

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2021



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**MEQUON-THIENSVILLE SCHOOL DISTRICT
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INDEPENDENT AUDITORS' REPORT

Board of Education
Mequon-Thiensville School District
Mequon, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, the major fund, and the aggregate remaining fund information of the Mequon-Thiensville 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 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 did not audit the financial statements of the discretely presented component unit, Mequon-Thiensville Education Foundation, Inc. (the Foundation). Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for the Foundation, is based solely on the report of the other auditors. 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. The financial statements of the Mequon-Thiensville Foundation, Inc., a discretely presented component unit of the District, were not audited in accordance with *Government Auditing Standards*. 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 auditors consider internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, the major fund, and the aggregate remaining fund information of the District as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the District's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 30, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and schedule of expenditures of 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 *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, and are also not a required part of the basic financial statements.

The supplementary information and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 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.



CliftonLarsonAllen LLP

Milwaukee, Wisconsin
December 14, 2021

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
STATEMENT OF NET POSITION
JUNE 30, 2021
(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2020)

	Governmental Activities		Component Unit
			Mequon- Thiensville Education Foundation, Inc.
	2021	2020	
ASSETS			
Cash and Investments	\$ 64,065,705	\$ 49,987,838	\$ 321,159
Receivables:			
Taxes	9,856,037	9,533,716	-
Accounts	99,743	40,704	-
Pledges	-	-	3,175
Other	74,957	42,940	-
Due from Other Governments	1,024,324	455,933	-
Prepaid Items	-	5,199	-
Net Pension Asset	9,325,509	4,893,820	-
Beneficial Interest in Net Assets - Greater Milwaukee Foundation	-	-	1,064,806
Capital Assets:			
Nondepreciable	12,868,011	186,997	-
Depreciable, Net	42,327,925	43,876,101	-
Total Assets	<u>139,642,211</u>	<u>109,023,248</u>	<u>1,389,140</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	14,876,896	10,763,246	-
Other Postemployment Related Amounts	1,707,156	1,786,973	-
Total Deferred Outflows of Resources	<u>16,584,052</u>	<u>12,550,219</u>	<u>-</u>
LIABILITIES			
Short-Term Notes Payable	5,750,000	2,000,000	-
Accounts Payable	6,136,825	283,919	188,737
Accrued and Other Current Liabilities	1,118,978	1,041,790	1,087
Accrued Interest Payable	702,733	321,215	-
Unearned Revenues	166,366	196,874	-
Long-Term Obligations:			
Due in One Year	6,012,511	1,534,097	-
Due in More than One Year	66,472,384	57,002,963	-
Other Postemployment Benefits Liability	5,234,709	11,026,712	-
Net Pension Liability	1,103,862	600,449	-
Total Liabilities	<u>92,698,368</u>	<u>74,008,019</u>	<u>189,824</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Amounts	20,538,706	14,716,412	-
Other Postemployment Related Amounts	939,407	493,949	-
Total Deferred Inflows of Resources	<u>21,478,113</u>	<u>15,210,361</u>	<u>-</u>
NET POSITION			
Net Investment in Capital Assets	25,474,460	26,386,820	-
Restricted	16,428,300	9,165,317	337,843
Unrestricted Assets (Deficit)	147,022	(3,197,050)	861,473
Total Net Position	<u>\$ 42,049,782</u>	<u>\$ 32,355,087</u>	<u>\$ 1,199,316</u>

See accompanying Notes to Basic Financial Statements.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2020)

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Component Unit Mequon-Thiensville Education Foundation, Inc.
		Charges for Services	Operating Grants and Contributions	Governmental Activities		
				2021	2020	
GOVERNMENTAL ACTIVITIES						
Instruction	\$ 21,948,544	\$ 850,868	\$ 6,814,761	\$ (14,282,915)	\$ (20,499,986)	\$ -
Support Services	19,303,730	2,038,846	1,475,822	(15,789,062)	(16,484,378)	-
Community Services	558,327	536,547	-	(21,780)	(397,667)	-
Non-Program	1,810,728	-	-	(1,810,728)	(1,319,486)	-
Interest and Fiscal Charges	1,691,463	80,197	-	(1,611,266)	(796,163)	-
Depreciation - Unallocated	1,731,466	-	-	(1,731,466)	(1,748,161)	-
Total Governmental Activities	<u>\$ 47,044,258</u>	<u>\$ 3,506,458</u>	<u>\$ 8,290,583</u>	(35,247,217)	(41,245,841)	-
Component Unit: Mequon-Thiensville Education Foundation, Inc.	<u>\$ 325,182</u>	<u>\$ -</u>	<u>\$ 512,489</u>	-	-	187,307
GENERAL REVENUES						
Property Taxes				43,125,789	40,480,740	-
Other Taxes				-	-	-
State and Federal Aids not Restricted to Specific Functions				1,542,965	1,844,740	-
Interest and Investment Earnings				72,038	161,173	116
Gain on Disposal of Capital Assets				8,215	1,896	-
Miscellaneous				192,905	68,584	-
Total General Revenues				<u>44,941,912</u>	<u>42,557,133</u>	<u>116</u>
CHANGE IN NET POSITION				9,694,695	1,311,292	187,423
Net Position - July 1				<u>32,355,087</u>	<u>31,043,795</u>	<u>1,011,893</u>
NET POSITION - JUNE 30				<u>\$ 42,049,782</u>	<u>\$ 32,355,087</u>	<u>\$ 1,199,316</u>

See accompanying Notes to Basic Financial Statements.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2021
(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2020)

	General	Other Capital Projects	Other Governmental Funds	Totals	
				2021	2020
ASSETS					
Cash and Investments	\$ 8,464,204	\$ 48,190,943	\$ 7,410,558	\$ 64,065,705	\$ 49,987,838
Receivables:					
Taxes	9,856,037	-	-	9,856,037	9,533,716
Accounts	97,999	-	1,744	99,743	40,704
Other	-	39,885	35,072	74,957	42,940
Due from Other Funds	-	-	400,000	400,000	-
Due from Other Governments	907,260	-	117,064	1,024,324	455,933
Prepaid Items	-	-	-	-	5,199
Total Assets	<u>\$ 19,325,500</u>	<u>\$ 48,230,828</u>	<u>\$ 7,964,438</u>	<u>\$ 75,520,766</u>	<u>\$ 60,066,330</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Short-Term Notes Payable	\$ 5,750,000	\$ -	\$ -	\$ 5,750,000	\$ 2,000,000
Accounts Payable	402,727	5,628,740	105,360	6,136,827	283,919
Accrued and Other Current Liabilities	1,114,194	-	4,784	1,118,978	1,041,790
Accrued Interest Payable	38,333	-	-	38,333	24,015
Due to Other Funds	400,000	-	-	400,000	-
Unearned Revenues	79,263	-	87,103	166,366	196,874
Total Liabilities	<u>7,784,517</u>	<u>5,628,740</u>	<u>197,247</u>	<u>13,610,504</u>	<u>3,546,598</u>
FUND BALANCES					
Nonspendable	-	-	-	-	5,199
Restricted	-	42,602,088	7,767,191	50,369,279	45,268,697
Assigned	200,000	-	-	200,000	295,000
Unassigned	11,340,983	-	-	11,340,983	10,950,836
Total Fund Balances	<u>11,540,983</u>	<u>42,602,088</u>	<u>7,767,191</u>	<u>61,910,262</u>	<u>56,519,732</u>
Total Liabilities and Fund Balances	<u>\$ 19,325,500</u>	<u>\$ 48,230,828</u>	<u>\$ 7,964,438</u>	<u>\$ 75,520,766</u>	<u>\$ 60,066,330</u>

See accompanying Notes to Basic Financial Statements.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
RECONCILIATION OF THE STATEMENT OF NET POSITION – GOVERNMENTAL FUNDS
JUNE 30, 2021
(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2020)

	2021	2020
RECONCILIATION TO THE STATEMENT OF NET POSITION		
Total Fund Balances as Shown on Previous Page	\$ 61,910,262	\$ 56,519,732
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	55,195,938	44,063,098
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds:		
Deferred Outflows Related to Pensions	14,876,896	10,763,246
Deferred Inflows Related to Pensions	(20,538,706)	(14,716,412)
Deferred Outflows Related to Other Postemployment Benefits	1,707,156	1,786,973
Deferred Inflows Related to Other Postemployment Benefits	(939,407)	(493,949)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds Payable	(71,135,000)	(57,545,000)
Premium on Debt	(1,188,564)	(831,278)
Compensated Absences	(161,331)	(160,782)
Other Postemployment Benefits Liability	(5,234,709)	(11,026,712)
Net Pension Asset	9,325,509	4,893,820
Net Pension Liability	(1,103,862)	(600,449)
Accrued Interest on Long-Term Obligations	(664,400)	(297,200)
Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 4)	\$ 42,049,782	\$ 32,355,087

See accompanying Notes to Basic Financial Statements.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2020)

