

School District of Mauston

Financial Statements and
Supplementary Information

June 30, 2022

School District of Mauston

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INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

To the Board of Education of
School District of Mauston

Report on the Audit of the Financial Statements

Opinions

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 Mauston (the District), as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2022 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information as listed in the table of contents, which includes the schedule of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and *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 is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Milwaukee, Wisconsin
December 9, 2022

BASIC FINANCIAL STATEMENTS

School District of Mauston

Statement of Net Position

June 30, 2022

Assets and Deferred Outflows of Resources

Current Assets

Cash and investments	\$ 28,382,878
Taxes receivable	2,105,643
Accounts receivable	81,897
Due from other governments	<u>905,057</u>
Total current assets	<u>31,475,475</u>

Noncurrent Assets

Restricted asset:	
Net pension asset	4,500,247
Capital assets:	
Land	588,300
Construction in progress	41,789,550
Capital assets being depreciated	43,445,808
Less accumulated depreciation	<u>(22,655,026)</u>
Total noncurrent assets	<u>67,668,879</u>
Total assets	<u>99,144,354</u>

Deferred Outflows of Resources

OPEB related amounts	1,151,779
Pension related amounts	<u>8,852,388</u>
Total deferred outflows of resources	<u>10,004,167</u>

Liabilities, Deferred Inflows of Resources and Net Position

Current Liabilities

Accounts payable and accrued expenses	5,826,164
Accrued interest	330,427
Due to other governments	10,804
Unearned revenue	15,163
Current portion of long-term obligations	<u>2,253,101</u>
Total current liabilities	<u>8,435,659</u>

Noncurrent Liabilities

Noncurrent portion of long-term obligations	<u>58,605,905</u>
Total liabilities	<u>67,041,564</u>

Deferred Inflows of Resources

OPEB related amounts	1,387,493
Pension related amounts	<u>10,714,940</u>
Total deferred inflows of resources	<u>12,102,433</u>

Net Position

Net investment in capital assets	26,452,137
Restricted for pension	4,500,247
Restricted for debt service	355,272
Restricted for capital projects	3,545,120
Restricted for trust	356,519
Restricted for community service	8,151
Restricted for co-operative	2,396
Restricted for food service	153,266
Unrestricted (deficit)	<u>(5,368,584)</u>
Total net position	<u>\$ 30,004,524</u>

See notes to the financial statements

School District of Mauston

Statement of Activities

Year Ended June 30, 2022

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes In Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Instruction:				
Regular	\$ 8,124,567	\$ 2,045,340	\$ 2,190,669	\$ (3,888,558)
Special education	2,049,026	-	1,368,459	(680,567)
Vocational	601,039	-	10,485	(590,554)
Other	802,482	70,402	-	(732,080)
Total instruction	11,577,114	2,115,742	3,569,613	(5,891,760)
Support services:				
Pupil services	926,338	-	1,050,710	124,372
Instructional support services	1,278,385	-	197,532	(1,080,853)
Administration	1,848,674	-	-	(1,848,674)
Buildings and grounds	1,369,139	-	-	(1,369,139)
Pupil transportation	776,244	-	79,801	(696,443)
Other support services	1,746,365	-	-	(1,746,365)
Community services	109,755	-	-	(109,755)
Food service	1,152,383	115,918	1,164,236	127,771
Interest and fees	750,579	-	-	(750,579)
Total support services	9,957,862	115,918	2,492,279	(7,349,665)
Total activities	\$ 21,534,976	\$ 2,231,660	\$ 6,061,892	(13,241,425)
General revenues:				
Taxes:				
Property taxes:				
General purposes				3,902,569
Community service				50,000
Capital projects				75,800
Debt service				3,125,842
Intergovernmental revenue not restricted to specific functions				10,776,834
Investment income				81,781
Gain on sale of capital assets				
Miscellaneous				<u>1,182,252</u>
Total general revenues				19,195,078
Change in net position				5,953,653
Net Position, Beginning				24,050,871
Net Position, Ending				\$ <u>30,004,524</u>

See notes to the financial statements

School District of Mauston

Balance Sheet
 Governmental Funds
 June 30, 2022

	<u>General Fund</u>	<u>Special Revenue Special Education Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets						
Cash and investments	\$ 2,615,557	\$ -	\$ 685,699	\$ 24,560,567	\$ 521,055	\$ 28,382,878
Taxes receivable	2,105,643	-	-	-	-	2,105,643
Accounts receivable	-	45,639	-	-	36,258	81,897
Due from other funds	350,729	-	-	-	-	350,729
Due from other governments	584,059	107,526	-	-	213,472	905,057
	<u>\$ 5,655,988</u>	<u>\$ 153,165</u>	<u>\$ 685,699</u>	<u>\$ 24,560,567</u>	<u>\$ 770,785</u>	<u>\$ 31,826,204</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 360,074	\$ -	\$ -	\$ 4,857,700	\$ 17,423	\$ 5,235,197
Accrued payroll and related liabilities	576,368	2,789	-	-	11,810	590,967
Due to other funds	-	150,376	-	-	200,353	350,729
Due to other governments	5,100	-	-	-	5,704	10,804
Unearned revenue	-	-	-	-	15,163	15,163
	<u>941,542</u>	<u>153,165</u>	<u>-</u>	<u>4,857,700</u>	<u>250,453</u>	<u>6,202,860</u>
Fund Balances						
Restricted	-	-	685,699	19,702,867	520,332	20,908,898
Assigned	992,062	-	-	-	-	992,062
Unassigned	3,722,384	-	-	-	-	3,722,384
	<u>4,714,446</u>	<u>-</u>	<u>685,699</u>	<u>19,702,867</u>	<u>520,332</u>	<u>25,623,344</u>
Total liabilities and fund balances	<u>\$ 5,655,988</u>	<u>\$ 153,165</u>	<u>\$ 685,699</u>	<u>\$ 24,560,567</u>	<u>\$ 770,785</u>	<u>\$ 31,826,204</u>

See notes to the financial statements

School District of Mauston

Reconciliation of the Governmental Funds Balance Sheet
to the District-Wide Statement of Net Position
Year Ended June 30, 2022

Total Fund Balances, Governmental Funds	\$ 25,623,344
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	63,168,632
The District's proportionate share of the net pension asset does not relate to current financial resources and is not reported in the governmental funds.	4,500,247
Deferred outflows of resources related to OPEB and pension do not relate to current financial resources and are not reported in the governmental funds.	10,004,167
Deferred inflows of resources related to OPEB and pension do not relate to current financial resources and are not reported in the governmental funds.	(12,102,433)
Some liabilities, including long term debt, are not due and payable in the current period and therefore are not reported in the funds.	
General obligation debt	(51,295,728)
Unamortized premium	(1,578,514)
Compensated absences	(223,285)
Accrued interest	(330,427)
Total OPEB liability - Health	(4,729,833)
Net OPEB liability - Life	(773,585)
Total pension liability	<u>(2,258,061)</u>
Net Position of Governmental Activities	<u>\$ 30,004,524</u>

School District of Mauston

Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds
 Year Ended June 30, 2022

