

Mauston Montessori Charter School

(A Charter School and Component Unit of the
School District of Mauston, Wisconsin)

Financial Statements

June 30, 2024

Mauston Montessori Charter School

(A Charter School and Component Unit of the School District of Mauston, Wisconsin)

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Independent Auditors' Report

To the Governance Council of
Mauston Montessori Charter School

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of the Mauston Montessori Charter School (a component unit of the School District of Mauston), as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Mauston Montessori Charter School'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 and the general fund of the Mauston Montessori Charter School, as of June 30, 2024 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 Mauston Montessori Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 1, the accompanying financial statements referred to above present only the financial position of Mauston Montessori Charter School at June 30, 2024 and the respective change in financial position for the year then ended and is not intended to be a complete presentation of the School District of Mauston. These financial statements do not purport to and do not present fairly the financial position of the School District of Mauston as of June 30, 2024 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mauston Montessori Charter School'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 Mauston Montessori Charter School'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 Mauston Montessori Charter School'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

Management has omitted 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2024 on our consideration of the Mauston Montessori Charter School'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 Mauston Montessori Charter School'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 Mauston Montessori Charter School's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Milwaukee, Wisconsin
December 11, 2024

BASIC FINANCIAL STATEMENTS

Mauston Montessori Charter School

(A Charter School and Component Unit of the School District of Mauston, Wisconsin)

Statement of Net Position

June 30, 2024

	<u>Governmental Activities</u>
Assets	
Current Assets	
Due from other governments	\$ <u>-</u>
Liabilities and Net Position	
Current Liabilities	
Due to other governments	<u>-</u>
Net Position	
Unrestricted	\$ <u>-</u>

See notes to the financial statements

Mauston Montessori Charter School**(A Charter School and Component Unit of the School District of Mauston, Wisconsin)**

Statement of Activities

Year Ended June 30, 2024

<u>Functions/Programs</u>	<u>Governmental Activities</u>		
	<u>Expenses</u>	<u>Program Revenue Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Instruction			
Regular	\$ 541,391	\$ 58,500	\$ (482,891)
Total instruction	541,391	58,500	(482,891)
Support Services			
Instructional support services	7,769	-	(7,769)
Administration	10,635	-	(10,635)
Pupil transportation	1,355	-	(1,355)
Total support services	19,759	-	(19,759)
Total activities	<u>\$ 561,150</u>	<u>\$ 58,500</u>	(502,650)
General Revenues			
Intergovernmental revenue not restricted to specific functions			502,650
Change in net position			-
Net Position, Beginning			-
Net Position, Ending			<u>\$ -</u>

See notes to the financial statements

Mauston Montessori Charter School
(A Charter School and Component Unit of the School District of Mauston, Wisconsin)

Balance Sheet -
 Governmental Fund
 June 30, 2024

	<u>General Fund</u>
Assets	
Due from other governments	\$ <u>-</u>
Liabilities and Fund Balances	
Liabilities	
Due to other governments	\$ <u>-</u>
Fund Balances	
Restricted	<u>-</u>
Total liabilities and fund balances	\$ <u>-</u>
Reconciliation to Statement of Net Position	
Total fund balance, governmental fund	\$ -
Adjustments	<u>-</u>
Total net position, governmental activities	\$ <u>-</u>

See notes to the financial statements

Mauston Montessori Charter School**(A Charter School and Component Unit of the School District of Mauston, Wisconsin)**

Statement of Revenues, Expenditures and Change in Fund Balance -

Governmental Fund

Year Ended June 30, 2024

	General Fund
Revenues	
Interdistrict	\$ 502,650
Federal	<u>58,500</u>
Total revenues	<u>561,150</u>
Expenditures	
Instruction:	
Regular	<u>541,391</u>
Total instruction	<u>541,391</u>
Support services:	
Instructional support services	7,769
Administration	10,635
Pupil transportation	<u>1,355</u>
Total support services	<u>19,759</u>
Total expenditures	<u>561,150</u>
Net change in fund balance	<u>-</u>
Fund Balances, Beginning	<u>-</u>
Fund Balances, Ending	\$ -
Reconciliation to Statement of Activities	
Change in fund balance, governmental fund	\$ -
Adjustments	<u>-</u>
Change in net position, governmental activities	\$ -

See notes to the financial statements

Mauston Montessori Charter School

(A Charter School and Component Unit of the School District of Mauston, Wisconsin)

Index to Notes to Financial Statements

June 30, 2024

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Montessori Charter School

(A Charter School and Component Unit of the School District of Mauston, Wisconsin)

Notes to Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies

The accounting policies of the Mauston Montessori Charter School (the School), a Charter School and Component Unit of the School District of Mauston, Wisconsin (the District), conform to generally accepted accounting principles 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

Mauston Montessori, a Charter School and Component Unit of the School District of Mauston, Wisconsin. The School's charter is held by the School District of Mauston, Wisconsin 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 basic financial statements of the School present only the balances, activity and disclosures related to the School. They do not purport to and do not, present fairly the financial position of the District as of June 30, 2024 and its changes in financial position, for the year ended in conformity with accounting principles generally accepted in the United States of America.

