

School District of Mauston

Financial Statements and
Supplementary Information

June 30, 2023

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, 2023 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, 2023 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 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 May 10, 2024 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.

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

Milwaukee, Wisconsin
May 10, 2024

BASIC FINANCIAL STATEMENTS

School District of Mauston

Statement of Net Position

June 30, 2023

Assets and Deferred Outflows of Resources

Current Assets

Cash and investments	\$ 6,152,729
Taxes receivable	2,435,887
Accounts receivable	32,743
Due from other governments	<u>2,114,784</u>
Total current assets	<u>10,736,143</u>

Noncurrent Assets

Capital assets:	
Land	588,300
Capital assets being depreciated	102,111,747
Less accumulated depreciation	<u>(24,272,875)</u>
Total noncurrent assets	<u>78,427,172</u>
Total assets	<u>89,163,315</u>

Deferred Outflows of Resources

OPEB related amounts	1,125,246
Pension related amounts	<u>10,960,275</u>
Total deferred outflows of resources	<u>12,085,521</u>

Liabilities, Deferred Inflows of Resources and Net Position

Current Liabilities

Accounts payable and accrued expenses	1,801,233
Accrued interest	307,910
Due to other governments	10,804
Unearned revenue	27,964
Current portion of long-term obligations	<u>2,311,188</u>
Total current liabilities	<u>4,459,099</u>

Noncurrent Liabilities

Noncurrent portion of long-term obligations	<u>58,102,601</u>
Total liabilities	<u>62,561,700</u>

Deferred Inflows of Resources

OPEB related amounts	1,708,026
Pension related amounts	<u>6,427,121</u>
Total deferred inflows of resources	<u>8,135,147</u>

Net Position

Net investment in capital assets	27,866,782
Restricted for debt service	446,408
Restricted for capital projects	3,246,490
Restricted for trust	407,516
Restricted for community service	520,179
Restricted for food service	144,907
Unrestricted (deficit)	<u>(2,080,293)</u>
Total net position	<u>\$ 30,551,989</u>

See notes to the financial statements

School District of Mauston

Statement of Activities

Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Instruction:				
Regular	\$ 9,800,598	\$ 1,837,096	\$ 4,151,343	\$ (3,812,159)
Special education	2,237,021	-	1,323,314	(913,707)
Vocational	863,128	-	-	(863,128)
Other	1,283,331	83,008	-	(1,200,323)
Total instruction	14,184,078	1,920,104	5,474,657	(6,789,317)
Support services:				
Pupil services	974,811	-	1,019,508	44,697
Instructional support services	1,719,498	-	124,736	(1,594,762)
Administration	2,278,412	-	-	(2,278,412)
Buildings and grounds	4,729,398	-	-	(4,729,398)
Pupil transportation	802,285	-	70,857	(731,428)
Other support services	1,577,370	-	-	(1,577,370)
Community services	-	-	-	-
Food service	1,173,149	313,941	865,546	6,338
Interest and fees	872,396	-	-	(872,396)
Total support services	14,127,319	313,941	2,080,647	(11,732,731)
Total activities	\$ 28,311,397	\$ 2,234,045	\$ 7,555,304	(18,522,048)
General revenues:				
Taxes:				
Property taxes:				
General purposes				4,417,046
Community service				575,000
Capital projects				75,800
Debt service				3,125,842
Intergovernmental revenue not restricted to specific functions				10,488,319
Investment income				191,274
Miscellaneous				196,232
Total general revenues				19,069,513
Change in net position				547,465
Net Position, Beginning				30,004,524
Net Position, Ending				\$ 30,551,989

See notes to the financial statements

School District of Mauston

Balance Sheet -
Governmental Funds
June 30, 2023

		Special Revenue				
	General Fund	Special Education Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Assets						
Cash and investments	\$ 647,589	\$ (227,879)	\$ 715,735	\$ 3,927,493	\$ 1,089,791	\$ 6,152,729
Taxes receivable	2,435,887	-	-	-	-	2,435,887
Accounts receivable	618	30,426	-	-	1,699	32,743
Due from other funds	319,961	-	38,583	-	-	358,544
Due from other governments	1,560,698	199,943	-	-	354,143	2,114,784
Total assets	<u>\$ 4,964,753</u>	<u>\$ 2,490</u>	<u>\$ 754,318</u>	<u>\$ 3,927,493</u>	<u>\$ 1,445,633</u>	<u>\$ 11,094,687</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 327,945	\$ 57	\$ -	\$ 681,003	\$ 5,689	\$ 1,014,694
Accrued payroll and related liabilities	770,393	1,543	-	-	14,603	786,539
Due to other funds	38,583	890	-	-	319,071	358,544
Due to other governments	5,100	-	-	-	5,704	10,804
Unearned revenue	-	-	-	-	27,964	27,964
Total liabilities	<u>1,142,021</u>	<u>2,490</u>	<u>-</u>	<u>681,003</u>	<u>373,031</u>	<u>2,198,545</u>
Fund Balances						
Restricted	-	-	754,318	3,246,490	1,072,602	5,073,410
Assigned	1,182,867	-	-	-	-	1,182,867
Unassigned	2,639,865	-	-	-	-	2,639,865
Total fund balances	<u>3,822,732</u>	<u>-</u>	<u>754,318</u>	<u>3,246,490</u>	<u>1,072,602</u>	<u>8,896,142</u>
Total liabilities and fund balances	<u>\$ 4,964,753</u>	<u>\$ 2,490</u>	<u>\$ 754,318</u>	<u>\$ 3,927,493</u>	<u>\$ 1,445,633</u>	<u>\$ 11,094,687</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, 2023

