial statements  
are an integral part of these statements.

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Notes to Financial Statements**  
June 30, 2021

**1. Summary of Significant Accounting Policies**

**A. Introduction**

The Seymour Community School District ("District") is organized as a common school district. The District, governed by a seven-member elected school board, is fiscally independent with taxing and borrowing powers. Services provided by the District are primary and secondary education and special education.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies used by the District are discussed below.

**B. Component Units**

GAAP requires that these financial statements include the primary government and its component units. Component units are separate organizations that are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the general-purpose financial statements. The District has no component units, and it is not included in any other governmental reporting entity.

**C. Basis of Presentation**

**District-Wide Statements**

The statement of net position and the statement of activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. The District has no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues have been classified to the function where the majority of the expenditures relating to it have been incurred. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Notes to Financial Statements**  
June 30, 2021  
(Continued)

**1. Summary of Significant Accounting Policies (Continued)**

**C. Basis of Presentation (Continued)**

**Fund Financial Statements**

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category – governmental, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds; each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

*General Fund* - The General Fund is the operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in other funds. This fund includes activities associated with providing educational programs for students with disabilities.

*Capital Projects Fund* – This fund accounts for the financial resources of the District to be used for capital expenditures related to building and sites.

The District accounts for fiduciary activities for employee post-employment benefits in an employee benefit trust fund.

**D. Measurement Focus and Basis of Accounting**

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Notes to Financial Statements**  
June 30, 2021  
(Continued)

**1. Summary of Significant Accounting Policies (Continued)**

**E. Cash and Equivalents**

The District's cash equivalents are considered to be cash on hand, money markets and demand deposits. Cash balances for individual funds are pooled unless maintained in segregated accounts.

**F. Investments**

Investments are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period.

As discussed in Footnote 2, the District categorizes the fair value measurements of its investments based on the hierarchy established by GAAP. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021.

*Equity and fixed income funds:* Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Interest income is recorded on the accrual basis. Interest income on commingled investments of district accounting funds is allocated based on average investment balances. Purchases and sales of investments are recorded on a trade-date basis. Realized gains and losses of the District's assets are reported in the statement of activities, statement of revenues, expenditures and changes in fund balances and in the statement of changes in fiduciary net position. Adjustments necessary to record investments at fair value are recorded in the statement of changes in fiduciary net position as unrealized gains or losses and in the statement of revenues, expenditures and changes in fund balance as local revenue.

**G. Other Assets**

Expendable supplies or non-capital items acquired for initial use in subsequent fiscal periods are recorded as inventories and/or prepaid expenses. Prepaid insurance represents payments made by the District for which benefits extend beyond June 30<sup>th</sup> and have not yet been earned by the recipient. The District had no other assets for the year ending 2021.

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Notes to Financial Statements**  
June 30, 2021  
(Continued)

**1. Summary of Significant Accounting Policies (Continued)**

**H. Receivables**

All accounts receivable are shown at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since management believes that such allowance would not be material.

Property taxes are recognized as revenues in the year for which they are budgeted. The District tax levy is certified in November of the current fiscal year for collection by the taxing municipalities based on the past October 1 full or "equalized" taxable property values. The District is paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. Under the Wisconsin Statutes, Outagamie and Shawano County purchases the outstanding property taxes of the District in August of each year. This statutory guarantee assures the District full collection of all property taxes within sixty days of its year end, and hence, the availability of these funds to finance expenditures of the fiscal year for which the taxes were levied.

**I. Interfund Transactions**

The current portion of lending/borrowing arrangements between funds is identified as due to/from other funds. The noncurrent portion of outstanding balances between funds is reported as advances to/from other funds. Advances between funds are offset by a fund balance reserve account to indicate that they are not available for appropriation and are not expendable available financial resources. The District does not have any advances between funds. Individual fund transfers and interfund receivables and payable activity for the year ending June 30, 2021 are as follows:

<u>Purpose</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Transfers:			
Long-term capital projects	Capital Projects	General	\$ <u>200,000</u>
Due to/from:			
Contribution to trust	Benefit Trust	General	\$ 421,142
Reimburse for benefit payments and implicit rate	General	Benefit Trust	441,498
Premium on debt issuance	Debt Service	Capital Projects	254,766
Self-funded dental	Indian Education	General	2,972
Self-funded dental	General	Food Service	5,477
Self-funded dental	General	Community Service	2,943
Negative cash balance	Capital Projects	General	167,723
Negative cash balance	Capital Projects	Indian Education	16,387
Negative cash balance	Capital Projects	Food Service	110,080
Long-term capital projects	Capital Projects	General	200,000



**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Notes to Financial Statements**  
June 30, 2021  
(Continued)

**1. Summary of Significant Accounting Policies (Continued)**

**J. Deferred Outflows and Inflows of Resources**

In addition to assets and liabilities, the financial statements will sometimes report a separate section for deferred outflows and inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent the acquisition of net assets that is applicable to a future reporting period(s) and thus, will not be recognized as an inflow of resources (revenue) until then.

**K. Capital Assets**

Capital assets are reported at actual cost or estimated historical cost, based on appraisals conducted by an independent third-party professional appraisal firm. Maintenance and repair costs are charged to expenses as incurred and betterments are capitalized as assets. Upon disposal of land, buildings and equipment, a gain or loss is reflected in the statement of activities. Property and equipment and related depreciation expense are not reflected in the Governmental Fund Financial Statements.

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

		<b>Capitalization Threshold</b>	<b>Depreciation Method</b>	<b>Estimated Useful Life</b>
Buildings	\$	5,000	Straight-line	75 years
Equipment and furniture		5,000	Straight-line	5 - 20 years

The District reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

**L. Net Position**

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

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

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Notes to Financial Statements**  
June 30, 2021  
(Continued)

**1. Summary of Significant Accounting Policies (Continued)**

**M. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts**

The District's policy does not allow vacation to accumulate. Sick leave may be accumulated to a maximum of seventy days for support staff and teachers. Unused accumulated sick pay benefits are forfeited upon retirement or termination of employment. These benefits are recorded as expenditures in the year used and are generally liquidated by the general fund.

**N. Pensions**

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension revenue (expense), information about the fiduciary net position of the Wisconsin Retirement System ("WRS") and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported to 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. Pensions are generally liquidated by the general fund.

**O. Fund Balance**

Governmental fund equity is classified as fund balance. GASB establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The initial distinction that is made is identifying amounts that are considered nonspendable. Fund balance is further classified as restricted, committed, assigned and unassigned. The District's fund balance classification policies and procedures are as follows:

- *Nonspendable* – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- *Restricted* - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- *Committed* - amounts that can be used only for specific purposes determined by a formal action of the School Board. The School Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through the same type of action it employed to previously commit those amounts.
- *Assigned* - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the School Board's Finance Committee is authorized to assign funds. The intent of the assigned funds may change with appropriate approvals as decided by the Director of Business Services.
- *Unassigned* – amounts are available for any purpose, and if the general fund has available resources that are not of the other previously mentioned categories, it shall be deemed unassigned.

*Order of Fund Balance Spending Policy:*

The District has established the following order of spending when various funding sources exist: (1) Restricted, (2) Committed, (3) Assigned, (4) Unassigned.

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Notes to Financial Statements**  
June 30, 2021  
(Continued)

**1. Summary of Significant Accounting Policies (Continued)**

**O. Fund Balance (Continued)**

*Minimum Fund Balance Policy:*

The District has established a general fund year-end fund balance policy that is equivalent to at least 15%, but not greater than 20% of the anticipated general fund expenditure budget for the subsequent fiscal year.

**P. Estimates**

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

**Q. Subsequent Event**

Management has evaluated all subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed (December 15, 2021). Except for the information in Note 4 and Note 8 regarding the line of credit renewal and self-funded health insurance, no events have occurred subsequent to year-end that requires disclosure.

**2. Cash and Equivalents and Investments**

Cash and equivalents and investments as shown on the District's statement of net position are subject to the following risks:

	<b>Custodial Balance</b>	<b>Carrying Amount</b>	<b>Risks</b>
<b>Cash and equivalents:</b>			
Demand deposits	\$ 2,975,176	\$ 2,118,357	Custodial
Petty cash	---	1,140	
<b>Investments:</b>			
Local Government Investment Pool (LGIP)	4,930,799	4,930,799	Custodial
Money market	129,618	129,618	Custodial
Certificates of deposit	2,600,500	2,600,500	Custodial and interest rate
Cash management series	4,652,010	4,652,010	Custodial, credit and interest rate
Equity and fixed income funds	5,987,707	5,987,707	Custodial
<b>Total cash and equivalents and investments</b>	<b>\$ 21,275,810</b>	<b>\$ 20,420,131</b>	

**Reconciliation to Financial Statements:**

**Per statement of net position:**

Cash and equivalents	\$ 2,119,497
Investments	12,183,309

**Per statement of fiduciary net position:**

Investments	6,117,325
<b>Total cash and equivalents and investments</b>	<b>\$ 20,420,131</b>

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Notes to Financial Statements**  
June 30, 2021  
(Continued)

**2. Cash and Equivalents and Investments (Continued)**

Deposits in each local and area bank are insured by the Federal Deposit Insurance Corporation ("FDIC") in the amount of \$250,000. Deposits in each local and area bank and in the Wisconsin Local Government Investment Pool ("LGIP") are also insured by the State Deposit Guarantee Fund ("SDGF") in the amount of \$400,000 per financial institution. 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 governmental entities. Investments in the local government investment pool 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. The bond provides unlimited coverage on principal losses, reduced by any FDIC, SDGF insurance, and income on the investment during the calendar quarter a loss occurs.

