

**MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2022



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INDEPENDENT AUDITORS' REPORT

Board of Education
Mequon-Thiensville School District
Mequon, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each 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, 2022, and the related notes to the financial statements, which collectively comprise the Mequon-Thiensville School District's basic financial statements as listed in the table of contents.

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, each major fund, and the aggregate remaining fund information of the Mequon-Thiensville School District as of June 30, 2022, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the District's 2021 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, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Mequon-Thiensville School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective July 1, 2021, the Mequon-Thiensville School District adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than 12 months. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mequon-Thiensville School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Mequon-Thiensville School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mequon-Thiensville School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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.

Supplementary 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 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

Board of Education
Mequon-Thiensville School District

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2022, on our consideration of the Mequon-Thiensville School 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 Mequon-Thiensville School 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 Mequon-Thiensville School District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Milwaukee, Wisconsin
December 14, 2022

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
STATEMENT OF NET POSITION
JUNE 30, 2022
(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2021)

	Governmental Activities		Component Unit
			Mequon- Thiensville Education Foundation, Inc.
	2022	2021	
ASSETS			
Cash and Investments	\$ 20,180,456	\$ 64,065,705	\$ 259,092
Receivables:			
Taxes	10,093,874	9,856,037	-
Accounts	205,143	99,743	-
Pledges	-	-	-
Other	24,153	74,957	-
Due from Other Governments	1,425,240	1,024,324	-
Prepaid Items	8,940	-	-
Net Pension Asset	11,985,100	9,325,509	-
Beneficial Interest in Net Assets - Greater Milwaukee Foundation	-	-	977,763
Capital Assets:			
Nondepreciable	48,735,376	12,868,011	-
Depreciable, Net	41,734,015	42,327,925	-
Total Assets	<u>134,392,297</u>	<u>139,642,211</u>	<u>1,236,855</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	22,787,908	14,876,896	-
Other Postemployment Related Amounts	1,342,593	1,707,156	-
Total Deferred Outflows of Resources	<u>24,130,501</u>	<u>16,584,052</u>	<u>-</u>
LIABILITIES			
Short-Term Notes Payable	5,800,000	5,750,000	-
Accounts Payable	1,539,738	6,136,825	176,025
Accrued and Other Current Liabilities	1,216,803	1,118,978	1,925
Accrued Interest Payable	579,433	702,733	-
Unearned Revenues	73,937	166,366	-
Long-Term Obligations:			
Due in One Year	1,751,737	6,012,511	-
Due in More than One Year	64,909,366	66,472,384	-
Other Postemployment Benefits Liability	5,162,217	5,234,709	-
Net Pension Liability	1,163,862	1,103,862	-
Total Liabilities	<u>82,197,093</u>	<u>92,698,368</u>	<u>177,950</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Amounts	28,305,541	20,538,706	-
Other Postemployment Related Amounts	639,987	939,407	-
Total Deferred Inflows of Resources	<u>28,945,528</u>	<u>21,478,113</u>	<u>-</u>
NET POSITION			
Net Investment in Capital Assets	25,665,418	25,474,460	-
Restricted	16,825,005	16,428,300	308,614
Unrestricted Assets (Deficit)	4,889,754	147,022	750,291
Total Net Position	<u>\$ 47,380,177</u>	<u>\$ 42,049,782</u>	<u>\$ 1,058,905</u>

See accompanying Notes to Basic Financial Statements.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2021)

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Component Unit
		Charges for Services	Operating Grants and Contributions	Governmental Activities		Mequon- Thiensville Education Foundation, Inc.
				2022	2021	
GOVERNMENTAL ACTIVITIES						
Instruction	\$ 26,524,514	\$ 1,440,905	\$ 8,530,429	\$ (16,553,180)	\$ (14,282,915)	\$ -
Support Services	22,285,680	829,730	3,437,414	(18,018,536)	(15,789,062)	-
Community Services	867,217	812,559	-	(54,658)	(21,780)	-
Non-Program	2,179,283	-	-	(2,179,283)	(1,810,728)	-
Interest and Fiscal Charges	1,604,862	55,489	-	(1,549,373)	(1,611,266)	-
Depreciation/Amortization - Unallocated	1,876,715	-	-	(1,876,715)	(1,731,466)	-
Total Governmental Activities	<u>\$ 55,338,271</u>	<u>\$ 3,138,683</u>	<u>\$ 11,967,843</u>	(40,231,745)	(35,247,217)	-
Component Unit:						
Mequon-Thiensville Education Foundation, Inc.	<u>\$ 255,636</u>	<u>\$ -</u>	<u>\$ 128,200</u>	-	-	(127,436)
GENERAL REVENUES						
Property Taxes				43,927,239	43,125,789	-
Other Taxes				-	-	-
State and Federal Aids not Restricted to Specific Functions				1,430,595	1,542,965	
Interest and Investment Earnings				28,212	72,038	(12,975)
Gain on Disposal of Capital Assets				(6,449)	8,215	-
Miscellaneous				182,543	192,905	-
Total General Revenues				<u>45,562,140</u>	<u>44,941,912</u>	<u>(12,975)</u>
CHANGE IN NET POSITION				5,330,395	9,694,695	(140,411)
Net Position - July 1				<u>42,049,782</u>	<u>32,355,087</u>	<u>1,199,316</u>
NET POSITION - JUNE 30				<u>\$ 47,380,177</u>	<u>\$ 42,049,782</u>	<u>\$ 1,058,905</u>

See accompanying Notes to Basic Financial Statements.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2022
(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2021)

	General	Other Capital Projects	Other Governmental Funds	Totals	
				2022	2021
ASSETS					
Cash and Investments	\$ 7,692,627	\$ 7,144,079	\$ 5,343,750	\$ 20,180,456	\$ 64,065,705
Receivables:					
Taxes	10,093,874	-	-	10,093,874	9,856,037
Accounts	156,943	-	48,199	205,142	99,743
Other	-	-	24,154	24,154	74,957
Due from Other Funds	-	-	-	-	400,000
Due from Other Governments	1,350,934	-	74,306	1,425,240	1,024,324
Prepaid Items	8,940	-	-	8,940	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 19,303,318</u>	<u>\$ 7,144,079</u>	<u>\$ 5,490,409</u>	<u>\$ 31,937,806</u>	<u>\$ 75,520,766</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Short-Term Notes Payable	\$ 5,800,000	\$ -	\$ -	\$ 5,800,000	\$ 5,750,000
Accounts Payable	329,415	1,115,668	94,655	1,539,738	6,136,827
Accrued and Other Current Liabilities	1,212,461	-	4,342	1,216,803	1,118,978
Accrued Interest Payable	77,333	-	-	77,333	38,333
Due to Other Funds	-	-	-	-	400,000
Unearned Revenues	-	-	73,937	73,937	166,366
Total Liabilities	<u>7,419,209</u>	<u>1,115,668</u>	<u>172,934</u>	<u>8,707,811</u>	<u>13,610,504</u>
FUND BALANCES					
Nonspendable	8,940	-	-	8,940	-
Restricted	24,530	6,028,411	5,317,475	11,370,416	50,369,279
Assigned	-	-	-	-	200,000
Unassigned	11,850,639	-	-	11,850,639	11,340,983
Total Fund Balances	<u>11,884,109</u>	<u>6,028,411</u>	<u>5,317,475</u>	<u>23,229,995</u>	<u>61,910,262</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 19,303,318</u>	<u>\$ 7,144,079</u>	<u>\$ 5,490,409</u>	<u>\$ 31,937,806</u>	<u>\$ 75,520,766</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, 2022
(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2021)

