

CLINTON COMMUNITY SCHOOL DISTRICT

**INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS**

YEAR ENDED JUNE 30, 2022

CLINTON COMMUNITY SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Clinton Community School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clinton Community School District (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2022, and the respective changes in financial position 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 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 Auditor's 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 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 auditor's 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 Required Supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of Education
Clinton Community School District

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 opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The combining and individual nonmajor fund financial statements and schedules of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying and accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the 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 and individual nonmajor fund financial statements, and the schedules of expenditures of state and federal awards 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 December 14, 2022, on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

Sitzberger & Company, LLC

Sitzberger & Company, LLC
Lake Geneva, Wisconsin
December 14, 2022

CLINTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
<u>ASSETS</u>	
Cash and investments	\$ 19,760,704
Receivables:	
Taxes	1,842,982
Accounts	5,962
Restricted cash and investments - HRA	2,962,057
Due from other governments	127,195
Net WRS pension asset	3,558,465
Capital Assets:	
Land	437,275
Construction in process	21,469,852
Depreciable, net of accumulated depreciation	12,692,697
TOTAL ASSETS	62,857,189
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows related to WRS pensions	6,696,117
Deferred outflows related to LRLIF	144,889
Deferred outflows related to other post-employment benefit	290,815
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,131,821
 <u>LIABILITIES</u>	
Accounts payable	154,325
Accrued payroll	157,616
Withholding and related fringes payable	470,761
Deposits payable - HRA	2,962,057
Other deposits payable	18,312
Long-term debt obligations, due within one year	1,551,000
Capital leases, due within one year	211,236
Accrued interest payable	225,997
Long-term debt obligations, due in more than one year	29,769,000
Capital leases, due in more than one year	210,160
Bond premium, net of amortization	727,435
Net LRLIF liability	427,397
Other post-employment benefit	46,756
TOTAL LIABILITIES	36,932,052
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflows related to WRS pensions	8,385,978
Deferred inflows related to LRLIF	100,449
TOTAL DEFERRED INFLOWS OF RESOURCES	8,486,427
 <u>NET POSITION</u>	
Net investment in capital assets	(7,453,592)
Restricted	16,363,842
Unrestricted	15,660,281
TOTAL NET POSITION	\$ 24,570,531

See accompanying notes.

CLINTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

<u>Program Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Net Position</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
<u>Instruction:</u>				
Regular instruction	\$ 5,251,708	\$ 238,185	\$ 3,156,482	\$ (1,857,041)
Special education instruction	1,499,219	-	987,525	(511,694)
Vocational instruction	758,469	-	-	(758,469)
Other instruction	705,880	-	7,222	(698,658)
Total instruction	8,215,276	238,185	4,151,229	(3,825,862)
<u>Support Services:</u>				
Pupil services	793,551	-	-	(793,551)
Instructional staff services	587,850	-	34,643	(553,207)
Administration services	1,268,436	-	-	(1,268,436)
Operation and maintenance of plant	2,958,575	-	-	(2,958,575)
Pupil transportation	661,003	-	24,594	(636,409)
Central services	83,335	-	-	(83,335)
Other support services	506,703	-	-	(506,703)
Food service	638,372	60,299	821,128	243,055
Interest	493,670	-	-	(493,670)
Bond issuance costs	15,064	-	-	(15,064)
Nonprogram expenses	2,500	-	-	(2,500)
Total support services	8,009,059	60,299	880,365	(7,068,395)
TOTAL SCHOOL DISTRICT	\$ 16,224,335	\$ 298,484	\$ 5,031,594	(10,894,257)
<u>GENERAL REVENUES</u>				
Taxes:				
Property taxes, levied for general purposes				4,971,247
Property taxes, levied for debt service				1,961,364
Property taxes, levied for community service				3,000
Moblle home fees				2,162
Federal and state aid not restricted to programs:				
General				7,654,145
Loss on disposal of capital assets				(3,578)
Investment income				69,361
Miscellaneous				25,305
CHANGE IN NET POSITION				3,788,749
NET POSITION - BEGINNING OF YEAR				20,911,728
Adjustment due to correction of error				(129,946)
NET POSITION - BEGINNING OF YEAR, AS ADJUSTED				20,781,782
NET POSITION - END OF YEAR				\$ 24,570,531

See accompanying notes.