Total Fund Balances, Governmental Funds	\$ 8,896,142
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.	78,427,172
The District's proportionate share of the net pension liability does not relate to current financial resources and is not reported in the governmental funds.	(2,926,047)
Deferred outflows of resources related to OPEB and pension do not relate to current financial resources and are not reported in the governmental funds.	12,085,521
Deferred inflows of resources related to OPEB and pension do not relate to current financial resources and are not reported in the governmental funds.	(8,135,147)
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	(49,064,956)
Unamortized premium	(1,495,434)
Compensated absences	(201,829)
Accrued interest	(307,910)
Total OPEB liability, Health	(4,068,801)
Net OPEB liability, Life	(490,355)
Total pension liability	<u>(2,166,367)</u>
Net Position of Governmental Activities	<u>\$ 30,551,989</u>

See notes to the financial statements

School District of Mauston

Statement of Revenues, Expenditures and Changes in Fund Balances -

Governmental Funds

Year Ended June 30, 2023

		Special Revenue				
	General Fund	Special Education Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Local	\$ 4,481,057	\$ -	\$ 3,277,384	\$ 214,958	\$ 1,289,602	\$ 9,263,001
Interdistrict	1,356,018	-	-	-	-	1,356,018
Intermediate	41,725	-	-	-	-	41,725
State	12,151,813	792,986	-	-	51,612	12,996,411
Federal	3,103,587	565,121	-	-	1,378,504	5,047,212
Other	154,456	-	-	-	40	154,496
Total revenues	21,288,656	1,358,107	3,277,384	214,958	2,719,758	28,858,863
Expenditures						
Instruction:						
Regular	6,600,381	-	-	-	1,495,701	8,096,082
Special education	-	2,124,251	-	-	52,014	2,176,265
Vocational	837,780	-	-	-	112,716	950,496
Other	1,098,382	-	-	-	130,315	1,228,697
Total instruction	8,536,543	2,124,251	-	-	1,790,746	12,451,540
Support services:						
Pupil services	661,925	287,943	-	-	13,900	963,768
Instructional support services	1,127,327	112,714	-	-	67,096	1,307,137
Administration	2,155,844	16,264	-	-	40,911	2,213,019
Buildings and grounds	3,691,020	1,385	-	16,571,677	117,798	20,381,880
Pupil transportation	648,220	152,221	-	-	1,844	802,285
Other support services	1,444,234	21,034	-	99,658	-	1,564,926
Food service	-	-	-	-	1,163,748	1,163,748
Debt service:						
Principal retirement	-	-	2,230,772	-	-	2,230,772
Interest and fiscal charges	-	-	977,993	-	-	977,993
Total support services	9,728,570	591,561	3,208,765	16,671,335	1,405,297	31,605,528
Nonprogram:						
General tuition payments	1,283,087	232,751	-	-	-	1,515,838
Other nonprogram	12,500	659	-	-	-	13,159
Total nonprogram	1,295,587	233,410	-	-	-	1,528,997
Total expenditures	19,560,700	2,949,222	3,208,765	16,671,335	3,196,043	45,586,065
Excess (deficiency) of revenues over (under) expenditures	1,727,956	(1,591,115)	68,619	(16,456,377)	(476,285)	(16,727,202)
Other Financing Sources (Uses)						
Transfers in	-	1,591,115	-	-	1,028,555	2,619,670
Transfers out	(2,619,670)	-	-	-	-	(2,619,670)
Total other financing sources (uses)	(2,619,670)	1,591,115	-	-	1,028,555	-
Net change in fund balances	(891,714)	-	68,619	(16,456,377)	552,270	(16,727,202)
Fund Balances, Beginning	4,714,446	-	685,699	19,702,867	520,332	25,623,344
Fund Balances, Ending	\$ 3,822,732	\$ -	\$ 754,318	\$ 3,246,490	\$ 1,072,602	\$ 8,896,142

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, 2023

Net Change in Fund Balances, Total Governmental Funds \$ (16,727,202)

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

17,404,189

Depreciation expense reported in the statement of activities

(2,145,649)

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

2,230,772

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

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

21,456

Net pension asset

(7,426,294)

Total pension liability

91,694

Total OPEB liability - Health

661,032

Net OPEB liability - Life

283,230

Deferred inflows/outflows of resources related to pensions

6,395,706

Deferred inflows/outflows of resources related to OPEB

(347,066)

Accrued interest on debt

22,517

Change in Net Position of Governmental Activities

\$ 547,465

School District of Mauston

Statement of Fiduciary Net Position

Fiduciary Fund

June 30, 2023

	<u>Private Purpose Trust Fund - Scholarships</u>
Assets	
Cash and investments	\$ 893,599
Accounts receivable	<u>160,862</u>
Total assets	<u>1,054,461</u>
Liabilities	
Total liabilities	<u>-</u>
Net Position	
Restricted for scholarships	<u><u>\$ 1,054,461</u></u>

See notes to the financial statements

School District of Mauston

Statement of Changes in Fiduciary Net Position

Fiduciary Fund

Year Ended June 30, 2023

	Private Purpose Trust Fund - Scholarships
Additions	
Contributions	\$ 814,205
Investment income	<u>6,074</u>
Total additions	<u>820,279</u>
Deductions	
Payments to participants	<u>68,202</u>
Change in net position	752,077
Net Position, Beginning	<u>302,384</u>
Net Position, Ending	<u><u>\$ 1,054,461</u></u>

See notes to the financial statements

School District of Mauston

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June 30, 2023

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School District of Mauston

Notes to Financial Statements
June 30, 2023

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 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 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 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, 2023

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, 2023

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.

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 to 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, 2023

- 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, 2023, 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

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, 2023

Property tax calendar - 2022 tax roll:

Lien date and levy date	December 2022
Tax bills mailed	December 2022
Payment in full, or	January 31, 2023
First installment due	January 31, 2023
Second installment due	July 31, 2023

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.

Capital Assets

Government-Wide Financial Statements

Capital assets, which include property, plant and equipment, 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 assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

Compensated Absences

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

School District of Mauston

Notes to Financial Statements
June 30, 2023

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, 2023, 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 assets 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.

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.