	2022	2021
RECONCILIATION TO THE STATEMENT OF NET POSITION		
Total Fund Balances as Shown on Previous Page	\$ 23,229,995	\$ 61,910,262
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.	90,469,391	55,195,938
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	22,787,908	14,876,896
Deferred Inflows Related to Pensions	(28,305,541)	(20,538,706)
Deferred Outflows Related to Other Postemployment Benefits	1,342,593	1,707,156
Deferred Inflows Related to Other Postemployment Benefits	(639,987)	(939,407)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds Payable	(65,365,000)	(71,135,000)
Premium on Debt	(1,107,384)	(1,188,564)
Lease Liability - Right to Use Asset	(96,312)	-
Compensated Absences	(92,407)	(161,331)
Other Postemployment Benefits Liability	(5,162,217)	(5,234,709)
Net Pension Asset	11,985,100	9,325,509
Net Pension Liability	(1,163,862)	(1,103,862)
Accrued Interest on Long-Term Obligations	(502,100)	(664,400)
Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 5)	\$ 47,380,177	\$ 42,049,782

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, 2022
(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2021)

	General	Other Capital Projects	Other Governmental Funds	Totals	
				2022	2021
REVENUES					
Property Taxes	\$ 39,242,699	\$ -	\$ 4,684,540	\$ 43,927,239	\$ 43,125,789
Other Local Sources	1,461,662	(2,124)	1,812,048	3,271,586	2,605,260
Interdistrict Sources	802,459	-	-	802,459	892,674
Intermediate Sources	2,192	-	-	2,192	-
State Sources	6,212,572	-	10,210	6,222,782	6,501,385
Federal Sources	3,585,666	-	2,495,914	6,081,580	3,331,543
Other Sources	150,686	-	1,071	151,757	131,830
Total Revenues	51,457,936	(2,124)	9,003,783	60,459,595	56,588,481
EXPENDITURES					
Instruction:					
Regular Instruction	19,098,226	-	158,044	19,256,270	19,307,954
Vocational Instruction	507,998	-	880	508,878	353,989
Special Education Instruction	5,607,332	-	-	5,607,332	5,129,204
Other Instruction	2,615,382	-	542,481	3,157,863	2,806,176
Total Instruction	27,828,938	-	701,405	28,530,343	27,597,323
Support Services:					
Pupil Services	3,008,021	-	-	3,008,021	2,875,307
Instructional Staff Services	3,766,693	-	7,410	3,774,103	2,884,523
General Administration Services	731,182	-	-	731,182	620,833
School Administration Services	2,708,337	-	97	2,708,434	2,844,653
Business Services	612,513	-	18,118	630,631	539,844
Operations and Maintenance of Plant	5,541,114	36,442,013	99,391	42,082,518	18,203,577
Pupil Transportation Services	2,396,464	-	-	2,396,464	2,081,369
Food Services	-	-	2,224,529	2,224,529	1,484,705
Central Services	659,562	-	-	659,562	684,959
Insurance	265,674	-	-	265,674	330,344
Other Support Services	1,289,326	129,540	124	1,418,990	1,419,859
Total Support Services	20,978,886	36,571,553	2,349,669	59,900,108	33,969,973
Debt Service:					
Principal	108,356	-	5,770,000	5,878,356	1,410,000
Interest and Fiscal Charges	19,824	-	1,747,338	1,767,162	1,324,263
Total Debt Service	128,180	-	7,517,338	7,645,518	2,734,263
Community Service	-	-	885,087	885,087	592,315
Non-Program:					
General Tuition Payments	1,079,183	-	-	1,079,183	1,003,732
Special Education Tuition Payments	261,460	-	-	261,460	223,654
Adjustments and Refunds	1,861	-	-	1,861	1,158
Voucher Payments	836,779	-	-	836,779	582,184
Total Non-Program	2,179,283	-	-	2,179,283	1,810,728
Total Expenditures	51,115,287	36,571,553	11,453,499	99,140,339	66,704,602
Excess of Revenues Over (Under) Expenditures	342,649	(36,573,677)	(2,449,716)	(38,680,744)	(10,116,121)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	-	-	-	15,438,466
Premium on Debt Issued	-	-	-	-	-
Proceeds from Sale of Capital Assets	477	-	-	477	8,215
Transfers In	-	-	-	-	459,970
Transfers Out	-	-	-	-	(400,000)
Total Other Financing Sources (Uses)	477	-	-	477	15,506,651
NET CHANGE IN FUND BALANCES	343,126	(36,573,677)	(2,449,716)	(38,680,267)	5,390,530
Fund Balances - July 1	11,540,983	42,602,088	7,767,191	61,910,262	56,519,732
FUND BALANCES - JUNE 30	<u>\$ 11,884,109</u>	<u>\$ 6,028,411</u>	<u>\$ 5,317,475</u>	<u>\$ 23,229,995</u>	<u>\$ 61,910,262</u>

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, 2022
(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2021)

RECONCILIATION TO THE STATEMENT OF ACTIVITIES	2022	2021
Net Change in Fund Balances as Shown on Previous Page	\$ (38,680,267)	\$ 5,390,530
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	36,952,426	12,864,306
Depreciation Expense Reported in the Statement of Activities	(1,876,714)	(1,731,466)
Net Book Value of Disposals	(6,927)	-
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)
Premium on Debt Issued	-	(438,466)
Principal Repaid	5,770,000	1,410,000
Leases Liability Paid	108,356	-
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	162,300	(367,200)
Amortization of Premiums, Discounts and Loss on Advance Refunding	81,180	81,180
Compensated Absences	68,924	(549)
Net Pension Liability (Asset)	2,599,591	3,928,276
Deferred Outflows of Resources Related to Pensions	7,911,012	4,113,650
Deferred Inflows of Resources Related to Pensions	(7,766,835)	(5,822,294)
Other Postemployment Benefits Liability	72,492	5,792,003
Deferred Outflows of Resources Related to Other Postemployment Benefits	(364,563)	(79,817)
Deferred Inflows of Resources Related to Other Postemployment Benefits	299,420	(445,458)
Change in Net Position of Governmental Activities as Reported in the Statement of Activities (see page 6)	\$ 5,330,395	\$ 9,694,695

