

# PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 14, 2021

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law interest on the Bonds is excludable from gross income and is not an item of tax preference for federal income tax purposes. See "THE BONDS - TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Bonds. The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

The District will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

**New Issue**

**Rating Application Made: Moody's Investors Service, Inc.**

## SCHOOL DISTRICT OF MENOMONEE FALLS, WISCONSIN (Waukesha County)

### \$8,350,000\* GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021A

**BID OPENING:** January 25, 2021, 10:00 A.M., C.T.

**CONSIDERATION:** January 25, 2021, 6:00 P.M., C.T.

**PURPOSE/AUTHORITY/SECURITY:** The \$8,350,000\* General Obligation Refunding Bonds, Series 2021A (the "Bonds") are authorized pursuant to Section 67.04, Wisconsin Statutes, by the School District of Menomonee Falls, Wisconsin (the "District"), for the purpose of current refunding certain general obligations of the District as more fully described herein. The Bonds are general obligations of the District for which its full faith, credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

**DATE OF BONDS:** February 17, 2021

**MATURITY:** April 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2022	\$110,000	2024	\$1,650,000	2026	\$1,715,000
2023	1,455,000	2025	1,680,000	2027	1,740,000

**\* MATURITY ADJUSTMENTS:** The District reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

**TERM BONDS:** See "Term Bond Option" herein.

**INTEREST:** October 1, 2021 and semiannually thereafter.

**OPTIONAL**

**REDEMPTION:** The Bonds are being offered without option of prior optional redemption.

**MINIMUM BID:** \$8,266,500.

**MAXIMUM BID:** \$8,684,000.

**GOOD FAITH DEPOSIT:** A good faith deposit in the amount of \$167,000 shall be made by the winning bidder by wire transfer of funds.

**PAYING AGENT:** Bond Trust Services Corporation

**BOND COUNSEL:** Quarles & Brady LLP

**MUNICIPAL ADVISOR:** Ehlers and Associates, Inc.

**BOOK-ENTRY-ONLY:** See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b) (1), but is subject to revision, amendment and completion in a Final Official Statement.

## REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Syndicate Manager or Syndicate Members. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the District and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the District, is contingent upon the delivery of the Bonds.

## COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

**Preliminary Official Statement:** This Preliminary Official Statement was prepared for the District for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

**Review Period:** This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

**Final Official Statement:** Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

**Continuing Disclosure:** Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the District is required to comply with the Rule.

## CLOSING CERTIFICATES

Upon delivery of the Bonds, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the District nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the District which indicates that the District does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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## **MENOMONEE FALLS SCHOOL BOARD**

		<u>Term Expires</u>
Faith M. VanderHorst	President	April 2022
Keri L. Duce	Vice President	April 2021
Michele Divelbiss	Clerk	April 2022
Cathy Olig	Treasurer	April 2022
Melinda McShane	Member	April 2023
Dave Noshay	Member	April 2021
Eric Pelzer	Member	April 2023

## **ADMINISTRATION**

Corey Golla, District Administrator

Keith R. Brightman, Director of Finance & Operations

## **PROFESSIONAL SERVICES**

Quarles & Brady LLP, Bond Counsel, Milwaukee, Wisconsin

Ehlers and Associates, Inc., Municipal Advisors, Waukesha, Wisconsin  
*(Other offices located in Roseville, Minnesota and Denver, Colorado)*

## INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding School District of Menomonee Falls, Wisconsin (the "District") and the issuance of its \$8,350,000\* General Obligation Refunding Bonds, Series 2021A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Award Resolution") to be adopted by the School Board on January 25, 2021.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Waukesha, Wisconsin, (262) 785-1520, the District's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at [www.ehlers-inc.com](http://www.ehlers-inc.com) by connecting to the Bond Sales link and following the directions at the top of the site.

## THE BONDS

### GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of February 17, 2021. The Bonds will mature on April 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on April 1 and October 1 of each year, commencing October 1, 2021, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Award Resolution.

The District has selected Bond Trust Services Corporation ("BTSC"), Roseville, Minnesota, to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The District will pay the charges for Paying Agent services. The District reserves the right to remove the Paying Agent and to appoint a successor.

### OPTIONAL REDEMPTION

The Bonds are being offered without the option of prior optional redemption.

\*Preliminary, subject to change.

**AUTHORITY; PURPOSE**

The Bonds are authorized pursuant to Section 67.04, Wisconsin Statutes, by the District, for the purpose of current refunding the District’s \$9,970,000 General Obligation Refunding Bonds, Series 2013, dated February 5, 2013 (the “Series 2013 Bonds”) as follows:

<b>Issue Being Refunded</b>	<b>Date of Refunded Issue</b>	<b>Call Date</b>	<b>Call Price</b>	<b>Maturities Being Refunded</b>	<b>Interest Rates</b>	<b>Principal to be Refunded</b>	<b>CUSIP Base 587059</b>
Series 2013 Bonds	2/5/13	4/1/21	Par	2022	2.00%	\$150,000	FJ0
				2023	2.00%	1,495,000	FK7
				2024	2.00%	1,690,000	FL5
				2025	2.00%	1,725,000	FM3
				2026	2.05%	1,760,000	FN1
				2027	2.15%	<u>1,790,000</u>	FP6
Total Series 2013 Bonds Being Refunded						<u>\$8,610,000</u>	

Proceeds of the Bonds will be used to call and prepay the maturities described above and to pay all or most of the costs of issuance. The District will pay the principal and interest payment due on April 1, 2021 from the Debt Service Fund for the Series 2013 Bonds.

**ESTIMATED SOURCES AND USES\***

**Sources**

Par Amount of Bonds	\$8,350,000	
Reoffering Premium	<u>356,048</u>	
<b>Total Sources</b>		<b>\$8,706,048</b>

**Uses**

Total Underwriter's Discount (0.500%)	\$41,750	
Costs of Issuance	52,143	
Deposit to Current Refunding Fund	8,608,986	
Rounding Amount	<u>3,169</u>	
<b>Total Uses</b>		<b>\$8,706,048</b>

\*Preliminary, subject to change.

**SECURITY**

For the prompt payment of the Bonds with interest thereon and for the levy of taxes sufficient for this purpose, the full faith, credit and resources of the District will be irrevocably pledged. The District will levy a direct, annual, irrevocable tax on all taxable property in the District sufficient to pay the interest on the Bonds when it becomes due and also to pay and discharge the principal on the Bonds at maturity, in compliance with Article XI, Section 3 of the Wisconsin Constitution. Such tax may, under current law, be levied without limitation as to rate or amount.

## **RATING**

General obligation debt of the District, with the exception of any outstanding credit enhanced issues, is currently rated "Aa2" by Moody's Investors Service, Inc. ("Moody's").

The District has requested a rating on the Bonds from Moody's, and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from Moody's. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the District nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

## **CONTINUING DISCLOSURE**

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the District shall agree to provide certain information to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events.

On the date of issue and delivery, the District shall execute and deliver a Continuing Disclosure Certificate, under which the District will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the District are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the District to comply with any Disclosure Undertaking will not constitute an event of default on the Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Certain required operating data was not included in the Annual Financial Information and Operating Data reports for fiscal years ending 2015 through 2019. A corrective report has since been filed. Except to the extent that the preceding is deemed to be material, the District believes it has not failed to comply in the previous five years in all material respects with its prior undertakings under the Rule. The District has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the District.

## **LEGAL MATTERS**

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the District, and will be available at the time of delivery of the Bonds. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding general obligations of the District; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding).

## **STATEMENT REGARDING COUNSEL PARTICIPATION**

Bond Counsel has not assumed responsibility for this Preliminary Official Statement or participated in its preparation (except with respect to the section entitled "THE BONDS - TAX EXEMPTION" in the Preliminary Official Statement and the "FORM OF LEGAL OPINION" found in Appendix B of the Preliminary Official Statement).

## **TAX EXEMPTION**

Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the Bonds under existing law substantially in the following form:

"The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The District has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the District comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds."

The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors as to collateral federal income tax consequences.

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether, or in what form, any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the Bonds may be enacted. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.



## ORIGINAL ISSUE DISCOUNT

To the extent that the initial public offering price of certain of the Bonds is less than the principal amount payable at maturity, such Bonds ("Discounted Bonds") will be considered to be issued with original issue discount. The original issue discount is the excess of the stated redemption price at maturity of a Discounted Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Bonds were sold (issue price). With respect to a taxpayer who purchases a Discounted Bond in the initial public offering at the issue price and who holds such Discounted Bond to maturity, the full amount of original issue discount will constitute interest that is not includible in the gross income of the owner of such Discounted Bond for federal income tax purposes and such owner will not, subject to the caveats and provisions herein described, realize taxable capital gain upon payment of such Discounted Bond upon maturity.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Bond, on days that are determined by reference to the maturity date of such Discounted Bond. The amount treated as original issue discount on a Discounted Bond for a particular semiannual accrual period is generally equal to (a) the product of (i) the yield to maturity for such Discounted Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discounted Bond at the beginning of the particular accrual period if held by the original purchaser; and less (b) the amount of any interest payable for such Discounted Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If a Discounted Bond is sold or exchanged between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

For federal income tax purposes, the amount of original issue discount that is treated as having accrued with respect to such Discounted Bond is added to the cost basis of the owner in determining gain or loss upon disposition of a Discounted Bond (including its sale, exchange, redemption, or payment at maturity). Amounts received upon disposition of a Discounted Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain.

The accrual or receipt of original issue discount on the Discounted Bonds may result in certain collateral federal income tax consequences for the owners of such Discounted Bonds. The extent of these collateral tax consequences will depend upon the owner's particular tax status and other items of income or deduction.

The Code contains additional provisions relating to the accrual of original issue discount. Owners who purchase Discounted Bonds at a price other than the issue price or who purchase such Discounted Bonds in the secondary market should consult their own tax advisors with respect to the tax consequences of owning the Discounted Bonds. Under the applicable provisions governing the determination of state and local taxes, accrued interest on the Discounted Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year. Owners of Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds.

## **BOND PREMIUM**

To the extent that the initial offering price of certain of the Bonds is more than the principal amount payable at maturity, such Bonds ("Premium Bonds") will be considered to have bond premium.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable premium" within the meaning of Section 171 of the Code. The amortizable premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Bond that has amortizable premium is not allowed any deduction for the amortizable premium; rather the amortizable premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Bonds.

## **QUALIFIED TAX-EXEMPT OBLIGATIONS**

The District will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

## **MUNICIPAL ADVISOR**

Ehlers has served as municipal advisor to the District in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

## **MUNICIPAL ADVISOR AFFILIATED COMPANIES**

BTSC and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the District, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the District under an agreement separate from Ehlers.

## INDEPENDENT AUDITORS

The basic financial statements of the District for the fiscal year ended June 30, 2020, have been audited by Baker Tilly US, LLP, Milwaukee, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

## RISK FACTORS

Following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

**Taxes:** The Bonds are general obligations of the District, the ultimate payment of which rests in the District's ability to levy and collect sufficient taxes to pay debt service. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the District in time to pay debt service when due.

**State Actions:** Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the District, the taxable value of property within the District, and the ability of the District to levy and collect property taxes.

**Future Changes in Law:** Various State and federal laws, regulations and constitutional provisions apply to the District and to the Bonds. The District can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the District or the taxing authority of the District.

**State Economy; School District Aids:** State cash flow problems could delay or reduce the level of school aids anticipated by the District for operation expense and reimbursement for debt payments made. This could reduce District fund balances and adversely affect the value of the Bonds.

**Ratings; Interest Rates:** In the future, the District's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

**Tax Exemption:** If the federal government taxes all or a portion of the interest on municipal bonds or notes or if the State government increases its tax on interest on bonds and notes, directly or indirectly, or if there is a change in federal or state tax policy, then the value of these Bonds may fall for purposes of resale. Noncompliance by the District with the covenants in the Award Resolution relating to certain continuing requirements of the Code may result in inclusion of interest to be paid on the Bonds in gross income of the recipient for United States income tax purposes, retroactive to the date of issuance.

**Continuing Disclosure:** A failure by the District to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

**Book-Entry-Only System:** The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the District to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

**Depository Risk:** Wisconsin Statutes direct the local treasurer to immediately deposit upon receipt thereof, the funds of the municipality in a public depository designated by the governing body. A public depository means a federal or state credit union, federal or state savings and loan association, state bank, savings and trust company, mutual savings bank or national bank in Wisconsin or the local government pooled investment fund operated by the State Investment Board. It is not uncommon for a municipality to have deposits exceeding limits of federal and state insurance programs. Failure of a depository could result in loss of public funds or a delay in obtaining them. Such a loss or delay could interrupt a timely payment of municipal debt.

**Economy:** A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the District, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the District may have an adverse effect on the value of the Bonds in the secondary market.

**Secondary Market for the Bonds:** No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

**Bankruptcy:** The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified. See "MUNICIPAL BANKRUPTCY" herein.

**Cybersecurity:** The District is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the District will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

**Impact of the Spread of COVID-19:** In late 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. COVID-19 has spread throughout the world, including to the United States, resulting in the World Health Organization proclaiming COVID-19 to be a pandemic and President Trump declaring a national emergency. In response to the spread of COVID-19, the United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19. The effects of the spread of COVID-19 and the government and private responses to the spread continue to rapidly evolve. COVID-19 has caused significant disruptions to the global, national and State economy. The extent to which the coronavirus impacts the District and its financial condition will depend on future developments, which are highly uncertain and cannot be predicted by the District, including the duration of the outbreak and measures taken to address the outbreak.

On March 12, 2020, Wisconsin Governor Tony Evers declared a public health emergency in the State in response to the growing threat of COVID-19. That declaration included direction to the state Department of Health Services to use any and all required resources to respond to and contain the outbreak. Governor Evers followed that up with a "safer at home" order (the "Order") on March 24, 2020, closing nonessential businesses, banning gatherings of any size and imposing strict travel restrictions through April 24, 2020. On April 16, 2020, the Order was extended from April 24, 2020 through May 26, 2020. Schools remained closed for the duration of the 2019-2020 school year, but certain non-essential businesses were allowed to open operations on a limited basis during this time, including curbside pickup, delivery, mailings and minimum basic operations.

Also on April 16, 2020, President Trump outlined "Guidelines for Opening Up America Again," a three-phased approach to restarting the economy based on public health experts' advice. The guidelines start with a set of criteria that should be met before starting phases one to three. The criteria include a downward trajectory of people with flu-like and COVID-19-like symptoms for 14 days; a downward trajectory of documented cases for 14 days or a downward trajectory of positive tests as a percentage of total tests over a 14-day period; and hospitals with the ability to treat all patients without crisis care and a robust testing program for at-risk healthcare workers.

On April 20, 2020, Governor Evers announced Wisconsin's three-phased approach to reopening the State's economy, based on President Trump's guidelines, including similar criteria to be met before phase one can begin. On April 21, 2020, Republican legislators in the State filed a lawsuit challenging the legality of the Order. On May 13, 2020, the Wisconsin Supreme Court ruled that the State's Order is unlawful, invalid and unenforceable because the emergency rulemaking procedures under Section 227.24 of the Wisconsin Statutes and procedures established by the Wisconsin Legislature for rulemaking if criminal penalties were to follow were not followed in connection with the Order. The Supreme Court's decision does not invalidate any local health officials' orders or prevent future local health officials' orders related to the COVID-19 pandemic.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Coronavirus Relief Fund to the State for the discrete purpose of covering expenses directly incurred as a result of COVID-19 between March 1 and December 30, 2020. On May 27, 2020, Governor Tony Evers announced a program titled, "Routes to Recovery: Local Government Aid Grants," which will distribute \$190 million of the State's Coronavirus Relief Fund monies to all counties, cities, villages and towns across Wisconsin for unbudgeted eligible expenditures incurred due to COVID-19 between March 1 and November 17, 2020. The State allocated funds based on population with a guaranteed minimum allocation of \$5,000. These funds will be disbursed up to the amount of the allocation after eligible expenditures are reported through the State's cost tracker application.