	General Fund	Special Revenue Education Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Local	\$ 3,961,550	\$ -	\$ 3,228,656	\$ 159,888	\$ 541,738	\$ 7,891,832
Interdistrict	1,345,302	-	-	-	-	1,345,302
Intermediate	11,259	-	-	-	-	11,259
State	12,537,695	750,553	-	-	38,312	13,326,560
Federal	1,511,040	526,198	-	-	1,474,928	3,512,166
Other	363,750	-	-	1,034,397	3,365	1,401,512
Total revenues	19,730,596	1,276,751	3,228,656	1,194,285	2,058,343	27,488,631
Expenditures						
Instruction:						
Regular	6,298,491	-	-	-	1,143,192	7,441,683
Special education	-	2,024,098	-	-	50,115	2,074,213
Vocational	505,591	-	-	-	143,108	648,699
Other	820,339	-	-	-	768	821,107
Total instruction	7,624,421	2,024,098	-	-	1,337,183	10,985,702
Support services:						
Pupil services	728,320	305,418	-	-	17,104	1,050,842
Instructional support services	993,063	54,436	-	-	46,126	1,093,625
Administration	1,860,208	7,150	-	-	68,026	1,935,384
Buildings and grounds	2,024,380	-	-	36,821,688	109,755	38,955,823
Pupil transportation	637,537	136,683	-	-	2,024	776,244
Other support services	1,502,108	25,901	-	289,563	-	1,817,572
Food service	-	-	-	-	1,188,010	1,188,010
Other support services	-	-	-	-	499	499
Debt service:						
Principal retirement	-	-	1,925,571	-	-	1,925,571
Interest and fiscal charges	-	-	978,516	-	-	978,516
Total support services	7,745,616	529,588	2,904,087	37,111,251	1,431,544	49,722,086
Nonprogram:						
General tuition payments	1,215,569	236,857	-	-	-	1,452,426
Other nonprogram	2,257	116	-	-	-	2,373
Total nonprogram	1,217,826	236,973	-	-	-	1,454,799
Total expenditures	16,587,863	2,790,659	2,904,087	37,111,251	2,768,727	62,162,587
Excess (deficiency) of revenues over (under) expenditures	3,142,733	(1,513,908)	324,569	(35,916,966)	(710,384)	(34,673,956)
Other Financing Sources (Uses)						
Debt issued	-	-	-	5,000,000	-	5,000,000
Transfers in	-	1,564,022	124,350	-	722,151	2,410,523
Transfers out	(2,360,103)	(50,114)	-	-	(306)	(2,410,523)
Total other financing sources (uses)	(2,360,103)	1,513,908	124,350	5,000,000	721,845	5,000,000
Net change in fund balances	782,630	-	448,919	(30,916,966)	11,461	(29,673,956)
Fund Balances, Beginning	3,931,816	-	236,780	50,619,833	508,871	55,297,300
Fund Balances, Ending	\$ 4,714,446	\$ -	\$ 685,699	\$ 19,702,867	\$ 520,332	\$ 25,623,344

See notes to the financial statements

School District of Mauston

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2022

Net Change in Fund Balances, Total Governmental Funds \$ (29,673,956)

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

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated
over their estimated useful lives as depreciation expense.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the district-wide financial statements	38,155,232
Depreciation expense reported in the statement of activities	(961,367)

Bond proceeds provide current financial resources to governmental
funds, but issuing debt increases long-term liabilities in the statement
of net position. Repayment of bond principal is an expenditure in the
governmental funds, but the repayment reduces long-term liabilities in the
statement of net position.

Debt retired	1,925,571
Debt issued	(5,000,000)

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 other assets or as deductions from long-term debt. These are
allocated over the period the debt is outstanding in the statement of activities and
are reported as amortization expense.

Amortization of premium	83,080
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Some expenses and revenues reported in the statement of activities do not require
the use of current financial resources and therefore are not reported
as expenditures or revenues in governmental funds.

Compensated absences	36,727
Net pension asset	973,138
Total pension liability	(231,696)
Total OPEB liability - Health	958,738
Net OPEB liability - Life	(54,723)
Deferred inflows/outflows of resources related to pensions	158,574
Deferred inflows/outflows of resources related to OPEB	(560,522)
Accrued interest on debt	144,857

Change in Net Position of Governmental Activities \$ 5,953,653

School District of Mauston

Statement of Fiduciary Net Position

Fiduciary Fund

June 30, 2022

	Private Purpose Trust Fund - Scholarships
Assets	
Cash and investments	\$ 141,592
Accounts receivable	<u>160,792</u>
Total assets	<u>302,384</u>
Liabilities	
Total liabilities	<u>-</u>
Net Position	
Restricted for scholarships	<u>\$ 302,384</u>

School District of Mauston

Statement of Changes in Fiduciary Net Position

Fiduciary Fund

Year Ended June 30, 2022

	Private Purpose Trust Fund - Scholarships
Additions	
Contributions	\$ 58,284
Investment income	<u>492</u>
Total additions	<u>58,776</u>
Deductions	
Payments to participants	<u>67,713</u>
Change in net position	(8,937)
Net Position, Beginning	<u>311,321</u>
Net Position, Ending	<u><u>\$ 302,384</u></u>

See notes to the financial statements

School District of Mauston

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June 30, 2022

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School District of Mauston

Notes to Financial Statements
June 30, 2022

1. Summary of Significant Accounting Policies

The accounting policies of the School District of Mauston, Wisconsin (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).

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 primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units or its constituents; (2) the primary government or its component units, is entitled to or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government or its component units, is entitled to or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of three methods, discrete presentation, blended or fiduciary. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

Blended Component Units

The iLEAD is a charter school organized pursuant to Wis. Stat 118.40(2m)(a) which authorizes the District to enter into a contract to operate a charter school within the District. The iLEAD is reported as a special revenue fund. Separately issued financial statements may be obtained from the iLEAD office.

The Mauston Montessori is a charter school organized pursuant to Wis. Stat 118.40(2m)(a) which authorizes the District to enter into a contract to operate a charter school within the District. The Mauston Montessori is reported as a special revenue fund. Separately issued financial statements may be obtained from the Mauston Montessori office.

The Lemonweir Academy is a charter school organized pursuant to Wis. Stat 118.40(2m)(a) which authorizes the District to enter into a contract to operate a charter school within the District. The Lemonweir Academy is reported as a special revenue fund. Separately issued financial statements may be obtained from the Lemonweir Academy office.

School District of Mauston

Notes to Financial Statements
June 30, 2022

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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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
- 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

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 Revenue Fund

Special Revenue - Special Education Fund is used to account for and report grants and local revenues used to provide special education services to District students.

School District of Mauston

Notes to Financial Statements
June 30, 2022

Debt Service Fund

Debt Service Fund is 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

Capital Projects Fund is used 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.

The District reports the following nonmajor governmental funds:

Special Revenue Funds

Special Revenue Funds are 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).

- Food Service Trust
- Community Service Co-operative
- Mauston Montessori
- iLEAD
- Lemonweir Academy

In addition, the District reports the following fund types:

Private-Purpose Trust Fund

Private-Purpose Trust Fund is used to account for and report any trust arrangement not properly reported in a pension trust fund or investment trust fund under which principal and income benefit individuals, private organizations or other governments.

- Scholarship Fund

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. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. 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.

School District of Mauston

Notes to Financial Statements
June 30, 2022

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.

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

Fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

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, deferred outflows of resources, liabilities and deferred inflows of resources 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.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

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.

School District of Mauston

Notes to Financial Statements
June 30, 2022

- d. The local government investment pool.
- 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.

No policy exists for the following risks:

Credit risk

Custodial credit 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. 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 municipal 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, 2022, 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 3 for further information.

Receivables

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

Property taxes are levied in December on the assessed values 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 item as of January 1.

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.

School District of Mauston

Notes to Financial Statements
June 30, 2022

Property tax calendar, 2021 tax roll:

Lien date and levy date	December 2021
Tax bills mailed	December 2021
Payment in full, or	January 31, 2022
First installment due	January 31, 2022
Second installment due	July 31, 2022

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. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

Restricted Assets

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

Capital Assets

Government-Wide Financial Statements

Capital assets, which include property, plant and equipment (including right-to-use lease assets), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of 1 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	50 Years
Building improvements	20 Years
Land improvements	20 Years
Furniture and equipment	5-10 Years
Vehicles	5 Years
Computers	3 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.

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.

School District of Mauston

Notes to Financial Statements
June 30, 2022

Compensated Absences

Under terms of employment, employees are granted vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements and are payable with expendable resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at June 30, 2022, are determined on the basis of current salary rates and include salary related payments.

Long-Term Obligations

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, other postemployment benefit obligations and accrued compensated absences.

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.

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.

Equity Classifications

Government-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 unspent 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.
- 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.

School District of Mauston

Notes to Financial Statements
June 30, 2022

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 government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the District 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 District 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 do not meet the criteria to be classified as restricted or committed. 1) The District has adopted a financial policy authorizing the Director of Business and Auxiliary 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.

See Note 3 for further information.

Fiduciary fund net position is classified as restricted for scholarships 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.

School District of Mauston

Notes to Financial Statements
June 30, 2022

Pension

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

Postemployment Benefit Other Than Pensions (OPEB)

Health: For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB, and OPEB expense, the District OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms

Life: The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. 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.