See accompanying Notes to Basic Financial Statements.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022
(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2021)

	Employee Benefit Trust	Totals	
	<u>2022</u>	<u>2021</u>	
ASSETS			
Cash and Investments	\$ 735,515	\$ 735,515	\$ 784,906
Accounts Receivable	73,835	73,835	81,449
Total Assets	<u>809,350</u>	<u>809,350</u>	<u>866,355</u>
LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Restricted	<u>\$ 809,350</u>	<u>\$ 809,350</u>	<u>\$ 866,355</u>

See accompanying Notes to Basic Financial Statements.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022
(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2021)

	Employee Benefit Trust	Totals	
		2022	2021
ADDITIONS			
Other Local Sources	\$ -	\$ -	\$ 2,145
Contributions:			
Employer	802,817	802,817	1,045,180
Plan Members	95,272	95,272	121,332
Total Additions	<u>898,089</u>	<u>898,089</u>	<u>1,168,657</u>
DEDUCTIONS			
Trust Fund Disbursements	<u>955,094</u>	<u>955,094</u>	<u>1,745,893</u>
CHANGE IN NET POSITION	(57,005)	(57,005)	(577,236)
Net Position - July 1	<u>866,355</u>	<u>866,355</u>	<u>1,443,591</u>
NET POSITION - JUNE 30	<u>\$ 809,350</u>	<u>\$ 809,350</u>	<u>\$ 866,355</u>

See accompanying Notes to Basic Financial Statements.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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.

10. Leases

At the commencement of a lease, the District determines based on the criteria dictated in GASB Statement No. 87 – *Leases*, if the lease is a financed purchased or a right to use lease liability. Then the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liabilities are reported with the long-term obligations on the statement of net position.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Leases (Continued)

A finance purchased asset is initially measured as the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The asset is depreciated on a straight line basis over the life of the lease which is considered the asset's useful life. The asset is reported with the District capital assets as land, land improvements, buildings and improvements or furniture and equipment.

An intangible right-to-use lease asset is initially measured as the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The intangible right-to-use lease asset is amortized on a straight line basis over the life of the lease. The intangible right-to-use lease asset is reported with the District capital assets in its own category called Leased Assets (Right to Use).

Key estimates and judgements related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

The District accounts for contracts containing both lease and non-lease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and non-lease components, and it is impractical to estimate the price of such components, the District treats the components as a single lease unit.

The District monitors changes in circumstances that would require a re-measurement of its lease and will re-measure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. 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.

12. 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.

13. 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, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

13. 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, 2022

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, 2021, 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 \$20,915,971 on June 30, 2022 as summarized below:

Primary Government:	
Deposits with Financial Institutions	\$ 1,978,057
Investments:	
Wisconsin Investment Series Cooperative (WISC)	16,440,930
U.S. Treasury Securities	2,496,984
Total	<u>\$ 20,915,971</u>
Component Unit:	
Deposits with Financial Institutions	<u>\$ 321,159</u>

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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	\$ 20,180,456
Fiduciary Fund Statement of Net Position	
Employee Benefit Trust	735,515
Total	\$ 20,915,971

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 \$16,440,930 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, 2022

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk (Continued)

As of June 30, 2022, \$2,666,665 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
U.S. Treasury Securities	\$ 2,496,984	\$ 2,496,984	\$ -	\$ -	\$ -
WISC:					
Cash Management Series	3,408,268	-	3,408,268	-	-
Investment Management Series	11,058,729	-	11,058,729	-	-
Limited Term Duration Series	1,973,933	-	-	1,973,933	-
Totals	<u>\$ 18,937,914</u>	<u>\$ 2,496,984</u>	<u>\$ 14,466,997</u>	<u>\$ 1,973,933</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, 2022, 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
U.S. Treasury Securities	\$ 2,496,984	\$ 2,496,984	\$ -	\$ -
WISC:				
Cash Management Series	3,408,268	3,408,268	-	-
Investment Management Series	11,058,729	11,058,729	-	-
Limited Term Duration Series	1,973,933	1,973,933	-	-
Totals	<u>\$ 18,937,914</u>	<u>\$ 18,937,914</u>	<u>\$ -</u>	<u>\$ -</u>

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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) at year-end consisting of \$3,408,268 invested in the Cash Management Series, \$11,058,729 invested in the Investment Series, and \$1,973,933 invested in the limited term duration series. The Cash Management Series has no minimum investment period, allows check writing privileges, and the average dollar weighted maturity is 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 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, 2022

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Nondepreciable:				
Land	\$ 167,438	\$ -	\$ -	\$ 167,438
Construction in Progress	12,700,573	35,867,365	-	48,567,938
Total Capital Assets, Nondepreciable	12,868,011	35,867,365	-	48,735,376
Capital Assets, Depreciable:				
Land Improvements	3,221,062	-	-	3,221,062
Buildings and Improvements	74,451,246	-	-	74,451,246
Machinery and Equipment	4,594,970	1,085,063	704,726	4,975,307
Leased assets - right to use	204,668	-	-	204,668
Subtotals	82,471,946	1,085,063	704,726	82,852,283
Less Accumulated Depreciation for:				
Land Improvements	2,044,934	93,371	-	2,138,305
Buildings and Improvements	34,220,584	1,493,698	-	35,714,282
Machinery and Equipment	3,673,835	180,114	697,799	3,156,150
Leased assets - right to use	-	109,531	-	109,531
Subtotals	39,939,353	1,876,714	697,799	41,118,268
Total Capital Assets, Depreciable, Net	42,532,593	(791,651)	6,927	41,734,015
Governmental Activities Capital Assets, Net	\$ 55,400,604	\$ 35,075,714	\$ 6,927	90,469,391
Less: Capital Related Debt				69,725,000
Less: Debt Premium				1,107,384
Add: Unspent Debt Proceeds				(6,028,411)
Net Investment in Capital Assets				<u>\$ 25,665,418</u>

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

C. Interfund Receivables, Payables, and Transfers

The District did not report any interfund receivables or payables as of June 30, 2022.