In accordance with certain contractual provisions, investment income associated with LGIP is assigned to the corresponding fund in which the assets are held. Participants in LGIP have the right to withdraw their funds in total on one day's notice. The LGIP does not include any involuntary participants.

A separate financial report for SIF is prepared in accordance with GASB. Copies of the report can be obtained from <https://doa.wi.gov/budget/2020%20SIF%20Annual%20Financial%20Report.pdf>.

The District has investments in WISC that consist of a Cash Management Series Fund (CMS). The CMS has no minimum investment period and allows check writing privileges. The WISC weighted average maturity ranges from 0 to 285 days.

WISC is organized by and operated exclusively for Wisconsin public schools, technical colleges, and municipal entities. WISC is not registered with the Securities and Exchange Commission, but operates under Wisconsin Intergovernmental cooperation Statutes, Section 66.0301. WISC is governed by the Wisconsin Investment Series Cooperative Commission in accordance with the terms of the Intergovernmental Cooperation Agreement. WISC invests District funds in accordance with Wisconsin Law. WISC investments are valued at amortized cost, which approximates market value. Investment income is distributed to participants based on their relative participation during the period. Participants in WISC have the right to withdraw their funds in total on one day's notice.

In accordance with certain contractual provisions, investment income associated with WISC is assigned to the General Fund, the Debt Service Fund, the Special Revenue Fund and the Building Project Fund. Investment income is distributed to participants based on their relative participation during the period.

A separate financial report for WISC is prepared in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Copies of the report can be obtained by contacting the Wisconsin Investment Series Cooperative.

**Custodial Risk:** Is the risk of deposits is that, in the event of a financial institution failure, the District's deposits may not be returned to the District. The District's carrying value for demand deposits, money market funds, certificates of deposit, equity and fixed income funds and local government investment pool and was \$20,418,991 at June 30, 2021 and the bank's carrying value was \$21,275,810 of which \$1,879,720 was fully insured, \$533,555 was collateralized by pledged securities, and \$18,862,535 was uninsured and uncollateralized. The District does not have a policy on custodial risk. Custodial risk of 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 or collateral securities that are in the possession of an outside party. All investments held by the District's agent are in the District's name and therefore are not exposed to custodial risk.

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Notes to Financial Statements**  
June 30, 2021  
(Continued)

**2. Cash and Equivalents and Investments (Continued)**

**Interest Rate Risk:** As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits the maturity of any security to no more than seven years from the date of purchase or in accordance with state statutes. Interest rate risk is limited due to all investments having a maturity date of less than one year other than fixed rate certificates of deposits.

Type of Investment	Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
Certificates of Deposit	\$ 2,600,500	\$ 2,600,500	\$ ---	\$ ---	\$ ---
Cash management series	4,652,010	4,652,010	---	---	---
<b>Total</b>	<b>\$ 7,252,510</b>	<b>\$ 7,252,510</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ ---</b>

**Credit Risk:** Generally, credit risk is the risk that an issuer of a type of investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The District's investment policy minimized credit risk by limiting investments to the safest type of securities. The cash management series has a bond rating of AAA.

The LGIP does not have a credit quality rating and is also not subject to credit risk disclosure because investments are not issued in securities form. It is part of the SIF and is managed by the State of Wisconsin Investment Board. The LGIP is not registered with the Securities and Exchange Commission but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually and carries investments at amortized cost for purposes of calculating income to participants. At June 30, 2021, the fair value of the District's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments that are measured using Level 3 inputs.

Investments' fair value measurements are as follows at June 30, 2021:

	Fair Value			Exempt from Disclosure	Total
	Level 1	Level 2	Level 3		
Certificates of deposit	\$ ---	\$ ---	\$ ---	\$ 2,600,500	\$ 2,600,500
Money market funds	---	---	---	129,618	129,618
Equity and fixed income funds	5,987,707	---	---	---	5,987,707
Cash management series	---	---	---	4,652,010	4,652,010
LGIP	---	---	---	4,930,799	4,930,779
<b>Total</b>	<b>\$ 5,987,707</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ 12,312,927</b>	<b>\$ 18,300,634</b>

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Notes to Financial Statements**  
June 30, 2021  
(Continued)

**2. Cash and Equivalents and Investments (Continued)**

LGIP and the Cash Management Series are exempt from fair value disclosure due to investments being valued at amortized cost. Certificates of deposit are exempt from fair value disclosure due to investments being valued at cost plus accrued interest earned. Money market funds are exempt due to investments being valued at net asset value.

Wisconsin Statute 66.0603 authorizes the District to invest in the following types of instruments:

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association that is authorized to transact business in Wisconsin if the time deposit matures in not more than three years
- Bonds or securities issued or guaranteed as to principal or interest by the federal government or by a commission, board, or other instrumentality of the federal government (U.S. Treasuries and U.S. agencies)
- Bonds or securities of any Wisconsin county, city, drainage district, technical college district, village, town, or school district
- Bonds issued by a local exposition district, local professional baseball park district, or local professional stadium district created under subchapter III or IV of chapter 229 of the Wisconsin statutes or bonds issued by the University of Wisconsin Hospitals or Clinics Authority
- Any security maturing in seven years or less of the acquisition date with either the highest or second highest rating category of a nationally recognized rating agency
- Securities of open-end management investment companies or investment trusts if the portfolio is collateralized by bonds or securities, subject to various conditions and investment options
- A local government investment pool, subject to certain conditions

**3. Capital Assets**

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

	<b>Balance July 1, 2020</b>	<b>Additions</b>	<b>Reductions</b>	<b>Adjustments</b>	<b>Balance June 30, 2021</b>
<b>Capital assets not being depreciated:</b>					
Sites	\$ 1,199,100	\$ ---	\$ ---	\$ ---	\$ 1,199,100
<b>Capital assets being depreciated:</b>					
Building and improvements	52,156,436	693,090	---	---	52,849,526
Equipment	4,819,876	174,541	17,294	23,502	5,000,625
Total capital assets being depreciated	56,976,312	867,631	17,294	23,502	57,850,151
Less accumulated depreciation	27,540,790	1,620,122	17,294	783	29,144,401
<b>Total capital assets being depreciated, net of accumulated depreciation</b>	<b>29,435,522</b>	<b>(752,491)</b>	<b>---</b>	<b>22,719</b>	<b>28,705,750</b>
<b>Governmental activities capital assets, net of accumulated depreciation</b>	<b>\$ 30,634,622</b>	<b>\$ (752,491)</b>	<b>\$ ---</b>	<b>\$ 22,719</b>	<b>\$ 29,904,850</b>

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Notes to Financial Statements**  
June 30, 2021  
(Continued)

**3. Capital Assets (Continued)**

Depreciation expense was charged to governmental functions as follows:

Instruction	\$	241,142
Administration services		39,176
Operation and maintenance of plant		22,235
Food services		30,622
Transportation		18,085
Unallocated depreciation		<u>1,268,862</u>
Total depreciation for governmental activities	\$	<u>1,620,122</u>

See note 14 for additional information on the adjustments.

**4. Short-Term Borrowing**

On November 1, 2020, the District entered into a \$1,500,000 line of credit agreement with a maturity date of November 1, 2021. The interest rate on the line of credit was 3.98%. At June 30, 2021, the outstanding balance on the line of credit was \$-0-. There was no activity on the line of credit during the year ended June 30, 2021. The District incurred interest expense of \$-0- on the line of credit for the year ended June 30, 2021. Subsequent to year-end, the District renewed the line of credit for \$1,500,000, bearing an interest rate of 3.35% with a maturity date of November 1, 2022.

**5. Long-Term Liabilities**

Long-term obligations of the District are as follows:

<u>Type</u>	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30,</u> <u>2021</u>	<u>Amounts</u> <u>due within</u> <u>one year</u>
G.O. Bonds	\$ 6,460,000	\$ ---	\$ (2,170,000)	\$ 4,290,000	\$ 900,000
G.O. Promissory Note	---	6,550,000	---	6,550,000	420,000
Unamortized premium	325,095	383,026	(59,108)	649,013	101,666
<b>Total</b>	<u>\$ 6,785,095</u>	<u>\$ 6,933,026</u>	<u>\$ (2,229,108)</u>	<u>\$ 11,489,013</u>	<u>\$ 1,421,666</u>

Total interest paid and expensed (including accrual) during the year for the year ended June 30, 2021 on long-term liabilities was \$185,050 and \$179,217, respectively. All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. The long-term debt will be retired by future property tax levies and resources accumulated in the Debt Service Fund. General obligation debt at June 30, 2021 is comprised of the following individual issues:

<u>Description</u>	<u>Issue</u> <u>Dates</u>	<u>Interest</u> <u>Rates (%)</u>	<u>Dates of</u> <u>Maturity</u>	<u>Balance</u> <u>June 30, 2021</u>
G.O. Refunding Bond	2/11/2016	2.00-4.00%	3/1/2026	\$ 4,290,000
G.O. Promissory Note	6/15/2021	2.00-3.00%	3/1/2030	6,550,000
Total				<u>\$ 10,840,000</u>