	General	Other Capital Projects	Other Governmental Funds	Totals	
				2021	2020
REVENUES					
Property Taxes	\$ 38,437,613	\$ -	\$ 4,688,176	\$ 43,125,789	\$ 40,480,740
Other Local Sources	1,348,342	60,511	1,196,407	2,605,260	3,522,026
Interdistrict Sources	892,674	-	-	892,674	827,803
Intermediate Sources	-	-	-	-	157
State Sources	6,478,118	-	23,267	6,501,385	6,572,032
Federal Sources	1,472,749	-	1,858,794	3,331,543	1,422,044
Other Sources	131,328	-	502	131,830	66,297
Total Revenues	48,760,824	60,511	7,767,146	56,588,481	52,891,099
EXPENDITURES					
Instruction:					
Regular Instruction	19,067,952	-	240,002	19,307,954	18,963,617
Vocational Instruction	353,989	-	-	353,989	337,034
Special Education Instruction	5,129,204	-	-	5,129,204	5,143,913
Other Instruction	2,428,701	-	377,475	2,806,176	2,830,124
Total Instruction	26,979,846	-	617,477	27,597,323	27,274,688
Support Services:					
Pupil Services	2,875,307	-	-	2,875,307	2,720,784
Instructional Staff Services	2,883,129	-	1,394	2,884,523	3,222,354
General Administration Services	620,833	-	-	620,833	625,149
School Administration Services	2,844,570	-	83	2,844,653	2,720,204
Business Services	539,844	-	-	539,844	534,742
Operations and Maintenance of Plant	5,026,329	13,126,933	50,315	18,203,577	4,515,970
Pupil Transportation Services	2,081,369	-	-	2,081,369	1,676,851
Food Services	-	-	1,484,705	1,484,705	1,206,029
Central Services	684,959	-	-	684,959	675,743
Insurance	287,775	42,569	-	330,344	425,622
Other Support Services	1,419,859	-	-	1,419,859	1,023,922
Total Support Services	19,263,974	13,169,502	1,536,497	33,969,973	19,347,370
Debt Service:					
Principal	-	-	1,410,000	1,410,000	1,355,000
Interest and Fiscal Charges	24,543	-	1,299,720	1,324,263	705,205
Total Debt Service	24,543	-	2,709,720	2,734,263	2,060,205
Community Service	-	-	592,315	592,315	850,820
Non-Program:					
General Tuition Payments	1,003,732	-	-	1,003,732	765,019
Special Education Tuition Payments	223,654	-	-	223,654	283,627
Adjustments and Refunds	1,158	-	-	1,158	10,915
Voucher Payments	582,184	-	-	582,184	259,925
Total Non-Program	1,810,728	-	-	1,810,728	1,319,486
Total Expenditures	48,079,091	13,169,502	5,456,009	66,704,602	50,852,569
Excess of Revenues Over (Under) Expenditures	681,733	(13,108,991)	2,311,137	(10,116,121)	2,038,530
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	15,000,000	438,466	15,438,466	40,700,000
Premium on Debt Issued	-	-	-	-	249,180
Proceeds from Sale of Capital Assets	8,215	-	-	8,215	1,896
Transfers In	-	-	459,970	459,970	500,000
Transfers Out	(400,000)	-	-	(400,000)	(500,000)
Total Other Financing Sources (Uses)	(391,785)	15,000,000	898,436	15,506,651	40,951,076
NET CHANGE IN FUND BALANCES	289,948	1,891,009	3,209,573	5,390,530	42,989,606
Fund Balances - July 1	11,251,035	40,711,079	4,557,618	56,519,732	13,530,126
FUND BALANCES - JUNE 30	\$ 11,540,983	\$ 42,602,088	\$ 7,767,191	\$ 61,910,262	\$ 56,519,732

See accompanying Notes to Basic Financial Statements.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2020)

	2021	2020
RECONCILIATION TO THE STATEMENT OF ACTIVITIES		
Net Change in Fund Balances as Shown on Previous Page	\$ 5,390,530	\$ 42,989,606
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital Assets Reported as Capital Outlay Reported in Governmental Fund Statements	12,864,306	145,660
Depreciation Expense Reported in the Statement of Activities	(1,731,466)	(1,748,161)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Long-Term Debt Issued	(15,000,000)	(40,700,000)
Premium on Debt Issued	(438,466)	(249,180)
Principal Repaid	1,410,000	1,355,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Accrued Interest on Long-Term Debt	(367,200)	(150,400)
Amortization of Premiums, Discounts and Loss on Advance Refunding	81,180	59,444
Compensated Absences	(549)	4,928
Net Pension Liability (Asset)	3,928,276	10,424,840
Deferred Outflows of Resources Related to Pensions	4,113,650	(3,586,020)
Deferred Inflows of Resources Related to Pensions	(5,822,294)	(7,088,659)
Other Postemployment Benefits Liability	5,792,003	(169,938)
Deferred Outflows of Resources Related to Other Postemployment Benefits	(79,817)	(26,955)
Deferred Inflows of Resources Related to Other Postemployment Benefits	(445,458)	51,127
Change in Net Position of Governmental Activities as Reported in the Statement of Activities (see page 5)	\$ 9,694,695	\$ 1,311,292

See accompanying Notes to Basic Financial Statements.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021
(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2020)

	Employee Benefit Trust	Totals	
		2021	2020
ASSETS			
Cash and Investments	\$ 784,906	\$ 784,906	\$ 1,417,447
Accounts Receivable	81,449	81,449	80,452
Total Assets	866,355	866,355	1,497,899
LIABILITIES			
Due to Student Organizations	-	-	54,308
NET POSITION			
Restricted	\$ 866,355	\$ 866,355	\$ 1,443,591

See accompanying Notes to Basic Financial Statements.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021
(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2020)

	Employee Benefit Trust	Totals	
		2021	2020
ADDITIONS			
Other Local Sources	\$ 2,145	\$ 2,145	\$ 37,566
Contributions:			
Employer	1,045,180	1,045,180	1,183,495
Plan Members	121,332	121,332	134,926
Total Additions	1,168,657	1,168,657	1,355,987
DEDUCTIONS			
Trust Fund Disbursements	1,745,893	1,745,893	1,243,421
CHANGE IN NET POSITION	(577,236)	(577,236)	112,566
Net Position - July 1	1,443,591	1,443,591	1,331,025
NET POSITION - JUNE 30	<u>\$ 866,355</u>	<u>\$ 866,355</u>	<u>\$ 1,443,591</u>

See accompanying Notes to Basic Financial Statements.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Mequon-Thiensville School District, Mequon, Wisconsin (the District), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below:

A. Reporting Entity

The District is organized as a common school district. The District, governed by an elected seven member board, operates grades K through 12 and is comprised of all or parts of three taxing districts. In accordance with GAAP, the basic financial statements are required to include the District and any separate component units that have a significant operational or financial relationship with the District. The District has identified the following component unit that is required to be included in the basic financial statements in accordance with standards.

Mequon-Thiensville Education Foundation, Inc.

The component unit column in the district-wide financial statements provides the financial data for the Mequon-Thiensville Education Foundation, Inc. The component unit is reported in a separate column to emphasize that it is legally separate from the District. The Mequon-Thiensville Education Foundation, Inc. exists for the purpose of raising money and generating contributions from the members of the Mequon-Thiensville community to enhance student educational opportunities. The Mequon-Thiensville Education Foundation, Inc. is reported as a component unit because it raises and holds economic resources almost entirely for the direct benefit of the District or its constituents. Complete financial statements for the component unit can be obtained from the Mequon-Thiensville Education Foundation, Inc., P.O. Box 514, Mequon, WI 53092.

B. Government-Wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are primarily supported by taxes and intergovernmental revenues.

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

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Governmental funds include general, special revenue, debt service, and capital projects funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

General Fund

This is the District's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Other Capital Projects Fund

This fund is used to account for financial resources used for the acquisition or construction of capital facilities.

The District reports the following nonmajor governmental funds:

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

Donations Fund
Food Service Fund
Community Service Fund

Capital Improvement Trust Capital Projects Fund – used to account for future capital improvements at the district.

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

Additionally, the District reports the following fund types:

- The *employee benefit trust fund* is used to account for resources legally held in trust for other postemployment benefits.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Tuition, fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the District.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance

1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

2. Property Taxes

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

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

3. Accounts Receivable

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

4. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” and “due to other funds” in the fund financial statements.

5. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are expensed in the periods benefitted.

Prepaid items of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

6. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the in the district-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Governmental Activities	Component Unit
	Years	
Land Improvements	20	-
Buildings and Improvements	25 - 50	-
Machinery and Equipment	5 - 20	5 - 7
Infrastructure	25 - 100	25 - 100

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

7. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with employee handbook policies and/or bargaining unit agreements. All vacation and sick leave is accrued when incurred in the district-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

8. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

9. Long-term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

10. Pensions

Wisconsin Retirement System

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension 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 by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Supplemental Pension Plan

Qualifying teachers and administrators are provided with a supplemental pension. The supplemental pension is a single employer defined benefit plan administered by the District. For purposes of measuring the supplemental pension liability, related deferred outflows and inflows and pension expense, the District has used values provided by their actuary. Benefit payments are recognized when due and payable in accordance with the benefit terms.