The District did not report any Interfund transfers for the year ended June 30, 2022.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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, 2022 was as follows:

	Outstanding 6/30/21	Issued	Retired	Outstanding 6/30/22
Tax and Revenue Anticipation Notes	\$ 5,750,000	\$ 5,800,000	\$ 5,750,000	\$ 5,800,000

Short-term notes payable at June 30, 2022 of \$5,800,000 consist of the following tax and revenue anticipation promissory notes:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 6/30/22
Robert W. Baird & Co. Inc	10/18/21	9/28/22	2.00%	\$ 5,800,000	\$ 5,800,000

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, 2022:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Debt:					
Bonds	\$ 71,135,000	\$ -	\$ 5,770,000	\$ 65,365,000	\$ 1,470,000
Debt Premium	1,188,564	-	81,180	1,107,384	117,751
Lease Liability - Right-to-Use Asset	204,668	-	108,356	96,312	71,579
Compensated Absences	161,331	92,407	161,331	92,407	92,407
Governmental Activities Long-Term Obligations	\$ 72,689,563	\$ 92,407	\$ 6,120,867	\$ 66,661,103	\$ 1,751,737

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:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 6/30/22
General Obligation Bonds	6/8/15	9/1/30	3.00 - 4.00%	\$ 18,200,000	\$ 13,965,000
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	10,700,000
Total Outstanding General Obligation Debt					\$ 65,365,000

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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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 \$65,365,000 on June 30, 2022 are detailed below:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	3,160,000	1,295,160	4,455,160
2028-2032	17,115,000	5,177,694	22,292,694
2033-2037	19,840,000	2,868,544	22,708,544
2038-2041	13,420,000	634,943	14,054,943
Total	<u>\$ 65,365,000</u>	<u>\$ 16,081,131</u>	<u>\$ 81,446,131</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, 2022 was \$513,670,616 as follows:

Equalized Valuation of the District	\$ 5,790,356,159
Statutory Limitation Percentage	<u>(x) 10%</u>
General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes	579,035,616
Net Outstanding General Obligation Debt Applicable to Debt Limitation	<u>65,365,000</u>
Legal Margin for New Debt	<u>\$ 513,670,616</u>

F. Leases

An initial lease liability was recorded in the amount of \$204,688 during the current fiscal year. The District is required to make various principal and interest payments. The District used the incremental borrowing rate as the interest rate for the right-to-use asset agreements if an interest rate was not provided in the lease agreement.

The District leases land improvements, buildings, vehicles and various equipment under long-term non-cancelable leases. The future minimum lease payments for these agreements are as follows:

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MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Leases (Continued)

<u>Year Ending June 30,</u>	Governmental Activities		
	Principal	Interest	Total
2023	\$ 71,579	\$ 876	\$ 72,455
2024	18,938	322	19,260
2025	5,796	25	5,821
Total	<u>\$ 96,313</u>	<u>\$ 1,223</u>	<u>\$ 97,536</u>

The assets acquired through right-to-use asset lease agreements are as follows:

	Governmental Activities
Right-to-Use Assets:	
Leased Asset - Vehicles	\$ 61,493
Leased Asset - Equipment	143,175
Subtotal	<u>204,668</u>
Less: Accumulated Amortization	<u>(109,531)</u>
Total	<u>\$ 95,137</u>

G. Pension Plans

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

	Pension Asset	Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Wisconsin Retirement System (WRS)	\$ 11,985,100	\$ -	\$ 22,694,100	\$ 28,232,111	\$ 1,030,177
Supplemental or Stipend Pension Plan	-	1,163,862	93,808	73,430	109,090
Total	<u>\$ 11,985,100</u>	<u>\$ 1,163,862</u>	<u>\$ 22,787,908</u>	<u>\$ 28,305,541</u>	<u>\$ 1,139,267</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>.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022

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>
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	21.0
2021	5.1	13

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, 2022 the WRS recognized \$1,738,684 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%	11.75%
Protective without Social Security	6.75%	16.35%

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MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022, the District reported an asset of \$11,985,100 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. 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, 2021, the District's proportion was 0.14869512%, which was a decrease of 0.00067702% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized pension expense (credit) of \$(1,049,842).

At June 30, 2022, 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	\$ 19,361,322	\$ 1,396,160
Net Differences between Projected and Actual Earnings on Pension Plan Investments	-	26,811,665
Changes in Assumptions	2,236,009	-
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	16,900	24,286
Employer Contributions Subsequent to the Measurement Date	1,079,869	-
Total	<u>\$ 22,694,100</u>	<u>\$ 28,232,111</u>

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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>
2023	\$ (566,575)
2024	(3,254,212)
2025	(1,429,011)
2026	(1,368,082)
2027	-
Total	<u>\$ (6,617,880)</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, 2020
Measurement Date of Net Pension Liability (Asset)	December 31, 2021
Actuarial Cost Method	Entry Age
Asset Valuation Method	Fair Value
Long-Term Expected Rate of Return	6.8%
Discount Rate	6.8%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Mortality Table
Postretirement Adjustments*	1.7%

* 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
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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	52.0%	6.8%	4.2%
Fixed Income	25.0%	4.3%	1.8%
Inflation Sensitive Assets	19.0%	2.7%	20.0%
Real Estate	7.0%	5.6%	3.0%
Private Equity/Debt	12.0%	9.7%	7.0%
Total Core Fund	115.0%	6.6%	4.0%
Variable Fund Asset Class:			
U.S. Equities	70.0%	6.3%	3.7%
International Equities	30.0%	7.2%	4.6%
Total Variable Fund	100.0%	6.8%	4.2%

New England Pension Consultants Long Term U.S. CPI (Inflation) Forecast: 2.5%

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

MEQUON-THIENSVILLE SCHOOL DISTRICT
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)

Single Discount Rate

A single discount rate of 6.80% was used to measure the total pension liability, as opposed to a discount rate of 7.0 for the 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 1.84% (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, 2021. 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 6.80% expected rate of return implies that a dividend of approximately 1.7% 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 6.8%, 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 (5.8%) or 1-percentage-point higher (7.8%) than the current rate:

	1% Decrease to Discount Rate (5.8%)	Current Discount Rate (6.8%)	1% Increase to Discount Rate (7.8%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 8,504,278	\$ (11,985,100)	\$ (26,733,640)

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, 2022, the District reported a payable of \$677,099 for the outstanding amount of contributions to the pension plan for the year ended June 30, 2022.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
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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, 2021 actuarial valuation, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	2
Active Employees	188
Total	<u>190</u>

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, 2020	\$ 1,103,862
Changes for the Year:	
Service Cost	84,772
Interest	25,228
Changes of Benefit Terms	-
Differences between Expected and Actual	-
Changes of Assumptions or Other Input	-
Benefit Payments	(50,000)
Net Changes	<u>60,000</u>
Total Pension Liability at June 30, 2021	<u>\$ 1,163,862</u>

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022, the District recognized pension expense of \$109,090.

At June 30, 2022, 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	\$ -	\$ 63,427
Net Differences between Projected and Actual Earnings on Pension Plan Investments	-	-
Changes in Assumptions	61,808	10,003
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	-	-
Employer Contributions Subsequent to the Measurement Date	32,000	-
Total	\$ 93,808	\$ 73,430

The \$32,000 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
2022	\$ (910)
2023	(910)
2024	(910)
2025	(910)
2026	(910)
Thereafter	(7,072)
Total	\$ (11,622)

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MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Salary
Actuarial Assumptions:	
Discount Rate	2.25%
Inflation	2.00%

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, 2021 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	\$ 1,246,909	\$ 1,163,862	\$ 1,085,033

The sensitivity of the District's total pension liability was determined based on the actuarial date while the total pension liability of \$1,163,862 was based on the District's fiscal year ended June 30, 2021, as rolled forward by the District's actuary. Sensitivity information as of June 30, 2022 was not available.