2. Stewardship, Compliance and Accountability

Budgetary Information

A budget has been adopted for the General Fund, Special Education Fund, Capital Project Fund, Trust Fund, Debt Service Fund, Food Service Fund and Community Service Fund. A budget has not been formally adopted for Mauston Montessori, Lemonweir Academy, and iLEAD. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

Excess Expenditures Over Budget

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Debt Service Fund	\$ 2,901,036	\$ 2,904,087	\$ 3,051
Food Service Fund	1,010,955	1,188,010	177,055
Community Service Fund	83,690	109,755	26,065
Trust Fund	64,000	278,504	214,504
Co-operative Fund	22,485	27,589	5,104

The District controls expenditures at the function level in the General Fund and at the fund level for all other funds. Some individual functions in the General Fund 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 Mauston

Notes to Financial Statements
June 30, 2022

Limitations on the District's 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.

3. Detailed Notes on All Funds

Deposits and Investments

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

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	\$ 28,514,346	\$ 28,686,153	Custodial credit
LGIP	6,957	7,244	Credit
Petty cash	3,167	-	N/A
Total deposits and investments	<u>\$ 28,524,470</u>	<u>\$ 28,693,397</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 28,382,878		
Per statement of assets and liabilities, agency funds:			
Private Purpose Trust Fund	<u>141,592</u>		
Total deposits and investments	<u>\$ 28,524,470</u>		

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.

The District maintains collateral agreements with its banks. At June 30, 2022, the banks had pledged various government securities in the amount of \$21,753,063 to secure the District's deposits. As of June 30, 2022, none of the district's deposits were uncollateralized.

School District of Mauston

Notes to Financial Statements
June 30, 2022

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.

The District does not have any deposits exposed to custodial credit risk.

Credit Risk

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

The District had investments in the external Wisconsin Local Government Investment Pool which is not rated.

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

Receivables

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

At the end of the current fiscal year, the various components of unearned revenue in the proprietary funds were as follows:

	<u>Unearned</u>
Unspent, student lunch account balances	<u>\$ 15,163</u>

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 Mauston

Notes to Financial Statements
June 30, 2022

Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated / amortized:				
Land	\$ 588,300	\$ -	\$ -	\$ 588,300
Construction in progress	3,703,858	38,085,692	-	41,789,550
Total capital assets not being depreciated / amortized	<u>4,292,158</u>	<u>38,085,692</u>	<u>-</u>	<u>42,377,850</u>
Capital assets being depreciated / amortized:				
Buildings	36,518,612	-	-	36,518,612
Land improvements	651,531	-	-	651,531
Equipment	5,813,145	69,540	-	5,882,685
Vehicles	392,980	-	-	392,980
Total capital assets being depreciated / amortized	<u>43,376,268</u>	<u>69,540</u>	<u>-</u>	<u>43,445,808</u>
Total capital assets	<u>47,668,426</u>	<u>38,155,232</u>	<u>-</u>	<u>85,823,658</u>
Less accumulated depreciation / amortization for:				
Buildings	(16,687,972)	(809,252)	-	(17,497,224)
Land improvements	(591,576)	(15,154)	-	(606,730)
Equipment	(4,117,650)	(106,829)	-	(4,224,479)
Vehicles	(296,461)	(30,132)	-	(326,593)
Total accumulated depreciation / amortization	<u>(21,693,659)</u>	<u>(961,367)</u>	<u>-</u>	<u>(22,655,026)</u>
Net capital assets being depreciated / amortized	<u>21,682,609</u>	<u>(891,827)</u>	<u>-</u>	<u>20,790,782</u>
Total governmental activities capital assets, net of accumulated depreciation / amortization	<u>\$ 25,974,767</u>	<u>\$ 37,193,865</u>	<u>\$ -</u>	<u>\$ 63,168,632</u>

Depreciation / amortization expense was charged to functions as follows:

Governmental Activities

Instruction:		
Regular		\$ 11,318
Other		20,899
Support services:		
Pupil services		657
Instructional support		184,760
Administration		16,249
Buildings and grounds		<u>727,484</u>
Total governmental activities depreciation / amortization expense		<u>\$ 961,367</u>

School District of Mauston

Notes to Financial Statements
June 30, 2022

Interfund Receivables/Payables and Transfers

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Education Fund	\$ 150,376
General Fund	iLEAD	11,021
General Fund	Mauston Montessori	73,836
General Fund	Co-operative Fund	25,193
General Fund	Lemonweir	<u>90,303</u>
Total, fund financial statements		350,729
Less fund eliminations		<u>(350,729)</u>
Total internal balances, government-wide statement of net position		<u>\$ -</u>

All amounts are due within one year.

The principal purpose of these interfunds are deficit cash balances.

For the statement of net position, interfund balances which are owed within the governmental activities are netted and eliminated.

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
Special Education Fund	General Fund	\$ 1,564,022
Debt Service Fund	General Fund	124,350
iLEAD	General Fund	277,503
Mauston Montessori	General Fund	393,147
iLEAD	Special Education Fund	50,114
Lemonweir	General Fund	1,081
iLEAD	Trust Fund	<u>306</u>
Total, fund financial statements		<u>\$ 2,410,523</u>

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.

For the statement of net position, interfund balances which are owed within the governmental activities are netted and eliminated.

School District of Mauston

Notes to Financial Statements
June 30, 2022

Long-Term Obligations

Long-term obligations activity for the year ended June 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and notes payable:					
General obligation debt	\$ 47,835,000	\$ -	\$ 1,770,000	\$ 46,065,000	\$ 535,000
General obligation notes from direct borrowings and direct placements (Discounts)/Premiums	386,299	5,000,000	155,571	5,230,728	1,695,772
	<u>1,661,594</u>	<u>-</u>	<u>83,080</u>	<u>1,578,514</u>	<u>-</u>
Total bonds and notes payable	<u>49,882,893</u>	<u>5,000,000</u>	<u>2,008,651</u>	<u>52,874,242</u>	<u>2,230,772</u>
Other liabilities:					
Net OPEB liability - life	718,862	54,723	-	773,585	-
Total Pension liability - single employer	2,026,365	231,696	-	2,258,061	-
Compensated balances	260,012	-	36,727	223,285	22,329
Net OPEB Liability - Health	<u>5,688,571</u>	<u>-</u>	<u>958,738</u>	<u>4,729,833</u>	<u>-</u>
Total other liabilities	<u>8,693,810</u>	<u>286,419</u>	<u>995,465</u>	<u>7,984,764</u>	<u>22,329</u>
Total governmental activities long-term liabilities	<u>\$ 58,576,703</u>	<u>\$ 5,286,419</u>	<u>\$ 3,004,116</u>	<u>\$ 60,859,006</u>	<u>\$ 2,253,101</u>

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, 2022, was \$91,062,759. Total general obligation debt outstanding at year end was \$51,295,728.

General Obligation Debt

All general obligation debt payable is backed by the full faith and credit of the District. Debt in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund.

<u>Governmental Activities</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance June 30, 2022</u>
General Obligation Debt					
GO Refunding Bonds	03/08/2021	03/01/2041	1.15-4.00%	\$ 46,540,000	\$ 44,810,000
GO Promissory Notes, direct	03/20/2017	03/15/2027	2.95	200,000	5,385
GO Refunding Bonds	05/25/2021	03/01/2041	2.00-4.00	1,295,000	1,255,000
GO Promissory Notes, direct	07/01/2020	07/15/2025	1.10	280,000	225,343
GO Promissory Notes, direct	01/24/2022	09/01/2025	0.75-1.30	5,000,000	<u>5,000,000</u>
Total governmental activities, general obligation debt					<u>\$ 51,295,728</u>

School District of Mauston

Notes to Financial Statements
June 30, 2022

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities General Obligation Debt	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 535,000	\$ 918,895
2024	560,000	896,995
2025	580,000	874,195
2026	2,355,000	849,995
2027	2,420,000	788,995
2028-2032	13,105,000	2,918,237
2023-2037	14,180,000	1,857,596
2038-2041	12,330,000	499,395
Total	<u>\$ 46,065,000</u>	<u>\$ 9,604,303</u>

<u>Years</u>	Governmental Activities Notes from Direct Borrowings and Direct Placements	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,695,772	\$ 56,560
2024	1,731,005	14,514
2025	1,746,626	7,612
2026	57,325	639
Total	<u>\$ 5,230,728</u>	<u>\$ 79,325</u>

Other Debt Information

Estimated payments of compensated absences and other postemployment benefits liabilities are not included in the debt service requirement schedules. The compensated absences and other postemployment benefits liabilities attributable to governmental activities will be liquidated primarily by the general fund.