On July 30, 2020, Governor Evers issued Executive Order #82, declaring a public health emergency in Wisconsin to combat the spread of COVID-19. In conjunction with Executive Order #82, Governor Evers issued Emergency Order #1, requiring most people to wear face coverings when indoors, with certain exemptions in accordance with CDC guidelines. On September 22, 2020, Emergency Order #1 was extended through November 21, 2020. On November 20, 2020, the public health emergency was continued and Emergency Order #1 was extended through January 19, 2021.

On October 6, 2020, Emergency Order #3 was issued, which limited public gatherings to no more than 25% of the total occupancy limits for the room or building (or no more than 10 people for indoor spaces without occupancy limits), with certain exceptions. Emergency Order #3 expired November 6, 2020.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement and the Appendices hereto.

# VALUATIONS

## WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

### Equalized Value

Section 70.57, Wisconsin Statutes, requires the Department of Revenue to annually determine the equalized value (also referred to as full equalized value or aggregate full value) of all taxable property in each county and taxation district. The equalized value is an independent estimate of value used to equate individual local assessment policies so that property taxes are uniform throughout the various subdivisions in the State. Equalized value is calculated based on the history of comparable sales and information about value changes or taxing status provided by the local assessor. A comparison of the State-determined equalized value and the local assessed value, expressed as a percentage, is known as the assessment ratio or level of assessment. The Department of Revenue notifies each county and taxing jurisdiction of its equalized value on August 15; school districts are notified on October 1. The equalized value of each county is the sum of the valuations of all cities, villages, and towns within its boundaries. Taxing jurisdictions lying in more than one municipality, such as counties, school districts, or special taxing districts, use the equalized value of the underlying units in calculating and levying their respective levies. Equalized values are also used to apportion state aids and calculate municipal general obligation debt limits.

### Assessed Value

The "assessed value" of taxable property in a municipality is determined by the local assessor, except for manufacturing properties which are valued by the State. Each city, village or town retains its own local assessor, who must be certified by the State Department of Revenue. Assessed value is used by these municipalities to determine tax levy mill rates and to apportion levies among individual property owners. Each taxing district must assess property at full value at least once in every five-year period. The State requires that the assessed values must be within 10% of State equalized values at least once every four years. The local assessor values property as of January 1 each year and submits those values to each municipality by the second Monday in June. The assessor also reports any value changes taking place since the previous year, to the Department of Revenue, by the second Monday in June.

The economic impact of COVID-19 may impact assessed and equalized valuations of property in the State, including in the District. The District cannot predict the extent of any such changes, but a material decrease in the equalized valuations of property in the District may materially adversely affect the financial condition of the District (see "RISK FACTORS - Impact of the Spread of COVID-19" herein).

## CURRENT PROPERTY VALUATIONS

2020 Equalized Value	\$4,392,576,662
2020 Equalized Value Reduced by Tax Increment Valuation	\$4,138,370,062

## 2020 EQUALIZED VALUE BY MUNICIPALITY

	2020 Equalized Value <sup>1</sup>	Percent of Total Equalized Value
Cities:		
Milwaukee	\$14,259,200	0.32%
Villages:		
Butler	60,120,437	1.37%
Lannon	3,771,875	0.09%
Menomonee Falls	<u>4,314,425,150</u>	<u>98.22%</u>
Total	\$4,392,576,662	100.00%

## TREND OF VALUATIONS

Year	Equalized Value Reduced by Tax Increment	Equalized Value <sup>1</sup>	Percent Increase/Decrease in Equalized Value
2016	\$3,454,096,191	\$ 3,734,621,591	+ 2.59%
2017	3,574,087,545	3,917,809,045	+ 4.91%
2018	3,620,477,936	4,000,213,836	+ 2.10%
2019	3,976,122,362	4,147,440,262	+ 3.68%
2020	4,138,370,062	4,392,576,662	+ 5.91%

**Source:** Wisconsin Department of Revenue, Bureau of Equalization and Local Government Services Bureau.

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<sup>1</sup> Includes tax increment valuation.

**LARGER TAXPAYERS<sup>1</sup>**

<b>Taxpayer</b>	<b>Type of Business/Property</b>	<b>2020 Equalized Value<sup>2</sup></b>	<b>Percent of District's Total Equalized Value</b>
Freodtert (Community Memorial Hospital)	Hospital/Healthcare	\$ 37,094,075	0.84%
H-D Pilgrim Road, LLC	Motorcycle manufacturing	36,976,099	0.84%
Freodtert (North Hills Medical Center)	Hospital/Healthcare	25,731,627	0.59%
Burke Business Park, LLC	Property development	20,690,209	0.47%
Wells Fargo	Financial services	19,546,567	0.45%
Arandell Corporation	Industrial	18,210,324	0.41%
Aurora Health Center	Hospital/Healthcare	17,702,434	0.40%
Woodman's Food Market, Inc.	Supermarket	17,198,949	0.39%
FRED-Jade Apartments	Mixed Use/Multifamily	17,088,436	0.39%
Grace Commons	Assisted Living Facility	<u>16,705,338</u>	<u>0.38%</u>
<b>Total</b>		<b>\$226,944,057</b>	<b>5.17%</b>
District's Total 2020 Equalized Value <sup>3</sup>		\$4,392,576,662	

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<sup>1</sup> Provided by municipalities within the District.

<sup>2</sup> Calculated by dividing the 2020 Assessed Values by the 2020 Aggregate Ratio of assessment for the municipality in which the property is located.

<sup>3</sup> Includes tax increment valuation.



## DEBT

### DIRECT DEBT<sup>1</sup>

#### General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Bonds)*	<u>\$ 41,790,000</u>
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\*Preliminary, subject to change.

### DEBT LIMIT

The constitutional general obligation debt limit for Wisconsin school districts which offer no less than grades 1-12 and qualify for the highest level of state aid (Article XI, Section 3 of the Wisconsin Constitution and Section 67.03, Wisconsin Statutes) is 10% of the current equalized value.

2020 Equalized Value	\$ 4,392,576,662
Multiply by 10%	<u>0.1</u>
Statutory Debt Limit	\$ 439,257,666
Less: General Obligation Debt (includes the Bonds)*	<u>(41,790,000)</u>
Unused Debt Limit*	<u>\$ 397,467,666</u>

\*Preliminary, subject to change.

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<sup>1</sup> Outstanding debt is as of the dated date of the Bonds.

School District of Menomonee Falls  
 Schedule of Bonded Indebtedness  
 General Obligation Debt Secured by Taxes  
 (As of 02/17/2021)

Dated Amount	Refunding Bonds Series 2013		Refunding Bonds Series 2014		School Improvement Bonds Series 2016		Promissory Notes Series 2018		Taxable Refunding Bonds Series 2018	
	02/05/2013 \$9,970,000	04/01	10/01/2014 \$8,835,000	04/01	07/11/2016 \$30,700,000	04/01	04/18/2018 \$2,000,000	04/01	04/18/2018 \$3,720,000	04/01
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	145,000	89,333	1,490,000	53,988	390,000	861,006	280,000	45,600	640,000	70,950
2022			1,515,000	22,044	315,000	846,531	390,000	30,250	660,000	51,450
2023			200,000	2,500	330,000	835,206	410,000	10,250	680,000	31,350
2024					385,000	818,981			705,000	10,575
2025					405,000	801,256				
2026					425,000	782,531				
2027					450,000	765,156				
2028					2,305,000	718,069				
2029					2,380,000	642,031				
2030					2,455,000	569,506				
2031					2,530,000	494,731				
2032					2,610,000	414,369				
2033					2,695,000	328,163				
2034					2,785,000	237,372				
2035					2,885,000	139,888				
2036					2,980,000	44,700				
	145,000	89,333	3,205,000	78,531	26,325,000	9,299,497	1,080,000	86,100	2,685,000	164,325

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School District of Menomonee Falls  
 Schedule of Bonded Indebtedness continued  
 General Obligation Debt Secured by Taxes  
 (As of 02/17/2021)

Refunding Bonds 1)  
 Series 2021A

Dated Amount	02/17/2021 \$8,350,000*	
Maturity	04/01	
Calendar Year Ending	Principal	Estimated Interest
2021	0	93,084
2022	110,000	148,500
2023	1,455,000	132,850
2024	1,650,000	101,800
2025	1,680,000	68,500
2026	1,715,000	34,550
2027	1,740,000	8,700
2028	2,305,000	718,069
2029	2,380,000	642,031
2030	2,455,000	569,506
2031	2,530,000	494,731
2032	2,610,000	414,369
2033	2,695,000	328,163
2034	2,785,000	237,372
2035	2,885,000	139,888
2036	2,980,000	44,700
	8,350,000	587,984

Calendar Year Ending	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2021	2,945,000	1,213,961	4,158,961	38,845,000	7.05%	2021
2022	2,990,000	1,098,775	4,088,775	35,855,000	14.20%	2022
2023	3,075,000	1,012,156	4,087,156	32,780,000	21.56%	2023
2024	2,740,000	931,356	3,671,356	30,040,000	28.12%	2024
2025	2,085,000	869,756	2,954,756	27,955,000	33.11%	2025
2026	2,140,000	817,081	2,957,081	25,815,000	38.23%	2026
2027	2,190,000	773,856	2,963,856	23,625,000	43.47%	2027
2028	2,305,000	718,069	3,023,069	21,320,000	48.98%	2028
2029	2,380,000	642,031	3,022,031	18,940,000	54.68%	2029
2030	2,455,000	569,506	3,024,506	16,485,000	60.55%	2030
2031	2,530,000	494,731	3,024,731	13,955,000	66.61%	2031
2032	2,610,000	414,369	3,024,369	11,345,000	72.85%	2032
2033	2,695,000	328,163	3,023,163	8,650,000	79.30%	2033
2034	2,785,000	237,372	3,022,372	5,865,000	85.97%	2034
2035	2,885,000	139,888	3,024,888	2,980,000	92.87%	2035
2036	2,980,000	44,700	3,024,700	0	100.00%	2036
	41,790,000	10,305,770	52,095,770			

\* Preliminary, subject to change.

1) This issue refunded the 2022 through 2027 maturities of the District's \$9,970,000 General Obligation Refunding Bonds, Series 2013 dated February 5, 2013.

**OVERLAPPING DEBT<sup>1</sup>**

<b>Taxing District</b>	<b>2020 Equalized Value<sup>2</sup></b>	<b>% In District</b>	<b>Total G.O. Debt<sup>3</sup></b>	<b>District's Proportionate Share</b>
Waukesha County	\$62,620,157,900	7.0146%	\$84,665,000	\$5,938,911
City of Milwaukee	29,229,511,700	0.0488%	1,073,440,914	523,839
Villages:				
Butler	254,259,700	23.6453%	5,619,099	1,328,653
Lannon	151,387,900	2.4915%	4,022,854	100,229
Menomonee Falls	5,621,021,400	76.7552%	85,072,951	65,297,914
Technical Colleges:				
Waukesha County Area Tech College	64,072,165,069	6.7618%	23,080,000	1,560,623
Milwaukee Area Technical College	88,345,375,521	0.0161%	102,470,000	16,498
District's Share of Total Overlapping Debt				<u><u>\$74,766,667</u></u>

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<sup>1</sup> Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section.

<sup>2</sup> Includes tax increment valuation.

<sup>3</sup> Outstanding debt based on information obtained on EMMA and the Municipal Advisor's records.

## DEBT RATIOS

	<b>G.O. Debt</b>	<b>Debt/Equalized Value \$4,392,576,662</b>	<b>Debt/ Per Capita 29,457<sup>1</sup></b>
Total General Obligation Debt (includes the Bonds)*	\$ 41,790,000	0.95%	\$ 1,418.68
District's Share of Total Overlapping Debt	<u>74,766,667</u>	<u>1.70%</u>	<u>2,538.16</u>
Total*	\$116,556,667	2.65%	\$ 3,956.84

\*Preliminary, subject to change.

## DEBT PAYMENT HISTORY

The District has no record of default in the payment of principal and interest on its debt.

## FUTURE FINANCING

The District has no current plans for additional financing in the next 12 months.

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<sup>1</sup> Estimated 2019 population.

## TAX RATES, LEVIES AND COLLECTIONS

### TAX LEVIES AND COLLECTIONS

Tax Year	Levy for District Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2016/17	\$40,348,795	100.00%	\$11.68
2017/18	40,195,400	100.00%	11.25
2018/19	38,486,667	100.00%	10.63
2019/20	37,423,121	100.00%	9.41
2020/21	39,177,368	[ In process of collection ]	9.47

Property tax statements are distributed to taxpayers by the town, village, and city treasurers in December of the levy year. Current state law requires counties to pay 100% of the real property taxes levied to cities, villages, towns, school districts and other taxing entities on or about August 20 of the collection year.

Personal property taxes, special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31, unless the municipality, by ordinance, permits special assessments to be paid in installments. Real property taxes must be paid in full by January 31 or in two equal installments by January 31 and July 31. Alternatively, municipalities may adopt a payment plan which permits real property taxes to be paid in three or more equal installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. Amounts paid on or before January 31 are paid to the town, city or village treasurer. Amounts paid after January 31, are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case payment is made to the town, city or village treasurer. On or before January 15 and February 20 the town, city or village treasurer settles with other taxing jurisdictions for all collections through December and January, respectively. In municipalities which have authorized the payment of real property taxes in three or more installments, the town, city or village treasurer settles with the other taxing jurisdictions on January 15, February 20 and on the fifteenth day of each month following the month in which an installment payment is required. On or before August 20, the county treasurer must settle in full with the underlying taxing districts for all real property taxes and special taxes. Any county board may authorize its county treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may then recover any tax delinquencies by enforcing the lien on the property and retain any penalties or interest on the delinquencies for which it has settled. Uncollected personal property taxes owed by an entity that has ceased operations or filed a petition for bankruptcy, or are due on personal property that has been removed from the next assessment roll are collected from each taxing entity in the year following the levy year.

The spread of COVID-19 and responses taken by the United States government, state governments, local governments and private industries have caused significant disruptions to the national and State economy. See "RISK FACTORS - Impact of the Spread of COVID-19" herein. On April 15, 2020, Governor Tony Evers signed into law 2020 Wisconsin Act 185, which provides that for property taxes payable in 2020, a taxation district may, after making a general or case-by-case finding of hardship, choose to waive interest or penalties on property tax installment payments paid after April 1, 2020 but on or before October 1, 2020. In order to take such action, the county board of supervisors must first adopt a resolution authorizing such waiver and determining criteria for determining hardship and the taxation district must subsequently adopt a similar resolution. In the case of a county adopting such a resolution, the county shall proportionally settle with the taxation districts any taxes, interest and penalties collected on or before July 31, 2020 on August 20, 2020, and settle the remaining unpaid taxes, interest, and penalties on September 20, 2020. The County and the District have not yet adopted such resolutions. The District cannot predict whether and how much payment of property taxes will be impacted by COVID-19 this year or in future years. Any

delays or reduction in the receipt of property taxes may materially adversely impact the District's finances and payment of debt obligations, including the Bonds.