Pension

The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset);
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions; and
- Pension Expense (Revenue).

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the single-employer pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, the District's single employer pension plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Postemployment Benefits 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 following:

- Net OPEB Liability;
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Postemployment Benefits; and
- OPEB Expense (Revenue).

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, Community Service Fund and Co-operative 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.

School District of Mauston

Notes to Financial Statements
June 30, 2023

Excess Expenditures Over Budget

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Food Service Fund	\$ 1,143,192	\$ 1,163,748	\$ 20,556
Trust Fund	152,703	293,022	140,319

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.

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	\$ 7,036,204	\$ 7,421,619	Custodial credit
LGIP	6,957	6,957	Credit
Petty cash	3,167	-	N/A
Total deposits and investments	<u>\$ 7,046,328</u>	<u>\$ 7,428,576</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 6,152,729		
Per statement of net position, fiduciary fund:			
Private Purpose Trust Fund	<u>893,599</u>		
Total deposits and investments	<u>\$ 7,046,328</u>		

School District of Mauston

Notes to Financial Statements
June 30, 2023

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, 2023, the banks had pledged various government securities in the amount of \$8,378,887 to secure the District's deposits.

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 governmental funds were as follows:

	<u>Unearned</u>
Unspent, student lunch account balances	\$ <u>27,964</u>
Total unearned revenue for governmental funds	\$ <u><u>27,964</u></u>

School District of Mauston

Notes to Financial Statements

June 30, 2023

Capital Assets

Capital asset activity for the year ended June 30, 2023, 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	41,789,550	17,278,505	59,068,055	-
Total capital assets not being depreciated / amortized	<u>42,377,850</u>	<u>17,278,505</u>	<u>59,068,055</u>	<u>588,300</u>
Capital assets being depreciated / amortized:				
Buildings	36,518,612	59,068,055	527,800	95,058,867
Land improvements	651,531	-	-	651,531
Equipment	5,882,685	102,934	-	5,985,619
Vehicles	392,980	22,750	-	415,730
Total capital assets being depreciated / amortized	<u>43,445,808</u>	<u>59,193,739</u>	<u>527,800</u>	<u>102,111,747</u>
Total capital assets	<u>85,823,658</u>	<u>76,472,244</u>	<u>59,595,855</u>	<u>102,700,047</u>
Less accumulated depreciation / amortization for:				
Buildings	(17,497,224)	(1,990,613)	527,800	(18,960,037)
Land improvements	(606,730)	(6,937)	-	(613,667)
Equipment	(4,224,479)	(114,703)	-	(4,339,182)
Vehicles	(326,593)	(33,396)	-	(359,989)
Total accumulated depreciation / amortization	<u>(22,655,026)</u>	<u>(2,145,649)</u>	<u>527,800</u>	<u>(24,272,875)</u>
Net capital assets being depreciated / amortized	<u>20,790,782</u>	<u>57,048,090</u>	<u>-</u>	<u>77,838,872</u>
Total governmental activities capital assets, net as reported in the statement of net position	<u>\$ 63,168,632</u>	<u>\$ 74,326,595</u>	<u>\$ 59,068,055</u>	<u>\$ 78,427,172</u>

Depreciation / amortization expense was charged to functions as follows:

Governmental Activities

Instruction:	
Regular	\$ 71,906
Support services:	
Pupil services	1,466
Instructional support	412,361
Administration	4,110
Buildings and grounds	<u>1,655,806</u>
Total governmental activities depreciation expense	<u>\$ 2,145,649</u>

School District of Mauston

Notes to Financial Statements
June 30, 2023

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	\$ 890
General Fund	iLEAD	83,109
General Fund	Mauston Montessori	31,166
General Fund	Co-operative Fund	26,400
General Fund	Lemonweir	178,396
Debt Service Fund	General Fund	<u>38,583</u>
Total, fund financial statements		358,544
Less fund eliminations		<u>(358,544)</u>
Total internal balances, government-wide statement of net position		<u><u>\$ -</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	\$ 1,591,115
Trust Fund	General Fund	446
iLEAD	General Fund	407,444
Mauston Montessori	General Fund	480,065
Lemonweir	General Fund	<u>140,600</u>
Total, fund financial statements		2,619,670
Less fund eliminations		<u>(2,619,670)</u>
Total transfers, government-wide statement of activities		<u><u>\$ -</u></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.

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, 2023

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.

Long-Term Obligations

Long-term obligations activity for the year ended June 30, 2023, 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	\$ 46,065,000	\$ -	\$ 535,000	\$ 45,530,000	\$ 560,000
General obligation notes from direct borrowings and direct placements	5,230,728	-	1,695,772	3,534,956	1,731,005
(Discounts)/Premiums	<u>1,578,514</u>	<u>-</u>	<u>83,080</u>	<u>1,495,434</u>	<u>-</u>
Total bonds and notes payable	<u>52,874,242</u>	<u>-</u>	<u>2,313,852</u>	<u>50,560,390</u>	<u>2,291,005</u>
Other liabilities:					
Net OPEB liability, life	773,585	-	283,230	490,355	-
Total Pension liability, single employer	2,258,061	-	91,694	2,166,367	-
Compensated balances	223,285	-	21,456	201,829	20,183
Net OPEB Liability, Health	4,729,833	-	661,032	4,068,801	-
Net pension liability	<u>-</u>	<u>2,926,047</u>	<u>-</u>	<u>2,926,047</u>	<u>-</u>
Total other liabilities	<u>7,984,764</u>	<u>2,926,047</u>	<u>1,057,412</u>	<u>9,853,399</u>	<u>20,183</u>
Total governmental activities long-term liabilities	<u>\$ 60,859,006</u>	<u>\$ 2,926,047</u>	<u>\$ 3,371,264</u>	<u>\$ 60,413,789</u>	<u>\$ 2,311,188</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, 2023, was \$101,154,995. Total general obligation debt outstanding at year end was \$49,064,956.

