

CLINTON COMMUNITY SCHOOL DISTRICT

Annual Financial Report

June 30, 2024



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CLINTON COMMUNITY SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

To the Board of Education
Clinton Community School District
Clinton, Wisconsin

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 Clinton Community School District (District), as of and for the year ended June 30, 2024, 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 Clinton Community School District as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 schedules of employer's proportionate share of the net pension liability (asset) and employer contributions – Wisconsin Retirement System, schedules of employer's proportionate share of the net OPEB liability and employer contributions – other post-employment benefits – cost-sharing plan, and schedule of revenues, expenditures and change in fund balance – budget and actual – general fund on pages 33–38 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's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

To the Board of Education
Clinton Community School District

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clinton Community School District's basic financial statements. The combining balance sheet – nonmajor governmental funds and combining statement of revenues, expenditures, and changes in fund balances – nonmajor governmental funds are presented for purpose of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and schedule of state financial assistance, as required by the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, *State Single Audit Guidelines* and the *Wisconsin School District Audit Manual*, issued by the Wisconsin Department of Public Instruction are presented for purposes of additional analysis and are not a required part of 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 combining balance sheet – nonmajor governmental funds, combining statement of revenues, expenditures, and changes in fund balances – nonmajor governmental funds, schedule of expenditures of federal awards and schedule of state financial assistance are 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 October 14, 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.

KerberRose SC

KerberRose SC
Certified Public Accountants
Oshkosh, Wisconsin
October 14, 2024

FINANCIAL STATEMENTS

CLINTON COMMUNITY SCHOOL DISTRICT

District-Wide Statement of Net Position

As of June 30, 2024

| | Governmental Activities |
|---|------------------------------------|
| ASSETS | |
| Current Assets | |
| Cash and Investments | \$ 14,108,883 |
| Receivables: | |
| Taxes | 3,029,453 |
| Due from Other Governments | 448,606 |
| Prepaid Items | 30,515 |
| Total Current Assets | <u>17,617,457</u> |
| Noncurrent Assets | |
| Capital Assets | |
| Nondepreciable | 439,240 |
| Depreciable, Net | 44,853,462 |
| Total Noncurrent Assets | <u>45,292,702</u> |
| TOTAL ASSETS | <u>62,910,159</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred Outflows Related to Pension | 5,474,808 |
| Deferred Outflows Related to Other Post-Employment Benefits - Cost-Sharing Plan | 155,516 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>5,630,324</u> |
| LIABILITIES | |
| Current Liabilities | |
| Accounts Payable | 26,760 |
| Accrued Interest Payable | 110,005 |
| Accrued and Other Current Liabilities | 301,564 |
| Deposits Payable | 4,253,410 |
| Dental Claims Payable | 9,035 |
| Current Portion of Lease Liability | 30,513 |
| Current Portion of Long-Term Obligations | 1,138,000 |
| Total Current Liabilities | <u>5,869,381</u> |
| Noncurrent Liabilities | |
| Noncurrent Portion of Long-Term Obligations | 22,433,513 |
| Net Pension Liability | 639,214 |
| Other Postemployment Benefits - Cost-Sharing Liability | 368,135 |
| Total Noncurrent Liabilities | <u>23,440,862</u> |
| TOTAL LIABILITIES | <u>29,310,243</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred Inflows Related to Pension | 3,414,464 |
| Deferred Inflows Related to Other Post-Employment Benefits - Cost-Sharing Plan | 209,883 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>3,624,347</u> |
| NET POSITION | |
| Net Investment in Capital Assets | 21,690,676 |
| Restricted | 8,282,218 |
| Unrestricted | 5,632,999 |
| TOTAL NET POSITION | <u><u>\$ 35,605,893</u></u> |

See Accompanying Notes

CLINTON COMMUNITY SCHOOL DISTRICT

District-Wide Statement of Activities

For the Year Ended June 30, 2024

| | | Program Revenues | | Net (Expense) Revenue and Changes in Net Position |
|--|----------------------|-------------------------|--|--|
| | | | Operating Grants and Contributions | |
| | Expenses | Charges For Services | | Governmental Activities |
| GOVERNMENTAL ACTIVITIES | | | | |
| Instruction | | | | |
| Regular Instruction | \$ 5,183,043 | \$ 37,137 | \$ 1,674,856 | \$ (3,471,050) |
| Vocational Instruction | 773,948 | - | - | (773,948) |
| Physical Instruction | 301,209 | - | - | (301,209) |
| Special Instruction | 1,928,029 | - | 1,114,001 | (814,028) |
| Other Instruction | 974,354 | 22,092 | 116,263 | (835,999) |
| Total Instruction | <u>9,160,583</u> | <u>59,229</u> | <u>2,905,120</u> | <u>(6,196,234)</u> |
| Support Services | | | | |
| Pupil Services | 853,177 | - | - | (853,177) |
| Instructional Staff Services | 731,503 | - | - | (731,503) |
| General Administration Services | 434,330 | - | - | (434,330) |
| School Building Administration Services | 827,831 | - | - | (827,831) |
| Business Administration | 438,186 | - | - | (438,186) |
| Operations and Maintenance of Plant | 3,382,283 | - | - | (3,382,283) |
| Pupil Transportation Services | 785,570 | - | 22,071 | (763,499) |
| Food Services | 659,051 | 245,691 | 414,917 | 1,557 |
| Central Services | 108,824 | - | - | (108,824) |
| Insurance | 165,502 | - | - | (165,502) |
| Other Support Services | 746,171 | - | - | (746,171) |
| Community Services | 34,951 | - | - | (34,951) |
| Interest and Fiscal Charges | 494,638 | - | - | (494,638) |
| Total Support Services | <u>9,662,017</u> | <u>245,691</u> | <u>436,988</u> | <u>(8,979,338)</u> |
| Non-Program Transactions | | | | |
| Open Enrollment | 996,478 | 1,545,361 | - | 548,883 |
| Non-Open Enrollment | 262,892 | - | - | (262,892) |
| Adjustments and Refunds | 129 | - | - | (129) |
| Total Non-Program Transactions | <u>1,259,499</u> | <u>1,545,361</u> | <u>-</u> | <u>285,862</u> |
| TOTAL DISTRICT WIDE | <u>\$ 20,082,099</u> | <u>\$ 1,850,281</u> | <u>\$ 3,342,108</u> | <u>(14,889,710)</u> |
| GENERAL REVENUES | | | | |
| Property Taxes | | | | 11,326,397 |
| State and Federal Aids not Restricted to Specific Functions | | | | 7,428,971 |
| Interest and Investment Earnings | | | | 424,861 |
| Sale of Capital Assets | | | | 433 |
| Miscellaneous | | | | 98,320 |
| Total General Revenues | | | | <u>19,278,982</u> |
| CHANGE IN NET POSITION | | | | 4,389,272 |
| NET POSITION - BEGINNING OF YEAR | | | | <u>31,216,621</u> |
| NET POSITION - END OF YEAR | | | | <u>\$ 35,605,893</u> |

See Accompanying Notes

CLINTON COMMUNITY SCHOOL DISTRICT

Balance Sheet

Governmental Funds

As of June 30, 2024

| | General | Referendum Debt Service | Long-term Capital Improvement | Nonmajor Governmental Funds | Totals |
|--|----------------------|----------------------------|-------------------------------------|-----------------------------------|----------------------|
| ASSETS | | | | | |
| Cash and Investments | \$ 7,730,482 | \$ 1,745,229 | \$ 2,996,521 | \$ 1,636,651 | \$ 14,108,883 |
| Receivables: | | | | | |
| Taxes | 3,029,453 | - | - | - | 3,029,453 |
| Due from Other Fund | - | - | 600,000 | - | 600,000 |
| Due from Other Governments | 448,606 | - | - | - | 448,606 |
| Prepaid Items | 30,515 | - | - | - | 30,515 |
| TOTAL ASSETS | <u>\$ 11,239,056</u> | <u>\$ 1,745,229</u> | <u>\$ 3,596,521</u> | <u>\$ 1,636,651</u> | <u>\$ 18,217,457</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ 26,760 | \$ 26,760 |
| Accrued Liabilities | 301,564 | - | - | - | 301,564 |
| Due to Other Fund | 600,000 | - | - | - | 600,000 |
| Deposits Payable | 4,253,410 | - | - | - | 4,253,410 |
| Dental Claims Payable | 9,035 | - | - | - | 9,035 |
| Total Liabilities | <u>5,164,103</u> | <u>-</u> | <u>-</u> | <u>26,760</u> | <u>5,190,863</u> |
| Fund Balances | | | | | |
| Nonspendable: | | | | | |
| Prepaid Items | 30,515 | - | - | - | 30,515 |
| Restricted: | | | | | |
| Donor Specified Projects | - | - | - | 273,606 | 273,606 |
| Debt Service | - | 1,745,229 | - | - | 1,745,229 |
| Capital Projects | - | - | 3,596,521 | 395,786 | 3,992,307 |
| Food Service | - | - | - | 466,979 | 466,979 |
| Community Service | - | - | - | 473,520 | 473,520 |
| Common School Funds | 2,065 | - | - | - | 2,065 |
| Self-Funded Insurance | 17,387 | - | - | - | 17,387 |
| Assigned | | | | | |
| Chromebook Replacement | 180,000 | - | - | - | 180,000 |
| Unassigned | 5,844,986 | - | - | - | 5,844,986 |
| Total Fund Balances | <u>6,074,953</u> | <u>1,745,229</u> | <u>3,596,521</u> | <u>1,609,891</u> | <u>13,026,594</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 11,239,056</u> | <u>\$ 1,745,229</u> | <u>\$ 3,596,521</u> | <u>\$ 1,636,651</u> | <u>\$ 18,217,457</u> |

See Accompanying Notes

CLINTON COMMUNITY SCHOOL DISTRICTReconciliation of the Balance Sheet - Governmental Funds to the District-Wide Statement of Net Position
As of June 30, 2024

| | | |
|---|--|----------------------|
| Total Fund Balances - Governmental Funds | | \$ 13,026,594 |
|---|--|----------------------|