**PROPORTIONATE LEVY AMOUNTS**

	<b>2020 Equalized Value<sup>1</sup></b>	<b>Percent of Levy</b>	<b>Amount of Levy</b>
Cities:			
Milwaukee	\$14,259,200	0.344561%	\$134,989.84
Villages:			
Butler	60,120,437	1.452756%	569,151.73
Lannon	3,279,675	0.079250%	31,048.22
Menomonee Falls	<u>4,060,710,750</u>	<u>98.123432%</u>	<u>38,442,178.20</u>
Total	<u>\$4,138,370,062</u>	<u>100.000000%</u>	<u>\$39,177,368.00</u>

**Source:** Wisconsin Department of Revenue, Bureau of Equalization.

**REVENUE LIMITS FOR WISCONSIN SCHOOL DISTRICTS**

The Wisconsin Statutes impose revenue limits on Wisconsin school districts, including the District. The Wisconsin Statutes previously allowed for some annual per pupil increases without voter approval, but the current Wisconsin Statutes prohibit any increase without voter approval. Under the current Wisconsin statutes, school districts cannot increase their average revenues per pupil for the 2015-16 school year or any school year thereafter unless they seek voter approval at referendum. These provisions of the Wisconsin Statutes may change in the future.

The revenue limit is increased by funds needed for payment of debt service on general obligation debt authorized before the effective date of the revenue limit statutes (August 12, 1993) (the "Effective Date") and debt service on obligations issued to refund such debt. Debt authorized after the Effective Date is exempt from the revenue limits if approved at a referendum, as is debt service on obligations issued to refund such debt.

Pursuant to the Award Resolution, the District levied a direct annual irrepealable tax sufficient to pay the principal of and interest on the Bonds. While the tax levied to repay the principal of and interest on the Bonds is subject to the revenue limits, the provisions of Section 121.92(2)(C) of the Wisconsin Statutes provide that no penalties for exceeding the revenue limit can reduce the property taxes levied for the purpose of paying the principal of and interest on valid bonds or notes issued by the District. However, to the extent that funds levied to pay debt service on the Bonds use up amounts available within the revenue limits, there would be fewer funds remaining within the revenue limits to finance District operations.

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<sup>1</sup> Includes tax increment valuation.

## PROPERTY TAX RATES

Full value rates for property taxes expressed in dollars per \$1,000 of equalized value (excluding tax increment valuation) that have been collected in recent years have been as follows:

<b>Year Levied/ Year Collected</b>	<b>Schools<sup>1</sup></b>	<b>County</b>	<b>Local</b>	<b>Other<sup>2</sup></b>	<b>Total</b>
<i>City of Milwaukee</i>					
2015/16	\$13.66	\$5.13	\$10.00	\$1.92	\$30.72
2016/17	12.54	5.10	10.06	1.93	29.62
2017/18	12.16	5.05	10.59	1.73	29.53
2018/19	10.81	4.90	10.45	1.69	27.86
2019/20	10.77	4.78	10.39	1.65	27.59
<i>Village of Menomonee Falls</i>					
2015/16	\$11.51	\$2.04	\$5.21	\$0.18	\$18.94
2016/17	11.39	2.00	5.16	0.18	18.73
2017/18	10.96	1.95	5.09	0.00	18.00
2018/19	10.57	1.89	4.98	0.00	17.43
2019/20	9.71	1.82	4.81	0.00	16.34

**Source:** Property Tax Rates were extracted from Statement of Taxes prepared by the Wisconsin Department of Revenue, Division of State and Local Finance.

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<sup>1</sup> The Schools tax rate reflects the composite rate of all local school districts and the technical college district.

<sup>2</sup> Includes the state reforestation tax which is apportioned to each county on the basis of its full value. Counties, in turn, apportion the tax to the tax districts within their borders on the basis of full value. It also includes taxes levied for special purpose districts such as metropolitan sewerage districts, sanitary districts, and public inland lake protection districts. Tax increment values are not included. State property taxes were eliminated in the State's 2017 - 2019 budget act.



# THE ISSUER

## ORGANIZATION OF THE DISTRICT

Organized as a K-12 common school district, the District is governed by a seven-member school board (the "Board") elected for three-year staggered terms. The elected Board in turn elects a President, Vice President, Secretary and Treasurer from its members. The appointed Superintendent of Schools and the Board, which meets twice a month, are charged with the administration, management, control and supervision of the District.

## EMPLOYEES; PENSIONS

The District employs a staff of 567, including 194 non-licensed employees and 373 licensed employees (61 of whom are teachers).

### Wisconsin Retirement System

All eligible employees in the District are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

District employees are required to contribute half of the actuarially determined contributions, and the District may not pay the employees' required contribution. The total retirement plan contributions (including both the District's and the employees' contributions) for the fiscal year ended December 31, 2020 were \$1,832,767. During the fiscal year ended December 31, 2018 ("Fiscal Year 2018") and the fiscal year ended December 31, 2019 ("Fiscal Year 2019"), the District's portion of contributions to WRS (not including any employee contributions) totaled \$1,901,814 and \$1,862,819 respectively.

The District implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") for Fiscal Year 2020.

GASB 68 requires calculation of a net pension liability for the pension plan. The net pension liability is calculated as the difference between the pension plan's total pension liability and the pension plan's fiduciary net position. The pension plan's total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on what has been earned only up to that date, without taking into account any benefits earned after that date. The pension plan's fiduciary net position is the market value of plan assets formally set aside in a trust and restricted to paying pension plan benefits. If the pension plan's total pension liability exceeds the pension plan's fiduciary net position, then a net pension liability results. If the pension plan's fiduciary net position exceeds the pension plan's total pension liability, then a net pension asset results.

As of December 31, 2019, the total pension liability of the WRS was calculated as \$108.87 billion and the fiduciary net position of the WRS was calculated as \$112.09 billion, resulting in a net pension asset of \$3.22 billion. The spread of COVID-19 has significantly impacted investment markets, which may impact the funded status of the WRS and future contribution requirements as a result (see "RISK FACTORS - Impact of the Spread of COVID-19" herein).

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2020, the District reported an asset of \$5,843,692 for its proportionate share of the net pension asset of the WRS. The net pension liability was measured as of December 31, 2019 based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. The District's proportion was 0.18123032% of the aggregate WRS net pension asset as of December 31, 2018.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of net pension liability of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

### **Recognized and Certified Bargaining Units**

All eligible District personnel are covered by the Municipal Employment Relations Act ("MERA") of the Wisconsin Statutes. Pursuant to that law, employees have limited rights to organize and collectively bargain with municipal employers. MERA was amended by 2011 Wisconsin Act 10 (the "Act") and by 2011 Wisconsin Act 32, which altered the collective bargaining rights of public employees in Wisconsin.

As a result of the 2011 amendments to MERA, the District is prohibited from bargaining collectively with municipal employees, other than public safety and transit employees, with respect to any factor or condition of employment except total base wages. Even then, the District is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless District were to seek approval for a higher increase through a referendum). Ultimately, the District can unilaterally implement the wages for a collective bargaining unit.

Under the changes to MERA, impasse resolution procedures were removed from the law for municipal employees of the type employed by the District, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. As a practical matter, it is anticipated that strikes will be rare. Furthermore, if strikes do occur, they may be enjoined by the Courts. Additionally, because the only legal subject of bargaining is the base wage rates, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement.

Due to the changes described above, the Board is free to unilaterally determine and promulgate policies, benefits and other terms and conditions of employment. Accordingly the Board approved an employee handbook which sets forth policies, procedures and benefits for employees of the nature that were previously set forth in labor contracts. The employee handbook's terms are subject to change at the sole discretion of the District and are not subject to grievance or arbitration by the unions. However, under the changes to MERA, the Board, rather than an arbitrator, is the final decision-maker regarding any grievances, though the grievance must be heard by an impartial hearing officer before reaching the Board.

The District does not have any bargaining units.

## **OTHER POST EMPLOYMENT BENEFITS**

The District has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The District's most recent Audited Financial Statements, a total OPEB liability of \$104,829 as of June 30, 2020. The District has funded these obligations on a pay-as-you-go basis. The District's OPEB liability will be fully satisfied in August of 2021.

**Source:** The District's most recent Audited Financial Statements.

## **LITIGATION**

There is no litigation threatened or pending questioning the organization or boundaries of the District or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

## **MUNICIPAL BANKRUPTCY**

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Wisconsin law contains no express authority for school districts to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Bonds are outstanding, in a way that would allow the District to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the District to file for relief under Chapter 9; or (c) whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. If, in the future, the District were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the District could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the District is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the District could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Bonds could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Bonds, and there could ultimately be no assurance that holders of the Bonds would be paid in full or in part on the Bonds. Further, under such circumstances, there could be no assurance that the Bonds would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Bonds could be viewed as having no priority (a) over claims of other creditors of the District; (b) to any particular assets of the District, or (c) to revenues otherwise designated for payment to holders of the Bonds.

**FUNDS ON HAND** (As of November 30, 2020)

<b>Fund</b>	<b>Amount</b>
General and Special Education Funds	\$ 12,415,238
Gift Fund	232,580
Non-Referendum Debt Fund	12,001
Referendum Approved Debt Fund	2,487,043
Capital Projects Fund 41	113,642
Capital Projects Fund 49	63,454
School Nutrition Fund	124,010
Student Activity Fund	361,576
OPEB Trust Fund	2,649,736
Community Services Fund	544,497
Total Cash and Investments	<u><u>\$ 19,003,776</u></u>

**STUDENT BODY**

The number of students in average daily attendance for the past four years and for the current year is as follows:

<b>Year</b>	<b>Kindergarten</b>	<b>Grades 1-6</b>	<b>Grades 7-12</b>	<b>Total</b>
2016/17	488	1,629	1,902	4,019
2017/18	487	1,626	1,869	3,982
2018/19	535	1,576	1,896	4,007
2019/20	534	1,556	1,883	3,973
2020/21	535	1,576	1,896	4,007

Enrollments for the next three years are projected to be as follows:

<b>Year</b>	<b>Kindergarten</b>	<b>Grades 1-6</b>	<b>Grades 7-12</b>	<b>Total</b>
2021/22	535	1,506	1,925	3,966
2022/23	535	1,515	1,901	3,951
2023/24	535	1,520	1,889	3,944

## SCHOOL BUILDINGS

<b>School Building</b>	<b>Year Constructed</b>	<b>Years of Additions/ Remodelings</b>
Benjamin Franklin Elementary School	1963	1966, 1975, 2010
Riverside Elementary School	1959	1962
Shady Lane Elementary School	1960	1960, 1962, 1995, 2017
Valley View Elementary School	1966	1997
North Middle School	1948	1950, 1959, 1962, 1965, 2017
Menomonee Falls High School	1969	1985, 2007

**SUMMARY GENERAL FUND INFORMATION**

Following are summaries of the revenues and expenditures and fund balances for the District's General Fund. These summaries are not purported to be the complete audited financial statements of the District, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the District. Copies of the complete statements are available upon request. Appendix A includes the 2020 audited financial statements.

		<b>FISCAL YEAR ENDING JUNE 30</b>				
<b>COMBINED STATEMENT</b>		<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2020-21</b>
		<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Adopted</b>
						<b>Budget 1)</b>
<b>Revenues</b>						
Property taxes		\$35,484,937	\$35,279,688	\$32,429,156	\$31,695,012	\$33,271,309
Local		\$1,283,389	\$1,461,364	\$1,492,583	\$3,407,392	\$1,435,317
Interdistrict		2,298,624	2,128,743	2,065,528	2,065,162	1,995,991
Intermediate		25,261	12,087	32,282	8,208	0
State sources		7,328,102	7,541,688	11,739,982	13,487,885	12,842,425
Federal sources		253,595	224,909	311,862	318,388	327,496
Other		315,553	163,172	232,110	64,035	171,500
<b>Total Revenues</b>		<b>\$46,989,461</b>	<b>\$46,811,651</b>	<b>\$48,303,503</b>	<b>\$51,046,082</b>	<b>\$50,044,038</b>
<b>Expenditures</b>						
<b>Instruction</b>						
Regular		\$21,090,634	\$20,094,958	\$20,338,436	\$20,302,896	\$20,672,516
Special instruction		396,042	411,838	285,497	207,643	488,054
Vocational		1,263,871	1,335,993	1,346,739	1,235,642	1,479,320
Other		1,998,366	1,935,103	1,926,303	1,722,840	2,190,288
<b>Support Services</b>						
Pupil services		1,436,256	1,419,120	1,694,683	1,757,388	1,826,999
Instructional support services		1,970,813	1,888,728	2,719,754	2,874,916	3,191,218
Administration		3,540,356	3,494,515	4,480,915	3,654,835	3,399,109
Buildings and grounds		5,575,988	5,144,015	5,179,607	7,574,128	10,343,561
Transportation		1,518,416	1,563,753	1,789,526	1,289,199	1,850,653
Other support services		2,883,896	2,938,382	2,381,664	2,551,411	1,224,124
Debt service		288,536	65,065	9,825	0	132,000
<b>Total Expenditures</b>		<b>\$41,963,174</b>	<b>\$40,291,470</b>	<b>\$42,152,949</b>	<b>\$43,170,898</b>	<b>\$46,797,842</b>
<b>Excess of revenues over (under) expenditures</b>		<b>5,026,287</b>	<b>6,520,181</b>	<b>6,150,554</b>	<b>7,875,184</b>	<b>3,246,196</b>
<b>Other Financing Sources (Uses)</b>						
Proceeds from the sale of capital assets		20,548	23,398	0	0	0
Operating transfers in		0	0	0	0	0
Operating transfers out		(4,698,008)	(4,698,206)	(4,698,659)	(4,822,889)	(4,926,296)
<b>Total Other Financing Sources (Uses)</b>		<b>(4,677,460)</b>	<b>(4,674,808)</b>	<b>(4,698,659)</b>	<b>(4,822,889)</b>	<b>(4,926,296)</b>
<b>Net changes in Fund Balances</b>		<b>\$348,827</b>	<b>\$1,845,373</b>	<b>\$1,451,895</b>	<b>\$3,052,295</b>	<b>(\$1,680,100)</b>
<b>General Fund Balance July 1</b>						
General Fund Balance July 1		\$11,162,240	\$11,511,067	\$13,356,440	\$14,808,335	
Prior Period Adjustment		0	0	0	0	
Residual Equity Transfer in (out)		0	0	0	0	
<b>General Fund Balance June 30</b>						
General Fund Balance June 30		\$11,511,067	\$13,356,440	\$14,808,335	\$17,860,630	
<b>DETAILS OF DECEMBER 31 FUND BALANCE</b>						
Nonspendable		\$335,794	\$291,591	\$611,590	\$322,234	
Restricted		0	0	0	0	
Committed		0	0	0	0	
Assigned		6,271,458	5,825,429	5,920,000	6,250,000	
Unassigned		4,903,815	7,239,420	8,276,745	11,288,396	
<b>Total</b>		<b>\$11,511,067</b>	<b>\$13,356,440</b>	<b>\$14,808,335</b>	<b>\$17,860,630</b>	

1) The 2020-21 budget was revised on October 26, 2020.

## GENERAL INFORMATION

### LOCATION

The District, with a 2010 U.S. Census population of 28,932 and a current population estimate of 29,457, and comprising an area of 25 square miles, is located approximately 20 miles Northwest from the Milwaukee metropolitan area.

### LARGER EMPLOYERS<sup>1</sup>

Firm	Type of Business/Product	Estimated No. of Employees
Kohl's Corp	Corporate office of Kohls department stores	5,500
Froedtert Health	Hospital & clinic	2,650 <sup>2</sup>
Wells Fargo Advisors	Financial advisory services	750
Arandell Corp	Marketing programs & services	587
The District	Elementary and secondary education	567
Wacker Neuson Corp	Excavation equipment manufacturers	500
Bradley Corp	Plumbing fixtures & supplies-manufacturers	500
Alto-Shaam Inc	Manufacturer of low temperature cook ovens	360
Maysteel	Sheet metal fabricators	350
ENERPAC Corp	Hydraulic equipment & supplies	350

**Source:** *Data Axle, written and telephone survey (December 2020), Wisconsin Manufacturers Register, and the Wisconsin Department of Workforce Development.*

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<sup>1</sup> This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above. Some employers do not respond to inquiries for employment data. Estimates provided are accurate as of the date noted and may not reflect changes in the number of employees resulting from the current COVID-19 pandemic. (See "RISK FACTORS - Impact of the Spread of COVID-19").