11. Other Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Other Postemployment Benefit Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

12. Fund Equity

Governmental Fund Financial Statements

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance. Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

12. Fund Equity (Continued)

Governmental Fund Financial Statements (Continued)

- Restricted fund balance. Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- Committed fund balance. Amounts that are constrained for specific purposes by action of the Board of Education. These constraints can only be removed or changed by the Board of Education using the same action that was used to create them.
- Assigned fund balance. Amounts that are constrained for specific purposes by action of District management. The Board of Education has authorized the Superintendent or designee to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- Unassigned fund balance. Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources, as they are needed.

District-Wide Statements

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

- Net investment in capital assets. Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- Restricted net position. Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net position. Net position that is neither classified as restricted nor as net investment in capital assets.

E. Use of Estimates

The preparation of 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 could differ from those estimates.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Prior Year Information

Comparative amounts for the prior year have been presented in the basic financial statements to provide an understanding of changes in the District's financial position and operations. The comparative amounts may be summarized in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

G. Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements with no change in previously reported net position, changes in net position, fund balance or changes in fund balance.

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

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

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state, and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool. Investments in the private-purpose trust fund may be invested in other types of investments as authorized under Wisconsin Statute 881.01, "Uniform Prudent Investor Act."

The carrying amount of the District's cash and investments totaled \$64,850,611 on June 30, 2021 as summarized below:

Primary Government:	
Deposits with Financial Institutions	\$ 27,885,009
Investments:	
Wisconsin Investment Series Cooperative (WISC)	36,965,602
Total	<u>\$ 64,850,611</u>
Component Unit:	
Deposits with Financial Institutions	<u>\$ 321,159</u>

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:	
Cash and Investments	\$ 64,065,705
Fiduciary Fund Statement of Net Position	
Employee Benefit Trust	784,906
Total	<u>\$ 64,850,611</u>

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment in the WISC limited duration series of \$36,965,602 is considered a level 2 investment.

Deposits and investments of the District are subject to various risks. Presented below is a discussion of the District's deposits and investments and the related risks.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The District does not have an additional custodial credit policy.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk (Continued)

As of June 30, 2021, \$11,852,032.76 of the District's deposits with financial institutions were in excess of federal and state depository insurance limits. This entire amount was collateralized with securities held by the pledging financial institution or its trust department or agent, but not in the District's name.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of the year-end for each investment type.

Investment Type	Amount	Exempt from Disclosure	AAA	Aa	Not Rated
WISC:					
Cash Management Series	\$ 2,854	\$ -	\$ 2,854	\$ -	\$ -
Investment Management Series	6,994,814	-	6,994,814	-	-
Limited Term Duration Series	26,976,504	-	-	26,976,504	-
Totals	<u>\$ 33,974,172</u>	<u>\$ -</u>	<u>\$ 6,997,668</u>	<u>\$ 26,976,504</u>	<u>\$ -</u>

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. At June 30, 2021, the District had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
WISC:					
Cash Management Series	\$ 2,854	\$ 2,854	\$ -	\$ -	\$ -
Investment Management Series	6,994,814	6,994,814	-	-	-
Limited Term Duration Series	26,976,504	26,976,504	-	-	-
Totals	<u>\$ 33,974,172</u>	<u>\$ 33,974,172</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Investment in Wisconsin Investment Series Cooperation

The District has investments in the Wisconsin Investment Series Cooperative (WISC) of \$36,965,602 at year-end consisting of \$2,854 invested in the Cash Management Series, \$6,994,814 invested in the Investment Series, \$26,976,504 invested in the limited term duration series, and \$2,991,400 invested in certificates of deposit. The Cash Management Series has no minimum investment period, allows check writing privileges, and the average dollar weighted maturity is ninety (90) days or less. The Investment Series requires a 14 day minimum investment period and one business day withdrawal notice, and the average dollar weighted maturity is one hundred twenty (120) days or less. The limited term duration series invests in high quality fixed income investments with short term maturities that are compliant with Wisconsin Statutes and requires a 30 day notice for quarterly withdrawals.

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 International Cooperate Statute, Wisconsin Statute, Section 66.031. 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.

Component Unit – Beneficial Interest in Net Assets Held by Greater Milwaukee Foundation

Beneficial interest in net assets held by the Greater Milwaukee Foundation represent amounts held at the Greater Milwaukee Foundation for the Mequon-Thiensville Education Foundation. These investments are the legal assets of the Greater Milwaukee Foundation with the restriction that the assets are held on behalf of the Mequon-Thiensville Education Foundation in accordance with the agreement governing the assets.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Nondepreciable:				
Land	\$ 167,438	\$ -	\$ -	\$ 167,438
Construction in Progress	19,559	12,681,014	-	12,700,573
Total Capital Assets, Nondepreciable	186,997	12,681,014	-	12,868,011
Capital Assets, Depreciable:				
Land Improvements	3,221,062	-	-	3,221,062
Buildings and Improvements	74,451,246	-	-	74,451,246
Machinery and Equipment	4,411,680	183,290	-	4,594,970
Subtotals	82,083,988	183,290	-	82,267,278
Less Accumulated Depreciation for:				
Land Improvements	1,951,563	93,371	-	2,044,934
Buildings and Improvements	32,726,886	1,493,698	-	34,220,584
Machinery and Equipment	3,529,438	144,397	-	3,673,835
Subtotals	38,207,887	1,731,466	-	39,939,353
Total Capital Assets, Depreciable, Net	43,876,101	(1,548,176)	-	42,327,925
Governmental Activities Capital Assets, Net	<u>\$ 44,063,098</u>	<u>\$ 11,132,838</u>	<u>\$ -</u>	55,195,936
Less: Capital Related Debt				71,135,000
Less: Debt Premium				1,188,564
Add: Unspent Debt Proceeds				<u>(42,602,088)</u>
Net Investment in Capital Assets				<u>\$ 25,474,460</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit				
Capital Assets, Depreciable:				
Machinery and Equipment	\$ 1,492	\$ -	\$ (1,492)	\$ 2,984
Subtotals	1,492	-	(1,492)	2,984
Less Accumulated Depreciation for:				
Machinery and Equipment	1,492	-	(1,492)	2,984
Total Capital Assets, Depreciable, Net	-	-	-	-
Component Unit Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The District's capital assets are shared by many governmental functions. Accordingly, it was not considered practical to allocate depreciation expense.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Interfund Receivables, Payables, and Transfers

The District reporting \$400,000 payable to the Capital Improvement Trust from the General Fund, as of June 30, 2021.

Interfund transfers for the year ended June 30, 2021 were as follows:

	Transfer In	Transfer Out
Fund:		
General Fund	\$ -	\$ 400,000
Capital Improvement Trust	400,000	-
Totals	\$ 400,000	\$ 400,000

Interfund transfers were made for the following purposes:

To Transfer Unrestricted Revenues Collected in the General Fund to the Capital Improvement Trust Fund for Future Capital Improvements.	\$ 400,000
--	------------

D. Short-Term Obligations

The District issued tax and revenue anticipation promissory notes in advance of property tax collections. The notes are needed for cash requirements because District expenses for the year begin in July whereas tax collections are not received until January. Short-term debt activity for the year ended June 30, 2021 was as follows:

	Outstanding 6/30/20	Issued	Retired	Outstanding 6/30/21
Tax and Revenue Anticipation Notes	\$ 2,000,000	\$ 5,750,000	\$ 2,000,000	\$ 5,750,000

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Short-Term Obligations (Continued)

Short-term notes payable at June 30, 2021 of \$5,750,000 consist of the following tax and revenue anticipation promissory notes:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 6/30/21</u>
Robert W. Baird & Co. Inc	11/2/20	9/7/21	1.00%	\$ 5,750,000	<u>\$ 5,750,000</u>

Total interest paid for the year on short-term debt totaled \$76,415.

E. Long-Term Obligations

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2021:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
General Obligation Debt:					
Bonds	\$ 57,545,000	\$ 15,000,000	\$ 1,410,000	\$ 71,135,000	\$ 5,770,000
Debt Premium	831,278	438,466	81,180	1,188,564	81,180
Compensated Absences	160,782	61,653	61,104	161,331	161,331
Governmental Activities Long-Term Obligations	<u>\$ 58,537,060</u>	<u>\$ 15,500,119</u>	<u>\$ 1,552,284</u>	<u>\$ 72,484,895</u>	<u>\$ 6,012,511</u>

Total interest paid during the year on long-term debt totaled \$1,299,719.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 6/30/21</u>
General obligation bonds	6/8/15	9/1/30	3.00 - 4.00%	\$ 18,200,000	\$ 15,435,000
General obligation bonds	6/10/20	9/1/40	2.00 - 3.00%	40,700,000	40,700,000
General obligation bonds	4/12/21	9/1/30	1.5 - 2.00%	15,000,000	15,000,000
Total Outstanding General Obligation Debt					<u>\$ 71,135,000</u>

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of \$71,135,000 on June 30, 2021 are detailed below:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 5,770,000	\$ 1,747,338	\$ 7,517,338
2023	2,835,000	1,655,010	4,490,010
2024	2,915,000	1,574,360	4,489,360
2025	3,000,000	1,484,260	4,484,260
2026	3,080,000	1,391,160	4,471,160
2027-2031	16,645,000	5,630,643	22,275,643
2032-2036	19,250,000	3,304,713	22,554,713
2037-2040	17,640,000	1,040,985	18,680,985
Total	<u>\$ 71,135,000</u>	<u>\$ 17,828,469</u>	<u>\$ 88,963,469</u>

For governmental activities, the other long-term liabilities are generally funded by the General Fund.

Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2021 was \$489,168,365 as follows:

Equalized Valuation of the District	5,603,033,647
Statutory Limitation Percentage	<u>(x) 10%</u>
General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes	560,303,365
Net Outstanding General Obligation Debt Applicable to Debt Limitation	<u>71,135,000</u>
Legal Margin for New Debt	<u>\$ 489,168,365</u>

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NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Operating Leases

The District leases office space and various equipment under long-term operating leases. Following is a schedule, by years, of future minimum rental payments required under long-term operating leases:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 113,736
2022	113,736
2023	65,323
2024	19,260
2025	4,217
Total Minimum Payments Required	<u><u>\$ 316,272</u></u>

Rent expense under all operating leases for the year ended June 30, 2021 amounted to \$113,736.

G. Pension Plans

The District reports pension related balances at June 30, 2021, as summarized below:

	<u>Pension Asset</u>	<u>Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
Wisconsin Retirement System (WRS)	\$ 9,325,509	\$ -	\$ 14,758,596	\$ 20,457,874	\$ 1,030,177
Supplemental or Stipend Pension Plan	-	1,103,862	118,300	80,832	541,170
Total	<u><u>\$ 9,325,509</u></u>	<u><u>\$ 1,103,862</u></u>	<u><u>\$ 14,876,896</u></u>	<u><u>\$ 20,538,706</u></u>	<u><u>\$ 1,571,347</u></u>

1. WRS Pension Plan

Plan Description

The WRS is a cost-sharing, multiple-employer, defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <https://etf.wi.govt/about-etf/reports-and-studies/financial-reports-and-statements>.

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NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plans (Continued)

1. WRS Pension Plan (Continued)

Plan Description (Continued)

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

Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

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 December 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.

Postretirement 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.

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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plans (Continued)

1. WRS Pension Plan (Continued)

Postretirement Adjustments (Continued)

The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)
2020	1.7	21

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 ending June 30, 2021 the WRS recognized \$1,678,800 in contributions from the District.

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Teachers, Executives and Elected Officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.65%
Protective without Social Security	6.75%	16.25%

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NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plans (Continued)

1. WRS Pension Plan (Continued)

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

At June 30, 2021, the District reported an asset of \$9,325,509 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, 2020, the District's proportion was 0.14937214%, which was a decrease of 0.00239981% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$(1,030,177).

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 13,496,874	\$ 2,907,202
Net Differences between Projected and Actual Earnings on Pension Plan Investments	-	17,507,884
Changes in Assumptions	211,520	-
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	-	42,788
Employer Contributions Subsequent to the Measurement Date	1,050,202	-
Total	<u>\$ 14,758,596</u>	<u>\$ 20,457,874</u>

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MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plans (Continued)

1. WRS Pension Plan (Continued)

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

The \$1,050,202 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Expense</u>
2022	\$ (1,742,843)
2023	(480,116)
2024	(3,180,006)
2025	(1,346,516)
2026	-
Total	<u>\$ (6,749,481)</u>

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
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 postretirement 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 postretirement discount rate.

MEQUON-THIENSVILLE SCHOOL DISTRICT
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plans (Continued)

1. WRS Pension Plan (Continued)

Actuarial Assumptions (Continued)

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

Long-Term Expected Return on Plan Assets

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

	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Core Fund Asset Class:			
Global Equities	51.0%	7.2%	4.7%
Fixed Income	25.0%	3.2%	0.8%
Inflation Sensitive Assets	16.0%	2.0%	-0.4%
Real Estate	8.0%	5.6%	3.1%
Private Equity/Debt	11.0%	10.2%	7.6%
Multi-Asset	4.0%	5.8%	3.3%
Total Core Fund	115.0%	6.6%	4.1%
Variable Fund Asset Class:			
U.S. Equities	70.0%	6.6%	4.1%
International Equities	30.0%	7.4%	4.9%
Total Variable Fund	100.0%	7.1%	4.6%

New England Pension Consultants Long Term U.S. CPI (Inflation) Forecast: 2.4%

Asset allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

MEQUON-THIENSVILLE SCHOOL DISTRICT
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NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plans (Continued)

1. WRS Pension Plan (Continued)

Single Discount Rate

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

Sensitivity of the 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 7.0%, 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 (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 8,876,593	\$ (9,325,509)	\$ (22,694,818)

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2021, the District reported a payable of \$685,628 for the outstanding amount of contributions to the pension plan for the year ended June 30, 2021.

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MEQUON, WISCONSIN
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NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plans (Continued)

2. Supplemental Pension Plan

Pension Description

The plan is a single-employer defined benefit pension plan established to provide a cash stipend to eligible retirees. The plan is administered by the District. The plan does not issue separate financial statements.

Benefits Provided

A summary of eligibility requirements and plan benefits follows:

Pension	Eligibility Requirements Age	Service	Benefit Duration	Plan Benefit
Administrators	55	10	Lump Sum	\$20,000 upon Retirement
Teachers	58	20	Lump Sum	\$10,000 upon Retirement

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	2
Active Employees	188
Total	190

Funding Policy

The entire cost of these benefits is paid by the District. Benefits are currently funded on a pay-as-you-go basis and no assets exist to prefund retiree benefits.

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

Component	Amount
Total Pension Liability at July 1, 2019	\$ 600,449
Changes for the Year:	
Service Cost	50,534
Interest	21,200
Changes of benefit terms	470,346
Differences between Expected and Actual	(59,256)
Changes of Assumptions or Other Input	60,589
Benefit Payments	(40,000)
Net Changes	503,413
Total Pension Liability at June 30, 2020	\$ 1,103,862

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MEQUON, WISCONSIN
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NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plans (Continued)

2. Supplemental Pension Plan

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

For the year ended June 30, 2020, the District recognized pension expense of \$541,170.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ 70,060
Net Differences between Projected and Actual Earnings on Pension Plan Investments	-	-
Changes in Assumptions	68,300	10,772
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	-	-
Employer Contributions Subsequent to the Measurement Date	50,000	-
Total	\$ 118,300	\$ 80,832

The \$50,000 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending June 30,	Expense
2020	\$ (910)
2021	(910)
2023	(910)
2024	(910)
2025	(910)
Thereafter	(7,982)
Total	\$ (12,532)

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NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plans (Continued)

2. Supplemental Pension Plan (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Salary
Actuarial Assumptions:	
Discount Rate	2.25%
Inflation	2.50%

Single Discount Rate

A single discount rate of 2.25% was used to measure the total pension liability. This single discount rate was based on the 20 year tax exempt AA muni bond rates.

Sensitivity of the District's Total Pension Liability to Changes in the Discount Rate

The following presents the District's total pension liability at June 30, 2019 calculated using the discount rate of 2.25%, as well as what the District's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25%) or 1-percentage-point higher (3.25%) than the current rate.

	1% Decrease to Discount Rate 1.25%	Current Discount Rate 2.25%	1% Increase to Discount Rate 3.25%
Total Pension Liability	\$ 1,183,628	\$ 1,103,862	\$ 1,028,218

The sensitivity of the District's total pension liability was determined based on the actuarial date while the total pension liability of \$1,103,862 was based on the District's fiscal year ended June 30, 2020, as rolled forward by the District's actuary. Sensitivity information as of June 30, 2021 was not available.

Payable to the Supplemental Pension Plan

At June 30, 2021, the District reported no outstanding amount of contributions to the Plan required for the year ended June 30, 2021.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits

Plan Description

The Plan is a single-employer defined benefit postemployment health plan that covers retired employees of the District. Eligible retired employees have access to group medical coverage through the District's group plan. District paid medical benefits are paid for as indicated below. All employees of the District are eligible for the Plan if they meet the following age and service requirements below.

Benefits Provided

The District shall make contributions for retiree premiums.

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently		
Receiving Benefit Payments		109
Active Employees		415
Total		524

Contributions

Contributions are made for administrators, teachers, and educational support staff in the following manner:

Tier A – Those who are within 5 years of eligibility for retirement as of 7/1/2020:
The district will pay the retiree's medical insurance premiums up to \$1,800/month and dental insurance up to \$100/month for up to 10 years or until Medicare-eligibility, whichever occurs first.