Total net position reported for governmental activities in the statement of net position is different from the amount reported above as total governmental funds fund balance because:

Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. Amounts reported in the statement of net position:

| | | |
|---------------------------------------|---------------------|------------|
| Governmental Capital Assets | \$ 55,687,039 | |
| Governmental Accumulated Depreciation | <u>(10,394,337)</u> | 45,292,702 |

Some Deferred Outflows and Inflows of Resources Reflect Changes in Long-term Assets or Liabilities and are not Reported in the Funds.

| | | |
|--|------------------|-----------|
| Deferred Outflows of Resources Related to Pension | 5,474,808 | |
| Deferred Inflows of Resources Related to Pension | (3,414,464) | |
| Deferred Outflows of Resources Related to OPEB - Cost-Sharing Plan | 155,516 | |
| Deferred Inflows of Resources Related to OPEB - Cost-Sharing Plan | <u>(209,883)</u> | 2,005,977 |

Certain liabilities, including bonds and notes payable, are not due in the current period and therefore not reported in the fund statements. Liabilities reported in the statement of net position that are not reported in the funds balance sheet:

| | | |
|---|------------------|---------------------|
| General Obligations | (22,961,000) | |
| Lease Liability | (30,513) | |
| Bond Premium | (610,513) | |
| Accrued Interest on General Obligation Debt | (110,005) | |
| Net Pension Liability | (639,214) | |
| Other Post-Employment Benefits - Cost-Sharing Liability | <u>(368,135)</u> | <u>(24,719,380)</u> |

| | | |
|---|--|-----------------------------|
| Total Net Position - Governmental Activities | | <u>\$ 35,605,893</u> |
|---|--|-----------------------------|

CLINTON COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

| | General | Referendum Debt Service | Long-term Capital Improvement | Nonmajor Governmental Funds | Totals |
|--|---------------------|----------------------------|-------------------------------------|-----------------------------------|----------------------|
| REVENUES | | | | | |
| Property Taxes | \$ 6,634,094 | \$ 4,044,303 | \$ - | \$ 648,000 | \$ 11,326,397 |
| Other Local Sources | 307,886 | 31 | 151,669 | 641,634 | 1,101,220 |
| Interdistrict Sources | 1,582,058 | - | - | - | 1,582,058 |
| Intermediate Sources | 39,239 | - | - | - | 39,239 |
| State Sources | 8,479,474 | - | - | 10,847 | 8,490,321 |
| Federal Sources | 1,434,465 | - | - | 404,070 | 1,838,535 |
| Other Sources | 93,168 | - | - | - | 93,168 |
| Total Revenues | 18,570,384 | 4,044,334 | 151,669 | 1,704,551 | 24,470,938 |
| EXPENDITURES | | | | | |
| Instruction | | | | | |
| Regular Instruction | 5,178,735 | - | - | - | 5,178,735 |
| Vocational Instruction | 830,644 | - | - | - | 830,644 |
| Physical Instruction | 299,620 | - | - | - | 299,620 |
| Special Instruction | 1,845,433 | - | - | - | 1,845,433 |
| Other Instruction | 575,099 | - | - | 355,844 | 930,943 |
| Total Instruction | 8,729,531 | - | - | 355,844 | 9,085,375 |
| Support Services | | | | | |
| Pupil Services | 790,734 | - | - | - | 790,734 |
| Instructional Staff Services | 724,974 | - | - | - | 724,974 |
| General Administration Services | 496,662 | - | - | - | 496,662 |
| School Building Administration Services | 825,053 | - | - | - | 825,053 |
| Business Services | 441,607 | - | - | - | 441,607 |
| Operations and Maintenance | 2,566,870 | - | 335,479 | 296,719 | 3,199,068 |
| Pupil Transportation | 785,989 | - | - | - | 785,989 |
| Food Services | - | - | - | 837,531 | 837,531 |
| Central Services | 103,783 | - | - | - | 103,783 |
| Insurance | 165,502 | - | - | - | 165,502 |
| Other Support Services | 612,364 | - | - | - | 612,364 |
| Community Services | - | - | - | 33,344 | 33,344 |
| Debt Service | | | | | |
| Principal | 180,896 | 2,419,000 | - | 145,000 | 2,744,896 |
| Interest and fiscal charges | 11,559 | 549,516 | - | - | 561,075 |
| Total Support Services | 7,705,993 | 2,968,516 | 335,479 | 1,312,594 | 12,322,582 |
| Non-Program Transactions | | | | | |
| General Tuition Payments | - | - | - | 1,440 | 1,440 |
| Open Enrollment | 1,165,764 | - | - | - | 1,165,764 |
| Non-Open Enrollment | 93,735 | - | - | - | 93,735 |
| Total Non-Program Transactions | 1,259,499 | - | - | 1,440 | 1,260,939 |
| Total Expenditures | 17,695,023 | 2,968,516 | 335,479 | 1,669,878 | 22,668,896 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 875,361 | 1,075,818 | (183,810) | 34,673 | 1,802,042 |
| OTHER FINANCING SOURCES (USE) | | | | | |
| Sale of Land and Real Property | 433 | - | - | - | 433 |
| Transfer from Other Funds | - | - | 600,000 | 3,051 | 603,051 |
| Transfer to Other Funds | (603,012) | - | - | (39) | (603,051) |
| Total Other Financing Sources (Use) | (602,579) | - | 600,000 | 3,012 | 433 |
| NET CHANGES IN FUND BALANCES | 272,782 | 1,075,818 | 416,190 | 37,685 | 1,802,475 |
| FUND BALANCES - BEGINNING OF YEAR | 5,802,171 | 669,411 | 3,180,331 | 1,572,206 | 11,224,119 |
| FUND BALANCES - END OF YEAR | \$ 6,074,953 | \$ 1,745,229 | \$ 3,596,521 | \$ 1,609,891 | \$ 13,026,594 |

CLINTON COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds to the District-Wide Statement of Activities
For the Year Ended June 30, 2024

| | |
|---|----------------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ 1,802,475 |
| <i>Amounts reported for governmental activities in the statement of activities are different because:</i> | |
| The acquisition of capital assets is reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. | |
| Capital outlay reported in governmental fund statements | \$ 882,208 |
| Depreciation expense reported in the statement of activities | <u>(1,210,420)</u> |
| Amount by which capital outlays are less than depreciation in the current period. | (328,212) |
| The District disposed of outdated assets resulting in a reduction of capital assets and recapture of prior year depreciation expense reported on the statement of activities as a net gain and has no effect on the governmental funds balance sheet. | |
| The value of capital assets disposed of during the year | (100,702) |
| The amount of depreciation recapture for the year | <u>100,702</u> |
| Amount by which capital disposals are more than depreciation recapture in the current period. | - |
| Amounts related to the pension plan benefits that affect the statement of activities but do not affect the fund financial statements. | 165,933 |
| Amounts related to the other post-employment benefits that affect the statement of activities but do not affect the fund financial statements. | (62,257) |
| Repayment of principal on long-term debt is reported in the governmental funds as an expenditure but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of the long-term debt principal payments in the current year is: | |
| Bonds and notes payable | 2,564,000 |
| Lease Liability | 180,896 |
| In governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as incurred. | |
| The amount of interest paid during the current period | 561,075 |
| The amount of interest accrued during the current period | <u>(553,099)</u> |
| Interest paid is more than interest accrued by: | 7,976 |
| Prior year debt premium, discount and refunding losses are allocated over the period the debt is outstanding and is reported as amortization revenue/expense in the statement of activities. The amortization for the current year is | |
| Amortization of bond premium | <u>58,461</u> |
| Change in Net Position - Governmental Activities | <u>\$ 4,389,272</u> |

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2024

Note 1 – Summary of Significant Accounting Policies

This summary of significant accounting policies of Clinton Community School District (District) is presented to assist in understanding the District's financial statements. The financial statements and notes are representations of the District's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles (GAAP) and have been consistently applied in the preparation of the financial statements.

The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP and used by the District are discussed below.

Nature of Operations

The District is organized as a common school district. The District, governed by a seven-member elected school board, operates Kindergarten through 12 and is comprised of seven taxing districts.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity nor does it have any component units.

The financial reporting entity consists of (a) organizations for which the stand alone government is financially accountable and (b) the stand alone government that is controlled by a separately elected governing body that is legally separate and is fiscally independent. All of the accounts of the District comprise the stand alone government.

District-Wide Financial Statements

The district-wide financial statements (i.e., statement of net position and the statement of activities) report financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function or segment. Program revenues include (1) charges to students or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) operating grants and contributions. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds. Governmental funds include general, special revenue, debt service, and capital projects. Major individual governmental funds are reported as separate columns in the fund financial statements.

Fund financial statements of the reporting entity are organized into individual funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures.

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

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, liabilities, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type and
- b. The same element that met the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental funds combined.
- c. In addition, any other governmental fund that the District believes is particularly important to financial statement users may be reported as a major fund.

Governmental Funds

Governmental funds are identified as either general, special revenue, capital projects or debt service based upon the following guidelines.

General Fund

The general fund is the primary operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in another fund.

Special Revenue Fund

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Fund

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term principal, interest, and related costs.

Capital Projects Fund

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital expenditures.

Major Funds

The District reports the following major governmental funds:

General Fund – The general fund is the operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in other funds.

Long-Term Capital Improvement Fund – This fund accounts for the District's future capital improvement projects.

Referendum Debt-Service Fund – This fund accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

Nonmajor Funds

The District reports the following nonmajor funds:

Non-Referendum Debt Service Fund – This fund accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Special Revenue Trust Fund – This fund accounts for funds from private gifts, student activities and donations from private parties.

Other Capital Projects Fund – This fund accounts for the District's capital project expenditures.