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Notes to Financial Statements**  
June 30, 2021  
(Continued)

**5. Long-Term Liabilities (Continued)**

The 2020 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$868,315,410. The legal debt limit and margin of indebtedness as of June 30, 2021, in accordance with Section 67.03(1)(a) of the Wisconsin Statutes follows:

Debt limit (10% of \$868,315,410)		\$	86,831,541
Deduct long-term debt applicable to debt margin			<u>(10,840,000)</u>
<b>Margin of indebtedness</b>		\$	<u>75,991,541</u>

Aggregate cash flow requirements for the retirement of long-term general obligation principal and interest on June 30, 2021 follow:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,320,000	\$ 269,879	\$ 1,589,879
2023	1,335,000	233,000	1,568,000
2024	1,315,000	192,950	1,507,950
2025	1,085,000	153,500	1,238,500
2026	1,115,000	120,950	1,235,950
2027-2030	<u>4,670,000</u>	<u>236,000</u>	<u>4,906,000</u>
<b>Totals</b>	<u>\$ 10,840,000</u>	<u>\$ 1,206,279</u>	<u>\$ 12,046,279</u>

Prior to the implementation of GASB 86, certain outstanding debt of the District has been defeased by making additional principal payments and by placing the proceeds of refunding bonds in irrevocable escrow accounts. The principal and interest amounts in escrow provide cash flows sufficient to pay principal and interest of the defeased bonds in accordance with the schedule of remaining payments due. Accordingly, the escrow account and the defeased bonds are not included in the District's financial statements. The balance of defeased bonds outstanding at June 30, 2021 is \$6,720,000.

During the year ended June 30, 2021, the District deposited cash on hand of \$1,382,754 into an irrevocable escrow account to defease an additional portion of the \$8,440,000 G.O. refunding bond issuance. This defeasance resulted in a loss on debt defeasance of \$87,754 which will be amortized over the life of the defeasance. Accordingly, the escrow account and the defeased bonds are not included in the District's financial statements. The balance of defeased bonds outstanding and unamortized loss on defeasance at June 30, 2021 is \$1,295,000 and \$75,218, respectively.

**6. Defined Benefit Pension Plan**

**Plan Description**

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.



**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Notes to Financial Statements**  
June 30, 2021  
(Continued)

**6. Defined Benefit Pension Plan (Continued)**

***Vesting***

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

***Benefits Provided***

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

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

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

***Post-Retirement Adjustments***

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

<b>Year</b>	<b>Core Fund Adjustment</b>	<b>Variable Fund Adjustment</b>
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

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Notes to Financial Statements**  
June 30, 2021  
(Continued)

**6. Defined Benefit Pension Plan (Continued)**

**Contributions**

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, 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 (calendar year 2020), the WRS recognized \$926,253 in contributions from the employer.

Contribution rates as of June 30, 2021 are:

<b>Employee Category</b>	<b>Employee</b>	<b>Employer</b>
General (including teachers, executives & elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.75%
Protective without Social Security	6.75%	16.35%

**Pension Asset, Pension Expense and Deferred Outflows and Inflows of Resources**

At June 30, 2021, the District reported an asset of \$5,249,924 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the District's proportion was 0.0841%, which was a decrease of 0.0022% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension revenue of \$576,996.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 7,598,250	\$ 1,636,649
Changes in assumptions	119,078	---
Net difference between projected and actual earnings on pension plan investments	---	9,856,303
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,773	30,323
Employer contributions subsequent to the measurement date	574,654	---
<b>Total</b>	<b>\$ 8,294,755</b>	<b>\$ 11,523,275</b>

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Notes to Financial Statements**  
June 30, 2021  
(Continued)

**6. Defined Benefit Pension Plan (Continued)**

**Pension Asset, Pension Expense and Deferred Outflows and Inflows of Resources (Continued)**

The amount of \$574,654, reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2022.

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	\$ 4,874,528	\$ 5,852,111
2023	4,124,267	4,396,771
2024	1,812,544	3,606,030
2025	755,404	1,515,005

**Actuarial Assumptions**

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

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

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension asset for December 31, 2020 is based upon a roll-forward of the asset 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.

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Notes to Financial Statements**  
June 30, 2021  
(Continued)

**6. Defined Benefit Pension Plan (Continued)**

**Actuarial Assumptions (Continued)**

*Long-term expected Return on Plan Assets (Continued).* These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class as of December 31, 2020 are summarized in the following table:

<b>Asset Allocation Targets and Expected Returns</b>			
<b>As of December 31, 2020</b>			
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 was 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.

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Notes to Financial Statements**  
June 30, 2021  
(Continued)

**6. Defined Benefit Pension Plan (Continued)**

**Actuarial Assumptions (Continued)**

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

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
<b>District's proportionate share of the net pension liability (asset)</b>	\$ 4,997,200	\$ (5,249,924)	\$ (12,776,360)

*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>.

Payables to the pension plan at June 30, 2021 were \$352,635. This represents contributions earned as of June 30, 2021, but for which payment was not remitted to the pension plan until subsequent to year-end.

**7. Seymour Community School District Post-Employment Benefits Trust**

**Description**

The Seymour Community School District Post-Employment Benefits Trust is a trust set up by the District to accumulate funds for the payment of the District's OPEB liability relating to medical and dental insurance and retirement stipends. The trust does not require any employee or employer contributions. Employees participating in the OPEB benefit consisted of the following at June 30, 2020, the date of the latest actuarial valuation:

Retirees currently receiving benefit payments	44
Active employees fully eligible but not yet receiving benefits	30
Active employees not fully eligible	181
Number of participating employees	255

**Funding Policy and Contributions**

The District is required to provide contributions on a pay-as-you-go basis. Active plan members are not required to contribute toward these benefits. The Board of Education has established an irrevocable Employee Benefit Trust Fund for funding the other post-employment benefit liability. Payments are expended in the general fund and the revenue is recorded in the Employee Benefit Trust Fund.

For the year ended June 30, 2021, the District recognized OPEB contributions of \$850,478 and plan member contributions of \$47,303.

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Notes to Financial Statements**  
June 30, 2021  
(Continued)

**7. Seymour Community School District Post-Employment Benefits Trust (Continued)**

**Net OPEB Liability**

At June 30, 2021, the District reported a liability of \$4,089,309 for the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date.

**Actuarial Assumptions**

The major assumptions and methods used in the latest actuarial valuation follows:

Valuation date	6/30/2020
Measurement date	6/30/2020
Reporting date	6/30/2021
Actuarial cost method	Entity Age Normal – Level % of Salary
Medical care trend	6.50% decreasing by 0.10% per year down to 5.00%, and level thereafter
Discount rate*	3.75% (based upon all years of projected payments discounted at a 3.75% long-term expected rate of return)
Actuarial assumptions	Based on an experience study conducted in 2018 using Wisconsin Retirement System experience from 2015-2017
Mortality assumptions	Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%)

\* Implicit in this rate is an assumed rate of inflation of 2.00%  
The medical care trend increased to 6.50% in the current year from 3.00% in the prior year.  
The discount rate increased from 3.50% at the prior measurement date to 3.75%

*Single Discount rate.* A single discount rate of 3.75 percent was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB assets of 3.75 percent. Since assets were held as cash or within a fixed interest account, the discount rate was based upon the Bond Buyer Go 20-Year AA Bond Index published by the Federal Reserve for the week at the beginning of the measurement period. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to periods of projected benefit payments to determine the total OPEB liability.

**Rate of Return**

The annual money-weighted rate of return on plan investments, net of plan investment expense was 10.84%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Notes to Financial Statements**  
June 30, 2021  
(Continued)

**7. Seymour Community School District Post-Employment Benefits Trust (Continued)**

**Changes in the Net OPEB Liability**

	<u>Total OPEB Liability (a)</u>	<u>Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a-b)</u>
<b>Balance 6/30/20 - measurement date 6/30/19</b>	\$ 8,584,790	\$ 4,755,556	\$ 3,829,234
Benefit payments made in the prior fiscal year	(804,552)	(804,552)	---
Service cost	354,158	---	354,158
Differences between expected and actual	850,816	---	850,816
Changes of assumptions and other input	187,306	---	187,306
Administrative expense	---	(17,142)	17,142
Interest	292,586	---	292,586
Employer contributions	---	1,103,422	(1,103,422)
Net investment income	---	338,511	(338,511)
Net changes	<u>880,314</u>	<u>620,239</u>	<u>260,075</u>
<b>Balance 6/30/21 - measurement date 6/30/20</b>	\$ <u>9,465,104</u>	\$ <u>5,375,795</u>	\$ <u>4,089,309</u>

*Sensitivity of the District's net OPEB liability to changes in the discount rate.* The following presents the District's net OPEB liability calculated using the discount rate of 3.75 percent, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.75 percent) or 1-percentage point higher (4.75 percent) than the current rate:

	<u>1% Decrease to Discount Rate (2.75%)</u>	<u>Current Discount Rate (3.75%)</u>	<u>1% Increase to Discount Rate (4.75%)</u>
District's net OPEB liability	\$ 4,618,346	\$ 4,089,309	\$ 3,580,419

*Sensitivity of the District's net OPEB liability to changes in Healthcare Cost Trend Rates.* The following presents the District's net OPEB liability calculated using the healthcare cost trend rates of 6.5 percent, as well as what the District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (5.5 percent) or 1-percentage-point higher (7.5 percent) than the current rate:

	<u>1% Decrease (5.5% Decreasing To 4.0%)</u>	<u>Healthcare Cost Trend (6.5% Decreasing To 5.0%)</u>	<u>1% Increase (7.5% Decreasing to 6.0%)</u>
District's net OPEB liability	\$ 3,372,065	\$ 4,089,309	\$ 4,903,156

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Notes to Financial Statements**  
June 30, 2021  
(Continued)

**7. Seymour Community School District Post-Employment Benefits Trust (Continued)**

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$557,965. At June 30, 2021, the District reported deferred inflows and outflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in assumptions and other input	\$ 260,993	\$ 280,737
Difference between expected and actual experience	938,894	---
Net difference between projected and actual earnings on OPEB plan investments	---	168,930
Employer contributions subsequent to the measurement date	850,478	---
<b>Total</b>	<b>\$ 2,050,365</b>	<b>\$ 449,667</b>

The amount of \$850,478 reported as deferred outflows related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022.