Tier B – Those who are within 6-10 years of eligibility for retirement as of 7/1/2020:
Employees who are enrolled in the District's group health insurance plan and are not Medicare-eligible at the effective date of retirement shall receive a total benefit of \$150,000 deposited pro rata on an annual basis into a District-sponsored HRA for up to ten years or Medicare-eligibility, whichever occurs first. The full annual amount shall be credited during the month following the effective date of retirement.

Tier C – Those who are within 11-15 years of eligibility for retirement as of 7/1/2020:
Employees who are enrolled in the District's group health insurance plan and are not Medicare-eligible at the effective date of retirement shall receive a total benefit of \$120,000 deposited pro rata on an annual basis into a District-sponsored HRA for up to ten years or Medicare-eligibility, whichever occurs first. The full annual amount shall be credited during the month following the effective date of retirement.

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JUNE 30, 2021

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

Actuarial Assumptions.

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2020.

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	3.0%
Investment Rate of Return	3.50%
Healthcare Cost Trend Rates	7.5% Decreasing by 0.50% per year down to 6.5%, then by 0.10% percent per year down to 5.0%, and level thereafter
Dental Cost Trend Rates	Level at 4.0%

Mortality rates are the same as those used in the December 2012 Wisconsin Retirement System's annual report.

The actuarial assumptions used in the June 30, 2020 valuation were based on the "Wisconsin Retirement System 2009 - 2011 Experience Study."

The long-term expected rate of return on OPEB plan investments was valued at 3.50%. A blend of expected earnings on District funds and the current yield for 20 year tax-exempt AA Municipal bond rate or higher as of the measurement date was used for all years of benefit payments.

Discount Rate

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

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MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance at 6/30/19	\$ 12,357,737	\$ 1,331,025	\$ 11,026,712
Changes for the year:			
Service Cost	977,731	-	977,731
Interest	430,232	-	430,232
Changes of benefit term	(5,425,713)		(5,425,713)
Difference between Expected and Actual	(744,878)		(744,878)
Changes of Assumptions or Other Input	191,686	-	191,686
Contributions - Employer	-	1,183,495	(1,183,495)
Net Investment Income	-	37,566	(37,566)
Benefit Payments	(1,108,495)	(1,108,495)	-
Net Changes	(5,679,437)	112,566	(5,792,003)
Balance at June 30, 2020	<u>\$ 6,678,300</u>	<u>\$ 1,443,591</u>	<u>\$ 5,234,709</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
Net OPEB liability	\$ 5,500,297	\$ 5,234,709	\$ 4,980,068

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5% decreasing to 4.0%) or 1-percentage-point higher (8.5% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (6.5% Decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% Decreasing to 5.0%)	1% Increase (8.5% Decreasing to 6.0%)
Net OPEB liability	\$ 5,139,929	\$ 5,234,709	\$ 5,332,813

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

OPEB Plan Fiduciary Net Position

Information about the OPEB plan's fiduciary net position is presented in the Employee Benefit Trust Fund in these financial statements.

Investments. The Plan does not have a separate investment policy from the District. At June 30, 2021, the Plan had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Plan investments. The Plan's investments at June 30, 2021 are in the Wisconsin Investment Series Cooperative consisting of \$220,622 invested in the Investment Series, and \$645,734.21 invested in the Limited Term Duration Series. The investment series has a return rate of .03%. For the year ended June 30, 2021, the annual money-weighted rate of return net of investment expenses was 1.01%.

OPEB Plan Information

At June 30, 2021, the Plan's total OPEB liability was \$6,678,300 and fiduciary net position was \$1,443,591, resulting in a net OPEB liability of \$5,234,709. The net OPEB liability for purposes of Plan reporting was measured at June 30, 2020 and the total OPEB liability was determined using an actuarial valuation at June 30, 2020. Plan fiduciary net position was 21.62% of the total OPEB liability.

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$4,216,610. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 656,273
Changes in Assumptions	628,592	283,134
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	33,382	-
District Contributions Subsequent to the Measurement Date	1,045,182	-
Total	<u>\$ 1,707,156</u>	<u>\$ 939,407</u>

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The \$1,045,182 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021, and reported in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in other postemployment benefits expense as follows:

<u>Year Ending June 30,</u>	<u>Expense</u>
2022	\$ (150,960)
2023	(156,002)
2024	21,982
2025	19,568
2026	17,500
Thereafter	(29,521)
Total	<u>\$ (277,433)</u>

Payable to the OPEB Plan

At June 30, 2021, the District reported no outstanding amount of contribution to the Plan required for the year ended June 30, 2021.

I. Fund Equity

Assigned Fund Balance

The Districts reports amounts that are constrained for specific purposes by action of District management as assigned fund balance. The Board of Education has authorized the Superintendent or designee to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned. At June 30, 2021, the District reported assigned fund balance as follows:

General Fund	
Assigned for:	
Capital needs	<u>\$ 200,000</u>

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Fund Equity (Continued)

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At June 30, 2021, restricted fund balance was as follows:

Special Revenue Funds		
Restricted for:		
Donor Intent	\$	280,037
Food Service		1,027,225
Community Service		128,473
Debt Service Funds		
Restricted for:		
Retirement of Long-Term Debt		4,484,149
Capital Projects Funds		
Restricted for:		
Capital Projects		42,602,088
Capital Improvements		1,847,307
Total Restricted Fund Balance	\$	<u><u>50,369,279</u></u>

Assigned Fund Balance

Amounts that are constrained for specific purposes by action of District management are reported as assigned fund balance. As of June 30, 2021, assigned fund balance was as follows:

General Fund		
Assigned for:		
Capital needs	\$	<u><u>200,000</u></u>

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Fund Equity (Continued)

Net Position

The District reports restricted net position at June 30, 2021 as follows:

Governmental Activities

Restricted for:

Donor Intent	\$ 280,037
Food Service	1,027,225
Community Service	128,473
Debt Service	3,819,749
Capital Improvement Trust	1,847,307
Net Pension Asset	<u>9,325,509</u>
Total Governmental Activities Restricted	
Net Position	<u><u>\$ 16,428,300</u></u>

Fiduciary Funds

Restricted for:

Postemployment Benefits	<u><u>\$ 866,355</u></u>
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Component Unit

With Donor Restrictions:

Foundation Activities	\$ 68,605
Unappropriated Endowment Earnings	117,903
Endowment	<u>151,335</u>
Total Restricted Net Position	<u><u>\$ 337,843</u></u>

NOTE 3 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The District completes an annual review of its insurance coverage to ensure adequate coverage. The District has not had material reductions in coverage or material claims in excess of coverage in the last three years.

B. Contingencies

The District participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Contingencies (Continued)

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

C. Limitation on School District Revenues

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

This limitation does not apply to revenue needed for 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.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS
YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 38,085,481	\$ 38,437,613	\$ 38,437,613	\$ -
Other Local Sources	1,448,757	1,349,258	1,348,342	(916)
Interdistrict Sources	960,000	847,829	846,475	(1,354)
State Sources	4,618,482	4,440,116	4,517,275	77,159
Federal Sources	339,832	448,045	430,643	(17,402)
Other Sources	116,500	116,500	131,328	14,828
Total Revenues	<u>45,569,052</u>	<u>45,639,361</u>	<u>45,711,676</u>	<u>72,315</u>
EXPENDITURES				
Instruction:				
Regular Instruction	18,830,986	18,957,325	19,067,952	(110,627)
Vocational Instruction	357,569	357,569	353,989	3,580
Other Instruction	2,421,413	2,501,268	2,428,701	72,567
Total Instruction	<u>21,609,968</u>	<u>21,816,162</u>	<u>21,850,642</u>	<u>(34,480)</u>
Support Services:				
Pupil Services	1,767,254	1,790,715	1,883,050	(92,335)
Instructional Staff Services	2,650,396	2,480,644	2,541,594	(60,950)
General Administration Services	614,726	607,126	617,616	(10,490)
School Administration Services	2,820,437	2,820,437	2,844,570	(24,133)
Business Services	510,060	503,360	539,844	(36,484)
Operations and Maintenance of Plant	4,683,860	4,996,188	5,020,319	(24,131)
Pupil Transportation Services	1,798,908	1,744,408	1,705,475	38,933
Central Services	722,162	718,562	684,959	33,603
Insurance	268,575	278,575	286,735	(8,160)
Other Support Services	1,916,183	1,882,473	1,419,859	462,614
Total Support Services	<u>17,752,561</u>	<u>17,822,488</u>	<u>17,544,021</u>	<u>278,467</u>
Debt Service:				
Interest and Fiscal Charges	53,000	53,000	24,543	28,457
Non-Program:				
General Tuition Payments	529,228	1,152,337	1,003,732	148,605
Adjustments and Refunds	5,000	5,000	1,158	3,842
Voucher Payments	266,574	565,350	582,184	(16,834)
Total Non-Program	<u>1,329,002</u>	<u>1,722,687</u>	<u>1,587,074</u>	<u>135,613</u>
Total Expenditures	<u>40,755,031</u>	<u>41,414,337</u>	<u>41,006,280</u>	<u>408,057</u>
Excess of Revenues Over Expenditures	4,814,021	4,225,024	4,705,396	480,372
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	2,000	2,000	8,215	6,215
Transfers Out	(5,024,874)	(4,374,874)	(4,423,663)	(48,789)
Total Other Financing Sources (Uses)	<u>(5,022,874)</u>	<u>(4,372,874)</u>	<u>(4,415,448)</u>	<u>(42,574)</u>
NET CHANGE IN FUND BALANCE	(208,853)	(147,850)	289,948	437,798
Fund Balance - July 1	<u>11,251,035</u>	<u>11,251,035</u>	<u>11,251,035</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ 11,042,182</u>	<u>\$ 11,103,185</u>	<u>\$ 11,540,983</u>	<u>\$ 437,798</u>