**CLINTON COMMUNITY SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS**

JUNE 30, 2022

	General	Capital Improvements	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and investments	\$ 5,641,052	\$ 1,978,165	\$ 10,736,436	\$ 1,405,051	\$ 19,760,704
Restricted cash and investments	2,962,057	-	-	-	2,962,057
Receivables:					
Taxes	1,842,982	-	-	-	1,842,982
Accounts	-	-	-	5,962	5,962
Due from other funds	-	1,500,000	-	-	1,500,000
Due from other governments	127,195	-	-	-	127,195
TOTAL ASSETS	10,573,286	3,478,165	10,736,436	1,411,013	26,198,900
<u>LIABILITIES</u>					
Accounts payable	134,927	-	-	19,398	154,325
Withholding and related fringes	470,761	-	-	-	470,761
Deposits payable - HRA	2,962,057	-	-	-	2,962,057
Accrued payroll	157,616	-	-	-	157,616
Due to other funds	1,500,000	-	-	-	1,500,000
Deferred revenue	-	-	-	18,312	18,312
TOTAL LIABILITIES	5,225,361	-	-	37,710	5,263,071
<u>FUND BALANCES</u>					
Restricted	4,722	3,478,165	10,736,436	1,373,303	15,592,626
Unassigned	5,343,203	-	-	-	5,343,203
TOTAL FUND BALANCES	\$ 5,347,925	\$ 3,478,165	\$ 10,736,436	\$ 1,373,303	\$ 20,935,829

See accompanying notes.

CLINTON COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 20,935,829

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

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

Capital assets	44,288,514	
Accumulated depreciation	(9,688,690)	
		34,599,824

The District's proportionate share of the Wisconsin Retirement System net pension asset is reported on the statement of net position, but is not reported in the governmental funds.

3,558,465

The post employment benefit payment is reported as an expenditure on the governmental funds. The unfunded portion is reported as a liability on the Statement of net position.

(46,756)

The post employment benefit payment is reported as an expenditure on the governmental funds. The unfunded portion is reported as a liability on the Statement of net position.

(427,397)

Deferred inflows and outflows of resources are applicable to future periods, and therefore, are not reported in the governmental funds.

WRS pension outflows	6,696,117	
LRLIF outflows	144,889	
OPEB outflows	290,815	
WRS pension inflows	(8,385,978)	
LRLIF inflows	(100,449)	
		(1,354,606)

Long-term debt and related items are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Long-term liabilities at year end consist of:

General obligation bonds	(31,320,000)	
Unamortized premium	(727,435)	
Capital lease obligation	(421,396)	
		(32,468,831)

Accrued interest payable on debt is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.

(225,997)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ 24,570,531**

See accompanying notes.

CLINTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General	Capital Improvements	Capital Projects	Nonmajor Governmental Funds	Total
<u>REVENUES</u>					
Local	\$ 5,219,821	\$ 20,702	\$ 40,424	\$ 2,349,962	\$ 7,630,909
Interdistrict	1,468,937	-	-	-	1,468,937
Intermediate	26,093	-	-	-	26,093
State	9,071,405	-	-	-	9,071,405
Federal	820,239	-	-	821,128	1,641,367
Other	154,074	-	-	23,876	177,950
TOTAL REVENUES	16,760,569	20,702	40,424	3,194,966	20,016,661
<u>EXPENDITURES</u>					
Instruction:					
Current	7,795,451	-	-	305,819	8,101,270
Capital outlay	59,202	-	-	-	59,202
Support Service:					
Current	6,980,882	88	467,183	656,057	8,104,210
Capital outlay	432,020	468,320	19,450,088	-	20,350,428
Debt Service:					
Principal	-	-	-	1,305,000	1,305,000
Interest	-	-	-	433,234	433,234
Non-program	-	-	-	22,900	22,900
TOTAL EXPENDITURES	15,267,555	468,408	19,917,271	2,723,010	38,376,244
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,493,014	(447,706)	(19,876,847)	471,956	(18,359,583)
<u>OTHER FINANCING SOURCES (USES)</u>					
Long-term debt proceeds	-	-	9,300,000	-	9,300,000
Capital lease proceeds	117,207	-	-	-	117,207
Bond issuance costs	-	-	-	(15,064)	(15,064)
Operating transfers in	-	1,500,000	-	-	1,500,000
Operating transfers out	(1,500,000)	-	-	-	(1,500,000)
TOTAL EXPENDITURES OTHER FINANCING SOURCES (USES)	(1,382,793)	1,500,000	9,300,000	(15,064)	9,402,143
NET CHANGE IN FUND BALANCES	110,221	1,052,294	(10,576,847)	456,892	(8,957,440)
FUND BALANCES - BEGINNING OF YEAR	5,237,704	2,425,871	21,313,283	916,411	29,893,269
FUND BALANCES - END OF YEAR	\$ 5,347,925	\$ 3,478,165	\$ 10,736,436	\$ 1,373,303	\$ 20,935,829

See accompanying notes.