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

<u>Year Ended June 30,</u>	
2022	\$ 65,456
2023	67,682
2024	59,953
2025	76,103
2026	109,531
Thereafter	371,495

**Payable to the OPEB Plan**

At June 30, 2021, there was a payable due to the OPEB Trust for \$421,142.

**8. Self-Funded Insurance Program**

On July 1, 2006, the District established a self-funded dental benefit plan ("Plan") for its employees. The Plan administrators, Delta Dental, Inc. (administrator), are responsible for the approval, processing, and payment 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.

The District has no stop-loss coverage for dental care coverage of the Plan.



**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Notes to Financial Statements**  
June 30, 2021  
(Continued)

**8. Self-Funded Insurance Program (Continued)**

At June 30, 2021, the District has reported a liability of \$18,817, 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 \$9,409 and claims reported to the Plan administrator but not the District of \$9,408. The amounts not reported to the District were determined by the Plan administrator. Changes in the claims liability for the year ended June 30, 2021 is as follows:

	<b>Year Ended June 30, 2021</b>
Estimated Claims Outstanding July 1, 2020	\$ 106,142
Current Year Claims and Changes in Estimates	213,439
Claim Payments	<u>(300,764)</u>
<b>Estimated Claims Outstanding</b>	<b>\$ <u>18,817</u></b>

The self-funded dental plan is immaterial. Therefore, an actuarial certification does not apply.

Subsequent to year-end, the District implemented a self-funded health insurance plan.

**9. Fund Balances**

As of June 30, 2021, fund balance components other than unassigned fund balances consist of the following:

	<b>Nonspendable</b>	<b>Restricted</b>	<b>Assigned</b>
General fund:			
Unspent common school fund revenue	\$ ---	\$ 392	\$ ---
Other special revenue:			
Corpus – held in perpetuity	646,811	---	---
Other	---	211,607	---
Debt service	---	425,649	---
Capital project	---	8,533,523	---
Food service	---	105,613	---
Community service	---	---	<u>206,257</u>
<b>Total</b>	<b>\$ <u>646,811</u></b>	<b>\$ <u>9,276,784</u></b>	<b>\$ <u>206,257</u></b>

**10. Risk Management**

The Seymour Community School 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.

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Notes to Financial Statements**  
June 30, 2021  
(Continued)

**11. Limitation on School District Revenues**

Wisconsin statutes limit the amount of revenues school districts may derive from general school aids and property taxes unless a higher amount is approved by a referendum. This limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

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

**12. Commitments and Contingencies**

From time to time, the District is involved in legal actions, most of which normally occur in governmental operations. Legal actions are generally defended by the District's various insurance carriers, since most claims brought against the District are covered by insurance policies. In the opinion of District management, any legal actions and any other proceedings known to exist at June 30, 2021, are not likely to have a material adverse impact 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.

**13. Effects of New Accounting Standards on Financial Statements**

The Government Accounting Standards Board (GASB) has approved the following:

- GASB Statement No. 87, *Leases*
- GASB Statement No. 89, *Accounting for interest cost incurred before the end of a construction period*
- GASB Statement No. 91, *Conduit debt obligations*
- GASB Statement No. 92, *Omnibus 2020*
- GASB Statement No. 93, *Replacement of Interbank Offered Rates*
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Arrangements*
- GASB Statement No. 96, *Subscription based information technology arrangements*
- GASB Statement No. 97, *Certain component unit criteria and accounting and financial reporting for internal revenue code section 457 deferred compensation plans (an amendment of GASB Statements 14 and 84)*

When they become effective, application of these standards may restate portions of these financial statements.

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Notes to Financial Statements**

June 30, 2021

(Continued)

**14. Prior Period Adjustments**

Certain adjustments have been made to the June 30, 2020 government activities net assets to write up the governmental activities assets as of June 30, 2020. The corresponding entry was as follows:

Capital assets	\$	23,502
Accumulated depreciation		<u>(783)</u>
Total prior period adjustment	\$	<u>22,719</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**SEYMOUR COMMUNITY SCHOOL DISTRICT**

Seymour, Wisconsin

**Budgetary Comparison Schedule**

**General Fund**

Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with</b>
	<u>Original</u>	<u>Final</u>		<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues:</b>				
Local	\$ 6,419,721	\$ 6,772,582	\$ 6,691,743	\$ (80,839)
Interdistrict payments within Wisconsin	796,250	771,875	854,673	82,798
Intermediate sources	20,579	15,294	11,091	(4,203)
State	19,514,915	19,434,648	19,359,305	(75,343)
Federal	1,126,615	1,222,529	1,363,546	141,017
Other	73,222	123,952	109,791	(14,161)
<b>Total revenues</b>	<b>27,951,302</b>	<b>28,340,880</b>	<b>28,390,149</b>	<b>49,269</b>
<b>Expenditures:</b>				
Instruction:				
Current	13,232,978	13,753,154	13,370,379	382,775
Interdistrict	1,649,375	1,649,375	1,660,953	(11,578)
Capital outlay	88,082	88,082	88,082	---
Support Services:				
Current	9,673,340	9,854,375	9,740,501	113,874
Capital outlay	779,549	779,549	779,549	---
Debt service	500	500	---	500
<b>Total expenditures</b>	<b>25,423,824</b>	<b>26,125,035</b>	<b>25,639,464</b>	<b>485,571</b>
<b>Excess of revenues over expenditures</b>	<b>2,527,478</b>	<b>2,215,845</b>	<b>2,750,685</b>	<b>534,840</b>
<b>Other Financing Sources (uses):</b>				
Operating transfers out	(2,215,845)	(2,215,845)	(2,316,078)	(100,233)
<b>Net change in fund balances</b>	<b>311,633</b>	<b>---</b>	<b>434,607</b>	<b>434,607</b>
<b>Fund Balances - Beginning of year</b>	<b>5,348,430</b>	<b>5,348,430</b>	<b>5,348,430</b>	<b>---</b>
<b>Fund Balances - End of year</b>	<b>\$ 5,660,063</b>	<b>\$ 5,348,430</b>	<b>\$ 5,783,037</b>	<b>\$ 434,607</b>

See Independent Auditors' Report and Notes to Required Supplementary Information.

**SEYMOUR COMMUNITY SCHOOL DISTRICT**

Seymour, Wisconsin

**Budgetary Comparison Schedule**

**Special Education Fund**

Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with</b>
	<u>Original</u>	<u>Final</u>		<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues:</b>				
Intermediate sources	\$ ---	\$ ---	\$ 8,998	\$ 8,998
State	868,275	868,275	828,246	(40,029)
Federal	478,930	478,930	530,465	51,535
Other	---	---	234	234
<b>Total revenues</b>	<u>1,347,205</u>	<u>1,347,205</u>	<u>1,367,943</u>	<u>20,738</u>
<b>Expenditures:</b>				
Instruction:				
Current	2,552,585	2,552,585	2,426,103	126,482
Interdistrict	---	---	1,180	(1,180)
Support Services:				
Current	1,010,465	1,010,465	1,056,738	(46,273)
<b>Total expenditures</b>	<u>3,563,050</u>	<u>3,563,050</u>	<u>3,484,021</u>	<u>79,029</u>
<b>Deficiency of revenues under expenditures</b>	<u>(2,215,845)</u>	<u>(2,215,845)</u>	<u>(2,116,078)</u>	<u>99,767</u>
<b>Other Financing Sources (uses):</b>				
Operating transfers in	2,215,845	2,215,845	2,116,078	(99,767)
<b>Net change in fund balances</b>	---	---	---	---
<b>Fund Balances - Beginning of year</b>	---	---	---	---
<b>Fund Balances - End of year</b>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

See Independent Auditors' Report and Notes to Required Supplementary Information.