Payable to the Supplemental Pension Plan

At June 30, 2022, the District reported no outstanding amount of contributions to the Plan required for the year ended June 30, 2022.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2021 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 to 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 10 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 to 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 10 years or Medicare-eligibility, whichever occurs first. The full annual amount shall be credited during the month following the effective date of retirement.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2021, and was determined by an actuarial valuation as of June 30, 2020.

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Salary Increases	3.00%
Investment Rate of Return	2.25%
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, 2021 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.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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 6/30/2020	\$ 6,678,300	\$ 1,443,591	\$ 5,234,709
Changes for the year:			
Service Cost	179,090	-	179,090
Interest	141,362	-	141,362
Changes of Benefit Term	-	-	-
Difference between Expected and Actual	-	-	-
Changes of Assumptions or Other Input	-	-	-
Contributions - Employer	-	1,045,180	(1,045,180)
Net Investment Income	-	2,145	(2,145)
Benefit Payments	(970,180)	(970,180)	-
Transfer*	-	(654,381)	654,381
Net Changes	<u>(649,728)</u>	<u>(577,236)</u>	<u>(72,492)</u>
Balance at 6/30/2021	<u>\$ 6,028,572</u>	<u>\$ 866,355</u>	<u>\$ 5,162,217</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	\$ 5,396,626	\$ 5,162,217	\$ 4,936,768

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 (5.5% Decreasing to 4.0%)	Healthcare Cost Trend Rates (6.5% Decreasing to 5.0%)	1% Increase (7.5% Decreasing to 6.0%)
Net OPEB Liability	\$ 5,060,039	\$ 5,162,217	\$ 5,268,478

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022, 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, 2022 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, 2022, the annual money-weighted rate of return net of investment expenses was 1.01%.

OPEB Plan Information

At June 30, 2022, the Plan's total OPEB liability was \$6,028,572 and fiduciary net position was \$866,355, resulting in a net OPEB liability of \$5,162,217. The net OPEB liability for purposes of Plan reporting was measured at June 30, 2021 and the total OPEB liability was determined using an actuarial valuation at June 30, 2021. 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, 2022, the District recognized OPEB expense of \$4,216,610. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ 385,167
Changes in Assumptions	496,070	254,820
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	42,388	-
District Contributions Subsequent to the Measurement Date	804,135	-
Total	\$ 1,342,593	\$ 639,987

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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 \$804,135 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	\$ (149,766)
2023	28,218
2024	25,804
2025	23,736
2026	17,500
Thereafter	(47,021)
Total	<u>\$ (101,529)</u>

Payable to the OPEB Plan

At June 30, 2022, 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 District 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, 2022, the District did not report any fund balances as assigned.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022, restricted fund balance was as follows:

General Fund		
Restricted	\$	24,530
Special Revenue Funds		
Restricted for:		
Donor Intent		321,767
Food Service		1,540,926
Community Service		193,962
Debt Service Funds		
Restricted for:		
Retirement of Long-Term Debt		1,427,759
Capital Projects Funds		
Restricted for:		
Capital Projects		6,028,411
Capital Improvements		1,833,061
Total Restricted Fund Balance	\$	<u>11,370,416</u>

Net Position

The District reports restricted net position at June 30, 2022 as follows:

Governmental Activities		
Restricted for:		
General Fund	\$	24,530
Donor Intent		321,767
Food Service		1,540,926
Community Service		193,962
Debt Service		925,659
Capital Improvement Trust		1,833,061
Net Pension Asset		11,985,100
Total Governmental Activities Restricted		<u>16,825,005</u>
Net Position	\$	<u>16,825,005</u>

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Fund Equity (Continued)

Net Position (Continued)

Fiduciary Funds		
Restricted for:		
Postemployment Benefits	\$	<u>809,350</u>
Component Unit		
With Donor Restrictions:		
Foundation Activities	\$	51,151
Unappropriated Endowment Earnings		104,928
Endowment		<u>152,535</u>
Total Restricted Net Position	\$	<u>308,614</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, 2022

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, 2022

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 39,016,846	\$ 39,242,699	\$ 39,242,699	\$ -
Other Local Sources	1,629,990	1,629,990	1,461,662	(168,328)
Interdistrict Sources	759,840	738,559	801,573	63,014
State Sources	4,204,290	4,265,469	4,254,808	(10,661)
Federal Sources	588,711	2,664,209	2,729,876	65,667
Other Sources	61,500	61,500	150,686	89,186
Total Revenues	<u>46,261,177</u>	<u>48,602,426</u>	<u>48,641,304</u>	<u>38,878</u>
EXPENDITURES				
Instruction:				
Regular Instruction	18,997,111	19,261,109	19,070,465	190,644
Vocational Instruction	357,509	357,509	507,998	(150,489)
Other Instruction	2,551,658	2,550,487	2,615,382	(64,895)
Total Instruction	<u>21,906,277</u>	<u>22,169,104</u>	<u>22,193,845</u>	<u>(24,741)</u>
Support Services:				
Pupil Services	1,892,511	1,920,834	1,890,998	29,836
Instructional Staff Services	2,601,075	2,623,478	3,405,181	(781,703)
General Administration Services	625,362	665,362	715,406	(50,044)
School Administration Services	3,039,304	3,039,304	2,708,337	330,967
Business Services	537,715	537,715	612,513	(74,798)
Operations and Maintenance of Plant	4,428,137	5,376,232	5,540,836	(164,604)
Pupil Transportation Services	1,898,599	1,898,599	2,070,295	(171,696)
Central Services	713,235	713,235	659,562	53,673
Insurance	270,823	270,823	261,174	9,649
Other Support Services	1,565,483	2,002,541	1,289,326	713,215
Total Support Services	<u>17,572,244</u>	<u>19,048,123</u>	<u>19,153,628</u>	<u>(105,505)</u>
Debt Service:				
Principal	-	-	108,356	(108,356)
Interest and Fiscal Charges	43,000	43,000	19,824	23,176
Non-Program:				
General Tuition Payments	1,306,440	1,330,621	1,079,183	251,438
Adjustments and Refunds	5,470	5,470	1,861	3,609
Voucher Payments	571,430	849,792	836,779	13,013
Total Non-Program	<u>1,883,340</u>	<u>2,185,883</u>	<u>1,917,823</u>	<u>268,060</u>
Total Expenditures	<u>41,404,861</u>	<u>43,446,110</u>	<u>43,393,476</u>	<u>52,634</u>
Excess of Revenues Over Expenditures	4,856,316	5,156,316	5,247,828	91,512
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	2,000	2,000	477	(1,523)
Transfers Out	(4,858,316)	(4,858,316)	(4,905,179)	(46,863)
Total Other Financing Sources (Uses)	<u>(4,856,316)</u>	<u>(4,856,316)</u>	<u>(4,904,702)</u>	<u>(48,386)</u>
NET CHANGE IN FUND BALANCE	-	300,000	343,126	43,126
Fund Balance - July 1	11,540,983	11,540,983	11,540,983	-
FUND BALANCE - JUNE 30	<u>\$ 11,540,983</u>	<u>\$ 11,840,983</u>	<u>\$ 11,884,109</u>	<u>\$ 43,126</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, 2022