CLINTON COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (8,957,440)

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

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation expense is as follows:

Depreciation expense	(557,044)	
Capital outlays	20,409,630	
	20,409,630	19,852,586

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

General obligation bonds	1,305,000	
Capital lease obligation	220,017	
	220,017	1,525,017

In the statement of activities, losses on the disposal of assets are shown, whereas, in the governmental funds only the proceeds on the disposal if any, are shown

Loss on disposal		(3,578)
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The change in the net pension liability / asset and related deferred inflows and outflows of resources as a result of employer contributions, changes in assumptions and proportionate share of the differences between the expected and actual experience of the pension plan.

811,803

Proceeds on long-term debt is an other financing source in the governmental funds, but increases the liability in the statement of net position.

(9,300,000)

Bond premiums are an other financing source in the governmental funds, but increase the liability in the statement of net position, and is amortized yearly over term of bond.

50,193

Proceeds on capital leases is an other financing source in the governmental funds, but increases the liability in the statement of net position.

(117,207)

Other post-employment benefits are reported in the governmental funds when amounts are paid. However, the statement of activities reports the amount earned during the year. Post employment benefits paid are greater than the amounts earned.

49,269

LRLIF benefits are reported in the governmental funds when amounts are paid. However, the statement of activities reports the amount earned during the year. Post employment benefits paid are greater than the amounts earned.

(40,309)

Accrued interest reported in the governmental funds are reported as expenditures when paid. However, in the statement of activities, interest expense is recognized as interest accrues, regardless of when it is due.

(81,585)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 3,788,749**

See accompanying notes.

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

Note A – Summary of Significant Accounting Policies

The financial statements of the Clinton Community School District (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies used by the District are described below.

Reporting Entity

The Clinton Community School District is organized as a common school district. The District is governed by a seven-member elected Board of Education. The District is comprised of all, or parts of, seven taxing districts. The District is fiscally independent with taxing and borrowing powers, services provided by the District are primary and secondary education and special education.

The reporting entity for the District is based upon criteria set forth by GASB. All functions of the District for which it exercises oversight responsibility are included. The oversight responsibility includes, but is not limited to, financial interdependency between the District and the governmental entity; control by the District over selection of the entity’s governing authority or designation of management; the ability of the District to significantly influence operations of the entity; and whether the District is responsible for the accountability for fiscal matters.

Component Units

GAAP requires that these financial statements include the primary government and its component units. Component units are separate organizations that are included in the District’s reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the basic financial statements. The District has no component units, and it is not included in any other governmental reporting entity.

Basis of Presentation

District-wide Financial Statements

The statement of net position and statement of activities present 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 non-exchange transactions.

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

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(CONTINUED)

Note A – Summary of Significant Accounting Policies (continued)

Fund Financial Statements

Financial statements of the District are organized into funds each of which is considered to be a separate accounting entity. The fund financial statements provide reports on the financial condition and results of operations for governmental funds. Separate financial statements are provided for governmental funds. The emphasis of fund financial statements is on major governmental funds each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Major Governmental 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. It is also used to account for activities associated with providing educational programs for students with disabilities.

Capital Improvements Fund – Used to account for the District’s future capital improvements.

Capital Projects Fund – Used to account for capital project expenditures.

Nonmajor Governmental Funds

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

Special Revenue Funds – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. The District uses the following Special Revenue Funds:

Food Service Fund – Used to account for the District’s food service program.

Community Service Fund – Used to account for the District’s community service program.

Special Revenue Trust Fund – Used to account for gifts provided to the District.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Non-exchange 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.

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(CONTINUED)

Note A – Summary of Significant Accounting Policies (continued)

Governmental fund financial 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, direct federal funding, and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted net assets 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.

Cash, Cash Equivalents, and Investments

Cash, cash equivalents and investments include amounts in non-interest and interest bearing demand and time deposits and American Deposit Management funds. They are stated at cost, which approximates fair value. Cash deposits and highly liquid investments with a maturity of three months or less from date of acquisition are considered to be cash equivalents. Cash and equivalent 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 investment pool 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 other local government investment pool ("LGIP").