Food Service Fund – This fund accounts for the activities associated with the District's hot lunch and breakfast programs.

Community Service Fund – This fund accounts for activities serving the community that are funded by property taxes and fees.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and deferred outflows of resources and liabilities and deferred inflows of resources). The basis of accounting indicates the timing of transactions or events for recognition in the financial report.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

Cash and Investments

The District's cash and investments are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. Cash balances for individual funds are pooled unless maintained in segregated accounts.

State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, U.S. Treasury obligations, U.S. agency issues, high grade commercial paper, and the local government pooled-investment fund administered by the State Investment Board. Available balances in the debt service fund may be invested in municipal obligations, obligations of the United States, and the local government pooled-investment fund.

Donations to the District of securities or other property are considered trust funds and are invested as the donor specifies. In the absence of any specific directions, the District may invest the donated items in accordance with laws applicable to trust investments.

Receivables

Receivables are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material.

Property Taxes

The aggregate district tax levy is apportioned and certified by November 6 of the current fiscal year for collection to comprising municipalities based on the immediate past October 1 full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes may be paid in full or in two or more installments with the first installment payable by the subsequent January 31 and a final payment no later than the following July 31. On or before January 15, and by the twentieth of each subsequent month thereafter, the District may be paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the County Treasurer makes full settlement to the District for any remaining balance. The County assumes all responsibility for delinquent real property taxes.

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2023 tax levy is used to finance operations of the District's fiscal year ended June 30, 2024. All property taxes are considered due on January 1st, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30th and are available to pay current liabilities.

Prepaid Items

Prepaid items are payments made to vendors that will benefit periods beyond the end of the current fiscal year.

Interfund Activity

In the process of aggregating the financial information for the district-wide statement of net position and statement of activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

Interfund activity, if any, within and among the governmental categories is reported as follows in the fund financial statements:

- Interfund transfer – Flow of assets from one fund to another where repayment is not expected, are reported as transfers in and out.

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

Interfund Activity (Continued)

District-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the district-wide financial statements as follows:

- Internal activities – Amounts reported as interfund transfers and due from/to other funds in the governmental fund financial statements are eliminated in the district-wide statement of activities and statement of net position.

Capital Assets

Capital assets are reported at actual or estimated historical cost, based on appraisals conducted by an independent third-party professional appraisal firm. Donated assets are reported at estimated acquisition value at the time received.

Capitalization thresholds (the dollar valued above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the district-wide statements are as follows: assets with an initial individual cost of \$5,000 or higher and an estimated useful life in excess of one year. All depreciable capital assets are depreciated on a straight-line basis with estimated useful lives for buildings and building improvements of 20-50 years, furniture and equipment of 5-15 years, and right-to-use assets of 7 years.

Unearned Revenue

The district-wide statement of net position and the governmental funds balance sheet report unearned revenue and therefore defer revenue recognition in connection with resources that have been received, but not yet earned. When revenue recognition criteria are met, unearned revenue is reduced, as applicable, and income is recognized.

Subscription-Based Information Technology Agreements

The District follows GASB Statement No. 96 – Subscription-Based Information Technology Agreements which requires recognition in the financial statements of certain subscription-based information technology agreements (SBITAs). A SBITA is any contract conveying control of the right to use another party's information technology software. This statement requires the District to report a right-to-use subscription asset and corresponding subscription liability for any SBITAs. There were no material SBITAs that were required to be recorded for the year ended June 30, 2024.

Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the period the debt is issued. Principal payments are recorded against the liability and interest payments are recorded as a current expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Principal payments and interest payments are recorded as current expenditures in the governmental funds.

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Deferred Inflows of Resources

Deferred outflows of resources are a consumption of net position by the District that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the District that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses and revenues are deferred until the future periods to which the outflows and inflows are applicable. See Notes 7 for deferred outflows and inflows of resources related to pension and Note 8 for deferred outflows and inflows of resources related to OPEB.

Pension and Other Post-Employment Benefits

Pensions. 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
- Pension Expense

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.

Other Post-Employment Benefits (OPEB). 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 Post-Employment Benefits
- OPEB Expense (Revenue)

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

Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with available expendable financial resources are recorded during the year as expenditures in the appropriate governmental fund types. If they are not liquidated with available expendable financial resources, a liability is recorded in the district-wide statement of net position. The related expenditure is recognized when the liability is liquidated. There were no significant claims or judgments at year-end.

Lease Liability

The government as a lessee recognizes lease liabilities and assets at the commencement of the lease term, unless the lease is short-term, or ownership is transferred of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives, such as rent holidays). The leased asset was measured at the amount of the initial lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

Fund Equity Classifications

District-Wide Statements

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets net of any unspent bond proceeds.
- b. Restricted net position – Consist 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 – Net amount that does not meet the definition 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 Financial Statements

Fund balance is classified as either 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned:

Nonspendable fund balance represents amounts that cannot be spent due to form (such as inventories and prepaid amounts), or amounts that must be maintained intact legally or contractually (such as the principal of a permanent fund).

Restricted fund balance represents amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

Committed fund balance represents amounts constrained for a specific purpose by a government using its highest level of decision making authority. It would require action by the same group to remove or change the constraints placed on the resources. The action to constrain resources must occur prior to year end; however, the amount can be determined in the subsequent period. The School Board is the decision making authority that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance.

Assigned fund balance in the general fund represents amounts constrained by the School Board for a specific intended purpose. The District has not delegated that authority to the District’s management. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance.

Unassigned fund balance represents amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in the unassigned fund balance.

The District, unless otherwise required by law or agreements, spends funds in the following order: restricted first, then committed, then assigned, and lastly unassigned.

The District has not adopted a minimum fund balance policy.

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results may differ from these estimates.

Note 2 – Cash and Investments

The capital projects fund and debt service fund accounts for its transactions through separate and distinct bank and investment accounts. All other funds share in common bank and investment accounts.

The District is authorized to invest its funds in accordance with Wisconsin Statutes. Allowable investments are as follows:

- Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- 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, local professional baseball park district, local professional football stadium district, local cultural arts district or by the University of Wisconsin Hospitals and Clinics Authority.
- Bonds or securities guaranteed by the U.S. Government.
- The Local Government Pooled Investment Fund and the Wisconsin Investment Trust.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

Additional restrictions could arise from local charters, ordinances, resolutions and grant resolutions of the District.

At June 30, 2024 the bank balance of cash was \$10,639,360. The District maintains its cash accounts at three financial institutions. Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk.

Deposits in each bank are insured by the FDIC up to \$250,000 for the combined amounts of all time and savings accounts (including NOW accounts) and up to \$250,000 for the combined amount of all interest and non-interest bearing demand deposit accounts.

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of \$400,000 in each financial institution above the applicable insurance coverage provided by the FDIC. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. The State Guarantee Fund has not been considered in the table below as insured deposits.

As of June 30, 2024 the District had the following deposits:

| | |
|--------------------------------------|----------------------|
| Fully Insured Deposits | \$ 1,431,521 |
| Collateralized with Letter of Credit | 9,207,839 |
| Total Cash in Financial Institutions | <u>\$ 10,639,360</u> |

The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2024

Note 2 – Cash and Investments (Continued)

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value.

- Level 1 – Valuation for assets are from quoted prices in active markets. These valuations are obtained from readily available pricing sources for market transactions involving identical assets.
- Level 2 – Valuation for assets are from less active markets. These valuations are obtained from third party pricing services for identical or similar assets.
- Level 3 – Measurements that are least observable are estimated from related market data, determined from sources with little or no market activity for comparable contracts, or are positions with longer durations. These valuations incorporate certain assumptions and projections in determining fair value assigned to such assets.

As of June 30, 2024, the District had the following investments:

| Investment Type | Total Amount | Level 1 |
|-----------------------------|-----------------|--------------|
| Mid America Mutual Funds | \$ 4,236,023 | \$ 4,236,023 |

Interest Rate Risk – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District's investment policy does not further limit its investment choices.

Concentration of Credit Risk – The District places no limit on the amount that may be invested in any one issuer. However, since the District's investments are limited to external investment pools, they are not subject to concentration of credit risk.

Note 3 – Interfund Receivable, Payable, and Transfers

The interfund receivable and payable as of June 30, 2024 were as follows:

| Payable Fund | Receivable Fund | Amount | Purpose |
|--------------|----------------------------|------------|-------------------------|
| General Fund | Long-Term Capital Projects | \$ 600,000 | Future Capital Projects |

The interfund transfers for the year ended June 30, 2024 were as follows:

| Fund Transferred To: | Fund Transferred From: | Amount | Purpose |
|-------------------------------|---------------------------|-------------------|---------------------------|
| Food Service | General Fund | \$ 3,012 | Year End Cash Flow Timing |
| Long-Term Capital Improvement | General Fund | 600,000 | Future Capital Projects |
| Food Service | Special Revenue Trust | 39 | Year End Cash Flow Timing |
| | | <u>\$ 603,051</u> | |

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2024

Note 4 – Capital Assets

Capital asset balances and activity for the year ended June 30, 2024 were as follows:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|--|-----------------------|---------------------|------------------|----------------------|
| Governmental Activities | | | | |
| Capital Assets, Nondepreciable: | | | | |
| Land | \$ 360,875 | \$ - | \$ - | \$ 360,875 |
| Construction in Progress | - | 78,365 | - | 78,365 |
| Total Capital Assets, Nondepreciable | <u>360,875</u> | <u>78,365</u> | <u>-</u> | <u>439,240</u> |
| Capital Assets, Depreciable | | | | |
| Buildings and Improvements | 51,855,229 | 255,848 | - | 52,111,077 |
| Machinery and Equipment | 1,862,136 | 547,995 | 100,702 | 2,309,429 |
| Right to Use Assets | 827,293 | - | - | 827,293 |
| Total Capital Assets, Depreciable | <u>54,544,658</u> | <u>803,843</u> | <u>100,702</u> | <u>55,247,799</u> |
| Less Accumulated Depreciation for | | | | |
| Buildings and Improvements | (7,333,042) | (957,851) | - | (8,290,893) |
| Machinery and Equipment | (1,350,888) | (114,747) | (100,702) | (1,364,933) |
| Right to Use Assets | (600,689) | (137,822) | - | (738,511) |
| Total Accumulated Depreciation | <u>(9,284,619)</u> | <u>(1,210,420)</u> | <u>(100,702)</u> | <u>(10,394,337)</u> |
| Total Capital Assets, Depreciable, Net | <u>45,260,039</u> | <u>(406,577)</u> | <u>-</u> | <u>44,853,462</u> |
| Governmental Activities Capital Assets, Net of Accumulated Depreciation | <u>\$ 45,620,914</u> | <u>\$ (328,212)</u> | <u>\$ -</u> | <u>\$ 45,292,702</u> |