See accompanying Notes to Required Supplementary Information.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – SPECIAL EDUCATION SPECIAL REVENUE FUND –
BUDGETARY BASIS
YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Interdistrict Sources	\$ 56,000	\$ 56,000	\$ 46,199	\$ (9,801)
Intermediate Sources	5,000	5,000	-	(5,000)
State Sources	1,717,330	1,943,843	1,960,843	17,000
Federal Sources	646,950	1,038,990	1,042,106	3,116
Total Revenues	<u>2,425,280</u>	<u>3,043,833</u>	<u>3,049,148</u>	<u>5,315</u>
EXPENDITURES				
Instruction:				
Special Education Instruction	5,207,089	5,056,781	5,129,204	(72,423)
Support Services:				
Pupil Services	948,694	948,694	992,257	(43,563)
Instructional Staff Services	353,793	353,793	341,535	12,258
General Administration Services	20,000	20,000	3,217	16,783
Operations and Maintenance of Plant	-	-	6,010	(6,010)
Pupil Transportation Services	465,000	392,674	375,894	16,780
Insurance	10,000	10,000	1,040	8,960
Total Support Services	<u>1,797,487</u>	<u>1,725,161</u>	<u>1,719,953</u>	<u>5,208</u>
Debt Service:				
Principal	8,813	-	-	-
Non-Program:				
Special Education Tuition Payments	<u>386,000</u>	<u>236,000</u>	<u>223,654</u>	<u>12,346</u>
Total Expenditures	<u>7,399,389</u>	<u>7,017,942</u>	<u>7,072,811</u>	<u>(54,869)</u>
Excess of Revenues Under Expenditures	(4,974,109)	(3,974,109)	(4,023,663)	(49,554)
OTHER FINANCING SOURCES				
Capital Lease Issued	-	-	-	-
Transfers In	4,974,874	3,974,874	4,023,663	48,789
Total Other Financing Sources (Uses)	<u>4,974,874</u>	<u>3,974,874</u>	<u>4,023,663</u>	<u>48,789</u>
NET CHANGE IN FUND BALANCE	765	765	-	(765)
Fund Balance - July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ 765</u>	<u>\$ 765</u>	<u>\$ -</u>	<u>\$ (765)</u>

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN
LAST TEN MEASUREMENT PERIODS*

	2020	2019	2018	2017
Total OPEB Liability				
Service Cost	\$ 977,731	\$ 906,799	\$ 824,398	\$ 892,377
Interest	430,232	445,976	404,565	354,994
Changes of Benefit Terms	(5,425,713)	-	-	-
Differences Between Expected and Actual Experience	(744,878)	-	(228,127)	-
Changes of Assumptions	191,686	204,054	482,223	(396,390)
Contributions - Employer	-	-	-	-
Net Investment Income	-	-	-	-
Benefit Payments	(1,108,495)	(1,276,778)	(1,104,350)	(1,077,913)
Net Change in Total OPEB Liability	(5,679,437)	280,051	378,709	(226,932)
Total OPEB Liability - Beginning	12,357,737	12,077,686	11,698,977	11,925,909
Total OPEB Liability - Ending (a)	<u>\$ 6,678,300</u>	<u>\$ 12,357,737</u>	<u>\$ 12,077,686</u>	<u>\$ 11,698,977</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 1,183,495	\$ 1,179,350	\$ 1,152,913	\$ 1,062,918
Net Investment Income	37,566	11,872	7,456	2,884
Benefit Payments	(1,108,495)	(1,104,350)	(1,077,913)	(987,918)
Administrative Expenses	-	-	-	-
Net Change in Plan Fiduciary Net Position	112,566	86,872	82,456	77,884
Plan Fiduciary Net Position - Beginning	1,331,025	1,244,153	1,161,697	1,083,813
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,443,591</u>	<u>\$ 1,331,025</u>	<u>\$ 1,244,153</u>	<u>\$ 1,161,697</u>
District's Net OPEB Liability - Ending (a) - (b)	<u>\$ 5,234,709</u>	<u>\$ 11,026,712</u>	<u>\$ 10,833,533</u>	<u>\$ 10,537,280</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	21.62%	10.77%	10.30%	9.93%
Covered-Employee Payroll	\$ 23,164,989	\$ 22,173,914	\$ 22,173,914	\$ 20,712,252
District's Net OPEB Liability as a Percentage of Covered-Employee Payroll	22.60%	49.73%	48.86%	50.87%
Annual Money-Weighted Rate of Return Net of Investment Expenses	2.75%	1.01%	0.68%	0.29%

* The amounts presented for each fiscal year were determined as of the prior fiscal year-end. Amounts for prior years were not available.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN
LAST TEN MEASUREMENT PERIODS*

	2020	2019	2018	2017
Actuarially Determined Contribution (ADC)	\$ 1,549,735	\$ 1,549,735	\$ 1,471,397	\$ 1,471,397
Contributions in Relation to the ADC	1,183,495	1,351,777	1,179,350	1,152,913
Contribution Deficiency (Excess)	<u>\$ 366,240</u>	<u>\$ 197,958</u>	<u>\$ 292,047</u>	<u>\$ 318,484</u>
Covered Payroll	\$ 23,164,989	\$ 22,173,914	\$ 22,173,914	\$ 20,712,252
Contributions as a Percentage of Covered Payroll	5.11%	6.10%	5.32%	5.57%

Key Methods and Assumptions Used to Calculate ADC:

Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value
Amortization Method	30 Year Level \$	30 year Level Dollar	30 year Level Dollar	30 year Level Dollar
Discount Rate	0.0375	3.00%	3.00%	3.00%
Inflation	0.025	2.50%	2.50%	2.50%

* The amounts presented for each fiscal year were determined as of the prior fiscal year-end. Amounts for prior years were not available.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
WISCONSIN RETIREMENT SYSTEM
LAST TEN MEASUREMENT PERIODS*

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

Plan Fiscal Year Ended	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll (Plan year)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/15	0.15420350%	2,505,777	21,942,337	11.42%	98.20%
12/31/16	0.15500576%	1,277,618	22,776,327	5.61%	99.12%
12/31/17	0.15580190%	(4,625,943)	22,988,253	20.12%	102.93%
12/31/18	0.15453262%	5,497,786	23,250,919	23.65%	96.45%
12/31/19	0.15177195%	(4,893,820)	23,880,285	20.49%	102.96%
12/31/19	0.15177195%	(4,893,820)	23,880,285	20.49%	102.96%
12/31/20	0.14937214%	9,325,509	24,654,006	37.83%	105.26%

SCHEDULE OF CONTRIBUTIONS

District Fiscal Year Ended	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (Fiscal year)	Contributions as a Percentage of Covered Payroll
6/30/16	1,501,641	1,501,641	-	22,503,513	6.67%
6/30/17	1,537,688	1,537,688	-	22,862,394	6.73%
6/30/18	1,560,109	1,560,109	-	23,156,805	6.74%
6/30/19	1,555,928	1,555,928	-	23,555,439	6.61%
6/30/20	1,626,712	1,626,712	-	24,366,850	6.68%
6/30/21	1,678,800	1,678,800	-	24,871,111	6.75%

* The amounts presented for each fiscal year were determined as of the prior fiscal year-end. Amounts for prior years were not available.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
SCHEDULE OF CHANGES IN PENSION LIABILITY AND RELATED RATIOS
SUPPLEMENTAL PENSION
LAST TEN FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Pension Liability:				
Service Cost	\$ 50,534	\$ 47,252	\$ 50,458	\$ 53,824
Interest	21,200	22,587	22,304	20,468
Changes of Benefit Terms	470,346	-	-	-
Differences Between Expected and Actual Experience	(59,256)	-	(19,929)	-
Changes in Assumptions	60,589	6,927	8,811	(13,848)
Benefit Payments	(40,000)	(110,000)	(80,000)	(127,500)
Net Change in Total Pension Liability	<u>503,413</u>	<u>(33,234)</u>	<u>(18,356)</u>	<u>(67,056)</u>
Total Pension Liability - Beginning	<u>600,449</u>	<u>633,683</u>	<u>652,039</u>	<u>719,095</u>
Total Pension Liability - Ending	<u>\$ 1,103,862</u>	<u>\$ 600,449</u>	<u>\$ 633,683</u>	<u>\$ 652,039</u>
Covered Payroll	\$ 10,832,559	\$ 19,762,956	\$ 19,762,956	\$ 19,762,956
District's Total Pension Liability as a Percentage of Covered Payroll	10.19%	3.04%	3.21%	3.30%

* The amounts presented for each fiscal year were determined as of the prior fiscal year-end. Amounts for prior years were not available.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021

NOTE 1 WISCONSIN RETIREMENT SYSTEM

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

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

The District is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

NOTE 2 BUDGETS AND BUDGETARY ACCOUNTING

Single-Employer Defined Benefit Health Plan

Assumptions are consistent with the prior valuation. The amounts reported for each fiscal year were determined as of June 30 of the prior fiscal year.