Wisconsin State Statute 66.0603 restricts investment of District funds. Permitted investments for the District include any of the following.

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association which is authorized to do business in Wisconsin.
- Bonds or securities issued or guaranteed by the federal government.
- The local government investment pool.
- Bonds or securities of any Wisconsin county, city, drainage district, technical college district, village, town, or school district.
- Bonds issued by a local exposition district, local professional baseball park district, local professional football stadium district, the University of Wisconsin Hospitals and Clinics Authority, local cultural arts district, or the Wisconsin Aerospace Authority.
- Any security which matures seven years or less of the acquisition date and having the highest or second highest rating category of a nationally recognized rating agency.
- Repurchase agreements with public depositories, with certain conditions.
- Securities of an open-end management companies or investment trusts if the portfolio is collateralized by bonds or securities, subject to various conditions and investment options.

CLINTON COMMUNITY SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2022
 (CONTINUED)

Note A – Summary of Significant Accounting Policies (continued)

Cash, Cash Equivalents, and Investments (continued)

Investments are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period.

As disclosed in Footnote B, the District categorizes the fair value measurements of its investments based on the hierarchy established by GAAP. The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Interest income is recorded on the accrual basis. Interest income on commingled investments of district accounting funds is allocated based on average investment balances. Purchases and sales of investments are recorded on a trade-date basis. Realized gains and losses of the Districts assets are reported in the statement of activities, statement of revenues, expenditures and changes in fund balances. Adjustments necessary to record investments at fair value are recorded in the statement of revenues, expenditures and changes in fund balance as local revenue.

Interfund Transactions

The current portion of lending/borrowing arrangements between funds is identified as due to/from other funds. The non-current portion of outstanding balances between funds is reported as advances to/from other funds. Advances between funds are offset by a fund balance reserve account to indicate that they are not available for appropriation and are not expendable available financial resources. The District has no advances between funds.

Individual fund transfers and interfund receivable and payable activity for the year ended, June 30, 2022 are as follows:

Transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Purpose</u>
Capital Improvements	General	\$ 1,500,000	Capital Improvements

Due to/From other funds:

<u>Due to</u>	<u>Due From</u>	<u>Amount</u>	<u>Purpose</u>
Capital Improvements	General	\$ 1,500,000	Capital Improvements

Receivables

Property taxes are recognized as revenues in the fiscal year for which they are budgeted. The District tax levy is certified in November of the current fiscal year for collection by the taxing municipalities based on the past October 1 full or “equalized” taxable property values. The District is paid, by the collecting municipalities, its proportionate share of tax collections received through the last day of the preceding month. Under the Wisconsin Statutes, Walworth County and Rock County purchase the outstanding property taxes of the District in August of each year. This statutory guarantee assures the District full collection of all property taxes within sixty days of its year end, and hence, the availability of these funds to finance expenditures of the fiscal year for which the taxes were levied.

All accounts receivable are shown at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since management has determined that such an allowance would not be material to the basic financial statements.

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(CONTINUED)

Note A – Summary of Significant Accounting Policies (continued)

Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items, when applicable.

Capital Assets

Capital assets, which include land, buildings, and furniture and equipment are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. In the fund financial statements, capital assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Land improvements, buildings and improvements, and furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Estimated Useful Life</u>
Land Improvements	15 – 20 Years
Buildings and Improvements	20 – 50 years
Equipment and Furniture	5 – 15 years

The District reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Deferred Inflows / Outflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report separate sections for deferred outflows and inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and thus will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent the acquisition of net assets that is applicable to a future reporting period(s) and thus, will not be recognized as an inflow of resources (revenue) until then. The District reports deferred outflows of resources related to the WRS net pension liability (asset), the supplemental pension liability, and the OPEB liability. The District reports deferred inflows of resources related to the WRS net pension liability (asset) and the local retiree life insurance liability, which are explained in more detail in Notes E, F and G, respectively.

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(CONTINUED)

Note A – Summary of Significant Accounting Policies (continued)

Pensions

For purposes of measuring the Net Pension Liability (Asset), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, and Pension Expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and addition to/deductions from WRS' fiduciary net position have been determined on same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note E for more detailed information.