Depreciation expense for fiscal year ended June 30, 2024 amounted to \$1,210,420 and was charged to the following functions:

| | |
|--|---------------------|
| Instruction: | |
| Regular | \$ 23,698 |
| Vocational | 560 |
| Physical | 5,100 |
| Special | 2,430 |
| Other | 59,597 |
| Support Services: | |
| Instructional Staff Services | 1,558 |
| General Administration | 6,292 |
| Business Administration Services | 1,013,627 |
| Other Support Services | 97,558 |
| Total Depreciation Expense - Governmental Activities | <u>\$ 1,210,420</u> |

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2024

Note 5 – Long-Term Obligations

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2024:

| | <u>Beginning Balances</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balances</u> | <u>Amount Due Within One Year</u> |
|--|-------------------------------|------------------|---------------------|----------------------------|---|
| General Obligation Bonds | \$ 25,525,000 | \$ - | \$ 2,564,000 | \$ 22,961,000 | \$ 1,138,000 |
| Debt Premium | 668,974 | - | 58,461 | 610,513 | - |
| Leases | 211,409 | - | 180,896 | 30,513 | 30,513 |
| Total Governmental Activities Long-Term Liabilities | <u>\$ 26,405,383</u> | <u>\$ -</u> | <u>\$ 2,803,357</u> | <u>\$ 23,602,026</u> | <u>\$ 1,168,513</u> |

Total interest paid on long-term debt for the year ended June 30, 2024 was \$561,075.

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt at June 30, 2024, is comprised of the following individual issues:

| | <u>Date of Issuance</u> | <u>Date of Maturity</u> | <u>Interest Rate</u> | <u>Original Indebtedness</u> | <u>Balances 6/30/2024</u> |
|--------------------------|-----------------------------|-----------------------------|--------------------------|----------------------------------|-------------------------------|
| 2013 G.O. Refunding Bond | 10/15/13 | 04/01/28 | 0.00% | \$ 900,000 | \$ 655,000 |
| 2021 G.O. Refunding Bond | 03/01/21 | 03/01/35 | 1.15 - 3.10% | 12,825,000 | 11,135,000 |
| 2021 G.O. Refunding Bond | 03/01/21 | 03/01/41 | 1.15 - 3.10% | 9,545,000 | 7,415,000 |
| 2022 G.O. Refunding Bond | 03/22/22 | 03/01/32 | 1.64 - 4.88% | 9,300,000 | 3,756,000 |
| Total | | | | | <u>\$ 22,961,000</u> |

The 2023 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,043,971,797. The legal debt limit and margin of indebtedness as of June 30, 2024, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

| | |
|---|----------------------|
| Equalized valuation of the District | \$ 1,043,971,797 |
| Statutory limitation percentage | <u>10%</u> |
| General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes | 104,397,180 |
| Total outstanding general obligation debt applicable to debt limitation | \$ 22,961,000 |
| Less: Amounts available for financing general obligation debt | |
| Debt service fund net of accrued interest | <u>1,635,224</u> |
| Net outstanding general obligation debt applicable to debt limitation | <u>21,325,776</u> |
| Legal margin for new debt | <u>\$ 83,071,404</u> |

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2024

Note 5 – Long-Term Obligations (Continued)

Aggregate cash flow requirements for the retirement of long-term principal and interest as of June 30, 2024 is as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|----------------------|---------------------|----------------------|
| 2025 | \$ 1,138,000 | \$ 436,823 | \$ 1,574,823 |
| 2026 | 1,477,000 | 411,733 | 1,888,733 |
| 2027 | 1,516,000 | 388,598 | 1,904,598 |
| 2028 | 1,565,000 | 363,831 | 1,928,831 |
| 2029 | 1,410,000 | 310,531 | 1,720,531 |
| 2030-2034 | 6,985,000 | 1,120,325 | 8,105,325 |
| 2035-2039 | 7,555,000 | 583,325 | 8,138,325 |
| 2040-2041 | 1,315,000 | 26,300 | 1,341,300 |
| Total | <u>\$ 22,961,000</u> | <u>\$ 3,641,466</u> | <u>\$ 26,602,466</u> |

Debt Defeasance

The District used available financial resources of \$996,095 to retire \$975,000 of the March 2021 General Obligation Refunding Bonds, resulting in savings of \$266,492.

Note 6 – Lease

The District is obligated under a lease accounted for as a lease obligation that was used to finance the acquisition of copiers, chromebooks, and other equipment.

At June 30, 2024 the District has recognized a right-to-use asset of \$827,293, accumulated depreciation of \$738,511 and a lease liability of \$30,513 related to this lease. The remaining obligations associated with the lease at June 30, 2024 are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|------------------|-----------------|------------------|
| 2025 | <u>\$ 30,513</u> | <u>\$ 1,933</u> | <u>\$ 32,446</u> |

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2024

Note 7 – Defined Benefit Pension Plan

General Information About the Pension Plan

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

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

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

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

The WRS also provides death and disability benefits for employees.

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:

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2024

Note 7 – Defined Benefit Pension Plan (Continued)

| <u>Year</u> | <u>Core Fund Adjustment</u> | <u>Variable Fund Adjustment</u> |
|-------------|-----------------------------|---------------------------------|
| 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 |
| 2023 | 1.6 | (21.0) |

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

During the reporting period, the WRS recognized \$601,329 in contributions from the District.

Contribution rates as of June 30, 2024 are:

| Employee Category | Employee | Employer |
|------------------------------|-----------------|-----------------|
| General (including teachers) | 6.90% | 6.90% |

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024, the District reported a liability of \$639,214 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to December 31, 2023. 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, 2023, the District's proportion was 0.04299245%, which was decrease of 0.00034910 % from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$446,909.

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2024

Note 7 – Defined Benefit Pension Plan (Continued)

At June 30, 2024, 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 pension plan - projected and actual experiences | \$ 2,577,305 | \$ 3,413,657 |
| Changes in assumptions | 278,615 | - |
| Net differences between pension plan - projected and actual earnings on pension plan investments | 2,227,558 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 26,071 | 807 |
| Employer contributions subsequent to the measurement date | 365,259 | - |
| Total | \$ 5,474,808 | \$ 3,414,464 |

The \$365,259 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as an adjustment of the net pension liability (asset) in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Year Ending June 30, | Net Deferred Outflows (Inflows) of Resources |
|---------------------------------|---|
| 2025 | \$ 350,521 |
| 2026 | 367,691 |
| 2027 | 1,403,942 |
| 2028 | (427,069) |
| | <u>\$ 1,695,085</u> |

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2024

Note 7 – Defined Benefit Pension Plan (Continued)

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, 2022 |
| Measurement Date of Net Pension Liability (Asset): | December 31, 2023 |
| 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: | |
| 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 postretirement 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, 2023 is based upon a roll-forward of the liability calculated from the December 31, 2022 actuarial valuation.

Long-term Expected Return on Plan Assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns¹
As of December 31, 2023

| Core Fund Asset Class | Asset Allocation % | Long-Term Expected Nominal Rate of Return % | Long-Term Expected Real Rate of Return % ² |
|----------------------------------|--------------------|---|---|
| Public Equity | 40% | 7.3% | 4.5% |
| Public Fixed Income | 27 | 5.8 | 3.0 |
| Inflation Sensitive | 19 | 4.4 | 1.7 |
| Real Estate | 8 | 5.8 | 3.0 |
| Private Equity/Debt | 18 | 9.6 | 6.7 |
| Leverage ³ | (12) | 3.7 | 1.0 |
| Total Core Fund | 112% * | 7.4% | 4.6% |
| Variable Fund Asset Class | | | |
| U.S. Equities | 70% | 6.8% | 4.0% |
| International Equities | 30 | 7.6 | 4.8 |
| Total Variable Fund | 100% | 7.3% | 4.5% |

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

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

³The 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 12% policy leverage is used, subject to an allowable range of up to 20%.

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2024

Note 7 – Defined Benefit Pension Plan (Continued)

Single Discount Rate. A single discount rate of 6.8% was used to measure the total pension liability for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 3.77% (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, 2023. In describing this index, Fidelity notes that the municipal curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80 percent, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80 percent) or 1-percentage-point higher (7.80 percent) than the current rate:

| | 1% Decrease to Discount Rate (5.80%) | Current Discount Rate (6.80%) | 1% Increase To Discount Rate (7.80%) |
|--|--|-------------------------------------|--|
| District's Proportionate Share of the Net Pension Liability (Asset) | \$ 6,178,315 | \$ 639,214 | \$ (3,236,728) |

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>.

Payables to the Pension Plan. The District is required to remit the monthly required contribution for both the employee and District portions by the last day of the following month. The amount due to WRS as of June 30, 2024 is \$103,773 for June payroll.

Note 8 - Post-Employment Benefits Other Than Pension Benefits - Cost-Sharing Plan

General Information About the Other Post-Employment Benefits Plan

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

OPEB Plan Fiduciary Net Position. 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 also be found using the link above.