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>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance June 30, 2023</u>
GO Refunding Bonds	03/08/2021	03/01/2041	1.15-4.00%	\$ 46,540,000	\$ 44,325,000
GO Refunding Bonds	05/25/2021	03/01/2041	2.00-4.00	1,295,000	1,205,000
GO Promissory Notes, direct	07/01/2020	07/15/2025	1.10	280,000	169,956
GO Promissory Notes, direct	01/24/2022	09/01/2025	0.75-1.30	5,000,000	<u>3,365,000</u>
Total governmental activities, general obligation debt					<u>\$ 49,064,956</u>

School District of Mauston

Notes to Financial Statements
June 30, 2023

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities General Obligation Debt	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 560,000	\$ 896,995
2025	580,000	874,195
2026	2,355,000	849,995
2027	2,420,000	788,995
2028	2,515,000	690,295
2029-2033	13,335,000	2,692,120
2034-2038	14,425,000	1,610,118
2039-2041	9,340,000	282,695
Total	<u>\$ 45,530,000</u>	<u>\$ 8,685,408</u>

<u>Years</u>	Governmental Activities Notes from Direct Borrowings and Direct Placements	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,731,005	\$ 14,514
2025	1,746,626	7,612
2026	57,325	639
Total	<u>\$ 3,534,956</u>	<u>\$ 22,765</u>

Other Debt Information

Estimated payments of compensated absences, net pension liability and other postemployment benefits liabilities are not included in the debt service requirement schedules. The compensated absences, net pension liability 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, 2023, includes the following:

Governmental Activities

Net investment in capital assets:

Land	\$ 588,300
Other capital assets, net of accumulated depreciation	77,838,872
Less long-term debt outstanding	(49,064,956)
Less unamortized debt premium	<u>(1,495,434)</u>

Total net investment in capital assets \$ 27,866,782

School District of Mauston

Notes to Financial Statements
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Governmental Funds

Governmental fund balances reported on the fund financial statements at June 30, 2023, include the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Funds	Total
Fund Balances					
Restricted for:					
Trust purposes	\$ -	\$ -	\$ -	\$ 407,516	\$ 407,516
Community services	-	-	-	520,179	520,179
Food service	-	-	-	144,907	144,907
Debt service	-	754,318	-	-	754,318
Capital projects	-	-	3,246,490	-	3,246,490
Assigned to:					
Subsequent budget	1,182,867	-	-	-	1,182,867
Unassigned:	<u>2,639,865</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,639,865</u>
Total fund balances	<u>\$ 3,822,732</u>	<u>\$ 754,318</u>	<u>\$ 3,246,490</u>	<u>\$ 1,072,602</u>	<u>\$ 8,896,142</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, 2023

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>
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
2022	7.4	15.0

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Contributions

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

During the reporting period, the WRS recognized \$647,163 in contributions from the District.

Contribution rates for the plan year reported as of June 30, 2023 are:

Employee Category	Employee	Employer
General (including teachers, executives & elected officials)	6.75 %	6.75 %
Protective with social security	6.50 %	12.00 %
Protective without social security	6.50 %	16.40 %

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

At June 30, 2023, the District reported a liability of \$2,926,047 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. 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 was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the District's proportion was 0.05523237%, which was a decrease of 0.00060069% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized pension expense (revenue) of \$1,448,457.

School District of Mauston

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At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 4,660,286	\$ 6,122,570
Changes in assumptions	575,382	-
Net differences between projected and actual earnings on pension plan investments	4,970,679	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	20,143	5,502
Employer contributions subsequent to the measurement date	<u>420,966</u>	<u>-</u>
Total	<u>\$ 10,647,456</u>	<u>\$ 6,128,072</u>

\$420,966 reported as deferred outflows of resources related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Years Ending December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2024	\$ 172,033
2025	849,288
2026	872,689
2027	2,204,408

School District of Mauston

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June 30, 2023

Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2021
Measurement Date of Net Pension Liability (Asset):	December 31, 2022
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. The Total Pension Liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.

School District of Mauston

Notes to Financial Statements

June 30, 2023

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 Returns* as of December 31, 2022			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %**
Public Equity	48	7.6	5
Public Fixed Income	25	5.3	2.7
Inflation Sensitive	19	3.6	1.1
Real Estate	8	5.2	2.6
Private Equity/Debt	15	9.6	6.9
Total Core Fund***	115	7.4	4.8
Variable Fund Asset			
U.S. Equities	70	7.2	4.6
International Equities	30	8.1	5.5
Total Variable Fund	100	7.7	5.1

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

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

*** 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

June 30, 2023

Single Discount Rate

A single discount rate of 6.8% was used to measure the total pension liability for the current and prior year. This discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 4.05% (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, 2022. 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 investment 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:

	1% Decrease to Discount Rate (5.8%)	Current Discount Rate (6.8%)	1% Increase to Discount Rate (7.8%)
District's proportionate share of the net pension liability (asset)	\$ 9,711,455	\$ 2,926,047	\$ (1,741,731)

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>.

At June 30, 2023, the District reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

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.

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, 2023. 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 postemployment 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.

School District of Mauston

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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 pro-rated levels stated above based on your years of employment with the District beginning with 15 years.

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 postemployment 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 \$4,068,801 was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
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, 2022 valuation were based on the results of an actuarial experience study 2015-2017.

School District of Mauston

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Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances at June 30, 2022	<u>\$ 4,729,833</u>
Changes for the year:	
Service cost	121,922
Interest	101,183
Differences between expected and actual experience	(80,049)
Changes in assumptions or other inputs	(216,519)
Benefit payments	<u>(587,569)</u>
Net changes	<u>(661,032)</u>
Balances at June 30, 2023	<u>\$ 4,068,801</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.25% in 2022 to 4.00% in 2023.