Net Position/Fund Balances

Net position reported on the district-wide statement of net position at June 30, 2022, includes the following:

Governmental Activities

Net investment in capital assets:

Land	\$ 588,300
Construction in progress	41,789,550
Other capital assets, net of accumulated depreciation	20,790,782
Less long-term debt outstanding	(51,295,728)
Plus unspent capital related debt proceeds	16,157,747
Less unamortized debt premium	<u>(1,578,514)</u>
Total net investment in capital assets	<u>\$ 26,452,137</u>

School District of Mauston

Notes to Financial Statements
June 30, 2022

Governmental Funds

Governmental fund balances reported on the fund financial statements at June 30, 2022, include the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Fund Balances					
Restricted for:					
Trust purposes	\$ -	\$ -	\$ -	\$ 356,519	\$ 356,519
Community services	-	-	-	8,151	8,151
Food service	-	-	-	153,266	153,266
Debt service	-	685,699	-	-	685,699
Capital projects	-	-	19,702,867	-	19,702,867
Co-operative	-	-	-	2,396	2,396
Assigned to:					
Subsequent budget	992,062	-	-	-	992,062
Unassigned	<u>3,722,384</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,722,384</u>
Total fund balances	<u>\$ 4,714,446</u>	<u>\$ 685,699</u>	<u>\$ 19,702,867</u>	<u>\$ 520,332</u>	<u>\$ 25,623,344</u>

4. Other Information

Employees' Retirement System

Plan Description

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

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

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

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.

School District of Mauston

Notes to Financial Statements
June 30, 2022

Benefits Provided

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

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

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

The WRS also provides death and disability benefits for employees.

Post-Retirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment %</u>	<u>Variable Fund Adjustment %</u>
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0

Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, 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.

School District of Mauston

Notes to Financial Statements
June 30, 2022

During the reporting period, the WRS recognized \$645,320 in contributions from the District.

Contribution rates for the plan year reported as of June 30, 2022 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives & elected officials)	6.75 %	6.75 %
Protective with Social Security	6.75 %	11.75 %
Protective without Social Security	6.75 %	16.25 %

Pension Liability(asset), Pension Expense (Revenue), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the District reported an liability(asset) of \$4,500,247 for its proportionate share of the net pension liability(asset). The net pension liability(asset) was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability(asset) was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability(asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the District's proportion was 0.05583306%, which was a decrease of 0.00066272% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$(376,294).

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual experience	\$ 7,269,922	\$ 524,239
Changes in assumptions	839,592	-
Net differences between projected and actual earnings on pension plan investments	-	10,067,428
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,341	8,826
Employer contributions subsequent to the measurement date	<u>378,035</u>	<u>-</u>
Total	<u>\$ 8,494,890</u>	<u>\$ 10,600,493</u>

School District of Mauston

Notes to Financial Statements
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\$378,035 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Years Ending June 30:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2023	\$ (210,509)
2024	(1,221,995)
2025	(537,386)
2026	(513,748)

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2021
Experience Study	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-Retirement Adjustments*:	1.7%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% 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 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The Total Pension Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

School District of Mauston

Notes to Financial Statements
June 30, 2022

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:

Asset Allocation Targets and Expected Returns¹ As of December 31, 2021

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %²
Global Equities	52	6.8	4.2
Fixed Income	25	4.3	1.8
Inflation Sensitive	19	2.7	0.2
Real Estate	7	5.6	3
Private Equity/Debt	12	9.7	7
Total Core Fund ³	115	6.6	4
Variable Fund Asset			
U.S Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

¹ Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

² New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

³ The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

School District of Mauston

Notes to Financial Statements
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Single Discount Rate

A single discount rate of 6.8% was used to measure the Total Pension Liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 1.84% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability(asset) calculated using the discount rate of 6.80%, as well as what the District's proportionate share of the net pension liability(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	<u>1% Decrease to Discount Rate (5.80%)</u>	<u>Current Discount Rate (6.80%)</u>	<u>1% Increase to Discount Rate (7.80%)</u>
District's proportionate share of the net pension liability (asset)	<u>\$ 3,193,244</u>	<u>\$ (4,500,247)</u>	<u>\$ (10,038,130)</u>

Pension Plan Fiduciary Net Position

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

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

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 government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

School District of Mauston

Notes to Financial Statements
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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, 2022. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

Other Postemployment Benefits

General Information about the OPEB Plan

Plan Description

Plan Administration. The District provides other post-employment benefits (OPEB) for its employees through a single-employer retiree benefit plan that provides postemployment health and life insurance benefits to eligible employees and their spouses. Benefits and eligibility are established and amended by the Board of Education

Plan Membership. At June 30, 2021 the date of the latest actuarial valuation, there were approximately 144 active plan members and 33 inactive plan members currently receiving benefits.

Contributions. There is no requirement for any employee or employer contributions for funding of the plan. The District does not have invested plan assets accumulated for payment of future benefits. The District's policy is to fund the plan on a pay-as-you-go basis. Benefit Provided. Benefit provisions are established through employment policies approved by the Board of Education.

For Administrators Hired Prior to July 1, 2013; at least age 55 with a minimum of 8 years of service: The District will pay 100% of the medical premiums on behalf of the retiree for a period of 8 years.

For Teachers at least age 55 with a minimum of 14 years of service and eligible for retirement benefits under the Wisconsin Retirement System. At least 50 years old by December 31 2017 who both give notice to the District in writing and have 14 years of service to the District by December 31, 2022 and choose to access retirement under the WRS of their intent to retire no later than June 30, 2023: The District will pay 87.4% of the medical premiums on behalf of the retiree for a period of 4 years. Thereafter, the District will continue to make contributions for an additional 4 years; however, the District's contributions will be frozen at the amount contributed during the 4th year.

For Directors at least age 55 with a minimum of 15 years of service. The District will contribute 92.4% of the medical premiums on behalf of the retiree for a period of 4 years.

Support Staff Category 1 (who work a minimum of 30 hours per week) At least age 55 with a minimum of 15 years of service: Hired prior to July 1, 2011 who both give notice to the District in writing and are at least 55 years old by December 31, 2022 and choose to access retirement under the WRS of their intent to retire no later than June 30, 2023. the District will contribute 87.4% of the medical premiums, further prorated based upon years of service (as noted in the Technical Appendix). For support staff who work at least 30 hours per week and less than 35 hours per week, who work only during the school year, the single health benefit will be the same as above but the family health benefit will be only 50% of the above benefit at the prorated levels stated above based on your years of employment with the District beginning with 15 years.

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All Remaining Support Staff Not Eligible Under Category For employees who work at least 35 hours per week, upon retirement and choosing to access retirement under the Wisconsin Retirement System, the District will pay an amount not to exceed \$20,000 for a family plan or \$10,000 for a single plan to the support staff's 403(b) account in each of the 2 years following the support staff's retirement from the District prorated based upon years of service.

Certain active Administrators and Teachers are eligible for a stipend (cash or cash-equivalent) benefit upon retirement. GASB has identified such post-employment benefits as a pension benefit rather than an OPEB. Valuation of stipend benefits was performed and is provided in a separate report.

Total OPEB Liability

The District's total OPEB liability of \$4,729,833 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

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

Inflation	2.00%
Healthcare participation rate	6.50% decreasing by 0.10% per year down to 5.00% and level thereafter

The discount rate was based on all years of projected payments discounted at a municipal bond rate of 2.25%.

Mortality rates were based on the Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%).

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study 2015-2017.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances at June 30, 2021	\$ 5,688,571
Changes for the year:	
Service cost	173,482
Interest	123,373
Differences between expected and actual experience	(578,225)
Changes in assumptions or other inputs	(93,191)
Benefit payments	<u>(584,177)</u>
Net changes	<u>(958,738)</u>
Balances at June 30, 2022	<u>\$ 4,729,833</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.5% in 2021 to 2.25% in 2022.

School District of Mauston

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

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

	1% Decrease 1.25%	Current Discount Rate 2.25%	1% Increase 3.25%
Total OPEB liability	\$ 4,882,638	\$ 4,729,833	\$ 4,581,720

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5% decreasing to 4.0%) or 1-percentage-point higher (7.5% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (5.5% Decreasing to 4.0%)	Healthcare Cost Trend Rates (6.5% Decreasing to 5.0%)	1% Increase (7.5% Decreasing to 6.0%)
Total OPEB liability	\$ 4,594,215	\$ 4,729,833	\$ 4,872,087

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$156,870. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 886,840
Changes of assumptions or other inputs	308,114	397,418
Employer contributions subsequent to the measurement date	587,569	-
Total	<u>\$ 895,683</u>	<u>\$ 1,284,258</u>

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

<u>Years Ending June 30:</u>	<u>Amount</u>
2023	\$ (139,985)
2024	(139,985)
2025	(139,985)
2026	(139,985)
2027	(177,442)
Thereafter	(238,758)

Local Retiree Life Insurance Fund (LRLIF)

Plan Description

The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

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

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at the link above.