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

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2024

Note 8 - Post-Employment Benefits Other Than Pension Benefits - Cost-Sharing Plan (Continued)

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

Contribution rates as of June 30, 2024 are:

| <u>Coverage Type</u> | <u>Employee</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 year ended December 31, 2023 are as listed below:

**Life Insurance
Member Contribution Rates *
For the Year Ended December 31, 2023**

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

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

During the reporting period, the LRLIF recognized \$1,701 in contributions from the employer.

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

At June 30, 2024, the District reported a liability of \$368,135 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2023 rolled forward to December 31, 2023. 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, 2023, the District's proportion was 0.08001800 %, which was an increase of 0.00444500% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the District recognized OPEB expense of \$22,675.

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2024

Note 8 - Post-Employment Benefits Other Than Pension Benefits - Cost-Sharing Plan (Continued)

At June 30, 2024, 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 projected and actual experiences | \$ - | \$ 32,581 |
| Changes in assumptions | 115,155 | 144,964 |
| Net differences between projected and actual earnings on pension plan investments | 4,973 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 34,498 | 32,338 |
| Employer contributions subsequent to the measurement date | 890 | - |
| Total | \$ 155,516 | \$ 209,883 |

The \$890 reported as deferred outflows related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as an adjustment of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ending June 30, | Net Deferred Outflows (Inflows) of Resources |
|---------------------------------|---|
| 2025 | \$ (7,469) |
| 2026 | (652) |
| 2027 | (17,361) |
| 2028 | (19,452) |
| 2029 | (17,344) |
| Thereafter | 7,021 |
| | \$ (55,257) |

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2024

Note 8 - Post-Employment Benefits Other Than Pension Benefits - Cost-Sharing Plan (Continued)

Actuarial Assumptions. The total OPEB liability in the January 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Actuarial Valuation Date: | January 1, 2023 |
| Measurement Date of Net OPEB Liability: | December 31, 2023 |
| 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*: | 3.26% |
| Long-Term Expected Rate of Return: | 4.25% |
| Discount Rate: | 3.32% |
| Salary Increases: | |
| Wage Inflation | 3.00% |
| Seniority/Merit | 0.1% - 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, 2023 is based upon a roll-forward of the liability calculated from the January 1, 2023 actuarial valuation.

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

Local OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2023

| Asset Class | Index | Target Allocation | Long-Term Expected Geometric Real Rate of Return % |
|-----------------------------------|------------------------------|-------------------|--|
| U.S. Intermediate Credit Bonds | Bloomberg U.S. Interm Credit | 50% | 2.32% |
| U.S. Mortgages | Blookberg U.S. MBS | 50 | 2.52 |
| Inflation | | | 2.30 |
| Long-Term Expected Rate of Return | | | 4.25 |

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2024

Note 8 - Post-Employment Benefits Other Than Pension Benefits - Cost-Sharing Plan (Continued)

Single Discount Rate. A single discount rate of 3.32% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 3.76% for the prior year. The change in the discount rate was primarily caused by the decrease in the municipal bond rate from 3.72% as of December 31, 2022 to 3.26% as of December 31, 2023. 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.

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

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 3.32 percent, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.32 percent) or 1-percentage-point higher (4.32 percent) than the current rate:

| | 1% Decrease to Discount Rate (2.32%) | Current Discount Rate (3.32%) | 1% Increase to Discount Rate (4.32%) |
|---|--|-------------------------------------|--|
| District's Proportionate Share of the Net OPEB Liability | \$ 494,641 | \$ 368,135 | \$ 271,570 |

Payables to the OPEB Plan. The District is required to remit the monthly required contribution for both the employee and District portions by the last day of the following month. There was no amount due to WRS for Life Insurance Benefits as of June 30, 2024.

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2024

Note 9 – Fund Equity

District-Wide Statements

Net position of the governmental activities reported on the district-wide statement of net position at June 30, 2024 includes the following:

| | |
|--|----------------------|
| Net Investment in Capital Assets | |
| Net Capital Assets | \$ 45,292,702 |
| Less: Related Long-Term Debt Outstanding | (22,991,513) |
| Less: Debt Premium | (610,513) |
| Net Investment in Capital Assets | <u>21,690,676</u> |
| Restricted for | |
| Pension Benefits - Cost Sharing Plan | 1,421,130 |
| Donor Intentions | 273,606 |
| Debt Service | 1,635,224 |
| Capital Projects | 3,992,307 |
| Food Service | 466,979 |
| Community Service | 473,520 |
| Common School Funds | 2,065 |
| Self-Funded Insurance | 17,387 |
| Total Restricted | <u>8,282,218</u> |
| Unrestricted | <u>5,632,999</u> |
| Total District-Wide Net Position | <u>\$ 35,605,893</u> |

Note 10 – Limitation on School District Revenues

Wisconsin statutes limit the amount of revenues school districts may derive from general school aids and property taxes unless a higher amount has been approved by a referendum.

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

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

Note 11 – Contingencies

The District received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. The District believes such disallowances, if any, would be immaterial.

From time to time the District is involved in legal actions and claims, most of which normally occur in governmental operations. In the opinion of District management, these issues, and any other proceedings known to exist at June 30, 2024, are not likely to have a material adverse impact on the District's financial position.

Note 12 – 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; injuries to employees; employee health claims; unemployment compensation claims; and natural disasters. The District insures through commercial insurance companies for all risks of loss. Settled claims from these risks have not exceeded insurance coverage in the past three fiscal years.

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2024

Note 13 – Dental Self-Insurance

The District has implemented a self-funded dental insurance plan. At June 30, 2024, the District has reported a liability of \$9,035, which represents reported and unreported claims which were incurred on or before June 30, 2024, but were not paid by the District as of that date. This amount consists of claims reported to the District by the Plan administrator and claims which were not yet reported to either Plan administrator or the District. The amounts not reported to the District were determined by the Plan administrator.

Plan expenses consist of payments to the third-party administrator for dental claims and administrative fees. At June 30, 2024, the District has reported expenditures of \$134,004.

| | Beginning-of- Fiscal Year Liability | Current-Year Claims and Changes in Estimates | Claim Payments | Balance at Fiscal Year- End |
|-------------|--|---|---------------------------|--|
| 2022 - 2023 | \$ - | \$ 117,918 | \$ 109,867 | \$ 8,051 |
| 2023 - 2024 | 8,051 | 134,004 | 133,020 | 9,035 |

REQUIRED SUPPLEMENTARY INFORMATION

CLINTON COMMUNITY SCHOOL DISTRICT

Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset) Wisconsin Retirement System (WRS) Last 10 Fiscal Years*

| WRS Fiscal Year End Date (Measurement Date) | District's Proportion of the Net Pension (Asset)/Liability | District's Proportionate Share of the Net Pension (Asset)/Liability | District's Covered Payroll | District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|--|--|---|----------------------------------|---|--|
| 12/31/2023 | 0.04299245% | \$ 639,214 | \$ 8,544,647 | 7.48% | 98.85% |
| 12/31/2022 | 0.04334155% | 2,296,106 | 7,667,361 | 29.95% | 95.72% |
| 12/31/2021 | 0.04414869% | (3,558,465) | 7,385,147 | 48.18% | 106.02% |
| 12/31/2020 | 0.04545505% | (2,837,821) | 7,544,299 | 37.62% | 105.26% |
| 12/31/2019 | 0.04657263% | (1,501,714) | 7,139,077 | 21.04% | 102.96% |
| 12/31/2018 | 0.04821517% | 1,715,344 | 7,178,145 | 23.90% | 96.45% |
| 12/31/2017 | 0.04878914% | (1,448,607) | 7,212,981 | 20.08% | 102.93% |
| 12/31/2016 | 0.04870493% | 401,444 | 7,150,901 | 5.61% | 99.12% |
| 12/31/2015 | 0.04823500% | 783,805 | 6,866,362 | 11.42% | 98.20% |
| 12/31/2024 | 0.04814600% | (1,182,609) | 6,762,302 | 17.49% | 102.74% |

Schedule of Employer Contributions Wisconsin Retirement System (WRS)

| District Year End Date | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---------------------------|--|---|--|--------------------|---|
| 6/30/2024 | \$ 601,329 | \$ 601,329 | \$ - | \$ 9,003,295 | 6.68% |
| 6/30/2023 | 555,051 | 555,051 | - | 8,312,495 | 6.68% |
| 6/30/2022 | 498,497 | 498,497 | - | 7,385,147 | 6.75% |
| 6/30/2021 | 509,239 | 509,239 | - | 7,544,299 | 6.75% |
| 6/30/2020 | 466,998 | 466,998 | - | 7,139,077 | 6.54% |
| 6/30/2019 | 480,938 | 480,938 | - | 7,178,145 | 6.70% |
| 6/30/2018 | 490,485 | 490,485 | - | 7,212,981 | 6.80% |
| 6/30/2017 | 472,118 | 472,118 | - | 7,150,901 | 6.60% |
| 6/30/2016 | 466,913 | 466,913 | - | 6,866,362 | 6.80% |
| 6/30/2015 | 473,363 | 473,363 | - | 6,762,302 | 7.00% |

*Ten years of information will be accumulated and presented beginning with the Districts fiscal year ended June 30, 2015.