**SEYMOUR COMMUNITY SCHOOL DISTRICT**

Seymour, Wisconsin

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

Year Ended June 30, 2021

Wisconsin Retirement System  
Last 10 Fiscal Years\*

<b>WRS fiscal year-end date</b>	<b>District's proportion of the net pension asset (liability)</b>	<b>District's proportionate share of the net pension asset (liability)</b>	<b>District's covered payroll</b>	<b>Net pension asset (liability) as a percentage of covered payroll</b>	<b>Plan fiduciary net position as a percentage of total pension asset (liability)</b>
12/31/2020	0.0841%	\$ 5,249,924	\$ 13,722,275	38.26%	105.26%
12/31/2019	0.0863%	2,781,324	13,476,406	20.64%	102.96%
12/31/2018	0.0880%	(3,132,258)	13,235,733	-23.67%	96.45%
12/31/2017	0.0894%	2,655,041	13,151,459	20.19%	102.93%
12/31/2016	0.0906%	(746,598)	12,947,634	-5.77%	99.12%
12/31/2015	0.0920%	(1,494,722)	12,807,435	-11.67%	98.20%
12/31/2014	0.0936%	2,299,268	12,875,587	17.86%	102.74%

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

\*GASB requires the presentation of the last ten prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement is not required to be presented in this schedule.

**Schedule of Contributions**

Year Ended June 30, 2021

Wisconsin Retirement System  
Last ten Fiscal Years\*

<b>WRS fiscal year-end date</b>	<b>Contractually required contributions</b>	<b>Contributions in relation to the contractually required contributions</b>	<b>Contribution deficiency (excess)</b>	<b>District's covered payroll</b>	<b>Contributions as a percentage of covered-employee payroll</b>
12/31/2020	\$ 926,253	\$ 926,253	\$ ---	\$ 13,722,275	6.75%
12/31/2019	882,704	882,704	---	13,476,406	6.55%
12/31/2018	886,794	886,794	---	13,235,733	6.70%
12/31/2017	894,602	894,602	---	13,151,459	6.80%
12/31/2016	854,544	854,544	---	12,947,634	6.60%
12/31/2015	870,906	870,906	---	12,807,435	6.80%
12/31/2014	901,291	901,291	---	12,875,587	7.00%

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

\*GASB requires the presentation of the last ten prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule.

See Independent Auditors' Report and Notes to Required Supplementary Information.

**SEYMOUR COMMUNITY SCHOOL DISTRICT**

Seymour, Wisconsin

**Schedule of Changes in the Net OPEB Liability and Related Ratios**

Year Ended June 30, 2021

Last 10 Fiscal Years\*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB Liability</b>					
Service Cost	\$ 354,158	\$ 328,255	\$ 373,990	\$ 406,383	\$ 406,383
Interest	292,586	313,354	291,766	257,771	258,419
Change of benefit terms	---	---	---	---	---
Differences between expected and actual experiences	850,816	---	260,874	---	---
Changes of assumptions or other input	187,306	118,123	(184,439)	(252,714)	---
Benefit payments	(804,552)	(733,868)	(664,865)	(638,016)	(734,821)
<b>Net change in total OPEB liability</b>	<b>880,314</b>	<b>25,864</b>	<b>77,326</b>	<b>(226,576)</b>	<b>(70,019)</b>
<b>Total OPEB liability - beginning</b>	<b>8,584,790</b>	<b>8,558,926</b>	<b>8,481,600</b>	<b>8,708,176</b>	<b>8,778,195</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 9,465,104</b>	<b>\$ 8,584,790</b>	<b>\$ 8,558,926</b>	<b>\$ 8,481,600</b>	<b>\$ 8,708,176</b>
<b>Fiduciary Net Position</b>					
Contributions - Employer	\$ 1,103,422	\$ 1,108,867	\$ 1,410,827	\$ 1,017,929	\$ 1,109,897
Net investment income	338,511	243,366	91,018	102,882	48,337
Benefit payments	(804,552)	(733,868)	(664,865)	(638,016)	(734,821)
Administrative expenses	(17,142)	(23,179)	(17,043)	(20,398)	(16,787)
<b>Net change in fiduciary net position</b>	<b>620,239</b>	<b>595,186</b>	<b>819,937</b>	<b>462,397</b>	<b>406,626</b>
<b>Fiduciary net position - beginning</b>	<b>4,755,556</b>	<b>4,160,370</b>	<b>3,340,433</b>	<b>2,878,036</b>	<b>2,471,410</b>
<b>Fiduciary net position - ending (b)</b>	<b>\$ 5,375,795</b>	<b>\$ 4,755,556</b>	<b>\$ 4,160,370</b>	<b>\$ 3,340,433</b>	<b>\$ 2,878,036</b>
<b>Net OPEB Liability - ending (a) - (b)</b>	<b>\$ 4,089,309</b>	<b>\$ 3,829,234</b>	<b>\$ 4,398,556</b>	<b>\$ 5,141,167</b>	<b>\$ 5,830,140</b>
<b>Fiduciary net position as a percentage of the total OPEB liability</b>	56.80%	55.40%	48.61%	39.38%	33.05%
<b>Covered-employee payroll</b>	\$ 12,663,342	\$ 12,612,169	\$ 12,612,169	\$ 11,851,065	\$ 11,851,065
<b>Net OPEB liability as a percentage of covered-employee payroll</b>	32.29%	30.36%	34.88%	43.38%	49.20%

\*GASB requires the presentation of the last ten prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule.

See Independent Auditors' Report and Notes to Required Supplementary Information.



**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Schedule of Employer Contributions**  
Year Ended June 30, 2021

	<u>2021</u>		<u>2020</u>		<u>2019</u>		<u>2018</u>		<u>2017</u>
Actuarially determined contributions (ADC)	\$ 1,172,825	\$	1,172,825	\$	1,102,045	\$	1,102,045	\$	1,335,201
Contributions in relation to the ADC	1,103,422		1,108,867		1,410,827		1,017,929		1,109,897
<b>Contribution deficiency (excess)</b>	<b>\$ 69,403</b>	<b>\$</b>	<b>63,958</b>	<b>\$</b>	<b>(308,782)</b>	<b>\$</b>	<b>84,116</b>	<b>\$</b>	<b>225,304</b>
Covered-employee payroll	\$ 12,663,342	\$	12,612,169	\$	12,612,169	\$	11,851,065	\$	11,851,065
Contributions as a percentage of covered-employee payroll	8.71%		8.79%		11.19%		8.59%		9.37%

Key methods and assumptions used to calculate ADC:

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Asset valuation method	Market value	Market value	Market value	Market value	Market value
Amortization method	6 year level \$	6 year level \$	10 year level \$	10 year level \$	6 year level \$
Discount rate	3.75%	3.75%	3.00%	3.00%	5.50%
Inflation	2.50%	2.50%	2.50%	2.50%	3.00%
Valuation date	June 30, 2018	June 30, 2018	June 30, 2016	June 30, 2016	June 30, 2014

\*GASB requires the presentation of the last ten prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule.

**Schedule of Investment Returns**  
Year Ended June 30, 2021  
Last 10 Fiscal Years\*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expenses	10.84%	6.59%	2.83%	2.30%	3.22%

\*GASB requires the presentation of the last ten prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule.

See Independent Auditors' Report and Notes to Required Supplementary Information.

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Notes to Required Supplementary Information**  
Year Ended June 30, 2021

**1. Budgetary Information**

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 1D to the financial statements; however, the District adopts a budget for the special education fund which is reported with the general fund in accordance with accounting principles generally accepted in the United States of America. An explanation of the differences between Revenues, Expenditures, and Other Financing Sources (Uses) for budgetary funds on budgetary fund basis and a GAAP general fund basis is summarized below:

	<b>General Fund</b>	<b>Special Education Fund</b>
<b>Revenues</b>		
Actual amounts (budgetary basis)	\$ 28,390,149	\$ 1,367,943
Reclassification of special education	1,367,943	(1,367,943)
<b>Total Revenues (GAAP)</b>	<b>29,758,092</b>	<b>---</b>
<b>Expenditures</b>		
Actual amounts (budgetary basis)	25,639,464	3,484,021
Reclassification of special education	3,484,021	(3,484,021)
<b>Total Expenditures (GAAP)</b>	<b>29,123,485</b>	<b>---</b>
<b>Excess of Revenues Over (Under) Expenditures</b>		
Actual amounts (budgetary basis)	2,750,685	(2,116,078)
Reclassification of special education	(2,116,078)	2,116,078
<b>Excess of Revenues Over (Under) Expenditures (GAAP)</b>	<b>634,607</b>	<b>---</b>
<b>Other Financing Sources (Uses)</b>		
Actual amounts (budgetary basis)	(2,316,078)	2,116,078
Reclassification of special education	2,116,078	(2,116,078)
<b>Total Other Financing Sources (Uses) (GAAP)</b>	<b>(200,000)</b>	<b>---</b>
<b>Net Change in Fund Balance</b>		
Actual amounts (budgetary basis and GAAP)	434,607	---
<b>Fund Balance - Beginning of Year</b>		
Actual amounts (budgetary basis and GAAP)	5,348,430	---
<b>Fund Balance - End of Year</b>		
Actual amounts (budgetary basis and GAAP)	<b>\$ 5,783,037</b>	<b>\$ ---</b>

**Note B - Excess of Actual Expenditures Over Budget in Individual Funds**

The following general fund functions had an excess of actual expenditures over budget for the year ended June 30, 2021. The excess expenditures were funded by larger than anticipated revenues and under expenditure in other areas.