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 (3.0%) or 1-percentage-point higher (5.0%) than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 4,191,392	\$ 4,068,801	\$ 3,950,354

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:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ 3,936,660	\$ 4,068,801	\$ 4,207,488

School District of Mauston

Notes to Financial Statements
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OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of \$46,049. At June 30, 2023, 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	\$ -	\$ 821,123
Changes of assumptions or other inputs	248,044	522,577
Employer contributions subsequent to the measurement date	<u>681,781</u>	<u>-</u>
Total	<u>\$ 929,825</u>	<u>\$ 1,343,700</u>

\$681,781 reported as deferred outflows related to OPEB resulting from the OPEB employer's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30:	Amount
2024	\$ (177,056)
2025	(177,056)
2026	(177,060)
2027	(214,513)
2028	(214,514)
Thereafter	<u>(135,457)</u>
Total	<u>\$ (1,095,656)</u>

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 postemployment 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.

School District of Mauston

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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 for the plan year reported as of June 30, 2023 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

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 plan year are as listed below:

<u>Life Insurance Member Contribution Rates* for the Plan Year</u>		
<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 \$2,582 in contributions from the employer.

School District of Mauston

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

At June 30, 2023, the District reported a liability of \$490,355 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022 rolled forward to December 31, 2022. 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, 2022, the District's proportion was 0.12870800%, which was an decrease of 0.00217800% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense (revenue) of \$41,856.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 47,988
Net differences between projected and actual earnings on plan investments	176,174	289,444
Changes in actuarial assumptions	9,201	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,518	26,894
Employer contributions subsequent to the measurement date	<u>1,528</u>	<u>-</u>
Total	<u>\$ 195,421</u>	<u>\$ 364,326</u>

\$1,528 reported as deferred outflows of resources 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 (asset) in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2024	\$ (18,129)
2025	(20,023)
2026	(8,561)
2027	(29,217)
2028	(48,867)
Thereafter	(45,636)

School District of Mauston

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Actuarial Assumptions

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

Actuarial Valuation Date:	January 1, 2022
Measurement Date of Net OPEB Liability (Asset)	December 31, 2022
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*	3.72%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	3.76%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.10% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

*Based on the Bond Buyers GO index

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. The Total OPEB Liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the January 1, 2022 actuarial valuation.

School District of Mauston

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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.

State OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2022

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interm Credit	50.00%	2.45%
U.S. Mortgages	Bloomberg U.S. MBS	50.00	2.83
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 remained unchanged from the prior year at 2.30%.

Single Discount Rate

A single discount rate of 3.76% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.17% for the prior year. The significant change in the discount rate was primarily caused by the increase in the municipal bond rate from 2.06% as of December 31, 2021 to 3.72% as of December 31, 2022. 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 that 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 that 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.

School District of Mauston

Notes to Financial Statements

June 30, 2023

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

The following presents the District's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 3.76%, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.76%) or 1-percentage-point higher (4.76%) than the current rate:

	<u>1% Decrease to Discount Rate (2.76%)</u>	<u>Current Discount Rate (3.76%)</u>	<u>1% Increase to Discount Rate (4.76%)</u>
District's proportionate share of the net OPEB liability (asset)	\$ 668,547	\$ 490,355	\$ 353,792

At June 30, 2023, the District reported a payable to the OPEB plan, which represents contractually required contributions outstanding as of the end of the year.

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.

School District of Mauston

Notes to Financial Statements
June 30, 2023

Changes in Total Pension Liability

The District's change in total pension liability for the fiscal year ended June 30, 2023 was as follows:

	Total Pension Liability
Beginning of Year Balance	\$ 2,258,061
Service cost	136,332
Interest on total pension liability	51,665
Changes of assumptions or other input	(219,691)
Benefit payments	<u>(60,000)</u>
End of Year Balance	<u><u>\$ 2,166,367</u></u>

Assumptions

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

Measurement Date:	June 30, 2022
Actuarial Valuation Date:	June 30, 2021
Inflation:	2.50%
Salary Changes:	Assumed 3.00% per year; includes merit increases plus inflation
Discount Rate:	4.00%
Source of Discount Rate:	Based upon all years of project payments discounted at a municipal bond rate of 4.00%
Source of Mortality Assumptions:	Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%)
Dates of Experience Studies	Based on 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 3.5% as well as what the total pension liability would be if it were to be calculated using a discount rate that is 1-percentage-point lower (2.5%) or 1-percentage-point higher (4.5%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 2,290,653	\$ 2,166,367	\$ 2,046,076

School District of Mauston

Notes to Financial Statements

June 30, 2023

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2023, the District recognized pension expense of \$197,587. 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 186,645	\$ 22,774
Changes in assumptions	126,174	276,275
Total	\$ 312,819	\$ 299,049

Years Ending June 30:	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2023	\$ 9,590
2024	9,590
2025	9,590
2026	9,590
2027	9,590
Thereafter	(34,180)

Effect of New Accounting Standards on Current-Period Financial Statements

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

- 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, 2023

	Original and Final Budget	Actual	Variance With Budget
Revenues			
Local	\$ 4,323,343	\$ 4,481,057	\$ 157,714
Interdistrict	1,290,756	1,356,018	65,262
Intermediate	11,259	41,725	30,466
State	12,485,567	12,151,813	(333,754)
Federal	3,210,787	3,103,587	(107,200)
Other	150,000	154,456	4,456
Total revenues	21,471,712	21,288,656	(183,056)
Expenditures			
Instruction:			
Regular	8,347,168	6,600,381	1,746,787
Vocational	933,752	837,780	95,972
Other	840,147	1,098,382	(258,235)
Total instruction	10,121,067	8,536,543	1,584,524
Support services:			
Pupil services	661,647	661,925	(278)
Instructional support services	1,174,289	1,127,327	46,962
Administration	6,250,549	2,155,844	4,094,705
Buildings and grounds	-	3,691,020	(3,691,020)
Pupil transportation	-	648,220	(648,220)
Other support services	1,239,248	1,444,234	(204,986)
Total support services	9,325,733	9,728,570	(402,837)
Nonprogram:			
General tuition payments	1,076,196	1,283,087	(206,891)
Other nonprogram	-	12,500	(12,500)
Total nonprogram	1,076,196	1,295,587	(219,391)
Total expenditures	20,522,996	19,560,700	962,296
Excess of revenues over expenditures	948,716	1,727,956	779,240
Other Financing Uses			
Transfers out	(1,940,778)	(2,619,670)	(678,892)
Net change in fund balances	\$ (992,062)	(891,714)	\$ 100,348
Fund Balances, Beginning		4,714,446	
Fund Balances, Ending		\$ 3,822,732	