CLINTON COMMUNITY SCHOOL DISTRICT
Schedule of Employer's Proportionate Share of the Net OPEB Liability
Other Post-Employment Benefits - Cost-Sharing Plan
Last Ten Fiscal Years*

| WRS Fiscal Year End Date (Measurement Date) | District's Proportion of the Net OPEB Liability | District's Proportionate Share of the Net OPEB Liability | District's Covered Payroll | District's 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 |
|--|--|---|----------------------------------|--|---|
| 12/31/2023 | 0.08001800% | \$ 368,135 | \$ 5,020,000 | 7.33% | 33.90% |
| 12/31/2022 | 0.07557300% | 287,920 | 4,424,000 | 6.51% | 38.81% |
| 12/31/2021 | 0.07231300% | 427,397 | 4,228,000 | 10.11% | 29.57% |
| 12/31/2020 | 0.07251800% | 398,901 | 3,948,000 | 10.10% | 31.56% |
| 12/31/2019 | 0.09373100% | 399,125 | 3,917,000 | 10.19% | 37.58% |
| 12/31/2018 | 0.08823800% | 227,684 | 4,173,000 | 5.46% | 48.69% |
| 12/31/2017 | 0.07972100% | 270,234 | 3,777,230 | 7.15% | 44.81% |

Schedule of Employer Contributions
Other Post-Employment Benefits Other Than Pensions - Cost-Sharing Plan
Last Ten Fiscal Years*

| District Year End Date | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---------------------------|--|---|--|-----------------|--|
| 6/30/2024 | \$ 1,701 | \$ 1,701 | \$ - | \$ 4,886,000 | 0.03% |
| 6/30/2023 | 1,578 | 1,578 | - | 4,713,000 | 0.03% |
| 6/30/2022 | 1,480 | 1,480 | - | 4,228,000 | 0.04% |
| 6/30/2021 | 1,446 | 1,446 | - | 3,948,000 | 0.04% |
| 6/30/2020 | 1,694 | 1,694 | - | 3,917,000 | 0.04% |
| 6/30/2019 | 1,700 | 1,700 | - | 4,173,000 | 0.04% |
| 6/30/2018 | 1,705 | 1,705 | - | 3,777,230 | 0.05% |

*Ten years of data will be accumulated beginning with 2018.

CLINTON COMMUNITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Change in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2024

| | Original and Final Budget | Actual Budgetary Basis | Variance with Final Budget Favorable (Unfavorable) |
|---|------------------------------|------------------------------|---|
| REVENUES | | | |
| Property Taxes | \$ 6,632,514 | \$ 6,634,094 | \$ 1,580 |
| Other Local Sources | 259,000 | 307,886 | 48,886 |
| Interdistrict Sources | 1,553,334 | 1,559,698 | 6,364 |
| Intermediate Sources | 37,545 | 36,239 | (1,306) |
| State Sources | 7,714,469 | 7,791,381 | 76,912 |
| Federal Sources | 1,029,409 | 1,033,917 | 4,508 |
| Other Sources | 35,000 | 93,168 | 58,168 |
| Total Revenues | 17,261,271 | 17,456,383 | 195,112 |
| EXPENDITURES | | | |
| Instruction | | | |
| Regular Instruction | 5,462,204 | 5,178,735 | 283,469 |
| Vocational Instruction | 885,438 | 830,644 | 54,794 |
| Physical Instruction | 297,647 | 299,620 | (1,973) |
| Other Instruction | 570,040 | 575,099 | (5,059) |
| Total Instruction | 7,215,329 | 6,884,098 | 331,231 |
| Support Services | | | |
| Pupil Services | 429,575 | 407,835 | 21,740 |
| Instructional Staff Services | 527,716 | 477,916 | 49,800 |
| General Administration Services | 513,782 | 495,921 | 17,861 |
| School Building Administration Services | 731,578 | 825,053 | (93,475) |
| Business Administration | 449,118 | 436,537 | 12,581 |
| Operations and Maintenance | 2,784,840 | 2,559,850 | 224,990 |
| Pupil Transportation | 740,896 | 757,158 | (16,262) |
| Central Services | 100,500 | 103,783 | (3,283) |
| Insurance | 177,680 | 165,502 | 12,178 |
| Other Support Services | 774,353 | 612,364 | 161,989 |
| Debt Service | | | |
| Principal | 180,000 | 180,896 | (896) |
| Interest and fiscal charges | 12,000 | 11,559 | 441 |
| Total Support Services | 7,422,038 | 7,034,374 | 387,664 |
| Non-Program Transactions | | | |
| Open Enrollment | 897,590 | 901,576 | (3,986) |
| Non-Open Enrollment | 45,000 | 93,735 | (48,735) |
| Total Non-Program Transactions | 942,590 | 995,311 | (52,721) |
| Total Expenditures | 15,579,957 | 14,913,783 | 666,174 |
| EXCESS OF REVENUES OVER EXPENDITURES | 1,681,314 | 2,542,600 | 861,286 |
| OTHER FINANCING SOURCE (USE) | | | |
| Sale of Capital Assets | - | 433 | 433 |
| Transfer to Other Funds | (1,681,314) | (2,270,251) | (588,937) |
| Total Other Financing Source (Use) | (1,681,314) | (2,269,818) | (588,504) |
| NET CHANGE IN FUND BALANCE | - | 272,782 | 272,782 |
| FUND BALANCE - BEGINNING OF YEAR | 5,802,171 | 5,802,171 | - |
| FUND BALANCE - END OF YEAR | \$ 5,802,171 | \$ 6,074,953 | \$ 272,782 |

CLINTON COMMUNITY SCHOOL DISTRICT
Notes to the Required Supplementary Information
June 30, 2024

Budgets and Budgetary Accounting

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. The legally adopted budget and budgetary expenditure control is exercised at the two-digit sub function level in the general fund and at the function level for all other funds. Reported budget amounts are as originally adopted or as amended by School Board resolution.

The District follows these procedures in establishing the budgetary data:

- a. Based upon requests from district staff, district administration recommends budget proposals to the school board.
- b. The school board reviews a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- c. Pursuant to a public budget hearing, the school board may make alterations to the proposed budget.
- d. Once the school board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations, unless authorized by a 2/3 vote of the entire school board.

Basis of Accounting

The budget is prepared on the same modified accrual basis of accounting as applied to the governmental funds in the basic financial statements.

There is a perspective difference between the budget and reporting under generally accepted accounting principles (GAAP). For budgetary purposes the special education fund was budgeted separate from the general fund, but for GAAP the two are combined. There is a reconciliation to the statement of revenues, expenditures and changes in fund balances provided as part of the notes to the required supplementary information.

Excess of Actual Expenditures Over Budget

The following funds had an excess of actual expenditures over budget for the year ended June 30, 2024:

| Individual Function | Excess Expenditures |
|---|------------------------|
| Physical Instruction | \$ 1,973 |
| Other Instruction | 5,059 |
| School Building Administration Services | 93,475 |
| Pupil Transportation | 16,262 |
| Central Services | 3,283 |
| Principal | 896 |
| Open Enrollment | 3,986 |
| Non-Open Enrollment | 48,735 |

CLINTON COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information - Continued
For the Year Ended June 30, 2024

Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

| | <u>General Fund</u> |
|---|-----------------------------|
| Sources/Inflows of Resources: | |
| Actual Amounts (Budgetary Basis) "Total Revenues and Other Financing Source" from the Schedule of Revenues, Expenditures and Changes in Fund Balance | \$ 17,456,816 |
| Differences – Budget to GAAP: | |
| The Special Education Fund was Budgeted Separately but does not Meet the Definition of a Special Revenue Fund and was Combined with the General Fund | <u>1,114,001</u> |
| Total Revenues and Other Financing Source as Reported on the Statement of Revenues, Expenditures, and Change in Fund Balances – Governmental Funds | <u><u>\$ 18,570,817</u></u> |
| Uses/Outflows of Resources: | |
| Actual Amounts (Budgetary Basis) "Total Expenditures and Other Financing Use" from the Schedule of Revenues, Expenditures and Changes in Fund Balance | \$ 17,184,034 |
| Differences – Budget to GAAP: | |
| The Special Education Fund was Budgeted Separately but does not Meet the Definition of a Special Revenue Fund and was Combined with the General Fund | 2,781,240 |
| The Transfer to the Special Education Fund is Eliminated because it is Considered to be Part of the General Fund. | <u>(1,667,239)</u> |
| Total Expenditures and Other Financing Use as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | <u><u>\$ 18,298,035</u></u> |

CLINTON COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information - Continued
June 30, 2024

Defined Benefit Pension Plan

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%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

Post-Employment Benefits Other Than Pension Benefits - Cost-Sharing Plan

Changes of benefit terms. There were no recent changes in benefit terms.

Changes of assumptions. In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%.
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

SUPPLEMENTARY INFORMATION

CLINTON COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

As of June 30, 2024

| | Special Revenue Trust | Other Capital Project | Food Service | Community Service | Total Nonmajor Governmental Funds |
|--|--------------------------------------|--------------------------------------|-------------------------|------------------------------|--|
| ASSETS | | | | | |
| Cash and Investments | \$ 273,606 | \$ 395,786 | \$ 493,739 | \$ 473,520 | \$ 1,636,651 |
| LIABILITIES | | | | | |
| Accounts Payable | \$ - | \$ - | \$ 26,760 | \$ - | \$ 26,760 |
| FUND BALANCES | | | | | |
| Restricted | 273,606 | 395,786 | 466,979 | 473,520 | 1,609,891 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 273,606 | \$ 395,786 | \$ 493,739 | \$ 473,520 | \$ 1,636,651 |