Benefits Provided

The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

Contributions

The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contribution based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the member premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of June 30, 2022 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post Retirement Coverage	40% of member contribution
25% Post Retirement Coverage	20% of member contribution

School District of Mauston

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Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2021 are as listed below:

**Life Insurance
Member Contribution Rates*
For the Year Ended December 31, 2021**

<u>Attained Age</u>	<u>Basic</u>	<u>Supplemental</u>
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

*Disabled members under age 70 receive a waiver-of-premium benefit

During the reporting period, the LRLIF recognized \$2,678 in contributions from the employer.

OPEB Liabilities, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2022, the District reported a liability of \$773,585 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2021, the District's proportion was 0.13088600%, which was an increase of 0.00020100% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of \$90,256.

School District of Mauston

Notes to Financial Statements
June 30, 2022

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 39,353
Net differences between projected and investment earnings on plan investments	233,726	37,496
Changes in actuarial assumptions	10,066	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,596	26,386
Employer contributions subsequent to the measurement date	<u>1,708</u>	<u>-</u>
Total	<u>\$ 256,096</u>	<u>\$ 103,235</u>

\$1,708 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows:

<u>Years Ending June 30:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2023	\$ 31,865
2024	30,698
2025	28,746
2026	40,346
2027	19,290
Thereafter	208

School District of Mauston

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Actuarial Assumptions

The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2021
Measurement Date of Net OPEB Liability	December 31, 2021
Experience Study	January 1, 2018 - December 31, 2020, Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	2.06%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.17%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total OPEB Liability changed from the prior year, including the price inflation, mortality and separation rates. The Total OPEB Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the January 1, 2021 actuarial valuation.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A-Bonds (as a proxy and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

School District of Mauston

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June 30, 2022

State OPEB Life Insurance Asset Allocation Targets and Expected Returns as of December 31, 2021

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation %</u>	<u>Long-Term Expected Geometric Real Rate of Return %</u>
US Intermediate Credit Bonds	Bloomberg US Interm Credit	45%	1.68%
US Long Credit Bonds	Bloomberg US Long Credit	5	1.82
US Mortgages	Bloomberg US MBS	50	1.94
Inflation			2.30
Long-Term Expected Rate of Return			4.25

The long-term expected rate of return remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate increased from 2.20% as of December 31, 2020 to 2.30% as of December 31, 2021.

Single Discount Rate

A single discount rate of 2.17% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.25% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.12% as of December 31, 2020 to 2.06% as of December 31, 2021. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent the plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the municipal bond rate applied to benefit payment to the extent the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 2.17%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.17%) or 1-percentage-point higher (3.17%) than the current rate:

	<u>1% Decrease to Discount Rate (1.17%)</u>	<u>Current Discount Rate (2.17%)</u>	<u>1% Increase to Discount Rate (3.17%)</u>
District's proportionate share of the net OPEB liability	<u>\$ 1,049,475</u>	<u>\$ 773,585</u>	<u>\$ 565,988</u>

School District of Mauston

Notes to Financial Statements
June 30, 2022

Single-Employer Defined Benefit Pension Plan

Plan Description

Plan Description. District will provide eligible Administrators and Teachers hired after July 1, 2013, with 403(b) contributions upon retirement. The annual amounts vary based on classification and are paid for a period of 5 years.

Plan Membership. At June 30, 2021, the date of the last actuarial valuation, there were 110 active plan members eligible to receive benefits. There were 5 retirees eligible to receive benefits at June 30, 2021.

Contributions. The District does not have invested plan assets accumulated for payment for future benefits. The District's policy is to fund the supplemental pension benefits on a pay-as-you-go basis.

Benefits Provided. The District will provide eligible Administrators hired after July 1, 2013 with 403(B) contributions in retirement. Teachers hired before the 2011-12 school year who were no 50 years old as of December 31, 2017 as well as Support Staff not meeting their Category 1 eligibility (i.e., hired prior to July 1, 2011, at least 55 years old by December 31, 2022 and retire no later than June 30, 2023) are also eligible for annual 403(b) District contributions in retirement. These annual amounts vary based on classifications as described in detail in the Technical Appendix and are paid for a period of 5 years.

Changes in Total Pension Liability

The District's change in total pension liability for the fiscal year ended June 30, 2022 was as follows:

	Total Pension Liability
Beginning of Year Balance	\$ 2,026,365
Service cost	123,844
Interest on total pension liability	46,086
Differences between expected and actual experience	141,766
Benefit payments	<u>(80,000)</u>
End of Year Balance	<u>\$ 2,258,061</u>

School District of Mauston

Notes to Financial Statements
June 30, 2022

Assumptions

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

Measurement Date:	June 30, 2021
Actuarial Valuation Date:	June 30, 2021
Inflation:	2.00%
Salary Changes:	Assumed 3.00% per year; includes merit increases plus inflation
Discount Rate:	2.25%
Source of Discount Rate:	Based upon all years of project payments discounted at a municipal bond rate of 2.25%
Source of Mortality Assumptions:	Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%)
Actuarial Assumptions	Based on an experience study conducted in 2018 using WRS experience from 2015-2017

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 2.25% 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 (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total pension liability	<u>\$ 2,388,338</u>	<u>\$ 2,258,061</u>	<u>\$ 2,130,752</u>

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2022, the District recognized pension expense of \$201,489. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the single-employer defined benefit pension plan will be recognized in pension expense as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 213,028	\$ 24,672
Changes in assumptions	<u>144,470</u>	<u>89,775</u>
Total	<u>\$ 357,498</u>	<u>\$ 114,447</u>

School District of Mauston

Notes to Financial Statements
June 30, 2022

<u>Years Ending June 30:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2023	\$ 31,559
2024	31,559
2025	31,559
2026	31,559
2027	31,559
Thereafter	85,256

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

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

REQUIRED SUPPLEMENTARY INFORMATION

School District of Mauston

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual

General Fund

Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
Revenues				
Local	\$ 4,958,540	\$ 4,274,258	\$ 3,961,550	\$ (312,708)
Interdistrict	1,217,454	1,345,302	1,345,302	-
Intermediate	11,140	11,259	11,259	-
State	11,984,405	12,537,695	12,537,695	-
Federal	939,459	1,511,040	1,511,040	-
Other	<u>296,708</u>	<u>363,700</u>	<u>363,750</u>	<u>50</u>
Total revenues	<u>19,407,706</u>	<u>20,043,254</u>	<u>19,730,596</u>	<u>(312,658)</u>
Expenditures				
Instruction:				
Regular	8,306,031	7,156,531	6,298,491	858,040
Vocational	702,061	638,214	505,591	132,623
Other	<u>786,770</u>	<u>820,341</u>	<u>820,339</u>	<u>2</u>
Total instruction	<u>9,794,862</u>	<u>8,615,086</u>	<u>7,624,421</u>	<u>990,665</u>
Support services:				
Pupil services	665,533	727,029	728,320	(1,291)
Instructional support services	1,237,442	1,039,189	993,063	46,126
Administration	4,581,048	4,592,177	1,860,208	2,731,969
Buildings and grounds	-	-	2,024,380	(2,024,380)
Pupil transportation	-	-	637,537	(637,537)
Other support services	<u>1,512,687</u>	<u>1,502,608</u>	<u>1,502,108</u>	<u>500</u>
Total support services	<u>7,996,710</u>	<u>7,861,003</u>	<u>7,745,616</u>	<u>115,387</u>
Nonprogram:				
General tuition payments	1,784,594	1,215,569	1,215,569	-
Other nonprogram	<u>-</u>	<u>2,257</u>	<u>2,257</u>	<u>-</u>
Total nonprogram	<u>1,784,594</u>	<u>1,217,826</u>	<u>1,217,826</u>	<u>-</u>
Total expenditures	<u>19,576,166</u>	<u>17,693,915</u>	<u>16,587,863</u>	<u>1,106,052</u>
Excess of revenues over expenditures	(168,460)	2,349,339	3,142,733	793,394
Other Financing Uses				
Transfers out	<u>(1,851,044)</u>	<u>(1,621,922)</u>	<u>(2,360,103)</u>	<u>(738,181)</u>
Net change in fund balances	<u>\$ (2,019,504)</u>	<u>\$ 727,417</u>	782,630	<u>\$ 55,213</u>
Fund Balances, Beginning			<u>3,931,816</u>	
Fund Balances, Ending			<u>\$ 4,714,446</u>	