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, 2023

	Original and Final Budget	Actual	Variance With Final Budget
Revenues			
State	\$ 700,002	\$ 792,986	\$ 92,984
Federal	597,996	565,121	(32,875)
Total revenues	1,297,998	1,358,107	60,109
Expenditures			
Instruction:			
Special education	2,397,808	2,124,251	273,557
Support services:			
Pupil services	203,016	287,943	(84,927)
Instructional support services	188,077	112,714	75,363
Administration	127,500	16,264	111,236
Pupil transportation	-	152,221	(152,221)
Other support services	25,925	21,034	4,891
Total support services	544,518	591,561	(47,043)
Nonprogram:			
General tuition payments	155,650	232,751	(77,101)
Other nonprogram	-	659	(659)
Total nonprogram	155,650	233,410	(77,760)
Total expenditures	3,097,976	2,949,222	148,754
Excess (deficiency) of revenues over (under) expenditures	(1,799,978)	(1,591,115)	208,863
Other Financing Sources			
Transfer in	1,799,978	1,591,115	(208,863)
Net change in fund balances	\$ -	-	\$ -
Fund Balances, Beginning		-	
Fund Balances, Ending		\$ -	

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, 2023

	2018	2019	2020	2021	2022	2023
Total OPEB Liability:						
Service cost	\$ 642,683	\$ 642,683	\$ 236,302	\$ 142,143	\$ 173,482	\$ 121,922
Interest	408,317	422,900	255,386	194,089	123,373	101,183
Difference between expected and actual experience	-	-	(571,339)	-	(578,225)	(80,049)
Changes in benefits	-	(5,787,941)	-	-	-	-
Changes in assumptions	-	299,652	(473,814)	203,516	(93,191)	(216,519)
Benefit payments	(653,060)	(615,623)	(677,727)	(650,994)	(584,177)	(587,569)
Net change in total OPEB liability	397,940	(5,038,329)	(1,231,192)	(111,246)	(958,738)	(661,032)
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>	<u>4,729,833</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>	<u>\$ 4,068,801</u>
Covered-Employee Payroll	\$ 8,016,495	\$ 8,016,495	\$ 8,371,692	\$ 8,371,692	\$ 8,651,920	\$ 8,654,920
Total Opeb Liability as a Percentage of Covered-Employee Payroll	150.56%	87.71%	69.28%	67.95%	54.67%	47.03%

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 Employer Contributions - Health

Year Ended of June 30, 2023

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually determined contribution	\$ 653,060	\$ 615,623	\$ 677,727	\$ 650,994	\$ 584,177	\$ 587,569
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>	<u>587,569</u>
Contribution deficiency (excess)	<u>\$ -</u>	<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.

See notes to the required supplementary information

School District of Mauston

Schedule of Total Pension Liability - Single Employer
Year Ended of June 30, 2023

	2017	2018	2019	2020	2021	2022	2023
Total Pension Liability	\$ 64,034	\$ 76,054	\$ 1,482,558	\$ 1,786,282	\$ 2,026,365	\$ 2,258,061	\$ 2,166,367
The District's Covered-Employee Payroll	2,512,222	2,512,222	5,138,821	5,038,336	5,038,336	4,881,245	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%	44.38%

Schedule of Changes in Total Pension Liability - Single Employer
For the Year Ended of June 30, 2023

	2017	2018	2019	2020	2021	2022	2023
Total Pension Liability							
Service cost	\$ 41,518	\$ 41,518	\$ 57,500	\$ 99,417	\$ 100,224	\$ 123,844	\$ 136,332
Interest	1,260	2,544	3,668	57,460	62,874	46,086	51,665
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	-	(219,691)
Benefit payments	-	-	-	-	(80,000)	(80,000)	(60,000)
Net change in total pension liability	42,778	12,020	1,406,504	303,724	240,083	231,696	(91,694)
Total Pension Liability, Beginning	21,256	64,034	76,054	1,482,558	1,786,282	2,026,365	2,258,061
Total Pension Liability, Ending	\$ 64,034	\$ 76,054	\$ 1,482,558	\$ 1,786,282	\$ 2,026,365	\$ 2,258,061	\$ 2,166,367

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, 2023

Plan Fiscal Year Ending	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
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%
12/31/2022	0.12870800%	490,355	5,980,000	8.20%	38.81%

Schedule of Employer Contributions - Life

Year Ended June 30, 2023

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
6/30/2018	\$ 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%
6/30/2023	3,140	3,140	-	8,654,920	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, 2023

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%
12/31/2022	0.05523237%	2,926,047	9,955,590	29.39%	95.72%

Schedule of Employer Contributions

Wisconsin Retirement System

Year Ended June 30, 2023

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%
6/30/2023	690,081	690,081	-	10,166,610	6.79%