<sup>2</sup> Includes the hospital, clinics and the corporate office located in Menomonee Falls.

## U.S. CENSUS DATA

### Population Trend: The District

2000 U.S. Census population	27,456
2010 U.S. Census population	28,932
2019 Current Estimated Population	29,457
Percent of Change 2000 - 2010	+ 5.38%

### Income and Age Statistics

	The District	Waukesha County	State of Wisconsin	United States
2019 per capita income	\$42,145	\$44,301	\$33,375	\$34,103
2019 median household income	\$75,765	\$84,331	\$61,747	\$62,843
2019 median family income	\$96,976	\$104,438	\$78,679	\$77,263
2019 median gross rent	\$1,032	\$1,014	\$856	\$1,023
2019 median value owner-occupied units	\$237,300	\$272,100	\$180,600	\$217,500
2019 median age	45.2 yrs.	43.2 yrs.	39.5 yrs.	38.1 yrs.

	State of Wisconsin	United States
District % of 2019 per capita income	126.28%	123.58%
District % of 2019 median family income	123.26%	125.51%

**Source:** 2000 and 2010 Census of Population and Housing, and 2018 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

## EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

Year	<u>Average Employment</u>		<u>Average Unemployment</u>	
	Waukesha County	Waukesha County	State of Wisconsin	State of Wisconsin
2016	217,425	3.4%	4.6%	
2017	219,636	2.9%	4.0%	
2018	219,707	2.6%	3.3%	
2019	218,151	2.9%	3.0%	
2020, November <sup>1</sup>	215,941	4.0%	4.5%	

**Source:** Employment/unemployment data was furnished by the Wisconsin Department of Workforce Development.

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<sup>1</sup> Preliminary.



## **APPENDIX A**

### **FINANCIAL STATEMENTS**

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the District's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The District has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Preliminary Official Statement, nor has the District requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the District since the date of the financial statements, in connection with the issuance of the Bonds, the District represents that there have been no material adverse change in the financial position or results of operations of the District, nor has the District incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

**SCHOOL DISTRICT OF MENOMONEE FALLS**

Menomonee Falls, Wisconsin

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended June 30, 2020

# SCHOOL DISTRICT OF MENOMONEE FALLS

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## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
School District of Menomonee Falls  
Menomonee Falls, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the School District of Menomonee Falls, Wisconsin, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District of Menomonee Falls' basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

Baker Tilly US, LLP, trading as Baker Tilly, is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

To the Board of Education  
School District of Menomonee Falls

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School District of Menomonee Falls, Wisconsin, as of June 30, 2020 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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 School District of Menomonee Falls' basic financial statements. The supplementary information as listed in the table of contents, which includes the schedules of expenditures of federal and state awards, 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, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 as listed in the table of contents, which includes the schedules of expenditures of federal and state awards, 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, is fairly stated in all material respects, in relation to the basic financial statements as a whole.

To the Board of Education  
School District of Menomonee Falls

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2020 on our consideration of the School District of Menomonee Falls' 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 School District of Menomonee Falls' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District of Menomonee Falls' internal control over financial reporting and compliance.

*Baker Tilly US, LLP*

Baker Tilly US, LLP (formerly known as Baker Tilly Virchow Krause, LLP)  
Milwaukee, Wisconsin  
November 24, 2020

# SCHOOL DISTRICT OF MENOMONEE FALLS

## STATEMENT OF NET POSITION

As of June 30, 2020

### ASSETS

Cash and investments	\$ 25,182,227
Receivables	
Taxes	9,575,495
Accounts	42,634
Other	152,193
Due from other governments	1,038,432
Inventories and prepaid items	328,348
Other assets	5,000
Restricted assets	
Net pension asset	5,843,692
Capital Assets	
Land	556,920
Other capital assets	96,737,508
Less: Accumulated depreciation	<u>(40,612,875)</u>
Total Assets	<u>98,849,574</u>

### DEFERRED OUTFLOWS OF RESOURCES

Deferred outflow related to pensions - WRS	12,716,551
Deferred outflow related to pensions - Single Employer	341,060
Deferred charges on refunding	<u>780,654</u>
Total Deferred Outflows of Resources	<u>13,838,265</u>

### LIABILITIES

Accounts payable and accrued expenses	12,924,691
Accrued interest payable	312,515
Due to other governments	62,714
Other liabilities	20,358
Noncurrent Liabilities	
Due within one year	2,945,000
Due in more than one year	<u>47,959,864</u>
Total Liabilities	<u>64,225,142</u>

### DEFERRED INFLOWS OF RESOURCES

Deferred inflow related to pensions - WRS	17,540,984
Deferred inflow related to pensions - Single Employer	791,269
Unearned revenues	<u>294,719</u>
Total Deferred Inflows of Resources	<u>18,626,972</u>

### NET POSITION

Net investment in capital assets	16,725,084
Restricted for debt service	2,809,514
Restricted for pension	5,843,692
Unrestricted	<u>4,457,435</u>

**TOTAL NET POSITION** \$ 29,835,725

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF MENOMONEE FALLS**

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
<b>Instruction</b>				
Regular	\$ 20,696,108	\$ 2,822,797	\$ 129,559	\$ (17,743,752)
Vocational	1,260,830	-	918	(1,259,912)
Special education	5,955,215	-	2,251,412	(3,703,803)
Other	1,736,641	-	65,083	(1,671,558)
Total Instruction	<u>29,648,794</u>	<u>2,822,797</u>	<u>2,446,972</u>	<u>(24,379,025)</u>
<b>Support Services</b>				
Pupil services	2,825,025	-	202,103	(2,622,922)
Instructional support services	3,447,119	-	419,069	(3,028,050)
Administration	3,472,694	-	-	(3,472,694)
Buildings and grounds	10,442,225	68,378	2,732	(10,371,115)
Pupil transportation	1,553,362	104,815	84,997	(1,363,550)
Other support services	2,531,251	72,381	9,927	(2,448,943)
Interest and fees	1,399,759	-	-	(1,399,759)
Community service	2,084,968	1,218,485	-	(866,483)
Food service	1,199,547	670,620	693,279	164,352
Depreciation - unallocated	169,176	-	-	(169,176)
Total Support Services	<u>29,125,126</u>	<u>2,134,679</u>	<u>1,412,107</u>	<u>(25,578,340)</u>
Total	<u>\$ 58,773,920</u>	<u>\$ 4,957,476</u>	<u>\$ 3,859,079</u>	<u>(49,957,365)</u>
<b>General Revenues</b>				
<b>Taxes</b>				
Property taxes, levied for general purposes				31,695,012
Property taxes, levied for debt service				4,903,109
Property taxes, levied for community service				825,000
Property taxes, levied for other				2,178,972
Intergovernmental revenues not restricted to specific programs				13,162,430
Investment income				296,007
Miscellaneous				573,447
Total General Revenues				<u>53,633,977</u>
<b>Change in Net Position</b>				3,676,612
<b>NET POSITION - BEGINNING OF YEAR</b>				<u>26,159,113</u>
<b>NET POSITION - END OF YEAR</b>				<u>\$ 29,835,725</u>

See accompanying notes to the financial statements.



**SCHOOL DISTRICT OF MEMONEE FALLS**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of June 30, 2020**

	General Fund	Special Revenue Special Education Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Totals
<b>ASSETS</b>						
Cash and investments	\$ 18,888,424	\$ 764,506	\$ 411,978	\$ 3,122,029	\$ 1,995,290	\$ 25,182,227
Receivables						
Taxes	9,575,495	-	-	-	-	9,575,495
Accounts	15,104	13,007	-	-	14,523	42,634
Other	152,193	-	-	-	-	152,193
Due from other governments	890,045	79,881	-	-	68,506	1,038,432
Inventories	9,141	-	-	-	6,114	15,255
Prepaid items	313,093	-	-	-	-	313,093
Other assets	5,000	-	-	-	-	5,000
<b>TOTAL ASSETS</b>	<b>\$ 29,848,495</b>	<b>\$ 857,394</b>	<b>\$ 411,978</b>	<b>\$ 3,122,029</b>	<b>\$ 2,084,433</b>	<b>\$ 36,324,329</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 514,099	\$ 105,313	\$ 74,541	\$ -	\$ 38,047	\$ 732,000
Accrued salaries and wages	1,828,218	323,911	-	-	21,374	2,173,503
Payroll taxes and benefits	9,572,190	428,170	-	-	18,828	10,019,188
Due to Other Governments	62,714	-	-	-	-	62,714
Other current liabilities	-	-	-	-	20,359	20,359
Total Liabilities	<u>11,977,221</u>	<u>857,394</u>	<u>74,541</u>	<u>-</u>	<u>98,608</u>	<u>13,007,764</u>
<b>Deferred Inflows of Resources</b>						
Unearned revenues	10,644	-	-	-	284,075	294,719
<b>Fund Balances</b>						
Nonspendable	322,234	-	-	-	6,114	328,348
Restricted	-	-	337,437	3,122,029	-	3,459,466
Committed	-	-	-	-	1,695,636	1,695,636
Assigned	6,250,000	-	-	-	-	6,250,000
Unassigned	11,288,396	-	-	-	-	11,288,396
Total Fund Balances	<u>17,860,630</u>	<u>-</u>	<u>337,437</u>	<u>3,122,029</u>	<u>1,701,750</u>	<u>23,021,846</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 29,848,495</b>	<b>\$ 857,394</b>	<b>\$ 411,978</b>	<b>\$ 3,122,029</b>	<b>\$ 2,084,433</b>	<b>\$ 36,324,329</b>

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF MENOMONEE FALLS**

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
As of June 30, 2020

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Total Fund Balances - Governmental Funds	\$ 23,021,846
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Amounts reported for governmental activities in the statement of net position are different because:

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

Total capital assets	\$ 97,294,428	
Accumulated depreciation	<u>(40,612,875)</u>	
		56,681,553

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	13,057,611
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Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(18,332,253)
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Some liabilities, including long-term debt, are not due in the current period and therefore are not reported in the funds.

General obligation debt and related premiums	(43,728,361)	
Net pension liability	5,843,692	
Deferred charges on refunding	780,654	
Accrued interest on general obligation debt	(312,514)	
Total pension obligation - single employer	(7,071,674)	
Other post-employment benefit liability	<u>(104,829)</u>	
		<u>(44,593,032)</u>

<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ <u>29,835,725</u></b>
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See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF MENOMONEE FALLS**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2020

	General Fund	Special Revenue Special Education Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Totals
<b>REVENUES</b>						
Property taxes	\$ 31,695,012	\$ -	\$ -	\$ 4,903,109	\$ 825,000	\$ 37,423,121
Local	3,407,392	-	31,199	39,597	2,393,886	5,872,074
Interdistrict	2,065,162	21,286	-	-	-	2,086,448
Intermediate	8,208	-	-	-	-	8,208
State	13,487,885	1,631,120	-	-	17,151	15,136,156
Federal	318,388	861,343	-	-	676,128	1,855,859
Other	64,035	441	-	4,010	180	68,666
<b>Total Revenues</b>	<b>51,046,082</b>	<b>2,514,190</b>	<b>31,199</b>	<b>4,946,716</b>	<b>3,912,345</b>	<b>62,450,532</b>
<b>EXPENDITURES</b>						
Instruction						
Regular	20,302,896	-	-	-	20,552	20,323,448
Special education	207,643	5,596,536	-	-	-	5,804,179
Vocational	1,235,642	-	-	-	20,351	1,255,993
Other	1,722,840	-	-	-	1,545	1,724,385
<b>Total Instruction</b>	<b>23,469,021</b>	<b>5,596,536</b>	<b>-</b>	<b>-</b>	<b>42,448</b>	<b>29,108,005</b>
Support Services						
Pupil services	1,757,388	983,701	-	-	441	2,741,530
Instructional support services	2,874,916	445,039	-	-	2,000	3,321,955
Administration	3,654,835	13,440	-	-	8,336	3,676,611
Buildings and grounds	7,574,128	199	2,359,819	-	58,235	9,992,381
Transportation	1,289,199	297,987	-	-	551	1,587,737
Other support services	2,551,411	177	-	-	-	2,551,588
Debt service						
Principal	-	-	-	2,865,000	-	2,865,000
Interest and fees	-	-	-	1,331,420	-	1,331,420
Food service	-	-	-	-	1,352,640	1,352,640
Community Service	-	-	-	-	2,048,438	2,048,438
<b>Total Support Services</b>	<b>19,701,877</b>	<b>1,740,543</b>	<b>2,359,819</b>	<b>4,196,420</b>	<b>3,470,641</b>	<b>31,469,300</b>
<b>Total Expenditures</b>	<b>43,170,898</b>	<b>7,337,079</b>	<b>2,359,819</b>	<b>4,196,420</b>	<b>3,513,089</b>	<b>60,577,305</b>
Excess (deficiency) of revenues over expenditures	7,875,184	(4,822,889)	(2,328,620)	750,296	399,256	1,873,227
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	4,822,889	-	-	-	4,822,889
Transfers out	(4,822,889)	-	-	-	-	(4,822,889)
<b>Total Other Financing Sources (Uses)</b>	<b>(4,822,889)</b>	<b>4,822,889</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>3,052,295</b>	<b>-</b>	<b>(2,328,620)</b>	<b>750,296</b>	<b>399,256</b>	<b>1,873,227</b>
FUND BALANCES - Beginning of Year	14,808,335	-	2,866,057	2,371,733	1,302,494	21,148,619
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 17,860,630</b>	<b>\$ -</b>	<b>\$ 337,437</b>	<b>\$ 3,122,029</b>	<b>\$ 1,701,750</b>	<b>\$ 23,021,846</b>

See accompanying notes to the financial statements

## SCHOOL DISTRICT OF MENOMONEE FALLS

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended June 30, 2020

Net change in fund balances - total governmental funds	\$ 1,873,227
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their useful lives and reported as depreciation expense in the statement of activities.</p>	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the district-wide financial statements	5,482,669
Depreciation is reported in the district-wide statements	(1,711,469)
Adjustments to capital assets	(3,582,185)
<p>Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	
Principal repaid on long-term debt and capital lease	2,865,000
<p>Some expenses 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.</p>	
Accrued interest on general obligation debt	20,519
Change in net pension asset - WRS	12,481,735
Change in total pension obligation - single employer	174,037
Change in other post-employment benefit liability	197,305
Amortization of refunding loss	(240,621)
Deferred outflows of resources related to pensions	(5,216,586)
Deferred inflows of resources related to pensions	(8,818,783)
<p>Governmental funds report debt premiums and discounts as other financing sources (uses). However, in the statement of net position, these are deferred and reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.</p>	
Amortization of premiums	151,764
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 3,676,612</u></b>

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF MENOMONEE FALLS**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
As of June 30, 2020**

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	Employee Benefit Trust Fund		Agency Fund
	<u>Post-Retirement Health Benefits</u>		<u>Fund</u>
<b>ASSETS</b>			
Cash and investments	\$ 2,824,985		\$ 391,239
<b>LIABILITIES</b>			
Accounts payable	\$ 152,193		\$ 26,349
Due to student groups	-		364,890
Total Liabilities	<u>152,193</u>		<u>\$ 391,239</u>
<b>NET POSITION</b>			
Restricted for post-retirement health benefits		<u>2,672,792</u>	
<b>TOTAL LIABILITIES AND NET POSITION</b>		<u>\$ 2,824,985</u>	

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF MENOMONEE FALLS**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
For the Year Ended June 30, 2020**

---

	<u>Employee Benefit Trust Fund</u>
	<u>Post-Retirement Health Benefits</u>
<b>ADDITIONS</b>	
Employee contributions	\$ 1,709
Investment income	<u>64,816</u>
Total additions	<u>66,525</u>
<b>DEDUCTIONS</b>	
Benefits	<u>95,788</u>
Total deductions	<u>95,788</u>
<b>Change in Net Position</b>	(29,263)
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>2,702,055</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 2,672,792</u>

See accompanying notes to the financial statements.