<b>General:</b>	
Undifferentiated curriculum	\$ 65,713
Business administration	165,647
Insurance and judgements	2,017
Transfers to another fund	100,233
Purchased instructional services	167,364
Other non-program transactions	95,325
<b>Special Education:</b>	
Pupil services	53,826
Business administration	3,600

**Note C - WRS Information**

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

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

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Notes to the Required Supplementary Information**  
**(Continued)**  
Year Ended June 30, 2021

**Note D - Post-Employment Benefits**

There were no changes of benefit terms to the OPEB plan.

The following changes in actuarial assumption have been made in the years presented:

- The discount rate changed as can be seen in the following table:

<b>Year Ended June 30</b>	<b>Discount Rate</b>	<b>Assumed Rate of Inflation</b>
2017	3.00%	2.50%
2018	3.50%	2.50%
2019	3.75%	2.50%
2020	3.50%	2.50%
2021	3.75%	2.00%

- Mortality assumptions for the years ended June 30, 2018 through June 30, 2020 was from the Wisconsin 2012 Mortality Table adjusted for future mortality improvements using the MP-2015 fully generated improvement scale multiplied 50%); for the year ended June 30, 2021 this changed to Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%)
- Actuarial assumptions used for the years ended June 30, 2018 through June 30, 2020 was based on an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-14; For the year ended June 30, 2021 this changed to being based on the results of an experience conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-2017.

**OTHER SUPPLEMENTARY INFORMATION**

**SEYMOUR COMMUNITY SCHOOL DISTRICT**

Seymour, Wisconsin

**Combining Balance Sheet  
Nonmajor Governmental Funds**

June 30, 2021

	<u>Special Revenue Funds</u>					
	<u>Other Special Revenue</u>	<u>Indian Education Revenue</u>	<u>Food Service</u>	<u>Community Service</u>	<u>Debt Service</u>	<u>Total</u>
<b>Assets:</b>						
Cash and equivalents	\$ 155,909	\$ ---	\$ ---	\$ 219,239	\$ 250	\$ 375,398
Investments	702,509	---	276,934	---	170,633	1,150,076
Due from other funds	---	2,972	---	---	254,766	257,738
Due from other governments	---	14,511	9,296	---	---	23,807
<b>Total assets</b>	<u>\$ 858,418</u>	<u>\$ 17,483</u>	<u>\$ 286,230</u>	<u>\$ 219,239</u>	<u>\$ 425,649</u>	<u>\$ 1,807,019</u>
<b>Liabilities and Fund Balances:</b>						
<b>Liabilities:</b>						
Accounts payable	\$ ---	\$ 1,096	\$ 4,867	\$ 173	\$ ---	\$ 6,136
Withholdings and related district fringes payable	---	---	---	63	---	63
Accrued payroll	---	---	---	9,803	---	9,803
Due to other funds	---	16,387	115,557	2,943	---	134,887
Unearned revenues	---	---	60,193	---	---	60,193
<b>Total liabilities</b>	---	17,483	180,617	12,982	---	211,082
<b>Fund Balances:</b>						
Nonspendable	646,811	---	---	---	---	646,811
Restricted	211,607	---	105,613	---	425,649	742,869
Assigned	---	---	---	206,257	---	206,257
<b>Total fund balances</b>	<u>858,418</u>	<u>---</u>	<u>105,613</u>	<u>206,257</u>	<u>425,649</u>	<u>1,595,937</u>
<b>Total liabilities and fund balances</b>	<u>\$ 858,418</u>	<u>\$ 17,483</u>	<u>\$ 286,230</u>	<u>\$ 219,239</u>	<u>\$ 425,649</u>	<u>\$ 1,807,019</u>

See Independent Auditors' Report.

**SEYMOUR COMMUNITY SCHOOL DISTRICT**

Seymour, Wisconsin

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

	<u>Special Revenue Funds</u>					<u>Total</u>
	<u>Other</u>	<u>Indian</u>	<u>Food</u>	<u>Community</u>	<u>Debt</u>	
	<u>Special</u>	<u>Education</u>	<u>Service</u>	<u>Service</u>	<u>Service</u>	
<b>Revenues:</b>	<u>Revenue</u>	<u>Revenue</u>	<u>Service</u>	<u>Service</u>	<u>Service</u>	<u>Total</u>
Local	\$ 153,690	\$ ---	\$ 32,108	\$ 335,766	\$ 1,451,188	\$ 1,972,752
State	---	---	29,214	---	---	29,214
Federal	---	78,862	706,293	---	---	785,155
Other	---	---	845	179	---	1,024
<b>Total revenues</b>	<u>153,690</u>	<u>78,862</u>	<u>768,460</u>	<u>335,945</u>	<u>1,451,188</u>	<u>2,788,145</u>
<b>Expenditures:</b>						
Instruction:						
Current	133,670	78,862	---	---	---	212,532
Support Services:						
Current	21,145	---	927,859	311,486	---	1,260,490
Debt service	---	---	---	---	2,584,464	2,584,464
<b>Total expenditures</b>	<u>154,815</u>	<u>78,862</u>	<u>927,859</u>	<u>311,486</u>	<u>2,584,464</u>	<u>4,057,486</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(1,125)	---	(159,399)	24,459	(1,133,276)	(1,269,341)
<b>Other Financing Sources:</b>						
Other financing sources - premium	---	---	---	---	383,026	383,026
<b>Net change in fund balances</b>	(1,125)	---	(159,399)	24,459	(750,250)	(886,315)
<b>Fund Balances - Beginning of year</b>	<u>859,543</u>	<u>---</u>	<u>265,012</u>	<u>181,798</u>	<u>1,175,899</u>	<u>2,482,252</u>
<b>Fund Balances - End of year</b>	<u>\$ 858,418</u>	<u>\$ ---</u>	<u>\$ 105,613</u>	<u>\$ 206,257</u>	<u>\$ 425,649</u>	<u>\$ 1,595,937</u>

See Independent Auditors' Report.

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Schedule of Expenditures of State Awards**  
Year Ended June 30, 2021

<b>Awarding Agency</b> <b>Pass-Through Agency</b> <b>Award Description</b>	<b>State</b> <b>I.D.</b> <b>Number</b>	<b>Pass-Thru</b> <b>Entity</b> <b>Number</b>	<b>Accrued or</b> <b>(Unearned)</b> <b>Revenue at</b> <b>7/1/20</b>	<b>Receipts</b>	<b>State</b> <b>Disbursements/</b> <b>Expenditures</b>	<b>Accrued or</b> <b>(Unearned)</b> <b>Revenue at</b> <b>6/30/21</b>	<b>Subrecipient</b> <b>Awards</b>
<b>Wisconsin Department of Public Instruction</b>							
Special education and school-age parents**	255.101	445138-100	\$ ---	\$ 814,069	\$ 814,069	\$ ---	\$ ---
Passed through CESA #7:							
Special education and school-age parents	255.101	749907-100	---	6,465	6,465	---	---
Passed through CESA #8:							
Special education and school-age parents	255.101	749908-100	---	2,533	2,533	---	---
Total special education and school-age parents			---	823,067	823,067	---	---
State school lunch aid	255.102	445138-107	---	12,917	12,917	---	---
Common school fund library aid	255.103	445138-104	(620)	95,606	95,864	(362)	---
Pupil transportation	255.107	445138-102	---	68,005	68,005	---	---
WI school day milk program	255.115	445138-109	---	7,194	7,194	---	---
Equalization aids	255.201	445138-116	291,479	16,367,152	16,351,267	275,594	---
High cost special education aid	255.210	445138-119	---	5,177	5,177	---	---
Aid for school mental health programs	255.227	445138-176	---	5,915	5,915	---	---
Supplemental per pupil aid	255.245	445138-181	---	6,594	6,594	---	---
Peer review and mentoring	255.301	445138-141	---	---	11,821	11,821	---
State school breakfast aid	255.344	445138-108	---	9,103	9,103	---	---
Tribal language revitalization grants	255.364	445138-155	---	11,500	11,500	---	---
Early college credit program grants	255.445	445138-178	---	541	541	---	---
Educator effectiveness evaluation system	255.940	445138-154	17,280	20,659	3,379	---	---
Per pupil aid	255.945	445138-113	---	1,610,140	1,610,140	---	---
Assessments for reading readiness	255.956	445138-166	---	498	498	---	---
Aid for Special Ed transition grant	255.960	445138-168	---	9,000	9,000	---	---
<b>Total Wisconsin Department of Public Instruction</b>			<b>308,139</b>	<b>19,053,068</b>	<b>19,031,982</b>	<b>287,053</b>	<b>---</b>
<b>Wisconsin Department of Justice:</b>							
School safety grant	455.206	N/A	---	54,096	54,096	---	---
<b>Total state awards</b>			<b>\$ 308,139</b>	<b>\$ 19,107,164</b>	<b>\$ 19,086,078</b>	<b>\$ 287,053</b>	<b>\$ ---</b>

\*\* Total DPI aidable expenditures for the year ended June 30, 2021 were \$2,830,362.

See Independent Auditors' Report and Notes to Schedules of Expenditures of Federal and State Awards.