CLINTON COMMUNITY SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2024

| | Special Revenue Trust | Non-Referendum Debt Service | Other Capital Project | Food Service | Community Service | Total Nonmajor Governmental Funds |
|--|-----------------------------|--------------------------------|-----------------------------|-------------------|----------------------|---|
| REVENUES | | | | | | |
| Property Taxes | \$ - | \$ 145,000 | - | \$ - | \$ 503,000 | \$ 648,000 |
| Other Local Sources | 371,439 | - | 24,504 | 245,691 | - | 641,634 |
| State Sources | - | - | - | 10,847 | - | 10,847 |
| Federal Sources | - | - | - | 404,070 | - | 404,070 |
| Total Revenues | <u>371,439</u> | <u>145,000</u> | <u>24,504</u> | <u>660,608</u> | <u>503,000</u> | <u>1,704,551</u> |
| EXPENDITURES | | | | | | |
| Instruction: | | | | | | |
| Other Instruction | <u>355,844</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>355,844</u> |
| Support Services: | | | | | | |
| Operations and Maintenance | - | - | 296,719 | - | - | 296,719 |
| Food Services | - | - | - | 837,531 | - | 837,531 |
| Community Services | - | - | - | - | 33,344 | 33,344 |
| Debt Service | | | | | | |
| Principal | <u>-</u> | <u>145,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>145,000</u> |
| Total Support Services | <u>-</u> | <u>145,000</u> | <u>296,719</u> | <u>837,531</u> | <u>33,344</u> | <u>1,312,594</u> |
| Total Expenditures | <u>355,844</u> | <u>145,000</u> | <u>296,719</u> | <u>837,531</u> | <u>34,784</u> | <u>1,669,878</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>15,595</u> | <u>-</u> | <u>(272,215)</u> | <u>(176,923)</u> | <u>468,216</u> | <u>34,673</u> |
| OTHER FINANCING SOURCE (USE) | | | | | | |
| Transfer from Other Fund | - | - | - | 3,051 | - | 3,051 |
| Transfer to Other Fund | <u>(39)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(39)</u> |
| Total Other Financing Source (Use) | <u>(39)</u> | <u>-</u> | <u>-</u> | <u>3,051</u> | <u>-</u> | <u>3,012</u> |
| NET CHANGES IN FUND BALANCES | 15,556 | - | (272,215) | (173,872) | 468,216 | 37,685 |
| FUND BALANCES - BEGINNING OF YEAR | <u>258,050</u> | <u>-</u> | <u>668,001</u> | <u>640,851</u> | <u>5,304</u> | <u>1,572,206</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 273,606</u> | <u>\$ -</u> | <u>\$ 395,786</u> | <u>\$ 466,979</u> | <u>\$ 473,520</u> | <u>\$ 1,609,891</u> |

ADDITIONAL REPORTS

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

To the Board of Education
Clinton Community School District
Clinton, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clinton Community School District (District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 14, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 that we consider to be significant deficiencies.

To the Board of Education
Clinton Community School District

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*.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KerberRose SC

KerberRose SC
Certified Public Accountants
Oshkosh, Wisconsin
October 14, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND
STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE, STATE SINGLE AUDIT GUIDELINES, AND THE WISCONSIN
DEPARTMENT OF PUBLIC INSTRUCTION**

To the Board of Education
Clinton Community School District
Clinton, Wisconsin

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement*, *State Single Audit Guidelines* and the *Wisconsin School District Audit Manual*, that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2024. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), *State Single Audit Guidelines* and *Wisconsin School District Audit Manual*. Our responsibilities under those standards, the Uniform Guidance, *State Single Audit Guidelines* and *Wisconsin School District Audit Manual* 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 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 generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, *State Single Audit Guidelines* and the *Wisconsin School District Audit Manual* 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 state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, *State Single Audit Guidelines* and the *Wisconsin School District Audit Manual*, 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, *State Single Audit Guidelines* and the *Wisconsin Department of Public Instruction Audit Manual*, 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.

To the Board of Education
Clinton Community School District

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, *State Single Audit Guidelines* and the *Wisconsin School District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

KerberRose SC

KerberRose SC
Certified Public Accountants
Oshkosh, Wisconsin
October 14, 2024

FEDERAL AND STATE AWARDS SECTION

CLINTON COMMUNITY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

| Grantor Agency/Federal Program Title | ALN | Pass-Through Agency | Pass-Through Number | (Accrued) Deferred Revenue 7/1/2023 | Value or Cash Received (Refunded) | Accrued (Deferred) Revenue 6/30/2024 | Total Expenditures | Subrecipient Payments |
|--|---------|---------------------|-------------------------------|-------------------------------------|-----------------------------------|--------------------------------------|---------------------|-----------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | | | | | | |
| <i>CHILD NUTRITION CLUSTER</i> | | | | | | | | |
| School Breakfast Program | 10.553 | WI DPI | 2023-381169-DPI-SB-SEVERE-546 | \$ (1,561) | \$ 1,561 | \$ - | \$ - | \$ - |
| School Breakfast Program | 10.553 | WI DPI | 2024-381169-DPI-SB-SEVERE-546 | - | 55,726 | - | 55,726 | - |
| Total School Breakfast Program | | | | (1,561) | 57,287 | - | 55,726 | - |
| | | | | | | | | |
| National School Lunch Program | 10.555 | WI DPI | 2023-381169-DPI-NSL-547 | (7,984) | 7,984 | - | - | - |
| National School Lunch Program | 10.555 | WI DPI | 2024-381169-DPI-NSL-547 | - | 266,328 | - | 266,328 | - |
| Donated Commodities | 10.555 | WI DPI | 2024-381169-DPI-NSL-547 | - | 50,934 | - | 50,934 | - |
| Total National School Lunch Program | | | | (7,984) | 325,246 | - | 317,262 | - |
| | | | | | | | | |
| Summer Food Service Program | 10.559 | WI DPI | 2023-381169-DPI-SFSP-566 | - | 31,082 | - | 31,082 | - |
| Total Summer Food Service Program | | | | - | 31,082 | - | 31,082 | - |
| Total U.S. Department of Agriculture | | | | (9,545) | 413,615 | - | 404,070 | - |
| U.S. DEPARTMENT OF EDUCATION | | | | | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | WI DPI | 2023-381169-DPI-TI-A-141 | (43,899) | 43,899 | - | - | - |
| Title I Grants to Local Educational Agencies | 84.010 | WI DPI | 2024-381169-DPI-TI-A-141 | - | 91,687 | 40,513 | 132,200 | - |
| Total Title I Grants to Local Educational Agencies | | | | (43,899) | 135,586 | 40,513 | 132,200 | - |
| <i>SPECIAL EDUCATION CLUSTER</i> | | | | | | | | |
| Special Education Grants to States | 84.027 | WI DPI | 2023-381169-DPI-FLOW-341 | (90,099) | 90,099 | - | - | - |
| Special Education Grants to States | 84.027 | WI DPI | 2024-381169-DPI-FLOW-341 | - | 212,173 | 116,846 | 329,019 | - |
| Special Education Preschool Grants | 84.173 | WI DPI | Not Available | - | 3,000 | - | 3,000 | - |
| Special Education Preschool Grants | 84.173 | WI DPI | 2023-381169-DPI-PRESCH-347 | (73) | 73 | - | - | - |
| Special Education Preschool Grants | 84.173 | WI DPI | 2024-381169-DPI-PRESCH-347 | - | 7,688 | 8,498 | 16,186 | - |
| Total Special Education Cluster | | | | (90,172) | 313,033 | 125,344 | 348,205 | - |
| | | | | | | | | |
| Career and Technical Education - Basic Grants to States | 84.048 | Oregon | 2024-381169-DPI-CTE-400 | - | - | 9,185 | 9,185 | - |
| English Language Acquisition State Grants | 84.365 | CESA 2 | 2024-381169-DPI-T3 -391 | - | 5,239 | - | 5,239 | - |
| Improving Teacher Quality State Grants | 84.367 | WI DPI | 2023-381169-DPI-TIIA-365 | (4,975) | 4,975 | - | - | - |
| Improving Teacher Quality State Grants | 84.367 | WI DPI | 2024-381169-DPI-TIIA-365 | - | 32,993 | - | 32,993 | - |
| Student Support and Academic Enrichment Program | 84.424 | WI DPI | 2024-381169-DPI-TIVA-381 | - | 12,900 | - | 12,900 | - |
| Elementary and Secondary School Emergency Relief | 84.425D | WI DPI | 2023-381169-DPI-ESSERFII-163 | - | 74,306 | - | 74,306 | - |
| Elementary and Secondary School Emergency Relief | 84.425U | WI DPI | 2023-381169-DPI-ESSERFIII-165 | (60,491) | 60,491 | - | - | - |
| Elementary and Secondary School Emergency Relief | 84.425U | WI DPI | 2024-381169-DPI-ESSERFIII-165 | - | 370,920 | 230,917 | 601,837 | - |
| American Rescue Plan Act - Homeless Children and Youth | 84.425W | CESA 2 | Not Available | - | 3,500 | - | 3,500 | - |
| Total U.S. Department of Education | | | | (199,537) | 1,013,943 | 405,959 | 1,220,365 | - |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | | | | |
| Public Health Emergency Response: Cooperative Agreement for Emergency Response | 93.354 | CESA 2 | Not Available | (3,829) | 3,829 | - | - | - |
| <i>MEDICAID CLUSTER</i> | | | | | | | | |
| Medical Assistance Program | 93.778 | WI DHS | Not Available | (2,343) | 2,343 | - | - | - |
| Medical Assistance Program | 93.778 | WI DHS | Not Available | - | 207,275 | 27,749 | 235,024 | - |
| Total U.S. Department of Health and Human Services | | | | (6,172) | 213,447 | 27,749 | 235,024 | - |
| TOTAL FEDERAL ASSISTANCE | | | | <u>\$ (215,254)</u> | <u>\$ 1,641,005</u> | <u>\$ 433,708</u> | <u>\$ 1,859,459</u> | <u>\$ -</u> |

| | |
|---|---------------------|
| Reconciliation to the basic financial statements: | |
| Governmental Funds | |
| Federal Sources | \$ 1,838,535 |
| Intermediate Sources | 20,924 |
| Total expenditures of federal awards | <u>\$ 1,859,459</u> |