## SCHOOL DISTRICT OF MENOMONEE FALLS

### INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2020

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  - B. District-Wide and Fund Financial Statements
  - C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
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SCHOOL DISTRICT OF MENOMONEE FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the School District of Menomonee Falls (the "District"), conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

**A. REPORTING ENTITY**

This report includes all of the funds of the District. The reporting entity for the District consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The District has not identified any organizations that meet this criteria.

**B. DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS**

*District-Wide Financial Statements*

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

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

*Fund Financial Statements*

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

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

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental fund are at least 10% of the corresponding total for all funds of that category or type, and

SCHOOL DISTRICT OF MENOMONEE FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

**B. DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)**

*Fund Financial Statements (cont.)*

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

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

The District reports the following major governmental funds:

**General Fund** - accounts for the District's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.  
**Special Education Fund** - Special Revenue Fund - used to account for and report grants and local revenues used to provide special education services to district students.  
**Debt Service Fund** - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs.  
**Capital Projects Fund** - assigned to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets for the \*\* program.

The District reports the following nonmajor governmental funds:

**Special Revenue Funds** - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects),

Gift Trust Fund  
Community Service Fund  
Food Service Fund



**SCHOOL DISTRICT OF MENOMONEE FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**B. DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)**

**Fund Financial Statements (cont.)**

In addition, the District reports the following fund types:

Pension (and Other Employee Benefit) Trust Funds - used to account for and report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.

Post-Retirement Health Benefits Fund

Agency Funds - used to account for and report assets held by the District in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Pupil Activity Fund

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

**District-Wide Financial Statements**

The district-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Unbilled receivables are recorded as revenues when services are provided.

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

**Fund Financial Statements**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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 are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and revenue.

**SCHOOL DISTRICT OF MENOMONEE FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)**

**Fund Financial Statements (cont.)**

Intergovernmental aids and grants are recognized as revenues in the period the District is entitled the resources and the amounts are available. Amounts owed to the District which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, and interest. Other general revenues such as student fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above. Charges for special education services are not reduced by anticipated state special education aid entitlement.

Fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

**All Financial Statements**

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

**D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY**

**1. Deposits and Investments**

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

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.

**SCHOOL DISTRICT OF MENOMONEE FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

**1. Deposits and Investments (cont.)**

- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The District has adopted an investment policy. That policy follows the state statute for allowable investments and indicates that not only yield, but also the risk of any investment, shall be considered when making investments. The investment policy does not address custodial credit risk, credit risk or interest rate risk.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note III. A. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of district accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2020, the fair value of the District's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III. A. for further information.

**2. Receivables**

General accounts receivable have been adjusted for all known uncollectible accounts. No allowance is necessary at year end.

Property taxes are levied in December on the assessed value as of the prior January 1.

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

**SCHOOL DISTRICT OF MENOMONEE FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

**2. Receivables (cont.)**

Property tax calendar - 2019 tax roll:

Lien date and levy date	December, 2019
Tax bills mailed	December, 2019
Payment in full, or	January 31, 2020
First installment due	January 31, 2020
Second installment due	July 31, 2020

Property taxes are recognized in the fiscal year levied. The District considers all taxes as due prior to the end of the fiscal year. Full receipt of the entire levy is assured within 60 days of the District's fiscal year end.

Property taxes are collected by the local taxing units until January 31. Real estate tax collections after that date are made by the applicable county, which assumes all responsibility for delinquent real estate taxes.

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

**3. Inventories and Prepaid Items**

Governmental fund inventories, if material, are recorded at cost based on the FIFO method using the purchases method of accounting.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements.

**4. Restricted Assets**

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties.

**SCHOOL DISTRICT OF MENOMONEE FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

**5. Capital Assets**

**District-Wide Statements**

Capital assets, which include property, plant and equipment, are reported in the district-wide financial statements. Capital assets are defined by the district as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

Buildings	20-50 Years
Land Improvements	10-20 Years
Furniture and equipment	5-15 Years

**Fund Financial Statements**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**6. Deferred Outflows of Resources**

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the district-wide financial statements.

**7. Compensated Absences**

The District's policy allows twelve month employees to earn varying amounts of vacation pay for each year employed up to an average of 20 days per year. The accumulated benefits remain vested only through one fiscal year following the year the benefits were earned and do not get paid out.

**SCHOOL DISTRICT OF MENOMONEE FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

**7. Compensated Absences (cont.)**

Upon contractual retirement options, the District is liable for health insurance payments at the same rate as during employment for teachers. In addition, the District may be liable for salary, social security, and life insurance payments, as well as other insurance payments, dependent upon terms of employment and separation.

**8. Long-Term Obligations/Conduit Debt**

All long-term obligations to be repaid from District resources are reported as liabilities in the district-wide statements. The long-term obligations consist primarily of notes and bonds payable, OPEB and pension obligations.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures.

For the district-wide statements, bond premiums and discounts are amortized over the life of the issue using the straight-line method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

**9. Deferred Inflows of Resources**

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

**10. Equity Classifications**

**District-Wide Statements**

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unpaid debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

**SCHOOL DISTRICT OF MENOMONEE FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

**10. Equity Classifications (cont.)**

- c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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.

**Fund Statements**

Governmental fund balances are displayed as follows:

- a. **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. **Restricted** - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the School Board of Education. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the School Board of Education that originally created the commitment.
- d. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following: 1) The District has adopted a financial policy authorizing the Director of Business Services to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. **Unassigned** - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

The District considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

**SCHOOL DISTRICT OF MENOMONEE FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

**10. Equity Classifications (cont.)**

**Fund Statements (cont.)**

See Note III. G. for further information.

Fiduciary fund equity is classified as held in trust for specific purposes on the statement of fiduciary net position. Various donor restrictions apply, including authorizing and spending trust income, and the district believes it is in compliance with all significant restrictions.

**11. Pension**

For purposes of measuring the Net Pension 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 the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the Total Pension, Deferred Outflows of Resources and Deferred Inflows or Resources Related to Pensions, and Pension Expense, the District's stipend plan recognizes benefit payments when due and payable in accordance with the benefit terms.

**NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. EXCESS EXPENDITURES OVER APPROPRIATIONS**

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Capital Projects Fund	\$ 925,000	\$ 2,359,819	\$ 1,434,819
Special Revenue - Food Service Fund	1,371,899	1,405,466	33,567

The District controls expenditures at the function level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the District's year-end budget to actual report.

**SCHOOL DISTRICT OF MENOMONEE FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

**NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)**

**B. LIMITATIONS ON THE DISTRICT REVENUES**

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

The limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

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

**NOTE III - DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

The District's deposits and investments at year-end were comprised of the following

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 5,610,921	\$ 5,686,274	Custodial Credit Risk
Mutual funds - bonds	1,958,708	1,958,708	Credit and Interest Rate Risk, Investments Highly Sensitive to Interest Rate Changes
LGIP	20,823,607	20,823,607	Credit Risk
Petty cash	5,215	-	N/A
<b>Total Deposits and Investments</b>	<b>\$ 28,398,451</b>	<b>\$ 28,468,589</b>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 25,182,227		
Per statement of Fiduciary net position			
Employee Benefit Trust Fund	2,824,985		
Agency Fund	391,239		
<b>Total Deposits and Investments</b>	<b>\$ 28,398,451</b>		

**SCHOOL DISTRICT OF MENOMONEE FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**A. DEPOSITS AND INVESTMENTS (cont.)**

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

**Custodial Credit Risk**

**Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to the District.

As of June 30, 2020, \$2,525,153 of the District's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized \$ 2,525,153

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of June 30, 2020, the District's investments were rated as follows:

Investment Type	Standard & Poors
Mutual funds - bonds	AAA-D

The District also held investments in the following external pools which are not rated

Local Government Investment Pool

**SCHOOL DISTRICT OF MENOMONEE FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**A. DEPOSITS AND INVESTMENTS (cont.)**

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. As of June 30, 2020, the District's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)			
		Less than 1 year	1-5 Years	6-15 Years	
Mutual funds - bonds	\$ 1,958,708	\$ -	\$ 1,958,708	\$ -	\$ -

**Investments Highly Sensitive to Interest Rate Changes**

At June 30, 2020, the District held \$1,958,708 in bond mutual funds. The market value of this investment at June 30, 2020, was \$1,958,708.

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 the active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

Market Approach - uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities

Investment Type	Level 1	Level 2	Level 3	Total
Mutual funds - bonds	\$ 1,958,708	\$ -	\$ -	\$ 1,958,708

See Note I.D.1. for further information on deposit and investment policies

**SCHOOL DISTRICT OF MENOMONEE FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**B. RECEIVABLES**

All of the receivables on the balance sheet are expected to be collected within one year.

Governmental funds report *unavailable* or *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unearned
Deferred amounts - food service	\$ 134,546
Deferred amounts - community service	149,529
Deferred amounts - general fund	10,644
Total Unearned/Unavailable Revenue for Governmental Funds	\$ 294,719

**C. RESTRICTED ASSETS**

The following represent the balances of the restricted assets:

**Net Pension Asset**

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

**SCHOOL DISTRICT OF MENOMONEE FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**D. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Adjustments*	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>					
Capital assets not being depreciated					
Land	\$ 556,920	\$ -	\$ -	\$ -	\$ 556,920
Construction in progress	24,831,811	-	-	24,831,811	-
Total Capital Assets Not Being Depreciated	25,388,731	-	-	24,831,811	556,920
Capital assets being depreciated					
Buildings	62,779,889	414,385	27,681,465	-	90,875,729
Land improvements	3,326,096	(3,283,584)	2,180,486	-	2,222,998
Furniture and equipment	3,730,052	(543,800)	452,528	-	3,638,781
Total Capital Assets Being Depreciated	69,836,037	(3,413,009)	30,314,480	-	96,737,508
Total Capital Assets	95,224,768	(3,413,009)	30,314,480	24,831,811	97,294,428
Less: Accumulated depreciation for					
Buildings	(34,248,872)	(2,351,460)	(1,492,339)	-	(38,092,671)
Land improvements	(1,327,655)	1,319,311	(2,277)	-	(10,621)
Furniture and equipment	(3,155,703)	862,973	(216,853)	-	(2,509,583)
Total Accumulated Depreciation	(38,732,230)	(169,176)	(1,711,469)	-	(40,612,875)
Net Capital Assets Being Depreciated	31,103,807	(3,582,165)	28,603,011	-	56,124,633
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 56,492,538	\$ (3,582,165)	\$ 28,603,011	\$ 24,831,811	\$ 56,681,553

\* Depreciable assets and accumulated depreciation were adjusted based on appraisal report conducted by the district.

**SCHOOL DISTRICT OF MENOMONEE FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**D. CAPITAL ASSETS (cont.)**

Depreciation expense was charged to functions as follows:

Instruction	\$ 71,707
Regular instruction	7,786
Vocational	4,739
Other	-
Support Services	15,600
Pupil transportation	140,825
Administration	1,386,489
Building and grounds	6,289
Other support services	78,054
Food service	-
Total Governmental Activities Depreciation Expense	\$ 1,711,469

**E. INTERFUND TRANSFERS**

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
Special Revenue - Special Education Fund	General Fund	\$ 4,822,889	Financing operating deficit

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them; (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The above transfer to the special education fund uses unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and Wisconsin Department of Public Instruction directives.

**SCHOOL DISTRICT OF MEMONOMEE FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds and Notes Payable	\$ 44,815,000	\$ -	\$ 2,765,000	\$ 42,050,000	\$ 2,945,000
General obligation debt					
General obligation notes from direct borrowings and direct placements	100,000	-	100,000	-	-
(Discounts)/Premiums	1,530,129	-	131,764	1,678,361	-
Sub-totals	46,745,129	-	3,016,764	43,728,361	2,945,000
Other Liabilities					
Other postemployment benefits	302,134	-	197,305	104,829	-
Net pension liability - WRS employer	6,638,043	-	6,638,043	-	-
Total pension liability - single employer	7,245,711	672,738	846,775	7,071,674	-
Total Other Liabilities	14,185,888	672,738	7,682,123	17,176,503	-
Total Governmental Activities Long-Term Liabilities	\$ 60,931,013	\$ 672,738	\$ 10,698,887	\$ 50,904,864	\$ 2,945,000

In accordance with Wisconsin Statutes, total general obligation indebtedness of the District may not exceed 10% of the equalized value of taxable property within the District's jurisdiction. The debt limit as of June 30, 2020, was \$397,612,236. Total general obligation debt outstanding at year end was \$42,050,000.

**General Obligation Debt**

All general obligation notes and bonds payable are backed by the full faith and credit of the District. Notes and bonds in the governmental funds will be retired by future property tax levies accumulated by the debt service fund.

**Governmental Activities**

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance June 30, 2020
GO Refunding Bonds	2/5/2013	4/1/2027	2.00-2.15%	\$ 9,970,000	\$ 8,755,000
GO Refunding Bonds	7/8/2014	4/1/2023	2.00-2.50%	8,835,000	3,205,000
GO Improvement Bonds	7/11/2016	4/1/2036	2.00-5.00%	30,700,000	26,325,000
GO Promissory Note	4/18/2018	4/1/2023	4.64%	2,000,000	1,080,000
GO Refunding Bonds	4/18/2018	4/1/2024	3.00%	3,720,000	2,685,000
Total Governmental Activities - General Obligation Debt				\$ 42,050,000	\$ 42,050,000

**SCHOOL DISTRICT OF MEMONOMEE FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**General Obligation Debt (cont.)**

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt	
	Principal	Interest
2021	\$ 2,945,000	\$ 1,250,059
2022	3,030,000	1,167,459
2023	3,115,000	1,081,621
2024	2,780,000	992,621
2025	2,130,000	918,421
2026-2030	11,565,000	3,720,581
2031-2035	13,505,000	1,836,163
2036-2040	2,980,000	89,400
Totals	\$ 42,050,000	\$ 11,056,325

**Other Debt Information**

Estimated payments of other post employment benefits and pension obligations are not included in the debt service requirement schedules. The other post employment benefits and pension obligations attributable to governmental activities will be liquidated primarily by the general fund.