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Schedule of Expenditures of Federal Awards**  
Year Ended June 30, 2021

<b>Awarding Agency</b>	<b>Assistance Listing</b>	<b>Pass-Thru Entity</b>	<b>Accrued or (Unearned) Revenue at 7/1/20</b>	<b>Receipts</b>	<b>Federal Disbursements/ Expenditures</b>	<b>Accrued or (Unearned) Revenue at 6/30/21</b>	<b>Subrecipient Awards</b>
<b>U.S. Department of Agriculture</b>							
Passed through Wisconsin Department of Public Instruction:							
<i>Child Nutrition Cluster:</i>							
<i>School Breakfast Program:</i>							
COVID-19 - Food Service Aid School Breakfast	10.553	2021-445138-DPI-SB-546	\$ ---	\$ 81,361	\$ 81,361	\$ ---	\$ ---
COVID-19 - Food Service Aid National Severe Breakfast	10.553	2021-445138-SB-Severe-546	---	73,696	76,978	3,282	---
<i>Total School Breakfast Program</i>			---	155,057	158,339	3,282	---
<i>National School Lunch Program:</i>							
Donated Commodities - Noncash	10.555	N/A	---	80,028	80,028	---	---
COVID-19 - Food Service Aid National School Lunch	10.555	2021-445138-DPI-NSL-547	---	458,361	464,375	6,014	---
<i>Total National School Lunch Program</i>			---	538,389	544,403	6,014	---
<i>Special Milk Program for Children:</i>							
COVID-19 - Food Service Aid Milk Program	10.556	2021-445138-DPI-SMP-548	---	1,704	1,704	---	---
<i>Total Child Nutrition Cluster</i>			---	695,150	704,446	9,296	---
<b>Total Child Nutrition Cluster and U.S. Department of Agriculture</b>			---	695,150	704,446	9,296	---
<b>U.S. Department of Education</b>							
Indian Education - Grants to Local Educational Agencies	84.060	N/A	35,743	100,094	78,862	14,511	---
<i>Title VII - Impact Aid:</i>							
Section 7003(b) - General Aid	84.041	N/A	---	262,142	262,142	---	---
Section 7003(d) - Federally Connected Children with Disabilities:	84.041	N/A	---	61,727	61,727	---	---
<i>Subtotal Title VII - Impact Aid</i>			---	323,869	323,869	---	---
Passed through Wisconsin Department of Public Instruction:							
Passed through CESA 6:							
Career and Technical Education - Basic Grants to States	84.048	2021-749906-DPI-CTE-400	---	11,091	11,091	---	---
Title X - Homeless Child - Public	84.196A	2021-445138-DPI-EHCY-335	---	---	22,653	22,653	---
Title IV-A Student Support and Academic Enrichment	84.424A	2021-445138-DPI-TIV-A-381	---	57,941	58,126	185	---
<i>Education Stabilization Funds:</i>							
COVID 19 - Elementary and Secondary School Emergency Relief Round I	84.425D	2021-445138-DPI-ESSERF-160	---	303,261	303,261	---	---
Title II-A Teacher/Principal Training	84.367A	2021-445138-DPI-TIIA-365	24,399	56,359	45,440	13,480	---
Title I-A Basic Grant	84.010A	2021-445138-DPI-TIA-141	102,092	359,135	344,377	87,334	---
<i>Special Education Cluster:</i>							
IDEA Flow Through (EIS)	84.027A	2021-445138-DPI-IDEA-FT-341	90,585	435,539	512,472	167,518	---
IDEA Preschool Entitlement	84.173A	2021-445138-DPI-IDEA-P-347	5,141	17,478	17,813	5,476	---
<i>Total Special Education Cluster</i>			95,726	453,017	530,285	172,994	---
Passed through Outagamie County Health and Human Services:							
Title IV-A Safe and Drug Free Schools Act	84.184	99.010	---	4,331	4,331	---	---
<b>Total U.S. Department of Education</b>			257,960	1,669,098	1,722,295	311,157	---
<b>U.S. Department of Health and Human Services</b>							
Passed through Wisconsin Department of Health Services:							
<i>Medicaid Cluster:</i>							
Medical Assistance Program 2020-2021	93.778	44216700	---	83,471	94,456	10,985	---
Medical Assistance Program 2019-2020	93.778	44216700	442	82,386	81,944	---	---
Medical Assistance Program 2018-2019	93.778	44216700	---	114,475	114,475	---	---
<b>Total Medicaid Cluster and U.S. Department of Health and Human Services</b>			442	280,332	290,875	10,985	---
<b>Total Federal Awards</b>			\$ 258,402	\$ 2,644,580	\$ 2,717,616	\$ 331,438	\$ ---

See Independent Auditors' Report and Notes to Schedules of Expenditures of Federal and State Awards.



**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Notes to Schedules of Expenditures of Federal and State Awards**  
June 30, 2021

**1. Basis of Presentation**

The accompanying schedules of expenditures of federal and state awards (the "Schedules") includes the federal and state award activity of the District under programs of the federal and state government for the year ended June 30, 2021. The information in these schedules is 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 requirements of the *Wisconsin State Single Audit Guidelines*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in, the preparation of the basic financial statements. Because the schedules present only a selected portion of the operations of the District, it is not intended to and does not present the net financial position, changes in fund balance or cash flows of the District. All federal and state awards received directly from federal and state agencies as well as federal and state financial awards passed through other government agencies are included on the schedule.

**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, the cost principles contained in the Uniform Guidance and *Wisconsin State Single Audit Guidelines*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the District in the subsequent year while unearned revenue represents advances for federal and state programs that exceed recorded District expenditures.

**3. Indirect Cost Rate**

The District did not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**4. Noncash Awards**

The federal donated commodities in the Child Nutrition Cluster is administered by the U.S. Department of Agriculture and passed through the Wisconsin Department of Public Instruction and transactions relating to this program are included in the District's basic financial statements. Commodities received during the year that are included in the federal expenditures are valued by the federal agency. There are no balances outstanding as of June 30, 2021.



**INDEPENDENT AUDITORS' 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**

To the School Board  
Seymour Community School District  
Seymour, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Seymour Community School District (the "District") as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 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) as a basis for designing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2021-002 to be a material weakness.

A *significant deficiency* is a deficiency, or 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a significant deficiency.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

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

### **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.

December 15, 2021  
Milwaukee, Wisconsin



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND WISCONSIN STATE SINGLE AUDIT GUIDELINES**

To the School Board  
Seymour Community School District  
Seymour, Wisconsin

**Report on Compliance for Each Major Federal and State Program**

We have audited the Seymour Community School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Wisconsin State Single Audit Guidelines* that could have a direct and material effect on each of the District's major federal and 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 the federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

**Auditors' 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Wisconsin State Single Audit Guidelines. Those standards and the Uniform Guidance and Wisconsin State Single Audit Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal and State Program**

In our opinion, the District 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 and state program to determine the 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 the Uniform Guidance, 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2021-002 that we consider to be a material weakness. We consider the deficiency described in the accompanying schedule of findings and questioned costs as items 2021-003 and 2021-004 to be significant deficiencies.

The District's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 *Wisconsin State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

December 15, 2021  
Milwaukee, Wisconsin

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Summary Schedule of Prior Audit Findings**  
Year Ended June 30, 2021

**Reference Number:** 2020-001  
**Description:** Financial Statement Preparation

*Criteria:* Statements on Auditing Standards AU §325.29 states it is a deficiency in the design of controls to have inadequate controls over the preparation of the financial statements being audited.

*Condition:* The financial statements of the District should be prepared in accordance with Accounting Principles Generally Accepted in the United States (GAAP). Preparation of the District's financial statements and footnote disclosures in accordance with GAAP requires a very high level of technical experience and expertise. The District's financial statements could be misstated and required footnote disclosures could be missing.

*Cause:* The District's staff does not have the necessary resources to properly apply GAAP in the preparation of these documents. The District has decided to rely on the technical experience and expertise of its auditors and have requested us to prepare the financial statements and footnote disclosures in accordance with GAAP.

*Effect:* The District's financial statements will be prepared by the auditor.

*Status:* No change, see 2021-001.

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Schedule of Findings and Questioned Costs**  
Year Ended June 30, 2021

**Section I - Summary of Auditors' Results**

**Financial Statements**

- |   |            |
|---|------------|
| 1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified |
| 2. Internal control over financial reporting:   |            |
| A. Material weakness(es) identified?  | Yes        |
| B. Significant deficiency(ies) identified?  | Yes        |
| 3. Noncompliance material to financial statements?  | No         |

**Federal Awards**

- |   |            |
|---|------------|
| 4. Internal control over major programs:  |            |
| A. Material weakness(es) identified:  | No         |
| B. Significant deficiency(ies) identified?  | Yes        |
| 5. Type of auditors' report issued on compliance for major programs:                                  | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No         |
| 7. Identification of major programs:  |            |

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.041	Title VII - Federal Impact Aid
93.778	Medicaid Cluster

- |  |           |
|--|-----------|
| 8. Dollar threshold used to distinguish between type A and type B programs | \$750,000 |
| 9. Auditee qualified as low-risk auditee?                                  | Yes       |

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Schedule of Findings and Questioned Costs**  
Year Ended June 30, 2021  
(Continued)

**Section I - Summary of Auditors' Results (Continued)**

**State Awards**

- 10. Internal control over major programs:
  - A. Material weakness(es) identified? Yes
  - B. Significant deficiency(ies) identified? Yes
- 11. Type of auditors' report issued on compliance for major programs: Unmodified
- 12. Any audit findings disclosed that are required to be reported in accordance with *Wisconsin State Single Audit Guidelines*? Yes
- 13. Identification of major state programs:

State ID Number

Name of State Program or Cluster

255.101

Special Education Aid

255.201

Equalization Aid

- 14. Dollar threshold used to distinguish between type A and type B programs \$250,000



**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Schedule of Findings and Questioned Costs**  
Year Ended June 30, 2021  
(Continued)

**Section II - Financial Statement Findings**

**Reference Number: 2021-001**  
**Description: Financial Statement Preparation**

*Criteria:* Statements on Auditing Standards AU §325.29 states it is a deficiency in the design of controls to have inadequate controls over the preparation of the financial statements being audited.