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, 2023

	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	\$ 149,325	\$ 411,206	\$ 529,260	\$ -	\$ -	\$ -	\$ -	\$ 1,089,791
Accounts receivable	1,463	-	236	-	-	-	-	1,699
Due from other governments	35,072	-	-	26,400	31,166	83,109	178,396	354,143
Total assets	\$ 185,860	\$ 411,206	\$ 529,496	\$ 26,400	\$ 31,166	\$ 83,109	\$ 178,396	\$ 1,445,633
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ -	\$ 3,690	\$ 1,999	\$ -	\$ -	\$ -	\$ -	\$ 5,689
Accrued payroll and related liabilities	7,285	-	7,318	-	-	-	-	14,603
Due to other funds	-	-	-	26,400	31,166	83,109	178,396	319,071
Due to other governments	5,704	-	-	-	-	-	-	5,704
Unearned revenue	27,964	-	-	-	-	-	-	27,964
Total liabilities	40,953	3,690	9,317	26,400	31,166	83,109	178,396	373,031
Fund Balances								
Restricted	144,907	407,516	520,179	-	-	-	-	1,072,602
Total fund balances	144,907	407,516	520,179	-	-	-	-	1,072,602
Total liabilities and fund balances	\$ 185,860	\$ 411,206	\$ 529,496	\$ 26,400	\$ 31,166	\$ 83,109	\$ 178,396	\$ 1,445,633

School District of Mauston

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended June 30, 2023

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Food Service Fund	Trust Fund	Community Service Fund	Co-operative Fund	Mauston Montessori	ILEAD	Lemonweir	
Revenues								
Local	\$ 316,243	\$ 343,533	\$ 629,826	\$ -	\$ -	\$ -	\$ -	\$ 1,289,602
State	25,212	-	-	26,400	-	-	-	51,612
Federal	813,934	-	-	-	163,539	111,614	289,417	1,378,504
Other	-	40	-	-	-	-	-	40
Total revenues	<u>1,155,389</u>	<u>343,573</u>	<u>629,826</u>	<u>26,400</u>	<u>163,539</u>	<u>111,614</u>	<u>289,417</u>	<u>2,719,758</u>
Expenditures								
Instruction:								
Regular	-	293,022	-	-	502,135	343,101	357,443	1,495,701
Special education	-	-	-	-	-	52,014	-	52,014
Vocational	-	-	-	12,500	-	100,216	-	112,716
Other	-	-	-	2,396	127,919	-	-	130,315
Total instruction	<u>-</u>	<u>293,022</u>	<u>-</u>	<u>14,896</u>	<u>630,054</u>	<u>495,331</u>	<u>357,443</u>	<u>1,790,746</u>
Support services:								
Pupil service	-	-	-	13,900	-	-	-	13,900
Instructional support services	-	-	-	-	2,833	13,987	50,276	67,096
Buildings and grounds	-	-	117,798	-	-	-	-	117,798
Administration	-	-	-	-	9,619	9,740	21,552	40,911
Pupil transportation	-	-	-	-	1,098	-	746	1,844
Food service	1,163,748	-	-	-	-	-	-	1,163,748
Other support services	-	-	-	-	-	-	-	-
Total support services	<u>1,163,748</u>	<u>-</u>	<u>117,798</u>	<u>13,900</u>	<u>13,550</u>	<u>23,727</u>	<u>72,574</u>	<u>1,405,297</u>
Total expenditures	<u>1,163,748</u>	<u>293,022</u>	<u>117,798</u>	<u>28,796</u>	<u>643,604</u>	<u>519,058</u>	<u>430,017</u>	<u>3,196,043</u>
Excess (deficiency) of revenues over (under) expenditures	(8,359)	50,551	512,028	(2,396)	(480,065)	(407,444)	(140,600)	(476,285)
Other Financing Sources								
Transfers in	-	446	-	-	480,065	407,444	140,600	1,028,555
Net change in fund balances	(8,359)	50,997	512,028	(2,396)	-	-	-	552,270
Fund Balances, Beginning	<u>153,266</u>	<u>356,519</u>	<u>8,151</u>	<u>2,396</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>520,332</u>
Fund Balances, Ending	<u>\$ 144,907</u>	<u>\$ 407,516</u>	<u>\$ 520,179</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,072,602</u>

School District of Mauston

Schedule of Charter Schools Authorizer Operating Costs

Year Ended June 30, 2023

Operating Activity

Employee salaries	\$ 685,918
Employee benefits	344,783
Purchased services	129,266
Noncapital objects	333,945
Capital objects	<u>98,767</u>
Total	<u><u>\$ 1,592,679</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 (*Government Auditing Standards*), the 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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 10, 2024.

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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001, 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 the response.

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.

Milwaukee, Wisconsin
May 10, 2024

**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 December 31, 2023. 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 December 31, 2023.

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 control 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 defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Baker Tilly US, LLP