CLINTON COMMUNITY SCHOOL DISTRICT

Schedule of State Financial Assistance
For the Year Ended June 30, 2024

| Awarding Agency/ Awarding Description/ Pass-Through Agency | State I.D. Number | Pass-Through Agency | State Identifying Number | (Accrued) Deferred Revenue 7/1/2023 | Cash Received (Refunded) | Accrued (Deferred) Revenue 6/30/2024 | Total Expenditures | Subrecipient Payments |
|--|-------------------------|------------------------|--------------------------------|--|--------------------------------|---|-----------------------|--------------------------|
| WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION | | | | | | | | |
| Special Education and School Age Parents | 255.101 | Direct Program | 381169-100 | \$ - | \$ 672,997 | \$ - | \$ 672,997 | \$ - |
| State School Lunch Aid | 255.102 | Direct Program | 381169-107 | - | 5,168 | - | 5,168 | - |
| Common School Fund Library Aid | 255.103 | Direct Program | 381169-104 | - | 58,978 | - | 58,978 | - |
| Bilingual/Bicultural Aid | 255.106 | Direct Program | 381169-111 | - | 16,680 | - | 16,680 | - |
| General Transportation Aid | 255.107 | Direct Program | 381169-102 | - | 22,071 | - | 22,071 | - |
| School Day Milk Program | 255.115 | Direct Program | 381169-109 | - | 3,721 | - | 3,721 | - |
| Equalization Aids | 255.201 | Direct Program | 381169-116 | - | 4,801,562 | - | 4,801,562 | - |
| Equalization Aids Adjustment | 255.203 | Direct Program | 381169-116 | - | 1,789,419 | - | 1,789,419 | - |
| High Cost Special Education Aid | 255.210 | Direct Program | 381169-119 | - | 15,096 | - | 15,096 | - |
| School Based Mental Health Services Grant | 255.297 | Direct Program | 381169-177 | - | 30,757 | (94) | 30,663 | - |
| Sparsity Aid | 255.212 | Direct Program | 381169-162 | - | 93,169 | - | 93,169 | - |
| Aid for School Mental Health | 255.227 | Direct Program | 381169-176 | - | 26,452 | - | 26,452 | - |
| Peer Review and Mentoring Grant | 255.301 | Direct Program | 381169-141 | - | 23,175 | - | 23,175 | - |
| State School Breakfast Aid SSBA | 255.344 | Direct Program | 381169-108 | - | 1,958 | - | 1,958 | - |
| Early College Credit Program | 255.445 | Direct Program | 381169-178 | - | 1,497 | - | 1,497 | - |
| Educator Effective Evaluation System | 255.940 | Direct Program | 381169-154 | - | 7,040 | - | 7,040 | - |
| Per Pupil Aid | 255.945 | Direct Program | 381169-113 | - | 691,544 | - | 691,544 | - |
| High Cost Transportation Aid | 255.947 | Direct Program | 381169-114 | - | 70,696 | - | 70,696 | - |
| Career and Technical Education Incentive Grants | 255.950 | Direct Program | 381169-171 | - | 9,992 | - | 9,992 | - |
| Assessments of Reading Readiness | 255.956 | Direct Program | 381169-166 | - | 1,414 | - | 1,414 | - |
| Total Wisconsin Department of Public Instruction | | | | - | 8,343,386 | (94) | 8,343,292 | - |
| WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT | | | | | | | | |
| Youth Apprenticeship Grant | 445.107 | CESA 2 | N/A | - | 27,500 | - | 27,500 | - |
| TOTAL STATE PROGRAMS | | | | <u>\$ -</u> | <u>\$ 8,370,886</u> | <u>\$ (94)</u> | <u>\$ 8,370,792</u> | <u>\$ -</u> |

Reconciliation to the basic financial statements:

Governmental Funds

State sources \$ 8,490,321

Intermediate sources 27,500

Less: State sources not considered state financial assistance

State tax exempt aid (146,446)

Payment in lieu of taxes and other revenues (583)

Total expenditures of state awards \$ 8,370,792

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2024

Note 1 – Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the Clinton Community School District under programs of the federal and state governments for the year ended June 30, 2024. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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 select portion of operations of the District, they are not intended to, and do not, present the financial position and change in net position of the District.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported in the schedules are reported on the 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.

Clinton Community School District has not elected to use the 10 percent *de minimis* indirect cost rate as allowable under the Uniform Guidance.

Note 3 – Special Education and School Age Parents Program

2023 - 2024 eligible costs under the State Special Education Program are \$2,390,945.

Note 4 – Oversight Agencies

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

CLINTON COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

Section I - Summary of Auditors' Results**Financial Statements**

| | |
|---|------------|
| Type of auditors' report issued | Unmodified |
| Internal control over financial reporting | |
| Material weakness identified? | No |
| Significant deficiency identified? | Yes |
| Noncompliance material to the financial statements? | No |

Federal Awards

| | |
|--|---------------|
| Internal control over major programs | |
| Material weakness identified? | No |
| Significant deficiency identified? | None Reported |
| Type of auditors' report issued on compliance for major programs | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |

Identification of major federal programs:

| ALN | Name of Federal Program |
|---------|--|
| | <i>Education Stabilization Funds</i> |
| 84.425D | Elementary and Secondary School Emergency Relief – COVID-19 |
| 84.425U | Elementary and Secondary School Emergency Relief – ARP ESSER |
| 84.425W | American Rescue Plan Act – Homeless Children and Youth |
| | <i>Special Education Cluster</i> |
| 84.027 | Special Education Grants to States |
| 84.173 | Special Education Preschool Grants |

| | |
|---|-----------|
| Dollar threshold used to distinguish between Type A and Type B Programs | \$750,000 |
|---|-----------|

| | |
|--|----|
| Auditee qualified as a low-risk auditee? | No |
|--|----|

State Awards

| | |
|--|---------------|
| Internal control over major programs | |
| Material weakness identified? | No |
| Significant deficiency identified? | None Reported |
| Type of auditors' report issued on compliance for major programs | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with <i>State Single Audit Guidelines</i> or the <i>Wisconsin School District Audit Manual</i> ? | No |

Identification of major state program:

| State I.D. Number | Name of State Program |
|-------------------|--------------------------|
| 255.201 | General Equalization Aid |

CLINTON COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Continued
For the Year Ended June 30, 2024

Section II - Financial Statement Findings

2024-001 Lack of Segregation of Duties

| | |
|-------------------------------------|--|
| Condition: | During our audit, we noted that many of the accounting functions are performed by a few individuals, including opening the mail, recording receipts, recording vendor invoices, transporting the bank deposit, preparing checks, and mailing the checks. These same individuals have the ability to record journal entries and reconcile accounts. |
| Criteria: | Board of Education and management are responsible for establishing and maintaining internal controls over financial reporting to prevent misstatements in their financial reporting. |
| Cause: | Limited staff is available to properly segregate duties. |
| Effect: | Because of the lack of segregation of duties, unauthorized transactions or misstatements as a result of errors could occur. |
| Recommendation: | We recognize that the District is not large enough to make the employment of additional persons for the purpose of segregation of duties practical from a financial standpoint. Therefore, the Board of Education should rely on its direct knowledge of the District's operations and thoroughly review financial reports to control and safeguard assets and insure accurate financial reporting. We also recommend the treasurer review the bank reconciliations and journal entries. |
| Management's Response: | The District is aware of the lack of segregation of duties caused by the limited size of its staff and therefore, agrees with this matter. The District will continue to improve the segregation of duties wherever possible and will continue to have the Board of Education's involvement in the review and approval process as much as is practical. |
| Responsible Official: | Kathy Zwirgzdas, Director of Business Services |
| Anticipated Completion Date: | The Director of Business Services will continue to segregate duties within the business office as much as possible for the 2024-2025 fiscal year. |
| Prior Year Audit Finding: | 2023-001 |

CLINTON COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Continued
For the Year Ended June 30, 2024

Section II - Financial Statement Findings (Continued)

2024-002 Financial Reporting

| | |
|-------------------------------------|---|
| Condition: | During our audit, we noted that the internal control system does not include a process for preparing the annual audited financial statements and the related disclosures in accordance with GAAP. |
| Criteria: | Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial position, change in net position, and disclosures in the financial statements, in conformity with U.S. Generally Accepted Accounting Principles (GAAP). |
| Cause: | Management does not have the training and expertise to prepare the financial statements in conformity with U.S. Generally Accepted Accounting Principles (GAAP). |
| Effect: | Although the auditors are preparing the financial statements and related footnotes, management of the District thoroughly reviews them and accepts responsibility for their completeness and accuracy. |
| Recommendation: | We recommend that management continues to make this decision on a cost/benefit basis. |
| Management's Response: | Due to limited staffing the District will continue to contract with an outside audit firm to complete the statements. Management reviews the financial statements and compares to the District's financial records for completeness and accuracy and accepts responsibility for those financial statements. |
| Responsible Official: | Kathy Zwirgzdas, Director of Business Services |
| Anticipated Completion Date: | This finding will not completely resolve itself given the cost/benefit basis the District continues to make. |
| Prior Year Audit Finding: | 2023-002 |

Section III - Federal Award Findings

There were no findings for federal awards.

Section IV - State Award Findings

There were no findings for state awards.

Section V - Other Issues

- | | |
|--|-----|
| 1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? | No |
| 2. Was a management letter or other document conveying audit documents issued as a result of this audit? | Yes |

CLINTON COMMUNITY SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2024

2023-001 – Lack of Segregation of Duties – See Corrective Action Plan finding 2024-001.

2023-002 – Financial Reporting – See Corrective Action Plan finding 2024-002.



CORRECTIVE ACTION PLAN

Financial Statement Finding

2024-001 – Lack of Segregation of Duties - The District is aware of the lack of segregation of duties caused by the limited size of its staff. Segregation of duties is enhanced whenever possible, and the Board of Education assumes an active role through monthly review of receipt and disbursement transactions and monthly financial statements.

Responsible Official – Kathy Zwirgzdas, Director of Business Services

Anticipated Completion Date – The Director of Business Services will continue to segregate duties within the business office as much as possible for the 2024-2025 fiscal year.

2024-002 – Financial Reporting – The District is aware that their staff does not have a process to prepare financial statements and related notes in accordance with GAAP. The District will continue to make this decision on a cost/benefit basis and have auditors assist in preparing the financial statements and related notes. Management does review the financial statements and compares to the District's financial records for completeness and accuracy and accepts responsibility for those financial statements.

Responsible Official – Kathy Zwirgzdas, Director of Business Services

Anticipated Completion Date – This finding will not completely resolve itself given the cost/benefit basis the District continues to make.

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