Other Obligations (OPEB)

Health Insurance

For purposes of measuring the Net OPEB Liability, the Deferred Outflows of resources and the Deferred Inflows of Resources Related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Other Postemployment Benefit Plan including additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payables in accordance with the benefit terms. See Note F for more detailed information.

Local Retiree Life Insurance Fund

The fiduciary net position of the Local Retiree Life Insurance fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from the LRLIF's fiduciary net position have been determined on the same basis they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note G for more detailed information.

Long-term Debt

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums are deferred and amortized over the life of the bonds. Discounts on issuance costs are expensed in the current period.

In the governmental fund financial statements, bond premiums, discounts, and bond issuance costs, are recognized during the year of issuance. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Payments of principal, interest, issuance costs, and discounts are reported as debt service expenditures.

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(CONTINUED)

Note A – Summary of Significant Accounting Policies (continued)

Net Position

District-wide Financial Statements – The District classifies net position in the district-wide financial statements as follows:

Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any borrowings attributable to the acquisition, construction or improvement of those assets.

Restricted net position – Consists of net position with constraints placed on their use by either (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – Consists of all other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

The District applies restricted resources first when expense is incurred for purposes for which both a restricted and unrestricted net position is available.

Fund Balances

GASB defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported in one of the following fund balance categories:

Nonspendable fund balance – amounts that cannot be spent because they are not in a spendable form and cannot be converted to cash or because they are legally or contractually required to be maintained intact.

Restricted fund balance – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed fund balance – amounts that can be used only for the specific purposes determined by a formal action of the Board of Education, the District’s highest level of decision-making authority. Commitments may only be established, modified or rescinded through resolutions approved by the Board of Education.

Assigned fund balance – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District’s policy, only the Board of Education is authorized to assign funds. The intent of the assigned funds may change with appropriate approvals as decided by the Director of Business Services.

Unassigned fund balance – the residual fund balance classification not otherwise classified

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the District’s general policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the District’s general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

CLINTON COMMUNITY SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2022
 (CONTINUED)

Note A – Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Note B – Cash and Investments

The District’s cash and investments at June 30, 2022 consisted of the following:

	Cash	Investments	Total
Custodial risk:			
Demand Deposits	17,065,705	-	17,065,705
Custodial and interest rate risk:			
Certificates of deposit	-	2,695,000	2,695,000
Mutual funds	-	2,962,057	2,962,057
Total cash and investments	\$ 17,065,705	\$ 5,657,057	\$ 22,722,762

The District’s cash and investments are reported in the financial statements as follows:

Per Statement of Net Position	
Cash and investments	\$ 19,760,704
Restricted cash and investments	2,962,057
Total cash and investments	\$ 22,722,762

Deposits in each local and area bank are insured by the Federal Deposit Insurance Corporation (“FDIC”) in the amount of \$250,000. Deposits in each local and area bank are also insured by the State Deposit Guarantee Fund (“SDGF”) in the amount of \$400,000 per financial institution. However, due to the relatively small size of the Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.

Custodial Risk: Is the risk that, in the event of a financial institution failure, the District’s deposits may not be returned to the District. The District’s carrying value for demand deposits, money market, MaxSafe and exchange traded funds was \$22,722,762 at June 30, 2022 and the bank’s carrying value was \$23,421,937, of which \$14,305,236 was fully insured and \$9,116,701 was uninsured and uncollateralized as of June 30, 2022. The District does not have a policy on custodial risk.

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(CONTINUED)

Note B – Cash and Investments (continued)

Interest Rate Risk: Is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. 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. Information about the exposure of the District’s investments to this risk, using the segmented time distribution model is as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>< 1 Year</u>	<u>1 - 5 Years</u>	<u>6 - 10 Years</u>
Certificates of deposit	\$ 2,695,000	\$ 2,695,000	\$ -	\$ -

Credit Risk: Generally, credit risk is the risk that an issuer of a type of investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The District’s investment policy minimized credit risk by limiting investments to the safest type of securities.

Note C – Fair Value Measurements

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets and is described as follows:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that a government can access at the measurement date.
- Level 2 Significant inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 Significant unobservable inputs for an asset or liability.

	<u>Fair Value Measurement Using</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Exempt</u>	<u>Total</u>
Mutual funds	\$ 2,962,057	\$ -	\$ -	\$ -	\$ 2,962,057
Certificate of deposit	-	-	-	2,695,000	2,695,000
Total	\$ 2,962,057	\$ -	\$ -	\$ 2,695,000	\$ 5,657,057

Certificates of deposit are exempt from fair value disclosure due to investments being valued at amortized cost plus accrued interest earned.