Milwaukee, Wisconsin
May 10, 2024

School District of Mauston

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/ Program Title	Assistance Listing Number	Pass-Through Agency	Pass-Through Agency Grant Number	Accrued Receivable 7/1/2022	Expenditures Grantor Reimbursements	Receipts Grantor Reimbursements	Accrued Receivable 6/30/2023
Federal Programs							
U.S. Department of Agriculture							
Child Nutrition Cluster:							
School Breakfast Program	10.553	Wisconsin Department of Public Instruction	2023-293360-DPI-SB-546	\$ 1,695	\$ 200,766	\$ 202,461	\$ -
Donated Commodities	10.555	Wisconsin Department of Public Instruction	2023-293360-DPI-NSL-547	-	74,503	74,503	-
National School Lunch Program	10.555	Wisconsin Department of Public Instruction	2023-293360-DPI-NSL-547	3,869	451,532	455,401	-
Area Eligible Snack Program	10.555	Wisconsin Department of Public Instruction	2023-293360-DPI-SK_NSLAE-566	2,898	25,019	24,526	3,391
Summer Food Service Program	10.559	Wisconsin Department of Public Instruction	2023-293360-DPI-SFSP-586	22,067	62,114	52,500	31,681
Total Child Nutrition Cluster				30,529	813,934	809,391	35,072
Total U.S. Department of Agriculture				30,529	813,934	809,391	35,072
U.S. Department of Education							
Indian Education Grants to Local Educational Agencies	84.060	N/A	N/A	25,096	13,796	25,096	13,796
Title I Grants to Local Educational Agencies	84.010A	Wisconsin Department of Public Instruction	2023-293360-DPI-TI-A-141	143,474	349,279	281,580	211,173
Carl Perkins CTE	84.048	CESA #5	N/A	-	12,647	12,647	-
Special Education Cluster:							
Special Education Grants to States	84.027A	Wisconsin Department of Public Instruction	2023-293360-DPI-FLOW-341	119,227	395,580	332,785	182,022
Special Education Preschool Grants	84.173A	Wisconsin Department of Public Instruction	2023-293360-DPI-PRESCH-347	9,163	16,167	14,240	11,090
Total Special Education Cluster				128,390	411,747	347,025	193,112
Charter Schools	84.282A	Wisconsin Department of Public Instruction	2023-293360-DPI-WCSP1-360	63,732	564,570	335,630	292,672
Title IV 21st Century Com Lrn Ctr Public	84.287	Wisconsin Department of Public Instruction	2023-293360-DPI-TIVB-367	25,524	314,446	25,524	314,446
Improving Teacher Quality State Grants	84.367A	Wisconsin Department of Public Instruction	2023-293360-DPI-TIIA-365	18,380	42,425	18,380	42,425
Title IV-A-Student Support and Acad Enrich Grants	84.424A	Wisconsin Department of Public Instruction	2023-293360-DPI-TIVA-381	15,422	32,536	15,422	32,536
COVID 19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief	84.425D	Wisconsin Department of Public Instruction	N/A	679	-	679	-
COVID 19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief II	84.425D	Wisconsin Department of Public Instruction	unknown	49,714	829,087	774,714	104,087
COVID 19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief III	84.425U	Wisconsin Department of Public Instruction	2023-293360-DPI-ESF Af-Sch-165	147,894	1,199,526	675,952	671,468
Subtotal for 84.425				198,287	2,028,613	1,451,345	775,555
Total U.S. Department of Education				618,305	3,770,059	2,512,649	1,875,715
U.S. Department of Health and Human Services							
Medicaid Cluster							
Medical Assistance Program	93.778	Wisconsin Department of Health Services	unknown	-	210,272	185,717	24,555
Total U.S. Department of Health and Human Services				-	210,272	185,717	24,555
U.S. Department of Energy							
Recovery Act - State Energy Program Formula Grant	81.041	Public Service Commission of Wisconsin	unknown	-	101,472	101,472	-
Total U.S. Department of Energy				-	101,472	101,472	-
Total federal programs				\$ 648,834	\$ 4,895,737	\$ 3,609,229	\$ 1,935,342

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, 2023

State Grantor/ Program Title	State Identifying Number	State Pass-Through Number	Accrued Receivable 7/1/2022	Revenue/ Expenditures	Reimbursements	Accrued Receivable June 30, 2023
State Programs						
Wisconsin Department of Public Instruction						
Special Education and School Age Parents	255.101	293360-100	\$ -	\$ 718,107	\$ 718,107	\$ -
State School Lunch Aid	255.102	293360-107	-	7,821	7,821	-
Common School Fund Library Aid	255.103	293360-104	-	82,311	82,311	-
General Transportation Aid for Public School Pupils	255.107	293360-102	-	70,857	70,857	-
School Day Milk Program	255.115	293360-109	1,998	10,723	12,721	-
Equalization Aid and Special Adjustment Aid	255.201	293360-116	-	10,208,926	10,208,926	-
High Cost Special Education Aid	255.210	293360-119	-	14,202	14,202	-
Special Education Transition Readiness Grant	255.257	293360-174	-	45,391	-	45,391
School Based Mental Health SV Grant	255.297	293360-177	-	87,968	-	87,968
Peer Review and Mentor Grant	255.301	293360-141	-	25,000	-	25,000
School Breakfast Program	255.344	293360-108	-	6,668	6,668	-
Early College Credit Program	255.445	293360-178	-	134	134	-
Achievement Gap Reduction (AGR)	255.504	293360-160	-	462,533	462,533	-
Aid for High Poverty School District	255.926	293360-121	-	74,419	74,419	-
Educator Effective Eval Sys Grants Public	255.940	293360-154	-	9,680	9,680	-
Per Pupil Adjustment Aid	255.945	293360-113	-	1,019,508	1,019,508	-
Career and Technical Education Incentive Grant	255.950	293360-171	32,069	39,505	71,574	-
Assessments of Reading Readiness	255.956	293360-166	-	2,298	2,298	-
Special Education Transition Grant BBL	255.960	293360-168	-	15,287	15,287	-
Total Wisconsin Department of Public Instruction			34,067	12,901,338	12,777,046	158,359
Wisconsin Department of Workforce Development						
Youth Apprenticeship Grant	445.107	Unknown	27,589	26,400	27,589	26,400
Total state programs			\$ 61,656	\$ 12,927,738	\$ 12,804,635	\$ 184,759

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, 2023

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, 2023. 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 \$2,308,405 for the year ended June 30, 2023.

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:

PSC WI	Public Service Commission of Wisconsin
CESA #5	Cooperative Educational Service Agency #5
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, 2023

7. Prior Year Findings

The finding identified as Federal and State Awards Findings and Questioned Costs No. 2022-001 has been repeated as 2023-001 for the year ended June 30, 2023.

School District of Mauston

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

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 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>
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, 2023

Identification of major state programs:

State Numbers	Name of State Program
255.504	Achievement Gap Reduction
255.201/255.926	General Aids Cluster
255.945	Per Pupil Adjustment Aid

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

Finding No. 2023-001: Internal Control Over Financial Reporting

Repeat of Prior Year Finding 2022-001

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, 2023

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 X 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 Public Instruction

_____ yes X no

Department of Workforce Development

_____ yes X no

Was a Management Letter or other document conveying audit comments issued as a result of this audit?

 X yes _____ no

Name and signature of partner



Paul Frantz, CPA

Date of report

May 10, 2024