The District is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes. Budgetary expenditure control is exercised at the function level. Reported budget amounts are as originally adopted or as amended by Board of Education resolution.

The District follows these procedures in establishing the budgetary data reflected in the basic financial statements.

- Based upon requests from District staff, District administration recommends budget proposals to the Board of Education.
- The Board of Education prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
- Pursuant to the public budget hearing, the Board of Education may make alterations to the proposed budget.
- Once the Board of Education (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire Board of Education.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

- Appropriations lapse at year end unless authorized as a carryover by the Board of Education. The portion of fund balance representing carryover appropriations is reported as a committed or assigned fund balance in the fund financial statements.
- Encumbrance accounting is used by the District as an extension of formal budgetary control during the year.
- The DPI requires the District to separate special education revenues and expenditures from other General Fund amounts.

The District did not have any material violation of legal or contractual provisions for the fiscal year ended June 30, 2021.

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented in accordance with generally accepted accounting principles, except the District adopts a budget for the special education special revenue fund. 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:

	<u>General</u>	<u>Special Education Fund</u>
Revenues		
Actual Amounts (Budgetary Basis)	\$ 45,711,676	\$ 3,049,148
Reclassification of Special Education Fund	3,049,148	(3,049,148)
Total Revenues	<u>48,760,824</u>	<u>-</u>
Expenditures		
Actual Amounts (Budgetary Basis)	41,006,280	7,072,811
Reclassification of Special Education Fund	7,072,811	(7,072,811)
Total Expenditures	<u>48,079,091</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures		
Actual Amounts (Budgetary Basis)	4,705,396	(4,023,663)
Reclassification of Special Education Fund	(4,023,663)	4,023,663
Excess of Revenues Over (Under) Expenditures	<u>681,733</u>	<u>-</u>
Other Financing Sources (Uses)		
Actual Amounts (Budgetary Basis)	(4,415,448)	4,023,663
Reclassification of Special Education Fund	4,023,663	(4,023,663)
Total Other Financing Sources (Uses)	<u>(391,785)</u>	<u>-</u>
Net Change in Fund Balance		
Actual Amounts (Budgetary Basis)	<u>289,948</u>	<u>-</u>
Fund Balance - July 1		
Actual Amounts (Budgetary Basis)	<u>11,251,035</u>	<u>-</u>
Fund Balance - June 30		
Actual Amounts (Budgetary Basis)	<u>\$ 11,540,983</u>	<u>\$ -</u>

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Special Revenue		Debt Service	Capital Projects	Total Nonmajor Governmental Funds	
	Donations	Food Service	Community Service	Referendum Debt Service		Capital Improvement Trust
ASSETS						
Cash and Investments	\$ 278,293	\$ 1,096,678	\$ 139,203	\$ 4,484,149	\$ 1,412,235	\$ 7,410,558
Receivables:						
Accounts	1,744	-	-	-	-	1,744
Other	-	-	-	-	35,072	35,072
Due from Other Governments	-	117,064	-	-	-	117,064
Total Assets	\$ 280,037	\$ 1,213,742	\$ 139,203	\$ 4,484,149	\$ 1,847,307	\$ 7,964,438
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ -	\$ 99,414	\$ 5,946	\$ -	\$ -	\$ 105,360
Accrued and Other Current Liabilities	-	-	4,784	-	-	4,784
Unearned Revenues	-	87,103	-	-	-	87,103
Total Liabilities	-	186,517	10,730	-	-	197,247
FUND BALANCES						
Restricted	280,037	1,027,225	128,473	4,484,149	1,847,307	7,767,191
Total Liabilities and Fund Balances	\$ 280,037	\$ 1,213,742	\$ 139,203	\$ 4,484,149	\$ 1,847,307	\$ 7,964,438

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	Special Revenue		Debt Service	Capital Projects	Total Nonmajor Governmental Funds	
	Donations	Food Service	Community Service	Referendum Debt Service		Capital Improvement Trust
REVENUES						
Property Taxes	\$ -	\$ -	\$ 227,580	\$ 4,460,596	\$ -	\$ 4,688,176
Other Local Sources	556,032	99,737	536,547	2,610	1,481	1,196,407
State Sources	-	23,267	-	-	-	23,267
Federal Sources	-	1,858,794	-	-	-	1,858,794
Total Revenues	556,032	1,982,300	764,127	4,463,206	1,481	7,767,146
EXPENDITURES						
Instruction:						
Regular Instruction	240,002	-	-	-	-	240,002
Other Instruction	377,475	-	-	-	-	377,475
Total Instruction	617,477	-	-	-	-	617,477
Support Services:						
Instructional Staff Services	1,394	-	-	-	-	1,394
School Administration Services	83	-	-	-	-	83
Operations and Maintenance of Plant	-	-	50,315	-	-	50,315
Food Services	-	1,484,705	-	-	-	1,484,705
Total Support Services	1,477	1,484,705	50,315	-	-	1,536,497
Debt Service:						
Principal	-	-	-	1,410,000	-	1,410,000
Interest and Fiscal Charges	-	-	-	1,299,720	-	1,299,720
Total Debt Service	-	-	-	2,709,720	-	2,709,720
Community Service	-	-	592,315	-	-	592,315
Total Expenditures	618,954	1,484,705	642,630	2,709,720	-	5,456,009
Excess of Revenues Over (Under) Expenditures	(62,922)	497,595	121,497	1,753,486	1,481	2,311,137
OTHER FINANCING SOURCES						
Premium on Debt Issued	-	-	-	-	-	-
Transfers In	59,970	-	-	-	400,000	459,970
Total Other Financing Sources (Uses)	59,970	-	-	438,466	400,000	898,436
NET CHANGE IN FUND BALANCES	(2,952)	497,595	121,497	2,191,952	401,481	3,209,573
Fund Balances - July 1	282,989	529,630	6,976	2,292,197	1,445,826	4,557,618
FUND BALANCES - JUNE 30	\$ 280,037	\$ 1,027,225	\$ 128,473	\$ 4,484,149	\$ 1,847,307	\$ 7,767,191



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

Board of Education
Mequon-Thiensville School District
Mequon, 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, the discretely presented component unit, the major fund, and the aggregate remaining fund information of the Mequon-Thiensville School District, Mequon, Wisconsin (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 14, 2021. Our report includes a reference to other auditors who audited the financial statements on the Mequon-Thiensville Education Foundation, Inc., as described in our report on the Mequon-Thiensville School District's financial statements. The financial statements of the Mequon-Thiensville Education Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters


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

Mequon-Thiensville School District’s Response to Findings

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Milwaukee, Wisconsin
December 14, 2021



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

Board of Education
Mequon-Thiensville School District
Mequon, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited Mequon-Thiensville School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration 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 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 the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, Uniform Guidance and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, 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 or 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 or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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