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(CONTINUED)

Note D – Capital Assets

Capital asset balances and activity for the year ended June 30, 2022 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 437,275	\$ -	\$ -	\$ 437,275
Construction in progress	1,340,436	20,129,416	-	21,469,852
Total capital assets not being depreciated	1,777,711	20,129,416	-	21,907,127
Capital assets being depreciated:				
Buildings and improvements	19,683,354	20,000	(8,800)	19,694,554
Equipment and furniture	2,675,622	260,214	(249,003)	2,686,833
Total capital assets being depreciated	22,358,976	280,214	(257,803)	22,381,387
Less: accumulated depreciation	(9,385,871)	(557,044)	254,225	(9,688,690)
Total capital assets being depreciated, net of accumulated depreciation	12,973,105	\$ (276,830)	\$ (3,578)	12,692,697
Governmental activities capital assets, net	\$ 14,750,816			\$ 34,599,824

Depreciation expense was allocated to the following governmental functions in the statement of activities:

Regular instruction	\$ 51,000
Vocational instruction	3,417
Physical instruction	3,825
Co-curricular instruction	1,802
Instructional staff services	1,558
General administrative services	314
Business administrative services	376,503
Central services	2,619
Other support services	116,006
Total depreciation of governmental activities	<u>\$ 557,044</u>

Note E – Employee Retirement Plans

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.

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(CONTINUED)

Note E – Employee Retirement Plans (continued)

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <http://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 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

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.

CLINTON COMMUNITY SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2022
 (CONTINUED)

Note E – Employee Retirement Plans (continued)

The Core and Variable annuity adjustments granted during recent years are as follows:

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

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

During the reporting period, the WRS recognized \$498,497 in contributions from the employer.

Contribution rates as of June 30, 2022 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.50%	6.50%

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

At June 30, 2022, the District reported a liability (asset) of (\$3,558,465) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2021, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District’s proportion of the net pension liability (asset) was based on the District’s share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the District’s proportion was 0.04414869%, which was a decrease of 0.00130636% from its proportion measured as of December 31, 2020.

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(CONTINUED)

Note E – Employee Retirement Plans (continued)

For the year ended June 30, 2022, the District recognized pension expense (revenue) of \$(313,512).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 5,748,520	\$ 414,530
Net differences between projected and actual earnings on pension plan investments	-	7,960,583
Changes in assumptions	663,887	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,311	10,865
Employer contributions subsequent to the measurement date	277,399	-
	\$ 6,696,117	\$ 8,385,978

The amount of \$277,399 reported as deferred outflows related to pension resulting from the District’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflow of Resources	Deferred Inflow of Resources
2022	\$ 3,238,895	\$ 3,409,506
2023	2,025,406	2,992,500
2024	1,470,398	1,893,989
2025	693,782	1,099,746

CLINTON COMMUNITY SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2022
 (CONTINUED)

Note E – Employee Retirement Plans (continued)

Actuarial assumptions. The total pension liability (asset) in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changes from prior year, including discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The Total Pension Liability (Asset) for December 31, 2021 is based upon a roll-forward of the liability (asset) calculated from the December 31, 2020 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.

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(CONTINUED)

Note E – Employee Retirement Plans (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns			
As of December 31, 2021			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	52	6.8	4.2
Fixed Income	25	4.3	1.8
Inflation Sensitive	19	2.7	0.2
Real Estate	7	5.6	3
Private Equity/Debt	12	9.7	7
Total Core Fund	115	6.6	4
Variable Fund Asset Class			
U.S. Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%
Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations
The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

Single Discount Rate. A single discount rate of 6.80% was used to measure the Total Pension Liability (Asset) as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 1.84% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.80 % 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 (asset).

CLINTON COMMUNITY SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2022
 (CONTINUED)

Note E – Employee Retirement Plans (continued)

Sensitivity of the District’s proportionate share of the net pension liability (asset) to changes in the discount rate.
 The following presents the District’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the District’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	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)	\$ 2,524,983	\$ (3,558,465)	\$ (7,937,417)

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. At June 30, 2022 the District reported a payable to the pension plan of \$170,450.

Note F – Other Post-Employment Benefits – Health Insurance

Plan Description. Clinton Community School District (the "District"), provides an other post-employment benefit that consists of several interdependent pieces arising from the rules of the plan. The amounts paid by the District for continued health care for all classifications that are entitled to a benefit are briefly outlined below.