This report includes all activity of the School. The reporting entity for the School 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 School has not identified any organizations that meet this criteria.

Government-Wide and Fund Financial Statements.

Government-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. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The School 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.

Montessori Charter School

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Notes to Financial Statements

June 30, 2024

Fund Financial Statements

Financial statements of the School are organized into one fund, which is considered to be a separate accounting entity. The fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, deferred outflows, liabilities, deferred inflows, net position/fund balance, revenues and expenditures. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

- a. Total assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type and
- b. The same element of the individual governmental fund or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental funds combined.
- c. In addition, any other governmental that the School believes is particularly important to financial statement users may be reported as a major fund.

The School reports one major governmental fund, the general fund, which accounts for the School's primary operating activities. It is used to account for all financial resources.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Unbilled receivables are recorded as revenues when services are provided.

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 School 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.

Montessori Charter School

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Notes to Financial Statements

June 30, 2024

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 School funds is restricted by state statutes. Available investments are limited to:

1. Time deposits in any credit union, bank, savings bank, trust company.
2. 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 or by the University of Wisconsin Hospitals and Clinics Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

The School has not adopted an investment policy. The School, as part of the municipality, is covered under an investment policy adopted by the School District of Mauston. Please refer to the District's financial statements for information regarding the adopted investment policy. This policy does not address custodial credit risk associated with the District's or the School's deposits or investments.

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.

See Note 2 for further information.

Montessori Charter School

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Notes to Financial Statements

June 30, 2024

Equity Classifications

Government-Wide Statements

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

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.

Restricted Net Position - Consists of net position with constraints placed on the 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.

Unrestricted Net Position - All other net position 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 School's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Statements

Governmental fund balances are as follows:

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.

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.

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 or motion) of the Board. 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 Board that originally created the commitment.

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. Fund balance may be assigned through the following; 1) The School has adopted a financial policy authorizing the School director 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.

Montessori Charter School

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Notes to Financial Statements

June 30, 2024

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 exceeds amounts restricted, committed or assigned for those purposes.

The School 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 School would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

2. Detailed Notes on All Funds

Deposits and Investments

The School's cash and investments at year end were comprised of the following:

	<u>Carrying Value</u>
Cash in common with the School District of Mauston	\$ -

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 not been considered in computing custodial credit risk.

The School maintains commingled deposits and investments with the District. The custodial credit risk and credit risk, as applicable, pertaining specifically to the School's resources cannot be determined. Please refer to the District's financial statements for information on overall deposit and investment risks.

Investment income on commingled investments of the entire municipality is allocated based on average investment balances.

Receivables

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

Net Position/Fund Balances

Net Position/Fund Balance reported on the government wide statement of net position and governmental fund balance sheet at June 30, 2024 is as follows:

Unrestricted	\$ -
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Montessori Charter School

(A Charter School and Component Unit of the School District of Mauston, Wisconsin)

Notes to Financial Statements

June 30, 2024

3. Other Information

Risk Management

The District is exposed to various risks of loss related to torts theft of, damage to or destruction of assets; errors or 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. The School is covered under the District's commercial insurance.

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 as expenses when the related liabilities are incurred.

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 101, *Compensated Absences*
- Statement No. 102, *Certain Risk Disclosures*
- Statement No. 103, *Financial Reporting Model Improvements*
- Statement No. 104, *Disclosure of Certain Capital Assets*

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

OTHER AUDITORS' REPORT

**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 Governance Council of
Mauston Montessori Charter School

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 and the general fund of Mauston Montessori Charter School (the School), a Charter School and Component Unit of the School District of Mauston, Wisconsin, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated December 11, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 responses as item 2024-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School'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 School's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The School'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.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Milwaukee, Wisconsin
December 11, 2024

Mauston Montessori Charter School

(A Charter School and Component Unit of the School District of Mauston, Wisconsin)

Schedule of Findings and Responses

Year Ended June 30, 2024

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?

 X yes

 no

Significant deficiency(ies) identified?

 yes

 X none reported

Noncompliance material to the financial statements?

 yes

 X no

Section II - Financial Statement Findings Required to Be Reported in Accordance With Government Auditing Standards

Finding No. 2024-001 - Internal Control Over Financial Reporting

Repeat of Prior Year Finding 2023-001

Criteria: Auditing Standards require the communication to the Board of significant deficiencies and material weaknesses in the year end financial reporting process.

Condition: The District's personnel do not have the necessary technical expertise in governmental accounting and reporting to prepare the District's financial statements in accordance with generally accepted accounting principles. The District has contracted with its auditing firm to perform this service.

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

District Response and Corrective Action Plan: Although management does not prepare the financial statements, draft copies of these reports are reviewed and approved prior to their issuance by management. Currently, management has not implemented controls to evaluate and determine whether the financial statements conform to the requirements of accounting principles generally accepted in the United States of America. As such, management will continue to rely on the auditors to assist in preparing the District's financial statements.