*Condition:* The financial statements of the District should be prepared in accordance with Accounting Principles Generally Accepted in the United States (GAAP). Preparation of the District's financial statements and footnote disclosures in accordance with GAAP requires a very high level of technical experience and expertise. The District's financial statements could be misstated and required footnote disclosures could be missing.

*Cause:* The District's staff does not have the necessary resources to properly apply GAAP in the preparation of these documents. The District has decided to rely on the technical experience and expertise of its auditors and have requested us to prepare the financial statements and footnote disclosures in accordance with GAAP.

*Effect:* The District's financial statements will be prepared by the auditor.

*Identification of a Repeat Finding:* This is a repeat finding from previous audits, see 2020-001.

*Auditors' Recommendation:* We recommend the District continue to assign a staff member to review the financial statements prepared by its auditors.

*View of Responsible Official:* See attachment for District's corrective action plan.

**Reference Number: 2021-002**  
**Description: Audit Adjustments**

*Criteria:* Statements on Auditing Standards AU §314.41 states it is the responsibility of management to implement proper internal controls to provide reasonable assurance about the achievement of the entity's objectives with regard to the reliability of financial reporting.

*Condition:* One or more audit adjustments were required to prevent the District's financial statements from being materially misstated.

*Cause:* Inadequate controls to ensure the proper recording of all of the District's financial transactions in accordance with accounting principles generally accepted in the United States of America.

*Effect:* Without the above audit adjustments, the governmental fund financial statements of the District would have been misstated for the following reasons:

- The Schedule of Expenditures of Federal awards was increased by approximately \$191,000
- Assets were increased by approximately \$1,246,000
- Liabilities were increased by approximately \$1,290,000
- Revenues were increased by approximately \$337,000
- Expenses were increased by approximately \$382,000

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Schedule of Findings and Questioned Costs**  
Year Ended June 30, 2021  
(Continued)

**Reference Number: 2021-002**

**Description: Audit Adjustments (Continued)**

*Effect (Continued):* Without the above audit adjustments, the fiduciary fund financial statements of the District would have been misstated for the following reasons:

- Assets were increased by approximately \$697,000
- Liabilities were increased by approximately \$441,000
- Additions were increased by approximately \$719,000
- Reductions were increased by approximately \$463,000

*Recommendation:* We recommend management review the nature of these entries in order to determine if these types of adjustments could be made during the year as part of the ordinary financial reporting process. We also recommend that the District reconcile all balance sheet accounts on a monthly basis. The practice will reduce the likelihood of this comment in the future.

*Corrective Action Plan:* See attachment for District's corrective action plan.

**Section III - Federal and State Award Findings and Questioned Costs**

**State Award Findings:**

**See finding 2021-002.**

**Reference Number: 2021-003**

**Program Name: 255.101 - Special Education and School-Age Parents Aid**

**Description: Ineligible Staff**

*Condition and Criteria:* Under §118.19(1), Wisconsin Statutes, a District shall ensure all instructional staff hold a valid license or permit to teach issued by the department. The District employed 1 special education individual whose licenses had expired in June 2020. The District also employed 1 special education individual that taught outside the grade range.

*Cause:* The District did not follow-up to verify the employee had the proper license.

*Effect:* The District is not in compliance with Wisconsin state statutes.

*Identification of a Repeat Finding:* This is not a repeat finding.

*Auditors' Recommendation:* We recommend the District verify that all staff has an appropriate license within the grade range they are teaching.

*Views of Responsible Officials:* See attachment for the District's corrective action plan.

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Schedule of Findings and Questioned Costs**  
Year Ended June 30, 2021  
(Continued)

**Section III - Federal and State Award Findings and Questioned Costs (Continued)**

**Federal Award Findings:**

**Reference Number: 2021-004**  
**Program Name: 93.778 - Medicaid Cluster**  
**Description: Unallowable Costs**

*Condition and Criteria:* During our testing, we noted an employee who had a portion of their respective wages and benefits charged to Medicaid as well as another federal grant. The District did not report the dollar amount reimbursed by the other federal grant to Medicaid for the fourth quarter. The costs claimed on the two federal grants would be considered unallowable for Medicaid.

*Cause:* Completion of the annual Medicaid Cost Report was not completed properly. Annually the District must file with Wisconsin Medicaid the wages and benefits of direct medical service providers with whom the District requests reimbursement from Wisconsin Medicaid.

*Effect:* The District is not in compliance with Wisconsin Medicaid.

*Identification of a Repeat Finding:* This is not a repeat finding.

*Auditors' Recommendation:* We recommend the District review individuals charged to multiple grants to verify that salaries and benefits are properly being reported to Medicaid for those employees charged to multiple grants.

*Views of Responsible Officials:* See attachment for the District's corrective action plan.

**SEYMOUR COMMUNITY SCHOOL DISTRICT**  
Seymour, Wisconsin

**Schedule of Findings and Questioned Costs**  
Year Ended June 30, 2021  
(Continued)

**Section IV - Other Issues**

1. Does the auditors' 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? No

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

Wisconsin Department of Public Instruction Yes

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? Yes

4. Name and signature of partner

\_\_\_\_\_  
Brian J. Mechenich

5. Date of Report

December 15, 2021



*Seymour Community School District  
Administration/Board of Education  
10 Circle Drive  
Seymour, WI 54165*

**Corrective Action Plan**

**Reference Number: 2021-001**

**Description: Financial Statement Preparation**

*Corrective Action Plan:* The District will continue to rely on the expertise of an accounting firm to prepare the financial statements, as the cost of training is not feasible to the District. The District will continue to review a draft of the financial statements and ask questions prior to giving approval to finalize the financial statements.

*Anticipated Corrective Action Plan Completion Date:* Ongoing.

*Contact Information:* For additional information regarding this finding please contact Peter Kempen, Director of Business Services, at 920-833-2304.

**Reference Number: 2021-002**

**Description: Audit Adjustments**

*Corrective Action Plan:* The District will review the nature of these entries in order to determine if these types of adjustments could be made during the year as part of the ordinary financial reporting process. The District will also reconcile all balance sheet accounts on a monthly basis.

*Anticipated Corrective Action Plan Completion Date:* Ongoing.

*Contact Information:* For additional information regarding this finding please contact Peter Kempen, Director of Business Services, at 920-833-2304.

**Reference Number: 2021-003**

**Description: Ineligible Staff**

*Corrective Action Plan:* The District will verify that all staff has an appropriate license within the grade range they are teaching.

*Anticipated Corrective Action Plan Completion Date:* Ongoing.

*Contact Information:* For additional information regarding this finding please contact Peter Kempen, Director of Business Services, at 920-833-2304.

*Administrative Office, 10 Circle Drive, Seymour, WI 54165 \* (920) 833-2304 Fax (920) 833-6037  
Seymour Schools Aquatic Center, 10 Circle Drive, Seymour, WI 54165 \* (920) 833-9704  
Seymour High School, 10 Circle Drive, Seymour, WI 54165 \* (920) 833-2306 Fax (920) 833-7608  
Seymour Middle School, 10 Circle Drive, Seymour, WI 54165 \* (920) 833-7199 Fax (920) 833-9376  
Pupil Services Office, 330 W. Hickory Street, Seymour, WI 54165 \* (920) 833-5159 Fax (920) 833-5147  
Rock Ledge Intermediate Center, 330 W. Hickory Street, Seymour, WI 54165 \* (920) 833-7380 Fax (920) 833-9684  
Rock Ledge Primary Center, 330 W. Hickory Street, Seymour, WI 54165 \* (920) 833-5155 Fax (920) 833-5144  
Black Creek Elementary/Middle School, 308 E. Burdick Street, Black Creek, WI 54106 \* (920) 984-3396 Fax (920) 984-9303*

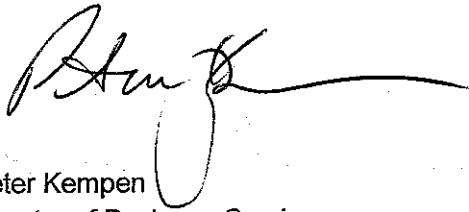
**Reference Number: 2021-004**

**Description: Unallowable Costs**

*Corrective Action Plan:* The District will review individuals charged to multiple grants to verify that salaries and benefits are properly being reported to Medicaid for those employees charged to multiple grants.

*Anticipated Corrective Action Plan Completion Date:* Ongoing.

*Contact Information:* For additional information regarding this finding please contact Peter Kempen, Director of Business Services, at 920-833-2304.

A handwritten signature in black ink, appearing to read 'Peter Kempen', with a long horizontal flourish extending to the right.

Peter Kempen  
Director of Business Services  
[pkempen@seymour.k12.wi.us](mailto:pkempen@seymour.k12.wi.us)  
920-833-2304 x 508