See notes to the required supplementary information

School District of Mauston

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Special Revenue - Special Education Fund

Year Ended June 30, 2022

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
State	\$ 708,304	\$ 750,553	\$ 42,249
Federal	<u>422,017</u>	<u>526,198</u>	<u>104,181</u>
Total revenues	<u>1,130,321</u>	<u>1,276,751</u>	<u>146,430</u>
Expenditures			
Instruction:			
Special education	<u>2,192,775</u>	<u>2,024,098</u>	<u>168,677</u>
Support services:			
Pupil services	193,976	305,418	(111,442)
Instructional support services	175,770	54,436	121,334
Administration	109,500	7,150	102,350
Pupil transportation	-	136,683	(136,683)
Other support services	<u>32,994</u>	<u>25,901</u>	<u>7,093</u>
Total support services	<u>512,240</u>	<u>529,588</u>	<u>(17,348)</u>
Nonprogram:			
General tuition payments	152,000	236,857	(84,857)
Other nonprogram	<u>-</u>	<u>116</u>	<u>(116)</u>
Total nonprogram	<u>152,000</u>	<u>236,973</u>	<u>(84,973)</u>
Total expenditures	<u>2,857,015</u>	<u>2,790,659</u>	<u>66,356</u>
Excess (deficiency) of revenues over (under) expenditures	(1,726,694)	(1,513,908)	212,786
Other Financing Sources			
Transfer in	1,726,694	1,564,022	(162,672)
Transfer out	<u>-</u>	<u>(50,114)</u>	<u>(50,114)</u>
Net change in fund balances	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balances, Beginning		<u>-</u>	
Fund Balances, Ending		<u>\$ -</u>	

See notes to the required supplementary information

School District of Mauston

Schedule of Changes in the Total OPEB Liability and Related Ratios - Health
 Year Ended of June 30, 2022

	2018	2019	2020	2021	2022
Total OPEB Liability:					
Service cost	\$ 642,683	\$ 642,683	\$ 236,302	\$ 142,143	\$ 173,482
Interest	408,317	422,900	255,386	194,089	123,373
Difference between expected and actual experience	-	-	(571,339)	-	(578,225)
Changes in benefits	-	(5,787,941)	-	-	-
Changes in assumptions	-	299,652	(473,814)	203,516	(93,191)
Benefit payments	(653,060)	(615,623)	(677,727)	(650,994)	(584,177)
	<u>397,940</u>	<u>(5,038,329)</u>	<u>(1,231,192)</u>	<u>(111,246)</u>	<u>(958,738)</u>
Net change in total OPEB liability					
	397,940	(5,038,329)	(1,231,192)	(111,246)	(958,738)
Total OPEB Liability, Beginning	<u>11,671,398</u>	<u>12,069,338</u>	<u>7,031,009</u>	<u>5,799,817</u>	<u>5,688,571</u>
Total OPEB Liability, Ending	<u>\$ 12,069,338</u>	<u>\$ 7,031,009</u>	<u>\$ 5,799,817</u>	<u>\$ 5,688,571</u>	<u>\$ 4,729,833</u>
Covered-employee payroll	\$ 8,016,495	\$ 8,016,495	\$ 8,371,692	\$ 8,371,692	\$ 8,651,920
Total OPEB liability as a percentage of covered-employee payroll	150.56%	87.71%	69.28%	67.95%	54.67%

Notes to Schedule:

The District implemented GASB Statement No. 75 in fiscal year 2018. Information prior to fiscal year 2018 is not available.

School District of MaustonSchedule of Employer Contributions - Health
Year Ended of June 30, 2022

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Contractually determined contribution	\$ 653,060	\$ 615,623	\$ 677,727	\$ 650,994	584,177
Contributions in relation to the contractually determined contribution	<u>653,060</u>	<u>615,623</u>	<u>677,727</u>	<u>650,994</u>	<u>584,177</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes to Schedule:

The District implemented GASB Statement No. 75 in fiscal year 2018. Information prior to fiscal year 2018 is not available.

School District of Mauston

Schedule of Total Pension Liability - Single Employer
 Year Ended of June 30, 2022

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total pension liability	\$ 64,034	\$ 76,054	\$ 1,482,558	\$ 1,786,282	\$ 2,026,365	\$ 2,258,061
The District's covered-employee payroll	2,512,222	2,512,222	5,138,821	5,038,336	5,038,336	4,881,245
Total supplemental pension liability as a percentage of covered-employee payroll	2.55%	3.03%	28.85%	35.45%	40.22%	46.26%

Schedule of Changes in Total Pension Liability - Single Employer
 For the Year Ended of June 30, 2022

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total Pension Liability						
Service cost	\$ 41,518	\$ 41,518	\$ 57,500	\$ 99,417	\$ 100,224	\$ 123,844
Interest	1,260	2,544	3,668	57,460	62,874	46,086
Changes in benefits	-	-	1,479,999	-	-	-
Differences between expected and actual experience	-	(34,162)	-	122,057	-	141,766
Changes of assumptions or other input	-	2,120	(134,663)	24,790	156,985	-
Benefit payments	-	-	-	-	(80,000)	(80,000)
Net change in total pension liability	42,778	12,020	1,406,504	303,724	240,083	231,696
Total Pension Liability, Beginning	<u>21,256</u>	<u>64,034</u>	<u>76,054</u>	<u>1,482,558</u>	<u>1,786,282</u>	<u>2,026,365</u>
Total Pension Liability - Ending	<u>\$ 64,034</u>	<u>\$ 76,054</u>	<u>\$ 1,482,558</u>	<u>\$ 1,786,282</u>	<u>\$ 2,026,365</u>	<u>\$ 2,258,061</u>

See notes to the required supplementary information

School District of Mauston

Schedule of District's Proportionate Share of the Net OPEB Liability - Life
Year Ended June 30, 2022

<u>Plan Fiscal Year Ending</u>	<u>Proportion of the Net OPEB Liability</u>	<u>Proportionate Share of the Net OPEB Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
12/31/2017	0.13861600%	\$ 416,135	\$ 5,616,583	7.41%	44.81%
12/31/2018	0.13368500%	344,952	6,325,000	5.45%	48.69%
12/31/2019	0.12644500%	538,427	6,105,000	8.82%	37.58%
12/31/2020	0.13068500%	718,862	6,237,000	11.53%	31.36%
12/31/2021	0.13088600%	773,585	5,923,000	13.06%	29.57%

Schedule of Employer Contributions - Life
Year Ended June 30, 2022

<u>District Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
6/30/2018	\$ 2,626	\$ 2,626	\$ -	\$ 8,586,982	0.03%
6/30/2019	3,407	3,407	-	8,928,163	0.04%
6/30/2020	2,689	2,689	-	9,209,455	0.03%
6/30/2021	2,332	2,332	-	8,371,692	0.03%
6/30/2022	3,270	3,270	-	8,651,920	0.04%

See notes to the required supplementary information

School District of Mauston

Schedule of District's Proportionate Share of the Net Pension (Asset) Liability -
 Wisconsin Retirement System
 Year Ended June 30, 2022

Plan Fiscal Year Ending	Proportion of the Net Pension (Asset) Liability	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 Liability
12/31/2014	0.06071200%	\$ (1,491,253)	\$ 8,389,370	17.78%	102.74%
12/31/2015	0.05992200%	973,724	8,262,050	11.78%	98.20%
12/31/2016	0.05894480%	485,846	8,393,371	5.79%	99.12%
12/31/2017	0.05764700%	(1,711,601)	8,423,299	20.32%	102.93%
12/31/2018	0.05737772%	2,041,319	8,826,868	23.13%	96.45%
12/31/2019	0.05697747%	(1,837,213)	9,094,253	20.20%	102.96%
12/31/2020	0.05649578%	(3,527,109)	9,245,196	38.15%	105.26%
12/31/2021	0.05583306%	(4,500,247)	9,560,273	47.07%	106.02%

Schedule of Employer Contributions
 Wisconsin Retirement System
 Year Ended June 30, 2022

District Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2015	\$ 593,014	\$ 593,014	\$ -	\$ 8,202,550	7.23%
6/30/2016	562,577	562,577	-	8,260,273	6.81%
6/30/2017	553,750	553,750	-	8,468,204	6.54%
6/30/2018	572,717	572,717	-	8,586,982	6.67%
6/30/2019	588,020	588,020	-	8,928,163	6.59%
6/30/2020	616,383	616,383	-	9,209,455	6.69%
6/30/2021	608,629	608,629	-	9,437,378	6.45%
6/30/2022	633,537	633,537	-	9,744,418	6.50%

See notes to the required supplementary information

School District of Mauston

Notes to Required Supplementary Information
Year Ended June 30, 2022

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 1. A budget has been adopted for the General Fund and the Special Education fund 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 fund level for all other funds. Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year.