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Interdistrict Sources	\$ 40,150	\$ 40,150	\$ 886	\$ (39,264)
Intermediate Sources	1,500	1,500	2,192	692
State Sources	2,109,427	2,009,427	1,957,764	(51,663)
Federal Sources	684,887	845,384	855,790	10,406
Total Revenues	<u>2,835,964</u>	<u>2,896,461</u>	<u>2,816,632</u>	<u>(79,829)</u>
EXPENDITURES				
Instruction:				
Special Education Instruction	<u>5,526,958</u>	<u>5,687,455</u>	<u>5,607,332</u>	<u>80,123</u>
Support Services:				
Pupil Services	1,074,958	1,074,958	1,117,023	(42,065)
Instructional Staff Services	366,263	366,263	361,512	4,751
General Administration Services	20,000	20,000	15,776	4,224
Operations and Maintenance of Plant	-	-	278	(278)
Pupil Transportation Services	473,813	373,813	326,169	47,644
Insurance	<u>5,000</u>	<u>5,000</u>	<u>4,500</u>	<u>500</u>
Total Support Services	<u>1,940,034</u>	<u>1,840,034</u>	<u>1,825,258</u>	<u>14,776</u>
Debt Service:				
Principal	-	-	-	-
Non-Program:				
Special Education Tuition Payments	<u>225,000</u>	<u>225,000</u>	<u>261,460</u>	<u>(36,460)</u>
Total Expenditures	<u>7,694,280</u>	<u>7,754,777</u>	<u>7,721,811</u>	<u>32,966</u>
Excess of Revenues Under Expenditures	(4,858,316)	(4,858,316)	(4,905,179)	(46,863)
OTHER FINANCING SOURCES				
Capital Lease Issued	-	-	-	-
Transfers In	4,858,316	4,858,316	4,905,179	46,863
Total Other Financing Sources (Uses)	<u>4,858,316</u>	<u>4,858,316</u>	<u>4,905,179</u>	<u>46,863</u>
NET CHANGE IN FUND BALANCE	(0)	(0)	-	0
Fund Balance - July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ -</u>	<u>\$ 0</u>

See accompanying Notes to Required Supplementary Information.

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

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	\$ 179,090	\$ 977,731	\$ 906,799	\$ 824,398
Interest	141,362	430,232	445,976	404,565
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
Contributions - Employer	-	-	-	-
Net Investment Income	-	-	-	-
Benefit Payments	(970,180)	(1,108,495)	(1,276,778)	(1,104,350)
Net Change in Total OPEB Liability	(649,728)	(5,679,437)	280,051	378,709
Total OPEB Liability - Beginning	6,678,300	12,357,737	12,077,686	11,698,977
Total OPEB Liability - Ending (a)	<u>\$ 6,028,572</u>	<u>\$ 6,678,300</u>	<u>\$ 12,357,737</u>	<u>\$ 12,077,686</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 1,045,180	\$ 1,183,495	\$ 1,179,350	\$ 1,152,913
Net Investment Income	2,145	37,566	11,872	7,456
Benefit Payments	(970,180)	(1,108,495)	(1,104,350)	(1,077,913)
Administrative Expenses	-	-	-	-
Transfer**	(654,381)	-	-	-
Net Change in Plan Fiduciary Net Position	(577,236)	112,566	86,872	82,456
Plan Fiduciary Net Position - Beginning	1,443,591	1,331,025	1,244,153	1,161,697
Plan Fiduciary Net Position - Ending (b)	<u>\$ 866,355</u>	<u>\$ 1,443,591</u>	<u>\$ 1,331,025</u>	<u>\$ 1,244,153</u>
District's Net OPEB Liability - Ending (a) - (b)	<u>\$ 5,162,217</u>	<u>\$ 5,234,709</u>	<u>\$ 11,026,712</u>	<u>\$ 10,833,533</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.37%	21.62%	10.77%	10.30%
Covered-Employee Payroll	\$ 23,164,989	\$ 23,164,989	\$ 22,173,914	\$ 22,173,914
District's Net OPEB Liability as a Percentage of Covered-Employee Payroll	22.28%	22.60%	49.73%	48.86%
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.

See accompanying Notes to Required Supplementary Information.

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

	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ 1,125,550	\$ 1,549,735	\$ 1,549,735	\$ 1,471,397
Contributions in Relation to the ADC	1,045,180	1,183,495	1,351,777	1,179,350
Contribution Deficiency (Excess)	<u>\$ 80,370</u>	<u>\$ 366,240</u>	<u>\$ 197,958</u>	<u>\$ 292,047</u>
Covered Payroll	\$ 23,164,989	\$ 23,164,989	\$ 22,173,914	\$ 22,173,914
Contributions as a Percentage of Covered Payroll	4.51%	5.11%	6.10%	5.32%
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	6 Year Level \$	30 Year Level \$	30 year Level Dollar	30 year Level Dollar
Discount Rate	2.25%	3.75%	3.00%	3.00%
Inflation	2.00%	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%
12/31/21	0.14869512%	(11,985,100)	25,758,293	-46.53%	106.02%

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%
6/30/22	1,745,388	1,745,388	-	26,472,907	6.50%

* 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
SCHEDULE OF CHANGES IN PENSION LIABILITY AND RELATED RATIOS
SUPPLEMENTAL PENSION
LAST TEN FISCAL YEARS*

	2022	2021	2020	2019	2018
Total Pension Liability:					
Service Cost	\$ 84,772	\$ 50,534	\$ 47,252	\$ 50,458	\$ 53,824
Interest	25,228	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	(50,000)	(40,000)	(110,000)	(80,000)	(127,500)
Net Change in Total Pension Liability	60,000	503,413	(33,234)	(18,356)	(67,056)
Total Pension Liability - Beginning	1,103,862	600,449	633,683	652,039	719,095
Total Pension Liability - Ending	<u>\$ 1,163,862</u>	<u>\$ 1,103,862</u>	<u>\$ 600,449</u>	<u>\$ 633,683</u>	<u>\$ 652,039</u>
Covered Payroll	\$ 10,832,559	\$ 10,832,559	\$ 19,762,956	\$ 19,762,956	\$ 19,762,956
District's Total Pension Liability as a Percentage of Covered Payroll	10.74%	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.