Teachers: Hired prior to July 1, 2008; at least age 57 with a minimum of 10 full-time years of service with the District if hired prior to September 1, 2002 or age 57 with 15 full-time years of service with the District if hired on or after September 1, 2002.

Tier 1 includes employees within 2 years of eligible age of 57 as of June 30, 2014. The District shall make a monthly contribution of \$583.34 or \$1,166.67 into an HRA for those electing POP insurance buyout/single plan health insurance or family plan health insurance, respectively, as of June 30 in the year of retirement. These contributions will be made over a period of 60 months or until the month in which the employee turns 65, whichever occurs first.

Tier 2 includes employees with more than 2 years to reach eligible age of 57 as of June 30, 2014. The District shall make a monthly contribution of \$416.67 or \$833.34 into an HRA for those electing POP insurance buyout/single plan health insurance or family plan health insurance, respectively, as of June 30 in the year of retirement. These contributions will be made over a period of 36 months or until the month in which the employee turns 65, whichever occurs first.

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(CONTINUED)

Note F – Other Post-Employment Benefits – Health Insurance (continued)

Changes in Total OPEB Liability. The following table shows the components of the District’s total OPEB cost for the year, the amount actually paid from the plan, and changes in the District’s total OPEB liability.

	Governmental Activities
Service cost	\$ 4,508
Interest	1,744
Differences between expected and actual experience	-
Changes of assumptions or other input	-
Benefit payments	(69,509)
Change in total OPEB obligation	(63,257)
Beginning total OPEB liability	110,013
Ending total OPEB liability	\$ 46,756

Actuarial Assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-2017. The projection of cash flows used to determine the single discount rate assumed that the plan would continue to be funded on a pay-as-you-go basis. Based on these assumptions, a 20-year AA municipal bond rate was applied to all periods of projected benefit payments to determine the Total OPEB Liability.

Key assumptions, applied to all periods included in the measurement date, are as follows:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Reporting date	June 30, 2022
Actuarial cost method	Entry Age Normal - Level percent of Salary
Actuarial assumptions:	
Health care trend	0.00% for the first year, then 6.40% decreasing by 0.10% per year down to 5.00%, and level thereafter
Discount rate*	2.25% (based upon all years of projected payments discounted at a municipal bond rate of 2.25%)
Municipal bond rate source	Bond Buyer 20-Bond GO Index
Actuarial assumptions	Based on an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-17
Mortality assumptions	Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%)

**Implicit in this rate is an assumed rate of inflation of 2.00%*

Discount Rate. A discount rate of 2.25% was applied in the measurement of the total OPEB liability. The discount rate is based on the Municipal Bond rate of 2.25%.

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(CONTINUED)

Note F – Other Post-Employment Benefits – Health Insurance (continued)

Sensitivity of the District’s total OPEB liability to changes in the discount rate. The following presents the District’s total OPEB liability calculated using the discount rate of 2.25%, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

	1% Decrease to Discount Rate 1.25%	Current Discount Rate 2.25%	1% Increase to Discount Rate 3.25%
Total OPEB liability	\$ 48,113	\$ 46,756	\$ 45,436

Sensitivity of the District’s total OPEB liability to changes in healthcare cost trend rates. The following presents the District’s total OPEB liability calculated using the healthcare cost trend rates of 6.4%, as well as what the District’s total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (5.4%) or 1-percentage-point higher (7.4%) than the current rate:

	1% Decrease (-1.0% for Year 1, then 5.4% decreasing to 4.0%)	Healthcare Cost Trend Rates (0.0% for Year 1, then 6.4% decreasing to 5.0%)	1% Increase (1.0% for Year 1, then 7.4% decreasing to 6.0%)
Total OPEB liability	\$ 107,783	\$ 110,013	\$ 112,655

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2022, the District recognized OPEB expense of \$16,291. At June 30, 2022, the District reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 50,557	\$ -
Changes of assumptions or other input	20,497	-
Employer contribution subsequent to measurement date	219,761	-
	\$ 290,815	\$ -

CLINTON COMMUNITY SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2022
 (CONTINUED)

Note F – Other Post-Employment Benefits – Health Insurance (continued)

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

<u>Year Ended</u> <u>June 30,</u>	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
2021	\$ 10,039	\$ -
2022	10,039	-
2023	10,039	-
2024	10,039	-
2025	10,039	-
Thereafter	20,859	-

At year end the District owed payables to the OPEB plan of \$123,063.