**G. NET POSITION/FUND BALANCES**

Net position reported on the district-wide statement of net position at June 30, 2020, includes the following:

Governmental Activities	
Net Investment in Capital Assets	
Land	\$ 556,920
Other capital assets, net of accumulated depreciation	56,124,633
Less: Long-term debt outstanding	(42,050,000)
Plus: Unspent capital related debt proceeds	306,238
Plus: Noncapital debt proceeds	2,685,000
Plus: Deferred charge on refunding	780,654
Less: Unamortized debt premium	(1,678,361)
Total Net Investment in Capital Assets	\$ 16,725,084



**SCHOOL DISTRICT OF MEMONOMEE FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**G. NET POSITION/FUND BALANCES (cont.)**

**Governmental Funds**

Governmental fund balances reported on the fund financial statements at June 30, 2020, include the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Funds	Totals
<b>Fund Balances</b>					
<b>Nonspendable:</b>					
Prepaid items	\$ 313,093	\$ -	\$ -	\$ -	\$ 313,093
Inventories	9,141	-	-	6,114	15,255
<b>Restricted for:</b>					
Debt service	-	3,122,029	337,437	-	3,459,466
<b>Committed to:</b>					
Gift trust	-	-	-	627,360	627,360
Food service	-	-	-	224,260	224,260
Community service	-	-	-	844,016	844,016
<b>Assigned to:</b>					
School and division carryovers	500,000	-	-	-	500,000
Budget appropriations	1,250,000	-	-	-	1,250,000
Capital improvement projects	2,000,000	-	-	-	2,000,000
Self funded health liability	2,500,000	-	-	-	2,500,000
<b>Unassigned</b>	<u>11,288,396</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,288,396</u>
<b>Total Fund Balances</b>	<b>\$ 17,860,630</b>	<b>\$ 3,122,029</b>	<b>\$ 337,437</b>	<b>\$ 1,701,750</b>	<b>\$ 23,021,846</b>

**SCHOOL DISTRICT OF MEMONOMEE FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

**NOTE IV - OTHER INFORMATION**

**A. EMPLOYEES' RETIREMENT SYSTEM**

**General Information about the Pension Plan**

**Plan description.** The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (680 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issued a standalone WRS Financial Report, which can be found at <https://efw.wisconsin.gov/about-etf/reports-and-studies/financial-reports-and-statements>

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

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

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.

SCHOOL DISTRICT OF MENOMONEE FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2010	(1.3)%	22.0%
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)

SCHOOL DISTRICT OF MENOMONEE FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

During the reporting period, the WRS recognized \$1,832,767 in contributions from the District.

Contribution rates for the plan year reported as of June 30, 2020 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.55%	6.55%

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

At June 30, 2020, the District reported a Asset of \$5,843,692 for its proportionate share of the Net Pension Asset. The Net Pension Asset was measured as of December 31, 2019, and the Total Pension Liability used to calculate the Net Pension Asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. 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 employees. At December 31, 2019, the District's proportion was 0.18123032%, which was an decrease of 0.00635283% from its proportion measured as of December 31, 2018.

SCHOOL DISTRICT OF MENOMONEE FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

For the year ended June 30, 2020, the District recognized pension expense of \$4,123,119.

At June 30, 2020, the District reported Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,092,665	\$ 5,551,136
Net differences between projected and actual earnings on pension plan investments	455,378	-
Changes in assumptions	-	11,946,587
Changes in proportion and differences between employer contributions and proportionate share of contributions	34,082	43,261
Employer contributions subsequent to the measurement date	1,134,426	-
<b>Total</b>	<b>\$ 12,716,551</b>	<b>\$ 17,540,984</b>

\$1,134,426 reported as Deferred Outflows of Resources related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Asset in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources Related to Pension will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2021	\$ (1,754,895)
2022	(1,321,748)
2023	198,611
2024	(3,080,827)

SCHOOL DISTRICT OF MENOMONEE FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Actuarial assumptions:** The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

SCHOOL DISTRICT OF MENOMONEE FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**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:

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Real Rate of Return %	Long-Term Expected Nominal Rate of Return %
Global Equities	49%	8.0%	5.1%
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	110	7.5	4.6

Variable Fund Asset Class

U.S. Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%  
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

**Single Discount Rate.** A single discount rate of 7.00% was used to measure the Total Pension Liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75% (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, 2019). In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SCHOOL DISTRICT OF MENOMONEE FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

District's proportionate share of the net pension liability (asset)	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
	\$15,048,553	\$5,843,692	\$(21,463,049)

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

At June 30, 2020, the district reported debt payable to the pension plan of \$737,762, which represents a contractual arrangement for contribution to the pension plan related to past service cost.

B. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The District purchases commercial insurance to provide coverage for losses from torts; theft of, damage to, or destruction of assets; errors and omissions; and workers compensation. However, other risks, such as health and dental benefits are accounted for and financed by the District in the general fund.

Self Insurance

On January 1, 2013, the District established a self-funded health and dental benefit plan for its employees. The Plan administrators, United HealthCare (administrator) and (administrator), are responsible for the approval, processing, and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The Plan reports on a fiscal year ending June 30, 2020.

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

As part of the health care coverage of the Plan, the District purchases stop-loss coverage, which pays claims in excess of \$100,000 per individual and/or 125% of the annual estimated claims as provided by Humana. For the year ended June 30, 2020, the aggregate claim limit was \$5,631,784. The District has no stop-loss coverage for dental care coverage of the Plan.

**SCHOOL DISTRICT OF MENOMONEE FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

**NOTE IV - OTHER INFORMATION (cont.)**

**B. RISK MANAGEMENT (cont.)**

**Self Insurance (cont.)**

At June 30, 2020, the District reported a liability of \$7,905,431, which represents reported and unreported claims which were incurred on or before June 30, 2020, but were not paid by the District as of that date. Changes in the claims liability for the years ended June 30, 2019 and June 30, 2020 are as follows:

**Claims Liability**

	Prior Year	Current Year
Unpaid claims - Beginning of Year	\$ 4,989,728	\$ 6,865,289
Current year claims and changes in estimates	6,249,693	5,762,035
Claim payments	(4,374,132)	(4,721,893)
Unpaid Claims - End of Year	\$ 6,865,289	\$ 7,905,431

On July 28, 2020, the District received an actuarial certification from Willis Towers Watson (actuary), an independent actuary who is a member of Society of Actuaries (SOA) or the American Academy of Actuaries (AAA), which attested to the adequacy of the reserves, rates, and the overall financial soundness of the plan.

**C. COMMITMENTS AND CONTINGENCIES**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the district-wide statements as expenses when the related liabilities are incurred.

From time to time, the District is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the District attorney 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.

The District has active construction projects as of June 30, 2020. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

**SCHOOL DISTRICT OF MENOMONEE FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

**NOTE IV - OTHER INFORMATION (cont.)**

**D. OTHER POSTEMPLOYMENT BENEFITS**

The district administers a single-employer defined benefit healthcare plan. As of June 30, 2014, the plan was closed to new employees with the benefits to be phased out entirely by August 2021. Actual remaining benefits to be paid for the remaining life of the plan (previously established through personnel policy guidelines and various agreements) are known and fixed. As of June 30, 2020 the District has a remaining liability of \$104,929 to be paid to 33 retirees or their beneficiaries. This liability has been recognized on the governmental activities financial statements.

The District established an Employee Benefit Trust Fund - Post-Retirement Health Benefits - Fiduciary Fund to pay for these future liabilities. As of June 30, 2020, the District has \$2,824,985 of cash and investments held in the trust fund. In June 2015, the GASB issued Statement No. 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement was considered by the District for implementation but due to the remaining liability being fixed and the trust being significantly overfunded, the disclosure requirements of this Statement provide no useful information and are considered not material to the financial statements.

**E. SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLAN**

**Plan Description**

The District reports a single-employer defined benefit pension plan ("the stipend plan"). The plan is administered by the District and provides eligible Administrators that are at least age 55 with a minimum of 5 years of services an annual stipend, which will be a prorated portion of salary as determined by the retiree's year of service with the District, for a period of 3 years; Supervisors that are at least age 55 with a minimum of 10 years of services an annual stipend of \$10,000 for a period of 3 years; and Teachers that are at least age 55 with a minimum of 15 years of services an annual stipend of \$10,000 for a period of 3 years. Benefit provisions are established through the District's collective bargaining agreement and certain employment agreements.

At June 30, 2020, the District plan's membership consisted of:

Retirees and beneficiaries	37
Active members	514
Total	<u>551</u>

The District paid \$341,060 for pension benefits as they came due during the reporting period. The District is funding these benefits on a pay-as-you-go basis.

SCHOOL DISTRICT OF MENOMONEE FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

NOTE IV - OTHER INFORMATION (cont.)

E. SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLAN (cont.)

Changes in total pension liability. The District's change in total pension liability for the fiscal year ended June 30, 2020 was as follows:

Beginning of Year Balance	Total Pension Liability
Service cost	\$ 7,245,711
Interest on total pension liability	400,259
Changes in assumptions or other inputs	272,479
Differences between expected and actual	(170,858)
Benefit payments	(316,457)
End of Year Balance	<u>\$ 7,071,674</u>

Assumptions. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement Date:	June 30, 2019
Actuarial Valuation Date:	June 30, 2019
Inflation:	2.50%
Salary Changes:	5.6% down to 0.1% in 35 years; assumed salary inflation of 3.0% per year added to these merit increases
Discount Rate:	3.50%
Source of Discount Rate:	Based upon all years of project payments discounted at a municipal bond rate of 3.50%
Source of Mortality Assumptions:	Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%)
Dates of Experience Studies	Based on experience study conducted in 2018 using WRS experience from 2015-17

SCHOOL DISTRICT OF MENOMONEE FALLS

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

NOTE IV - OTHER INFORMATION (cont.)

E. SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLAN (cont.)

Sensitivity of the total pension liability to changes in the discount rate. The following is a sensitivity analysis of the total pension liability to changes in the discount rate. The table below presents the pension liability of the District calculated using the current discount rate of 3.50% as well as what the total pension liability would be if it were to be calculated using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	<u>\$7,521,924</u>	<u>\$7,071,674</u>	<u>\$6,639,101</u>

Pension expense and deferred outflows of resources related to pensions. For the year ended June 30, 2020, the District recognized pension expense of \$601,977.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Differences between expected and actual experience	Deferred Outflow of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	\$ 466,317
Employer contributions subsequent to the measurement date	341,060	324,952
Total	<u>\$ 341,060</u>	<u>\$ 791,269</u>

\$341,060 reported as deferred outflows related to pension resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Year ended June 30:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
	2021	\$ (70,761)
	2022	(70,761)
	2023	(70,761)
	2024	(70,761)
	2025	(70,761)
	Thereafter	(437,464)

**SCHOOL DISTRICT OF MENOMONEE FALLS**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

**NOTE IV - OTHER INFORMATION (cont.)**

**F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS**

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

- > *Statement No. 84, Fiduciary Activities*
- > *Statement No. 87, Leases*
- > *Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period*
- > *Statement No. 91, Conduit Debt Obligations*
- > *Statement No. 92, Omnibus*
- > *Statement No. 93, Replacement of Interbank Offered Rates*
- > *Statement No. 94, Public-Private and Public-Private Partnerships and Availability Payment Arrangements*
- > *Statement No. 96, Subscription-Based Information Technology Arrangements*
- > *Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.*

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87 which was postponed by one and a half years.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHOOL DISTRICT OF MEMOMONEE FALLS**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended June 30, 2020

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Property taxes	\$ 31,703,681	\$ 31,695,012	\$ (8,669)
Local	3,546,103	3,407,392	(138,711)
Interdistrict	1,979,194	2,065,162	85,968
Intermediate		8,208	8,208
State	13,316,494	13,487,885	171,391
Federal	192,500	318,388	125,888
Other	171,500	64,035	(107,465)
Total Revenues	50,909,472	51,046,082	136,610
<b>EXPENDITURES</b>			
Instruction			
Regular	21,110,236	20,302,896	807,340
Special education	477,490	207,643	269,847
Vocational	1,447,284	1,235,642	211,642
Other	2,161,121	1,722,840	438,281
Total Instruction	25,196,131	23,469,021	1,727,110
Support Services			
Pupil services	1,627,980	1,757,388	(129,408)
Instructional support services	3,079,723	2,874,916	204,807
Administration	3,934,854	3,654,835	280,019
Buildings and grounds	7,775,405	7,574,128	201,277
Transportation	1,599,431	1,289,199	310,232
Debt service	127,329		127,329
Other support services	2,514,132	2,551,411	(37,279)
Total Support Services	20,658,854	19,701,877	956,977
Total Expenditures	45,854,985	43,170,898	2,684,087
Excess of revenues over expenditures	5,054,487	7,875,184	2,820,697
<b>OTHER FINANCING USES</b>			
Transfers out	(5,271,547)	(4,822,889)	448,658
Total Other Financing Uses	(5,271,547)	(4,822,889)	448,658
Net Change in Fund Balance	\$ (217,060)	\$ 3,052,295	\$ 3,269,355
<b>FUND BALANCES - BEGINNING OF YEAR</b>		14,808,335	
<b>FUND BALANCES - END OF YEAR</b>		\$ 17,860,630	

See independent auditors' report and accompanying notes to required supplementary information.

**SCHOOL DISTRICT OF MEMOMONEE FALLS**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL EDUCATION -  
SPECIAL REVENUE FUND  
For the Year Ended June 30, 2020

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Interdistrict	\$ 40,000	\$ 21,286	\$ (18,714)
State	1,773,292	1,631,120	(142,172)
Federal	1,262,194	861,343	(400,851)
Other		441	441
Total Revenues	3,075,486	2,514,190	(561,296)
<b>EXPENDITURES</b>			
Instruction			
Special education	6,395,755	5,596,536	799,219
Total Instruction	6,395,755	5,596,536	799,219
Support Services			
Pupil services	1,087,431	983,701	103,730
Instructional support services	464,999	445,039	19,960
Administration	14,500	13,440	1,060
Buildings and grounds	1,300	199	1,101
Transportation	378,288	297,987	80,311
Other support services	4,750	177	4,573
Total Support Services	1,951,278	1,740,543	210,735
Total Expenditures	8,347,033	7,337,079	1,009,954
Excess (Deficiency) of Revenues Over Expenditures	(5,271,547)	(4,822,889)	448,658
<b>OTHER FINANCING SOURCES</b>			
Transfer in	5,271,547	4,822,889	(448,658)
Net Change in Fund Balance	\$ -	\$ -	\$ -
<b>FUND BALANCES - BEGINNING OF YEAR</b>			
<b>FUND BALANCES - END OF YEAR</b>		\$ -	

See independent auditors' report and accompanying notes to required supplementary information.



**SCHOOL DISTRICT OF MENOMONEE FALLS**

**SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY  
SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN**  
For the Year Ended June 30, 2020

Fiscal Year Ending	Beginning Balance	Service Cost	Interest on Total Pension Liability	Difference Between Expected and Actual Experience	Changes of Assumptions	Benefit Payments	Ending Balance
6/30/17	\$ 6,616,562	\$ 457,557	\$ 201,115	\$ -	\$ -	(283,047)	\$ 6,992,187
6/30/18	6,992,187	457,557	211,851	(226,463)	(93,165)	(318,559)	7,023,408
6/30/19	7,023,408	416,415	247,357	(316,457)	(112,949)	(328,520)	7,245,711
6/30/20	7,245,711	400,259	272,479	(316,457)	(170,858)	(359,460)	7,071,674

**SCHEDULE OF COVERED PAYROLL  
SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN**  
For the Year Ended June 30, 2020

Fiscal Year Ending	Total Pension Liability	Covered Payroll	Total Pension Liability as a Percentage of Covered Payroll
6/30/17	\$ 6,992,187	\$ 26,096,057	26.8%
6/30/18	7,023,408	27,246,087	25.8%
6/30/19	7,245,711	27,246,087	26.6%
6/30/20	7,071,674	28,096,624	25.2%

See independent auditors' report and accompanying notes to required supplementary information

**SCHOOL DISTRICT OF MENOMONEE FALLS**

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) -  
WISCONSIN RETIREMENT SYSTEM (WRS)**  
For the Year Ended June 30, 2020

Plan Fiscal Year End	Proportion of the Net Pension Asset	Proportionate Share of the Net Pension Asset (Liability)	Covered Payroll	Proportionate Share of the Net Pension Asset (Liability) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Asset (Liability)
12/31/14	0.20100073%	\$ 4,937,128	\$ 27,545,397	17.92%	102.74%
12/31/15	0.19830743%	(3,222,457)	27,816,092	11.58%	98.20%
12/31/16	0.19466690%	(1,604,520)	27,599,743	5.81%	98.12%
12/31/17	0.19163526%	5,689,878	27,974,128	20.34%	102.93%
12/31/18	0.18658315%	(6,638,043)	27,803,169	23.88%	96.45%
12/31/19	0.18123032%	5,843,692	27,891,048	20.95%	102.96%

**SCHOOL DISTRICT OF MENOMONEE FALLS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM (WRS)**  
For the Year Ended June 30, 2020

District Fiscal Year End	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/15	\$ 1,932,068	\$ 1,932,068	\$ -	\$ 27,545,397	7.01%
6/30/16	1,891,493	1,891,493	-	27,816,092	6.80%
6/30/17	1,881,958	1,881,958	-	28,002,425	6.72%
6/30/18	1,856,304	1,856,304	-	27,547,895	6.74%
6/30/19	3,719,729	3,719,729	-	27,932,051	13.32%
6/30/20	2,279,002	2,279,002	-	28,048,045	8.13%

See independent auditors' report and accompanying notes to required supplementary information

**SCHOOL DISTRICT OF MENOMONEE FALLS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
For the Year Ended June 30, 2020

**BUDGETARY INFORMATION**

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C. A budget has been adopted for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes.