See accompanying Notes to Required Supplementary Information.

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

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 10 fiscal years of data; however accounting standards allow the presentation of as many years as are available until 10 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 10 fiscal years of data; however accounting standards allow the presentation of as many years as are available until 10 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, 2022

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, 2022.

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:

	General	Special Education Fund
Revenues		
Actual Amounts (Budgetary Basis)	\$ 48,641,304	\$ 2,816,632
Reclassification of Special Education Fund	2,816,632	(2,816,632)
Total Revenues	51,457,936	-
Expenditures		
Actual Amounts (Budgetary Basis)	43,393,476	7,721,811
Reclassification of Special Education Fund	7,721,811	(7,721,811)
Total Expenditures	51,115,287	-
Excess of Revenues Over (Under) Expenditures		
Actual Amounts (Budgetary Basis)	5,247,828	(4,905,179)
Reclassification of Special Education Fund	(4,905,179)	4,905,179
Excess of Revenues Over (Under) Expenditures	342,649	-
Other Financing Sources (Uses)		
Actual Amounts (Budgetary Basis)	(4,904,702)	4,905,179
Reclassification of Special Education Fund	4,905,179	(4,905,179)
Total Other Financing Sources (Uses)	477	-
Net Change in Fund Balance		
Actual Amounts (Budgetary Basis)	343,126	-
Fund Balance - July 1		
Actual Amounts (Budgetary Basis)	11,540,983	-
Fund Balance - June 30		
Actual Amounts (Budgetary Basis)	\$ 11,884,109	\$ -

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	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	\$ 273,568	\$ 1,631,078	\$ 202,438	\$ 1,425,992	\$ 1,810,674	\$ 5,343,750
Receivables:						
Accounts	48,199	-	-	-	-	48,199
Other	-	-	-	1,767	22,387	24,154
Due from Other Governments	-	74,306	-	-	-	74,306
Total Assets	\$ 321,767	\$ 1,705,384	\$ 202,438	\$ 1,427,759	\$ 1,833,061	\$ 5,490,409
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ -	\$ 90,521	\$ 4,134	\$ -	\$ -	\$ 94,655
Accrued and Other Current Liabilities	-	-	4,342	-	-	4,342
Unearned Revenues	-	73,937	-	-	-	73,937
Total Liabilities	-	164,458	8,476	-	-	172,934
FUND BALANCES						
Restricted	321,767	1,540,926	193,962	1,427,759	1,833,061	5,317,475
Total Liabilities and Fund Balances	\$ 321,767	\$ 1,705,384	\$ 202,438	\$ 1,427,759	\$ 1,833,061	\$ 5,490,409

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Special Revenue			Debt Service	Capital Projects	Total Nonmajor Governmental Funds
	Donations	Food Service	Community Service	Referendum	Capital	
				Debt Service	Improvement Trust	
REVENUES						
Property Taxes	\$ -	\$ -	\$ 227,580	\$ 4,456,960	\$ -	\$ 4,684,540
Other Local Sources	785,642	249,153	787,511	3,988	(14,246)	1,812,048
State Sources	-	10,210	-	-	-	10,210
Federal Sources	-	2,495,914	-	-	-	2,495,914
Total Revenues	785,642	2,756,348	1,015,091	4,460,948	(14,246)	9,003,783
EXPENDITURES						
Instruction:						
Regular Instruction	158,044	-	-	-	-	158,044
Vocational Instruction	880	-	-	-	-	880
Other Instruction	542,481	-	-	-	-	542,481
Total Instruction	701,405	-	-	-	-	701,405
Support Services:						
Instructional Staff Services	7,410	-	-	-	-	7,410
School Administration Services	97	-	-	-	-	97
Business Services	-	18,118	-	-	-	18,118
Operations and Maintenance of Plant	35,000	-	64,391	-	-	99,391
Food Services	-	2,224,529	-	-	-	2,224,529
Total Support Services	42,507	2,242,647	64,515	-	-	2,349,669
Debt Service:						
Principal	-	-	-	5,770,000	-	5,770,000
Interest and Fiscal Charges	-	-	-	1,747,338	-	1,747,338
Total Debt Service	-	-	-	7,517,338	-	7,517,338
Community Service	-	-	885,087	-	-	885,087
Total Expenditures	743,912	2,242,647	949,602	7,517,338	-	11,453,499
Excess of Revenues Over (Under) Expenditures	41,730	513,701	65,489	(3,056,390)	(14,246)	(2,449,716)
OTHER FINANCING SOURCES						
Premium on Debt Issued	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	41,730	513,701	65,489	(3,056,390)	(14,246)	(2,449,716)
Fund Balances - July 1	280,037	1,027,225	128,473	4,484,149	1,847,307	7,767,191
FUND BALANCES - JUNE 30	\$ 321,767	\$ 1,540,926	\$ 193,962	\$ 1,427,759	\$ 1,833,061	\$ 5,317,475



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, 2022, 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, 2022. 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*.

Report on 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 2022-001 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, 2022



**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

Opinion on 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, 2022. 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.

In our opinion, Mequon-Thiensville School District complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and 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*. Our responsibilities under those standards, the Uniform Guidance, and the *State Single Audit Guidelines* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Mequon-Thiensville School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Mequon-Thiensville School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Mequon-Thiensville School District's federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Mequon-Thiensville School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the *State Single Audit Guidelines* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Mequon-Thiensville School District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the *State Single Audit Guidelines* we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Mequon-Thiensville School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Mequon-Thiensville School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Mequon-Thiensville School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, 2022