Single Employer Defined Benefit Pension Plan

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 in benefit terms.

Changes of assumptions. All assumptions and methods remained unchanged.

Wisconsin Retirement System and Local Retiree Life Insurance Fund

The amounts presented in relation to the schedule of employer's proportionate share of the net pension asset and the schedule of employer contributions represents the specific data of the District. The information was derived using a combination of the employer's contribution data along with data provided by the Wisconsin Retirement System in relation to the District as a whole.

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

Changes of assumptions. Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%

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.

OPEB Plan - Health

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.

Changes of assumptions. All assumptions and methods remained unchanged.

SUPPLEMENTARY INFORMATION

School District of Mauston

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2022

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Food Service Fund	Trust Fund	Community Service Fund	Co-operative Fund	Mauston Montessori	iLEAD	Lemonweir	
Assets								
Cash and investments	\$ 145,740	\$ 365,252	\$ 10,063	\$ -	\$ -	\$ -	\$ -	\$ 521,055
Accounts receivable	32,996	-	3,262	-	-	-	-	36,258
Due from other governments	10,723	-	-	27,589	73,836	11,021	90,303	213,472
Total assets	\$ 189,459	\$ 365,252	\$ 13,325	\$ 27,589	\$ 73,836	\$ 11,021	\$ 90,303	\$ 770,785
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ 8,166	\$ 8,733	\$ 524	\$ -	\$ -	\$ -	\$ -	\$ 17,423
Accrued payroll and related liabilities	7,160	-	4,650	-	-	-	-	11,810
Due to other funds	-	-	-	25,193	73,836	11,021	90,303	200,353
Due to other governments	5,704	-	-	-	-	-	-	5,704
Unearned revenue	15,163	-	-	-	-	-	-	15,163.00
Total liabilities	36,193	8,733	5,174	25,193	73,836	11,021	90,303	250,453
Fund Balances								
Restricted	153,266	356,519	8,151	2,396	-	-	-	520,332
Total fund balances	153,266	356,519	8,151	2,396	-	-	-	520,332
Total liabilities and fund balances	\$ 189,459	\$ 365,252	\$ 13,325	\$ 27,589	\$ 73,836	\$ 11,021	\$ 90,303	\$ 770,785

School District of Mauston

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended June 30, 2022

	Special Revenue Funds						Total Nonmajor Governmental Funds	
	Food Service Fund	Trust Fund	Community Service Fund	Co-operative Fund	Mauston Montessori	iLEAD		Lemonweir
Revenues								
Local	\$ 118,464	\$ 321,120	\$ 99,758	\$ 2,396	\$ -	\$ -	\$ -	\$ 541,738
State	10,723	-	-	27,589	-	-	-	38,312
Federal	1,153,514	-	-	-	109,804	89,929	121,681	1,474,928
Other	3,365	-	-	-	-	-	-	3,365
Total revenues	1,286,066	321,120	99,758	29,985	109,804	89,929	121,681	2,058,343
Expenditures								
Instruction:								
Regular	-	277,432	-	-	475,046	322,953	67,761	1,143,192
Special education	-	-	-	-	-	50,115	-	50,115
Vocational	-	-	-	10,485	-	125,520	7,103	143,108
Other	-	768	-	-	-	-	-	768
Total instruction	-	278,200	-	10,485	475,046	498,588	74,864	1,337,183
Support services:								
Pupil service	-	-	-	17,104	-	-	-	17,104
Instructional support services	-	-	-	-	16,716	11,887	17,523	46,126
Buildings and grounds	-	-	109,755	-	-	-	-	109,755
Administration	-	-	-	-	32,144	6,006	29,876	68,026
Pupil transportation	-	-	-	-	1,517	507	-	2,024
Food service	1,188,010	-	-	-	-	-	-	1,188,010
Other support services	-	-	-	-	-	-	499	499
Total support services	1,188,010	-	109,755	17,104	50,377	18,400	47,898	1,431,544
Total expenditures	1,188,010	278,200	109,755	27,589	525,423	516,988	122,762	2,768,727
Excess (deficiency) of revenues over (under) expenditures	98,056	42,920	(9,997)	2,396	(415,619)	(427,059)	(1,081)	(710,384)
Other Financing Sources (Uses)								
Transfers out	-	(306)	-	-	-	-	-	(306)
Transfers in	-	-	-	-	393,147	327,923	1,081	722,151
Total other financing sources (uses)	-	(306)	-	-	393,147	327,923	1,081	721,845
Net change in fund balances	98,056	42,614	(9,997)	2,396	(22,472)	(99,136)	-	11,461
Fund Balances, Beginning	55,210	313,905	18,148	-	22,472	99,136	-	508,871
Fund Balances, Ending	\$ 153,266	\$ 356,519	\$ 8,151	\$ 2,396	\$ -	\$ -	\$ -	\$ 520,332

School District of Mauston

Schedule of Charter Schools Authorizer Operating Costs
Year Ended June 30, 2022

Operating Activity

Employee salaries	\$ 549,376
Employee benefits	301,545
Purchased services	80,019
Noncapital objects	201,603
Capital objects	<u>32,630</u>
Total	<u><u>\$ 1,165,173</u></u>

SINGLE AUDIT

**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***

Independent Auditors' Report

To the Board of Education of
School District of Mauston

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the School District of Mauston (the District's), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 9, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 have not been identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001, that we consider to be a material weakness.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other 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

Milwaukee, Wisconsin
December 9, 2022

**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***

Independent Auditors' Report

To the Board of Education of
School District of Mauston

Report on Compliance for Each Major Federal and Major State Program

Opinion on Each Major Federal and Major State Program

We have audited the School District of Mauston's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *State Single Audit Guidelines* (the *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, 2022. The District's major federal and major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and major state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal and Major State Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Baker Tilly US, LLP