Reported budget amounts are as amended by School Board resolution. Budgets are adopted at the two digit sub-function level in the general fund and at the function level for all other funds. Appropriations lapse at year end unless specifically carried over.

**WISCONSIN RETIREMENT SYSTEM (WRS) PENSION**

The amounts determined for each fiscal year were determined as of the calendar year-end and occurred within the fiscal year.

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

*Changes of benefit terms.* There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

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

**SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN**

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

*Accumulation of assets.* No assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73.

*Changes in benefit terms.* There were no changes of benefit terms for the plan.

*Changes in assumptions.* There were no changes of assumptions for the plan.

**SUPPLEMENTARY INFORMATION**

See independent auditors' report.

**SCHOOL DISTRICT OF MEMOMONEE FALLS**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of June 30, 2020

	Special Revenue Funds			Total Nonmajor Funds
	Gift Trust	Food Service	Community Service	
<b>ASSETS</b>				
Cash and investments	\$ 645,079	\$ 318,453	\$ 1,031,758	\$ 1,995,290
Receivables	-	-	-	-
Accounts	-	-	14,523	14,523
Due from other governments	-	68,506	-	68,506
Inventories	-	6,114	-	6,114
<b>TOTAL ASSETS</b>	<b>\$ 645,079</b>	<b>\$ 393,073</b>	<b>\$ 1,046,281</b>	<b>\$ 2,084,433</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 72	\$ 14,436	\$ 23,539	\$ 38,047
Accrued salaries and wages	-	6,588	14,776	21,374
Payroll taxes and withholdings	-	7,119	11,709	18,828
Other current liabilities	17,647	-	2,712	20,359
Total Liabilities	17,719	28,153	52,736	98,608
Deferred inflows of Resources				
Unearned revenues	-	134,546	149,529	284,075
Fund Balances				
Nonspendable	-	6,114	-	6,114
Committed	627,360	224,260	844,016	1,695,636
Total Fund Balances	627,360	230,374	844,016	1,701,750
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 645,079</b>	<b>\$ 393,073</b>	<b>\$ 1,046,281</b>	<b>\$ 2,084,433</b>

**SCHOOL DISTRICT OF MEMOMONEE FALLS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2020

	Special Revenue Funds			Total Nonmajor Funds
	Gift Trust	Food Service	Community Service	
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ 825,000	\$ 825,000
Local	504,781	670,620	1,218,485	2,393,886
State	-	17,151	-	17,151
Federal	-	676,128	-	676,128
Other	-	-	180	180
Total Revenues	504,781	1,363,899	2,043,665	3,912,345
<b>EXPENDITURES</b>				
Instruction				
Regular	20,552	-	-	20,552
Vocational	20,351	-	-	20,351
Other	1,545	-	-	1,545
Total Instruction	42,448	-	-	42,448
Support Services				
Pupil Services	441	-	-	441
Instructional support services	2,000	-	-	2,000
Administration	8,336	-	-	8,336
Buildings and grounds	5,409	52,826	-	58,235
Transportation	551	-	-	551
Food service	-	1,352,640	-	1,352,640
Community Service	-	-	2,048,438	2,048,438
Total Support Services	16,737	1,405,466	2,048,438	3,470,641
Total Expenditures	59,185	1,405,466	2,048,438	3,513,089
<b>Net Change in Fund Balance</b>	<b>445,596</b>	<b>(41,567)</b>	<b>(4,773)</b>	<b>399,256</b>
FUND BALANCES - Beginning of Year	181,764	271,941	848,789	1,302,494
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 627,360</b>	<b>\$ 230,374</b>	<b>\$ 844,016</b>	<b>\$ 1,701,750</b>

**SCHOOL DISTRICT OF MENOMONEE FALLS**

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
PUPIL ACTIVITY AGENCY FUND  
As of June 30, 2020**

	Balance 7/1/2019	Additions	Deductions	Balance 6/30/2020
<b>ASSETS</b>				
Cash and investments	\$ 403,484	\$ 84,681	\$ 96,926	\$ 391,239
<b>LIABILITIES</b>				
Accounts payable	\$ 31,721	\$ 10,587	\$ 15,959	\$ 26,349
Due to student groups				
High School	307,059	63,274	71,848	298,485
Middle School	64,474	10,820	8,937	66,357
Elementary School	230	-	182	48
<b>Total Liabilities</b>	<b>\$ 403,484</b>	<b>\$ 84,681</b>	<b>\$ 96,926</b>	<b>\$ 391,239</b>

**SINGLE AUDIT**



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

To the Board of Education  
School District of Menomonee Falls  
Menomonee Falls, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Menomonee Falls ("District"), Wisconsin, as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the School District of Menomonee Falls' basic financial statements, and have issued our report thereon dated November 24, 2020.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002 that we consider to be material weaknesses.

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**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*.

**School District of Menomonee Falls Response to Findings**

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

**Purpose of this Report**

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

*Baker Tilly US, LLP*

Baker Tilly US LLP (formerly known as Baker Tilly Virchow Krause, LLP)  
Milwaukee, Wisconsin  
November 24, 2020



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

To the Board of Education  
School District of Menomonee Falls  
Menomonee Falls, Wisconsin

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

We have audited the School District of Menomonee Falls ("District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of the District's major federal and major state programs for the year ended June 30, 2020. The District's major federal and major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

Baker Tilly US, LLP, trading as Baker Tilly, is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and major state programs for the year ended June 30, 2020.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and the *State Single Audit Guidelines* and which are described in the accompanying schedule of findings and questioned costs as items 2020-004, 2020-005 and 2020-006. Our opinion on each major federal and major state program is not modified with respect to these matters.

**District's Responses to Findings**

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

**Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

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 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 program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2020-003 to be a material weakness.

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 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-004, 2020-005 and 2020-006 to be significant deficiencies.

**School District of Menomonee Falls Responses to Findings**

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

**Purpose of this Report**

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.

*Baker Tilly US, LLP*

Baker Tilly US, LLP (formerly known as Baker Tilly Virchow Krause, LLP)  
 Milwaukee, Wisconsin  
 November 24, 2020

**SCHOOL DISTRICT OF MEMONONE FALLS**  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended June 30, 2020

Federal Agency/Program Title	Federal Catalog Number	Pass Through ID Number	Program or Award	Revenues			Total
				Accrued 6/30/2019	Receivable 6/30/2019	Accrued 6/30/2020	
U.S. DEPARTMENT OF EDUCATION Special Education Cluster Passed Through Wisconsin Department of Public Instruction Special Education - Grants to States (ESEA, Part B)	84 027	2020-673437-DP-IDEA-P-941	\$ 646,082	\$ 435,225	\$ 89,600	\$ 159,707	\$ 646,082
Total Special Education Cluster			457,610	354	48,994	209,493	683,731
Special Education - Grants to States (ESEA, Part B)	84 173	2020-673437-DP-IDEA-P-947	37,648	21,385	5,785	19,214	37,648
Total Special Education Cluster			495,258	354	54,779	228,707	721,379
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Passed Through Wisconsin Department of Health Services Medical Assistance	84 778	4421100	307,223	47,134	341,351	13,006	307,223
Total U.S. Department of Health and Human Services			307,223	47,134	341,351	13,006	307,223
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Passed Through Wisconsin Department of Health Services Medical Cluster	84 048	2020-673437-C7E-001	8,832	-	8,832	-	8,832
Total U.S. Department of Education			641,995	354	1,246,635	267,512	872,506
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Passed Through Wisconsin Department of Health Services Medical Cluster	84 424	2020-673437-T1A-DP-1381	13,332	8,238	11,572	9,998	13,332
Total U.S. Department of Education			655,327	354	1,258,207	277,510	913,400
U.S. DEPARTMENT OF AGRICULTURE Passed Through Wisconsin Department of Public Instruction Child Nutrition Cluster	10 555	2020-673437-DP-NSL-547	228,791	46,238	272,989	-	228,791
National School Lunch Program - COVID-19	10 555	2020-673437-DP-NSL-547	216,677	-	171,865	44,812	216,677
National School Breakfast Program - COVID-19	10 555	2020-673437-DP-NSL-546	108	-	102,782	-	102,782
School Breakfast Program - COVID-19	10 553	2020-673437-DP-NSL-546	23,323	5,508	28,831	-	23,323
School Breakfast Program - COVID-19	10 553	2020-673437-DP-NSL-546	106,566	-	82,922	23,644	106,566
Total Child Nutrition Cluster			574,587	51,746	487,904	68,306	574,587
TOTAL FEDERAL AWARDS			\$ 740,875	\$ 354	\$ 2,075,490	\$ 349,024	\$ 1,855,688

See notes to the schedules of expenditures of federal and state awards

SCHOOL DISTRICT OF MENOMONEE FALLS  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
For the Year Ended June 30, 2020

State Agency/ Program Title	ID Number	State Pass Through or Award Amount	Program Accrued 7/1/2019	Cash Received 6/30/2020	Revenues Total	Expenditures Total
<b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>						
Handicapped Pupils and School Age Parents:						
Internal District Program	LEA-100	\$ 1,613,120	\$ -	\$ 1,613,120	\$ -	\$ 1,613,120
State School Lunch Aid	LEA-107	14,350	-	14,350	-	14,350
Common School Fund - Library Aid	LEA-104	185,246	-	185,246	-	185,246
Pupil Transportation	LEA-102	84,820	-	84,820	-	84,820
General Equalization	LEA-116	8,734,231	117,269	8,734,231	143,481	8,760,443
Integration Aid-Nonresident	LEA-106	571,552	-	571,552	-	571,552
School Mental Health Programs	LEA-176	38,712	-	33,368	5,343	38,712
Supplemental Per Pupil Aid	LEA-181	12,582	-	12,582	-	12,582
School Breakfast Program	LEA-108	2,801	-	2,801	-	2,801
Early College Credit Program	LEA-178	244	-	244	-	244
Educator Effective Eval Sys Grants Public	LEA-154	26,160	-	26,160	-	26,160
Per Pupil Aid	LEA-113	2,781,016	-	2,781,016	-	2,781,016
Career and Technical Education Incentive Grant	LEA-152	21,761	-	21,761	-	21,761
Robotics League Participation Grants	LEA-167	2,124	-	2,124	-	2,124
Aid for Special Education Transition Grant	LEA-168	18,000	-	18,000	-	18,000
<b>WISCONSIN DEPARTMENT OF JUSTICE</b>						
School Safety Grants	LEA-100	\$ 1,613,120	\$ -	\$ 1,613,120	\$ -	\$ 1,613,120
<b>TOTAL STATE AWARDS</b>						
		455,206	32,483	270,116	288,579	14,389,955
				387,385	162,844	14,165,414
					14,020	32,483
					14,165,414	14,165,414

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

SCHOOL DISTRICT OF MENOMONEE FALLS

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended June 30, 2020

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal and state awards (the "schedules") includes the federal and state grant activity of the School District of Menomonee Falls ("District") under programs of the federal and state government for the year ended June 30, 2020. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Guidelines. Because the schedules presents only a selected portion of the operations of the District it is not intended to and does not present the financial position or changes in net position of the District.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The underlying accounting records for some grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred.

**NOTE 3 – SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM**

Eligible costs of Special Education under project 011 were \$6,634,887 for the year ended June 30, 2020.

**NOTE 4 – OVERSIGHT AGENCY**

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



**SCHOOL DISTRICT OF MENOMONEE FALLS**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended June 30, 2020

**NOTE 5 – PRIOR YEAR FINDINGS**

The findings identified as Federal and State Awards Findings and Questioned Costs No. 2019-001, 2019-002, 2019-003 and 2019-04 in the Schedule of Findings and Questioned Costs for the year ended June 30, 2019 have not been satisfactorily resolved and are identified as Findings and Questioned Costs No. 2020-001, 2020-002, 2020-003 and 2020-004 in the Schedule of Findings and Questioned Costs for the year ended June 30, 2020.

**NOTE 6 – INDIRECT COST RATE**

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

**SCHOOL DISTRICT OF MENOMONEE FALLS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2020

**SECTION I – SUMMARY OF AUDITORS' RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: *unmodified*

Internal control over financial reporting:

- > Material weakness(es) identified?  yes  no
- > Significant deficiency(ies) identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

**FEDERAL AND STATE AWARDS**

Internal control over major programs:

- > Material weakness(es) identified?  yes  no
- > Significant deficiency(ies) identified?  yes  none reported

Type of auditors' report issued on compliance for major programs: *unmodified*

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(e) of the Uniform Guidance or the State Single Audit Guidelines?  yes  no

Federal Programs  yes  no  yes  no  
State Programs  yes  no  yes  no

Auditee qualified as low-risk auditee?

Federal  \$ 750,000  
State  \$250,000

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

Identification of major federal programs:

CFDA Numbers   
84.027/84.173  
93.778  
Name of Federal Program or Cluster  
Special Education Cluster  
Medical Assistance

**SCHOOL DISTRICT OF MENOMONEE FALLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 For the Year Ended June 30, 2020

**SECTION II – FINANCIAL STATEMENT FINDINGS (cont.)**

**Finding 2020-002 Internal Control Over Financial Reporting Repeat of Finding 2019-002**

*Criteria:* Statement on Auditing Standards AU-C 265 requires the communication of significant deficiencies and material weaknesses in the year-end financial reporting process.

*Condition:* The District's personnel do not have the necessary expertise in governmental accounting and reporting to process all necessary year-end journal entries and prepare the financial statements and schedules of federal and state awards in accordance with generally accepted accounting principles.

*Effect:* Information provided to management throughout the year may not be presented in accordance with generally accepted accounting principles.

*Recommendation:* Management should determine if the benefits achieved by resolving this internal control deficiency warrants the additional costs that would be required to remedy the current conditions.

*Management's Response:* Although management does not prepare the financial statements or schedule of expenditures of federal and state awards, draft copies of these reports are reviewed and approved prior to their issuance by management. This review includes verifying amounts to the general ledger and other documentation such as grant agreements, debt documents, etc. Management does attend annual training sessions which include content relating to current financial reporting requirements and new accounting standards. Currently, management has not implemented controls to evaluate and determine whether the financial statements or the schedule of expenditures of federal and state awards conform to the requirements of accounting principles generally accepted in the United States of America, the Uniform Guidance or the State Single Audit Guidelines. As such, management will continue to rely on the auditors to assist in preparing the District's financial statement and schedule of expenditures of federal and state awards.

**SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS**

**Finding 2020-003 Programs:**

**Repeat of Finding 2019-003**

<b>Federal CFDA Number and Title:</b>	84-027/84.173	Special Education Cluster
	93.778	Medical Assistance
	255.101	Handicapped Pupils and School Age Parents
	255.201	General Equalization
	255.204	Integration Aid – Nonresident
	255.107	Pupil Transportation
	255.945	Per Pupil Aid
<b>Federal Grantor:</b>	U.S. Department of Education	
<b>State Grantor:</b>	U.S. Department of Health and Human Services Wisconsin Department of Public Instruction	

Lack of Segregation of Duties (see finding 2020-001).

**SCHOOL DISTRICT OF MENOMONEE FALLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 For the Year Ended June 30, 2020

**SECTION I – SUMMARY OF AUDITORS' RESULTS (cont.)**

Identification of major state programs:

State I.D. Numbers	Name of State Program
255.101	Handicapped Pupils and School Age Parents
255.201	General Equalization
255.204	Integration Aid – Nonresident
255.107	Pupil Transportation
255.945	Per Pupil Aid

**SECTION II – FINANCIAL STATEMENT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Finding 2020-001 Lack of Segregation of Duties Repeat of Finding 2019-001**

*Criteria:* Internal controls should be in place that provides reasonable assurance that individuals have access to only one phase of the accounting process.

*Condition:* There is a lack of segregation of duties related to the payroll function.

*Cause:* The same person performs tasks, which under ideal situations, should be segregated from each other.

*Effect:* Because of the lack of segregation of duties, the accounting records may be misstated.

*Recommendation:* The District board and management should rely more heavily on their direct knowledge of the District's operations and day-to-day contact with employees to control and safeguard assets.

*Management's Response:* Although some segregation of duties issues exist due to the limited number of personnel, management believes that certain controls are in place to mitigate these issues, such as a review of bank reconciliation, payroll reports and journal entries by the administrator, other members of management and/or Board of Education members who possess the skills, knowledge and experience related to these processes to identify and correct errors.

SCHOOL DISTRICT OF MENOMONEE FALLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2020

SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (CONT.)

Finding 2020-004 Repeat of Finding 2019-004

**Federal CFDA Number and Title:** 93.778 Medicaid Cluster  
**Federal Grantor:** U.S. Department of Health and Human Services

**Criteria:** In order to bill Wisconsin Medicaid for School Based Services (SBS), an approved Individualized Education Program (IEP) for each student is to be obtained identifying the covered SBS services.

**Condition:** In a sample of 16 students that were provided SBS services, four students did not have a signed IEP on file. The sample was not statistically valid.

**Cause:** The IEP's on file that did not contain proper authorization were for students who transferred from other different Districts. Menomonee Falls School District never received the original signed IEP from the previous District.

**Questioned Costs:** Not determinable.

**Effect:** Unauthorized amounts could be billed to Wisconsin Medicaid.

**Recommendation:** We recommend that the District review students with current IEP's on file to ensure they contain proper authorization.

**Management's Response:** The District will review transferred students claimed for Medicaid reimbursement to ensure that a current IEP is on file to support the claims. The District implemented a procedure to collect IEP documentation of all new transferring in students, when applicable.

Finding 2020-005

**State Program Number and Title:** 255.107 Pupil Transportation  
**State Grantor:** Wisconsin Department of Public Instruction

**Criteria:** An LEA at its option may provide regular year transportation for distances of less than two miles. However, pupils transported less than two miles during the regular school year are not counted on the transportation report unless the transportation is being provided as part of an unusually hazardous transportation plan (UHT) filed by the LEA.

**Condition:** In a sample of 14 students that were transported a distance of less than two miles, nine students were improperly counted on the transportation report and were not part of an unusually hazardous transportation plan. The sample was not statistically valid.

**Cause:** Menomonee Falls School District misunderstood the reporting requirements as to which students should be counted on the transportation report depending on their status and distance of transportation.

**Questioned Costs:** Not determinable.

SCHOOL DISTRICT OF MENOMONEE FALLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2020

SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (CONT.)

Finding 2020-005 (cont.)

**Effect:** Unauthorized amounts could be claimed to Wisconsin Department of Public Instruction.

**Recommendation:** We recommend that the District develop a process for tracking and documenting which category a student should be counted in on the transportation report.

**Management's Response:** The district worked with DPI to ensure accurate reporting. The 2019-2020 Pupil Transportation report PI-1547 was resubmitted

Finding 2020-006

**State Program Number and Title:** 255.107 Pupil Transportation  
**State Grantor:** Wisconsin Department of Public Instruction

**Criteria:** WI Stats 121.58 (2) (am) requires the pupil to be actually transported to receive aid. Although pupils may be eligible for transportation, they should not be included on the transportation report if they are not actually transported.

**Condition:** The district was unable to provide documentation that the selected pupils were transported at least one day throughout the school year. This is a systemic problem. The sample was not statistically valid.

**Cause:** The District does not have a process to track or document students physically riding the bus.

**Questioned Costs:** Not determinable.

**Effect:** Pupils who did not ride the bus at least once during the school year could be improperly claimed on transportation listing.

**Recommendation:** We recommend that the District develop a process for tracking and documenting whether a student physically rode the bus during the school year.

**Management's Response:** The district worked with Johnson Bus on a procedure to take attendance on the bus each semester. The District will also collect teacher classroom bus rosters, where applicable.

**SCHOOL DISTRICT OF MENOMONEE FALLS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended June 30, 2020

**SECTION IV – OTHER ISSUES**

Does the auditors' report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern?  yes  no

Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:  
 yes  no

Department of Justice  yes  no  
Department of Public Instruction  yes  no

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

Name and signature of partner  Wendi M. Unger, CPA, Partner

Date of report November 24, 2020

**FORM OF LEGAL OPINION**

(See following pages)

Quarles & Brady LLP  
411 East Wisconsin Avenue  
Milwaukee, WI 53202

February 17, 2021

Re: School District of Menomonee Falls, Wisconsin ("Issuer")  
\$8,350,000 General Obligation Refunding Bonds, Series 2021A,  
dated February 17, 2021 ("Bonds")

We have acted as bond counsel to the Issuer in connection with the issuance of the Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Bonds are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on April 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2022	\$ 110,000	___%
2023	1,455,000	___
2024	1,650,000	___
2025	1,680,000	___
2026	1,715,000	___
2027	1,740,000	___

Interest is payable semi-annually on April 1 and October 1 of each year commencing on October 1, 2021.

The Bonds are not subject to optional redemption.

[The Bonds maturing in the years \_\_\_\_\_ are subject to mandatory redemption by lot as provided in the Bonds, at the redemption price of par plus accrued interest to the date of redemption and without premium.]

We further certify that we have examined a sample of the Bonds and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.

2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Bonds, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Bonds.

3. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

QUARLES & BRADY LLP

### BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.



5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the District or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

(See following pages)

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the School District of Menomonee Falls, Waukesha County, Wisconsin (the "Issuer") in connection with the issuance of \$8,350,000 General Obligation Refunding Bonds, Series 2021A, dated February 17, 2021 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on January 25, 2021 (the "Resolution") and delivered to \_\_\_\_\_ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at [www.emma.msrb.org](http://www.emma.msrb.org) in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the Final Official Statement dated January 26, 2021 delivered in connection with the Securities, which is available from the MSRB.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" means the School Board of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means the School District of Menomonee Falls, Waukesha County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the Director of Finance & Operations of the Issuer who can be contacted at W156 N8480 Pilgrim Road, Menomonee Falls, Wisconsin 53051, phone (262) 255-8374, fax (262) 255-8461.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

### Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year ending June 30, 2021, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. DEBT - DIRECT DEBT
2. DEBT - DEBT LIMIT
3. VALUATIONS - CURRENT PROPERTY VALUATIONS
4. TAX RATES, LEVIES AND COLLECTIONS - TAX LEVIES AND COLLECTIONS

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the Securities, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

(a)(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or the type of business conducted; or

(ii) This Disclosure Certificate, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, then the Issuer agrees that it will give an event notice and that the next Annual Report it submits after such amendment will include a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 17th day of February, 2021.

(SEAL)

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Faith M. VanderHorst  
District President

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Michele Divelbiss  
District Clerk



## APPENDIX E

### NOTICE OF SALE

#### **\$8,350,000\* GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021A SCHOOL DISTRICT OF MENOMONEE FALLS, WISCONSIN**

Bids for the purchase of \$8,350,000\* General Obligation Refunding Bonds, Series 2021A (the "Bonds") of the School District of Menomonee Falls, Wisconsin (the "District") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the District, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on January 25, 2021, at which time they will be opened, read and tabulated. The bids will be presented to the School Board for consideration for award by resolution at a meeting to be held at 6:00 P.M., Central Time, on the same date. The bid offering to purchase the Bonds upon the terms specified herein and most favorable to the District will be accepted unless all bids are rejected.

#### **PURPOSE**

The Bonds are authorized pursuant to Section 67.04, Wisconsin Statutes, by the District, for the purpose of current refunding of certain general obligations of the District. The Bonds are general obligations of the District for which its full faith, credit and taxing powers are pledged.

#### **DATES AND MATURITIES**

The Bonds will be dated February 17, 2021, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on April 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2022	\$110,000	2024	\$1,650,000	2026	\$1,715,000
2023	1,455,000	2025	1,680,000	2027	1,740,000

#### **ADJUSTMENT OPTION**

\* The District reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

#### **TERM BOND OPTION**

Bids for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

## **INTEREST PAYMENT DATES AND RATES**

Interest will be payable on April 1 and October 1 of each year, commencing October 1, 2021, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

## **BOOK-ENTRY-ONLY FORMAT**

Unless otherwise specified by the purchaser, the Bonds will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds.

## **PAYING AGENT**

The District has selected Bond Trust Services Corporation ("BTSC"), Roseville, Minnesota, to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The District will pay the charges for Paying Agent services. The District reserves the right to remove the Paying Agent and to appoint a successor.

## **OPTIONAL REDEMPTION**

The Bonds are being offered without the option of prior optional redemption.

## **DELIVERY**

On or about February 17, 2021, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the District will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the District, threatened. Payment for the Bonds must be received by the District at its designated depository on the date of closing in immediately available funds.

## **LEGAL MATTERS**

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the District, and will be available at the time of delivery of the Bonds. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding general obligations of the District; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding).

## STATEMENT REGARDING COUNSEL PARTICIPATION

Bond Counsel has not assumed responsibility for this Preliminary Official Statement or participated in its preparation (except with respect to the section entitled "THE BONDS - TAX EXEMPTION" in the Preliminary Official Statement and the "FORM OF LEGAL OPINION" found in Appendix B of the Preliminary Official Statement).

## SUBMISSION OF BIDS

Bids must not be for less than \$8,266,500 plus accrued interest on the principal sum of \$8,350,000 from date of original issue of the Bonds to date of delivery. **The maximum proposal allowed will be \$8,684,000.** Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

- 1) Electronically to [bondsale@ehlers-inc.com](mailto:bondsale@ehlers-inc.com); or
- 2) Electronically via **PARITY** in accordance with this Notice of Sale until 10:00 A.M. Central Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact Ehlers or i-Deal LLC at 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018, Telephone (212) 849-5021.

Bids must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of bids. Each bid must be unconditional except as to legality. Neither the District nor Ehlers shall be responsible for any failure to receive a facsimile submission.

**A good faith deposit ("Deposit") in the amount of \$167,000 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids.** The District reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the District may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the District as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

The District and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the bid is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the bid is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No bid can be withdrawn after the time set for receiving bids unless the meeting of the District scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

## **AWARD**

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The District's computation of the interest rate of each bid, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The District reserves the right to reject any and all bids and to waive any informality in any bid.

## **BOND INSURANCE**

If the Bonds are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the District requested and received a rating on the Bonds from a rating agency, the District will pay that rating fee. Any rating agency fees not requested by the District are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

## **CUSIP NUMBERS**

The District will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

## **QUALIFIED TAX-EXEMPT OBLIGATIONS**

The District will designate the Bonds as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

## **CONTINUING DISCLOSURE**

In order to assist the Underwriters in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the District will enter into an undertaking for the benefit of the holders of the Bonds. A description of the details and terms of the undertaking is set forth in Appendix D of the Official Statement.

## **NEW ISSUE PRICING**

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications. All actions to be taken by the District under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the District by the District's municipal advisor identified herein and any notice or report to be provided to the District may be provided to the District's municipal advisor.

(b) The District intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “competitive sale requirements”) because:

- (1) The District shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the District may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the District anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in this bid.

(c) If all of the requirements of a “competitive sale” are not satisfied, the District shall advise the winning bidder of such fact prior to the time of award of the sale of the Bonds to the winning bidder. In such event, any bid submitted will not be subject to cancellation or withdrawal and the District agrees to use the rule selected by the winning bidder on its bid form to determine the issue price for the Bonds. On its bid form, each bidder must select one of the following two rules for determining the issue price of the Bonds: (1) the first price at which 10% of a maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Bonds (the “hold-the-offering-price rule”).

(d) If all of the requirements of a “competitive sale” are not satisfied and the winning bidder selects the hold-the-offering-price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5<sup>th</sup>) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the District promptly after the close of the fifth (5<sup>th</sup>) business day after the sale whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The District acknowledges that in making the representation set forth above, the winning bidder will rely on:

(i) the agreement of each underwriter to comply with requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires,

(ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and

(iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The District further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price rule of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Bonds.

(e) If all of the requirements of a “competitive sale” are not satisfied and the winning bidder selects the 10% test, the winning bidder agrees to promptly report to the District, Bond Counsel and Ehlers the prices at which the Bonds have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Bonds, provided that, the winning bidder’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the District or bond counsel.

(f) By submitting a bid, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such third-party distribution agreement, as applicable, to:

(A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the District or bond counsel.

(B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to:

(A) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(B) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(g) Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each term being used as defined below) shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “sale date” means the date that the Bonds are awarded by the District to the winning bidder.

## **PRELIMINARY OFFICIAL STATEMENT**

Bidders may obtain a copy of the Preliminary Official Statement relating to the Bonds prior to the bid opening by request from Ehlers at [www.ehlers-inc.com](http://www.ehlers-inc.com) by connecting to the Bond Sales link. The Syndicate Manager will be provided with an electronic copy of the Final Official Statement within seven business days of the bid acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and bid forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the School Board

School District of Menomonee Falls, Wisconsin



# BID FORM

The School Board  
School District of Menomonee Falls, Wisconsin

January 25, 2021

RE: \$8,350,000\* General Obligation Refunding Bonds, Series 2021A (the "Bonds")  
DATED: February 17, 2021

For all or none of the above Bonds, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$ \_\_\_\_\_ (not less than \$8,266,500, and not more than \$8,684,000) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2022	_____ % due	2024	_____ % due	2026
_____ % due	2023	_____ % due	2025	_____ % due	2027

\* The District reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

**A good faith deposit ("Deposit") in the amount of \$167,000 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids.** The District reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the District may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the District as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about February 17, 2021.

This bid is subject to the District's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Bonds.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Syndicate Manager, we agree to provide the District with the reoffering price of the Bonds within 24 hours of the bid acceptance.

This bid is a firm offer for the purchase of the Bonds identified in the Notice of Sale, on the terms set forth in this bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale.

By submitting this bid, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: \_\_\_ NO: \_\_\_.

If the competitive sale requirements are not met, we elect to use either the: \_\_\_ 10% test, or the \_\_\_ hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: \_\_\_\_\_ By: \_\_\_\_\_  
Account Members: \_\_\_\_\_

**Award will be on a true interest cost basis.** According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from February 17, 2021 of the above bid is \$ \_\_\_\_\_ and the true interest cost (TIC) is \_\_\_\_\_%.

The foregoing offer is hereby accepted by and on behalf of the School Board of School District of Menomonee Falls, Wisconsin, on January 25, 2021.

By: \_\_\_\_\_ By: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_