CliftonLarsonAllen LLP

Milwaukee, Wisconsin
December 14, 2021

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 7/1/20	Value or Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/21	Total Expenditures	Subrecipient Payments
U.S. DEPARTMENT OF AGRICULTURE								
<i>Child Nutrition Cluster</i>								
School Breakfast Program	10.553	WI DPI	2021-453479-DPI-SB-546	\$ -	\$ 59,597	\$ -	\$ 59,597	\$ -
COVID 19 - School Breakfast Program	10.553	WI DPI	2020-453479-DPI-SB-546	(39,192)	39,192	-	-	-
Total School Breakfast Program				(39,192)	98,789	-	59,597	-
National School Lunch Program	10.555	WI DPI	2021-453479-DPI-NSL-547	-	112,888	-	112,888	-
COVID 19 - National School Lunch Program	10.555	WI DPI	2020-453479-DPI-NSL-547	(74,514)	74,514	-	-	-
Donated Commodities 2018-19	10.555	WI DPI	Unknown	-	102,978	-	102,978	-
Total National School Lunch Program				(74,514)	290,380	-	215,866	-
Summer Food Service Program for Children	10.559	WI DPI	2021-453479-DPI-SFSP-586	-	1,466,267	117,064	1,583,331	-
Total U.S. Department of Agriculture and <i>Child Nutrition Cluster</i>				(113,706)	1,855,436	117,064	1,858,794	-
U.S. DEPARTMENT OF EDUCATION								
Title I Grants to Local Educational Agencies	84.010	WI DPI	2021-453479-TIA-141	-	41,080	30,532	71,612	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2020-453479-TIA-141	(10,861)	10,861	-	-	-
Total Title I Grants to Local Educational Agencies				(10,861)	51,941	30,532	71,612	-
<i>Special Education Cluster (IDEA)</i>								
Special Education Grants to States	84.027	WI DPI	2021-453479-IDEA-FT-341	-	414,345	662,271	1,076,616	-
Special Education Grants to States	84.027	WI DPI	2020-453479-DPI-IDEA-F-341	(176,651)	176,651	-	-	-
Special Education Preschool Grants	84.173	WI DPI	2021-453479-IDEA-PS-347	-	12,928	11,485	24,413	-
Special Education Preschool Grants	84.173	WI DPI	2020-453479-DPI-IDEA-P-347	(8,071)	8,071	-	-	-
Total Special Education Cluster (IDEA)				(184,722)	611,995	673,756	1,101,029	-
English Language Acquisition State Grants	84.365	WI DPI	2021-453479-TIIIA-391	-	18,183	4,147	22,330	-
English Language Acquisition State Grants	84.365	WI DPI	2020-453479-DPI-T3 -391	(18,576)	18,576	-	-	-
Total English Language Acquisition State Grants				18,576	36,759	4,147	22,330	-
Improving Teacher Quality State Grants	84.367	WI DPI	2019-453479-TIIA-365	-	44,925	2,246	47,171	-
Improving Teacher Quality State Grants	84.367	WI DPI	2020-453479-TIIA-365	(330)	330	-	-	-
Total Improving Teacher Quality State Grants				(330)	45,255	2,246	47,171	-
Student Support and Academic Enrichment Grant	84.424A	WI DPI	2021-453479-TIVA-381	-	754	719	1,473	-
Student Support and Academic Enrichment Grant	84.424A	WI DPI	2020-43479-TIVA-381	(1,150)	1,150	-	-	-
				(1,150)	1,904	719	1,473	-
ESSER - CARES Act	84.425D	WI DPI	2021-453479-ESSER-160	-	70,755	-	70,755	-
Total U.S. Department of Education				(215,639)	818,609	711,400	1,314,370	-

See accompanying Note to Schedules of Expenditures of Federal and State Awards.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 7/1/20	Value or Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/21	Total Expenditures	Subrecipient Payments
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
<i>Medicaid Cluster</i>								
Medical Assistance Program	93.778	WI DHS	44222900	-	149,055	9,324	158,379	-
<i>Total Medicaid Cluster</i>								
TOTAL FEDERAL AWARDS				<u>\$ (329,345)</u>	<u>\$ 2,823,100</u>	<u>\$ 837,788</u>	<u>\$ 3,331,543</u>	<u>\$ -</u>
Reconciliation to the Basic Financial Statements:								
Federal Sources							<u>\$ 3,331,543</u>	

See accompanying Note to Schedules of Expenditures of Federal and State Awards.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED JUNE 30, 2021

Grantor Agency/State Program Title	State I.D. Number	Pass-Through Agency	State Identifying Number	(Accrued) Deferred Revenue 7/1/20	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/21	Total Expenditures	Subrecipient Payments
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION								
Special Education and School Age Parents	255.101	Direct Program	453479-100	\$ -	\$ 1,802,447	\$ -	\$ 1,802,447	\$ -
State School Lunch Aid	255.102	Direct Program	453479-107	-	14,802	-	14,802	-
Common School Fund Library Aid	255.103	Direct Program	453479-104	-	149,185	-	149,185	-
General Transportation Aid	255.107	Direct Program	453479-102	-	80,481	-	80,481	-
Equalization Aids	255.201	Direct Program	453479-116	(15,822)	842,845	13,277	840,300	-
Integration Transfer - Non Resident	255.204	Direct Program	453479-106	-	555,534	-	555,534	-
High Cost Special Education Aid	255.210	Direct Program	453479-119	-	141,396	-	141,396	-
Mental Health Aid	255.227	Direct Program	453479-176	-	58,488	-	58,488	-
Supplemental Per Pupil Aid	255.245	Direct Program	453479-178	-	20,798	-	20,798	-
State School Breakfast Aid	255.344	Direct Program	453479-108	-	8,464	-	8,464	-
Early College Credit Program	255.445	Direct Program	453479-181	-	225	-	225	-
Educator Effective Evaluation System	255.940	Direct Program	453479-154	(9,000)	30,440	-	21,440	-
Per Pupil Aid	255.945	Direct Program	453479-113	-	2,609,614	-	2,609,614	-
Assessments of Reading Readiness	255.956	Direct Program	453479-166	-	6,159	-	6,159	-
Robotics League Participation Grant	255.959	Direct Program	453479-167	(14,321)	14,322	15,955	15,956	-
Special Education Transition Incentive Grants	255.960	Direct Program	453479-168	-	17,000	-	17,000	-
Career and Technical Education Incentive Grants	255.950	Direct Program	453479-171	-	11,965	-	11,965	-
Total Wisconsin Department of Public Instruction				(39,143)	6,364,165	29,232	6,354,254	-
TOTAL STATE PROGRAMS				<u>\$ (39,143)</u>	<u>\$ 6,364,165</u>	<u>\$ 29,232</u>	<u>\$ 6,354,254</u>	<u>\$ -</u>

Reconciliation to the Basic Financial Statements:

State Sources	\$ 6,501,385
Less: State Sources not Considered State Financial Assistance	
State Tax Computer Aid and Personal Property Aid	(147,131)
Total Expenditures of State Awards	<u>\$ 6,354,254</u>

See accompanying Note to Schedules of Expenditures of Federal and State Awards.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2021

NOTE 1 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards for the Mequon-Thiensville School District are presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration.

The schedules of expenditures of federal and state awards include all federal and state awards of the District. Because the schedules present only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the District's 2021 fund financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and *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 succeeding year while unearned revenue represents advances for federal and state programs that exceed recorded District expenditures. Because of subsequent program adjustments, these amounts may differ from the prior year's ending balances.

The District has not elected to charge a de minimis rate of 10% of modified total costs.

NOTE 3 SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

The 2020 - 2021 eligible costs under the State Special Education Program as reported by the District are \$5,931,947. Compiled information required by compliance requirement 1-1 of the Special Education Audit Program was reported to the Wisconsin Department of Public Instruction.

NOTE 4 FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule of expenditures of federal awards at the fair market value of the commodities received and disbursed.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2021

NOTE 5 OVERSIGHT AGENCIES

The federal and state oversight agencies for the District are as follows:

Federal - U.S. Department of Education
State - Wisconsin Department of Public Instruction

NOTE 6 PASS THROUGH ENTITIES

Federal awards have been passed through the following entities:

WI DHS - Wisconsin Department of Health Services
WI DPI - Wisconsin Department of Public Instruction

**MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Section I – Summary of Auditors’ Results

Basic Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal and State Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal and state programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no
4. Any audit findings disclosed that are required to be reported in accordance with the *State Single Audit Guidelines*? _____ yes x no

Identification of Major Federal Programs

CFDA Number

10.553
10.555
10.559

Name of Federal Program or Cluster

Child Nutrition Cluster
School Breakfast Program
National School Lunch Program
Summer Food Service Program

Identification of Major State Programs

State ID Number

255.101
255.201
255.204
255.945

Name of State Program or Cluster

State Special Education and School age parents Equalization Aids
Integration Transfer Nonresident
Per Pupil Aid

**MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Section I – Summary of Auditors’ Results (Continued)

Dollar threshold used to distinguish between
Type A and Type B programs:

Federal Awards	\$ <u>750,000</u>
State Awards	\$ <u>250,000</u>

Auditee qualified as low-risk auditee? x yes no

**MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Section II – Financial Statement Findings

2020 – 001

Preparation of Annual Financial Report

Repeat finding of 2019-001

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: Current District staff maintains accounting records which reflect the District's financial transactions; however, preparing the District's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The District contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner.

Criteria: The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or other required state financial reports.

Context: The District engages CliftonLarsonAllen LLP (CLA) to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, CLA cannot be considered part of the District's internal control system. As part of its internal control over the preparation of its financial statements, including disclosures, the District has implemented a comprehensive review procedure to ensure that the financial statements, including note disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the District's activities and operations.

Effect: Without our involvement, the District may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.

Cause: District management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.

Recommendation: We recommend the District continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the District is necessary to obtain a complete and adequate understanding of the District's annual financial report.

Views of Responsible

Officials: There is no disagreement with the audit finding.

**MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Section III – Federal and State Findings and Questioned Costs

Our audit did not disclose any matters required to be reported under the Uniform Guidance and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration for the year ended June 30, 2021.

Section IV – Other Issues

1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? _____ yes x no

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

Department of Health Services	_____ yes	<u> x </u> no
Department of Public Instruction	_____ yes	<u> x </u> no
Department of Justice	_____ yes	<u> x </u> no

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? _____ yes x no

4. Name and signature of partner 

Jacob Lenell, CPA

5. Date of report December 14, 2021