Milwaukee, Wisconsin
December 9, 2022

School District of Mauston

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/ Program Title	Assistance Listing Number	Pass-through Agency	Pass-through Agency Grant Number	Accrued Receivable 7/1/21	Expenditures Grantor Reimbursements	Receipts Grantor Reimbursements	Accrued Receivable 6/30/22
Federal Programs							
U.S. Department of Agriculture							
Pass-through Wisconsin Department of Public Instruction							
Child Nutrition Cluster:							
School Breakfast Program	10.553	Wisconsin Department of Public Instruction	2022-293360-DPI-SB-SEVERE-546	\$ -	\$ 200,374	\$ 198,679	\$ 1,695
Donated Commodities	10.555	Wisconsin Department of Public Instruction	2022-293360-DPI-NSL-547	-	28,267	28,267	-
National School Lunch Program	10.555	Wisconsin Department of Public Instruction	2022-293360-DPI-NSL-547	-	857,978	854,109	3,869
Area Eligible Snack Program	10.555	Wisconsin Department of Public Instruction	2022-293360-DPI-SK_NSLAE-561	995	17,492	15,589	2,898
Summer Food Service Program	10.559	Wisconsin Department of Public Instruction	2022-293360-DPI-SFSP-561	28,044	49,402	55,379	22,067
Total Child Nutrition Cluster				29,039	1,153,513	1,152,023	30,529
Total U.S. Department of Agriculture				29,039	1,153,513	1,152,023	30,529
Federal Communications Commission							
Emergency Connectivity Fund Program	32.009	N/A	N/A	-	201,030	201,030	-
U.S. Department of Education							
Indian Education Grants to Local Educational Agencies	84.060	N/A	N/A	1,184	25,096	1,184	25,096
Pass-through Wisconsin Department of Public Instruction:							
Title I Grants to Local Educational Agencies	84.010A	Wisconsin Department of Public Instruction	2022-293360-DPI-TIA-141	132,376	391,340	380,242	143,474
Special Education Cluster:							
Special Education Grants to States	84.027A	Wisconsin Department of Public Instruction	2022-293360-DPI-FLOW-341	119,908	294,080	294,761	119,227
IDEA 611 ARP Allocations	84.027X	Wisconsin Department of Public Instruction	2022-293360-DPI-ARPAIDEAFT-344	-	72,939	72,939	-
Special Education Preschool Grants	84.173A	Wisconsin Department of Public Instruction	2022-293360-DPI-PRESCH-347	18,593	6,709	16,139	9,163
IDEA 619 ARP Allocation	84.173X	Wisconsin Department of Public Instruction	2022-293360-DPI-ARPAIDEAPS-346	-	8,270	8,270	-
Total Special Education Cluster				138,501	381,998	392,109	128,390
Charter Schools	84.282A	Wisconsin Department of Public Instruction	2022-293360-DPI-WCSP1-360	103,521	199,733	239,522	63,732
Title IV 21st Century Com Lrn Ctr Public	84.287	Wisconsin Department of Public Instruction	2022-293360-DPI-TIVB-367	70,233	130,000	174,709	25,524
Improving Teacher Quality State Grants	84.367A	Wisconsin Department of Public Instruction	2022-293360-DPI-TIIA-365	54,213	73,262	109,095	18,380
Title IV-A-Student Support and Acad Enrich Grants	84.424A	Wisconsin Department of Public Instruction	2022-293360-DPI-TIVA-381	-	15,422	-	15,422
COVID 19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief	84.425D	Wisconsin Department of Public Instruction	2022-293360-DPI-ESSERFII-163	95,822	9,344	104,487	679
COVID 19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief II	84.425D	Wisconsin Department of Public Instruction	2022-293360-DPI-ESSERFII-163	-	239,617	189,903	49,714
COVID 19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief III	84.425U	Wisconsin Department of Public Instruction	2022-293360-DPI-ESSERFIII-165	-	147,894	-	147,894
Subtotal for 84.425				95,822	396,855	294,389	198,288
Total U.S. Department of Education				595,849	1,613,706	1,591,251	618,305
U.S. Department of Health and Human Services							
Pass-through Wisconsin Department of Health Services							
Medicaid Cluster							
Medical Assistance Program	93.778	Wisconsin Department of Health Services	unknown	2,953	211,587	214,540	-
Total U.S. Department of Health and Human Services				2,953	211,587	214,540	-
Total federal programs				<u>\$ 627,841</u>	<u>\$ 3,179,836</u>	<u>\$ 3,158,844</u>	<u>\$ 648,834</u>

See notes to schedule of expenditures of federal and state awards

School District of Mauston

Schedule of Expenditures of State Awards
 Year Ended June 30, 2022

State Grantor/ Program Title	State Identifying Number	State Pass-Through Number	Accrued Receivable 7/1/21	Revenue/ Expenditures	Reimbursements	Accrued Receivable 6/30/22
State Programs						
Wisconsin Department of Public Instruction						
Special Education and School Age Parents	255.101	293360-100	\$ -	\$ 722,203	\$ 722,203	\$ -
Common School Fund Library Aid	255.103	293360-104	-	62,470	62,470	-
General Transportation Aid for Public School Pupils	255.107	293360-102	-	79,801	79,801	-
School Day Milk Program	255.115	293360-109	-	10,723	8,725	1,998
Equalization Aid and Special Adjustment Aid	255.201	293360-116	153,393	10,342,515	10,495,908	-
High Cost Special Education Aid	255.210	293360-119	-	17,829	17,829	-
School Based Mental Health SV Grant	255.297	293360-177	94,027	24,533	118,560	-
Peer Review and Mentor Grant	255.301	293360-141	17,250	24,950	42,200	-
Achievement Gap Reduction (AGR)	255.504	293360-160	-	617,586	617,586	-
Aid for High Poverty School District	255.926	293360-121	-	74,419	74,419	-
Educator Effective Eval Sys Grants Public	255.940	293360-154	9,760	9,840	80	-
Per Pupil Adjustment Aid	255.945	293360-113	-	1,033,606	1,033,606	-
Career and Technical Education Incentive Grant	255.950	293360-171	-	32,069	-	32,069
Assessments of Reading Readiness	255.956	293360-166	-	2,480	2,480	-
Special Education Transition Grant BBL	255.960	293360-168	-	10,521	10,521	-
Total Wisconsin Department of Public Instruction			<u>274,430</u>	<u>13,065,545</u>	<u>13,286,388</u>	<u>34,067</u>
Wisconsin Department of Workforce Development						
Youth Apprenticeship Grant	445.107	Unknown	<u>22,307</u>	<u>27,589</u>	<u>22,307</u>	<u>27,589</u>
Total state programs			<u>\$ 296,737</u>	<u>\$ 13,093,134</u>	<u>\$ 13,308,695</u>	<u>\$ 61,656</u>

See notes to schedule of expenditures of federal and state awards

School District of Mauston

Notes to Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2022

1. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (the Schedules) include the federal and state award activity of the School District of Mauston under programs of the federal and state government for the year ended June 30, 2022. 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 present only a selected portion of the operations of the School District of Mauston, they are not intended to and do not present the financial position, changes in net position of the School District of Mauston.

2. Summary of Significant Accounting Policies

Expenditures reported on the schedule 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 schedule 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 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. maintained on the accrual basis, i.e., when the revenue has been earned and the liability is incurred.

3. Special Education and School Age Parents Program

Eligible costs of Special Education under project 011 were \$2,239,251 for the year ended June 30, 2022.

4. Oversight Agency

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

5. Indirect Cost Rate

The School District of Mauston has not elected to use the 10 percent de minimis indirect cost rate of the Uniform Guidance.

6. Pass Through Agencies

The District received federal awards from the following pass-through agencies:

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

School District of Mauston

Notes to Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2022

7. Prior Year Findings

The finding identified as Federal and State Awards Findings and Questioned Costs No. 2021-001 has been repeated as 2022-001 for the year ended June 30, 2022.

School District of Mauston

Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> X </u> yes	<u> </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported

Noncompliance material to financial statements noted? yes X no

Federal and State Awards

	<u>Federal Programs</u>	<u>State Programs</u>
Internal control over major programs:		
Material weakness(es) identified?	<u> </u> yes <u> X </u> no	<u> </u> yes <u> X </u> no
Significant deficiencies identified that are not considered to be material weakness(es)?	<u> </u> yes <u> X </u> none reported	<u> </u> yes <u> X </u> none reported
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance or the <i>State Single Audit Guidelines</i> ?	<u> </u> yes <u> X </u> no	<u> </u> yes <u> X </u> no
Auditee qualified as low-risk auditee?	<u> </u> yes <u> X </u> no	<u> </u> yes <u> X </u> no
Dollar threshold used to distinguish between type A and type B programs:	<u>\$750,000</u>	<u>\$250,000</u>

Identification of major federal programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.556, 10.559,10.582	Child Nutrition Cluster
84.425	COVID – 19 Education Stabilization Fund
93.778	Medical Cluster

School District of Mauston

Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Identification of major state programs:

<u>State Numbers</u>	<u>Name of State Program</u>
255.107	General Transportation Aid
255.201	Equalization Aid and Special Adjustment Aid

Section II - Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards

FINDING NO. 2022-001: INTERNAL CONTROL OVER FINANCIAL REPORTING

Repeat of Prior Year Finding 2021-001

Criteria: Statement on Auditing Standards states that the District should have internal control procedures that enable the preparation of financial records and financial statements by District personnel that are free from material errors.

Condition: The District has not prepared the annual financial statements or the schedule of expenditures of federal and state awards. Additionally, material journal entries were identified during the audit.

Cause: Due to its size, the District does not have the resources to employ an individual that is able to prepare its financial statements or the schedule of expenditures of federal and state awards.

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

Recommendation: The District may consider and implement additional resources to prepare its annual financial statements and the schedule of expenditures of federal and state awards. The District should also implement procedures to identify and record and review material adjustments

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, Uniform Grant 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 statements and schedule of expenditures of federal and state awards

Section III - Federal and State Awards Findings and Questioned Costs

None

School District of Mauston

Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section IV - Other Issues

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern?

yes 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*:

Department of Health Services

yes no

Department of Workforce Development

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



Paul Frantz, CPA

Date of report

December 9, 2022