MEQUON-THIENSVILLE SCHOOL DISTRICT
MEQUON, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Grantor Agency/Federal Program Title	Assistance Listing Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 7/1/21	Value or Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/22	Total Expenditures	Subrecipient Payments
U.S. DEPARTMENT OF AGRICULTURE								
<i>Child Nutrition Cluster</i>								
School Breakfast Program	10.553	WI DPI	2022-453479-DPI-SB-546	\$ -	\$ 513,007	\$ 18,165	\$ 531,172	\$ -
COVID 19 - School Breakfast Program	10.553	WI DPI	2021-453479-DPI-SB-546	(59,597)	59,597	-	-	-
Total School Breakfast Program				(59,597)	572,604	18,165	531,172	-
National School Lunch Program	10.555	WI DPI	2022-453479-DPI-NSL-547	-	1,677,666	56,142	1,733,808	-
National School Lunch Program	10.555	WI DPI	2021-453479-DPI-NSL-547	(112,888)	112,888	-	-	-
Donated Commodities	10.555	WI DPI	Unknown	-	116,676	-	116,676	-
Total National School Lunch Program				(112,888)	1,907,230	56,142	1,850,484	-
Summer Food Service Program for Children	10.559	WI DPI	2021-453479-DPI-SFSP-586	-	114,259	-	114,259	-
Total U.S. Department of Agriculture and <i>Child Nutrition Cluster</i>				(172,485)	2,594,093	74,307	2,495,915	-
U.S. DEPARTMENT OF EDUCATION								
Title I Grants to Local Educational Agencies	84.010	WI DPI	2022-453479-TIA-141	-	43,201	33,389	76,590	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2021-453479-TIA-141	(30,533)	30,533	-	-	-
Total Title I Grants to Local Educational Agencies				(30,533)	73,734	33,389	76,590	-
<i>Special Education Cluster (IDEA)</i>								
Special Education Grants to States	84.027	WI DPI	2022-453479-IDEA-FT-341	-	559,478	312,450	871,928	-
Special Education Grants to States	84.027	WI DPI	2021-453479-DPI-IDEA-F-341	(662,271)	662,271	-	-	-
Special Education Preschool Grants	84.173	WI DPI	2022-453479-IDEA-PS-347	-	25,018	15,132	40,150	-
Special Education Preschool Grants	84.173	WI DPI	2021-453479-DPI-IDEA-P-347	(11,485)	11,485	-	-	-
Total Special Education Cluster (IDEA)				(673,756)	1,258,252	327,582	912,078	-
English Language Acquisition State Grants	84.365	WI DPI	2022-453479-TIIIA-391	-	10,477	3,730	14,207	-
English Language Acquisition State Grants	84.365	WI DPI	2021-453479-DPI-T3 -391	(4,147)	4,147	-	-	-
Total English Language Acquisition State Grants				18,576	14,624	3,730	14,207	-
Improving Teacher Quality State Grants	84.367	WI DPI	2022-453479-TIIA-365	-	-	52,808	52,808	-
Improving Teacher Quality State Grants	84.367	WI DPI	2021-453479-TIIA-365	(2,246)	2,246	-	-	-
Total Improving Teacher Quality State Grants				(2,246)	2,246	52,808	52,808	-
Student Support and Academic Enrichment Grant	84.424A	WI DPI	2022-453479-TIVA-381	-	12,858	11,340	24,198	-
Student Support and Academic Enrichment Grant	84.424A	WI DPI	2021-43479-TIVA-381	(719)	719	-	-	-
Total Student Support and Academic Enrichment				(719)	13,577	11,340	24,198	-
ESSER - CARES Act	84.425D	WI DPI	2022-453479-ESSER-160	-	815,693	251,588	1,067,281	-
ESSER - ARPA	84.425D	WI DPI	2022-453479-ESSER-160	-	-	565,241	565,241	-
Total ESSER				-	815,693	816,829	1,632,522	-
Total U.S. Department of Education				(711,401)	2,178,126	1,245,678	2,712,403	-

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, 2022**

<u>Grantor Agency/Federal Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Agency</u>	<u>Pass-Through Entity Identifying Number</u>	<u>(Accrued) Deferred Revenue 7/1/21</u>	<u>Value or Cash Received (Refunded)</u>	<u>Accrued (Deferred) Revenue 6/30/22</u>	<u>Total Expenditures</u>	<u>Subrecipient Payments</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
<i>Medicaid Cluster</i>								
Medical Assistance Program	93.778	WI DHS	44222900	\$ -	\$ 167,993	\$ 1,690	\$ 169,683	\$ -
<i>Total Medicaid Cluster</i>								
TOTAL FEDERAL AWARDS				<u>\$ (883,886)</u>	<u>\$ 4,940,212</u>	<u>\$ 1,321,675</u>	<u>\$ 5,378,001</u>	<u>\$ -</u>
Reconciliation to the Basic Financial Statements:								
							\$ 6,081,580	
							(647,670)	
							(55,909)	
							<u>\$ 5,378,001</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, 2022

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	\$ -	\$ 1,756,196	\$ -	\$ 1,756,196	\$ -
State School Lunch Aid	255.102	Direct Program	453479-107	-	5,480	-	5,480	-
Common School Fund Library Aid	255.103	Direct Program	453479-104	-	160,395	-	160,395	-
General Transportation Aid	255.107	Direct Program	453479-102	-	62,212	-	62,212	-
Equalization Aids	255.201	Direct Program	453479-116	-	668,090	-	668,090	-
Integration Transfer - Non Resident	255.204	Direct Program	453479-106	-	576,682	-	576,682	-
High Cost Special Education Aid	255.210	Direct Program	453479-119	-	190,091	-	190,091	-
Mental Health Aid	255.227	Direct Program	453479-176	-	-	-	-	-
Supplemental Per Pupil Aid	255.245	Direct Program	453479-178	-	-	-	-	-
State School Breakfast Aid	255.344	Direct Program	453479-108	-	4,730	-	4,730	-
Early College Credit Program	255.445	Direct Program	453479-181	-	169	-	169	-
Educator Effective Evaluation System	255.940	Direct Program	453479-154	-	21,200	-	21,200	-
Per Pupil Aid	255.945	Direct Program	453479-113	-	2,561,384	-	2,561,384	-
Assessments of Reading Readiness	255.956	Direct Program	453479-166	-	6,183	-	6,183	-
Robotics League Participation Grant	255.959	Direct Program	453479-167	(15,955)	15,955	12,670	12,670	-
Special Education Transition Incentive Grants	255.960	Direct Program	453479-168	-	11,477	-	11,477	-
Career and Technical Education Incentive Grants	255.950	Direct Program	453479-171	-	-	-	-	-
Total Wisconsin Department of Public Instruction				<u>(15,955)</u>	<u>6,040,244</u>	<u>12,670</u>	<u>6,036,959</u>	<u>-</u>
TOTAL STATE PROGRAMS				<u>\$ (15,955)</u>	<u>\$ 6,040,244</u>	<u>\$ 12,670</u>	<u>\$ 6,036,959</u>	<u>\$ -</u>

Reconciliation to the Basic Financial Statements:

State Sources	\$ 6,222,782
Less: State Sources not Considered State Financial Assistance	
State Tax Computer Aid and Personal Property Aid	(185,823)
Total Expenditures of State Awards	<u>\$ 6,036,959</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, 2022

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 2022 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, 2022

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
YEAR ENDED JUNE 30, 2022**

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

84.425

Name of Federal Program or Cluster

Elementary and Secondary School Emergency Relief

Identification of Major State Programs

State ID Number

255.101
255.107
255.201
255.204
255.945

Name of State Program or Cluster

State Special Education and School age parents
General Transportation Aid
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, 2022**

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, 2022

Section II – Financial Statement Findings

2022 – 001

Preparation of Annual Financial Report

Repeat finding of 2021-001

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, 2022**

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, 2022.

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, 2022



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.