Note G – Other Post-Employment Life Insurance Benefits

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. EFT issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <http://eft.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.

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, 2022 are:

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

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(CONTINUED)

Note G – Other Post-Employment Life Insurance Benefits (continued)

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 employee contribution rates in effect for the year ended December 31, 2021 are as listed below:

Life Insurance Member Contribution Rates* For the year ended December 31, 2021		
Attained Age	Basic	Supplemental
Under 30	\$0.0500	\$0.0500
30-34	0.0600	0.0600
35-39	0.0700	0.0700
40-44	0.0800	0.0800
45-49	0.1200	0.1200
50-54	0.2200	0.2200
55-59	0.3900	0.3900
60-64	0.4900	0.4900
65-69	0.5700	0.5700
*Disabled members under age 70 receive a waiver-of-premium benefit.		

During the reporting period, the LRLIF recognized \$1,480 in contributions from the employer.

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

At June 30, 2022, the District reported a liability (asset) of \$427,397 for its proportionate share of the Net OPEB Liability (Asset). The Net OPEB Liability (Asset) was measured as of December 31, 2021, and the Total OPEB Liability used to calculate the Net OPEB Liability (Asset) was determined by an actuarial valuation as of January 1, 2021 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District’s proportion of the Net OPEB Liability (Asset) was based on the District’s share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2021, the District’s proportion was 0.07231300%, which was a decrease of 0.000205% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense (revenue) of \$42,595.

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(CONTINUED)

Note G – Other Post-Employment Life Insurance Benefits (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 21,743
Net differences between projected and investment earnings on plan investments	5,560	-
Changes in actuarial assumptions	129,130	20,716
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,389	57,990
Employer contributions subsequent to the measurement date	810	-
	\$ 144,889	\$ 100,449

The \$810 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability (Asset) in the year ended June 30, 2022. 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 Ended June 30,	Deferred Outflow of Resources	Deferred Inflow of Resources
2022	\$ 34,766	\$ 24,347
2023	34,121	24,347
2024	31,953	23,059
2025	29,769	14,549
2026	12,345	12,418
2027	1,125	1,729
2028	-	-

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(CONTINUED)

Note G – Other Post-Employment Life Insurance Benefits (continued)

Actuarial assumptions. The Total OPEB Liability in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2021
Measurement Date of Net OPEB Liability (Asset)	December 31, 2021
Experience Study:	January 1, 2018 – December 31, 2020, Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.06%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.17%
Salary Increases	
Wage Inflation:	3.00%
Seniority/Merit:	0.10% – 5.6%
Mortality:	Wisconsin 2018 Experience Mortality Table

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

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

**Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2021**

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Intermediate Credit Bonds	Bloomberg US Interm Credit	45.00%	1.68%
US Long Credit Bonds	Bloomberg US Long Credit	5.00%	1.82%
US Mortgages	Bloomberg US MBS	50.00%	1.91%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

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

CLINTON COMMUNITY SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2022
 (CONTINUED)

Note G – Other Post-Employment Life Insurance Benefits (continued)

Single Discount Rate. A single discount rate of 2.17% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 2.25% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.12% as of December 31, 2020 to 2.06% as of December 31, 2021. The Plan’s fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent 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 (Asset) to changes in the discount rate. The following presents the District’s proportionate share of the Net OPEB Liability (Asset) calculated using the discount rate of 2.17 percent, as well as what the District’s proportionate share of the Net OPEB Liability (Asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.17 percent) or 1-percentage-point higher (3.17 percent) than the current rate:

	1% Decrease to Discount Rate (1.17%)	Current Discount Rate (2.17%)	1% Increase to Discount Rate (3.17%)
District's proportionate share of the net OPEB liability (asset)	\$ 579,823	\$ 427,397	\$ 312,702

Payables to the OPEB plan. There were no payables to the OPEB plan as of June 30, 2022.

Note H – Long-Term Debt

Long-term obligations of the District are as follows:

	Balances Beginning	Additions	Reductions	Balances Ending	Amounts Due Within One Year
General obligation debt	\$ 23,325,000	\$ 9,300,000	\$ 1,305,000	\$ 31,320,000	\$ 1,551,000
Bond premium	777,628	-	50,193	727,435	-
Capital leases	394,260	247,151	220,017	421,394	211,236
Total long-term obligations	\$ 24,496,888	\$ 9,547,151	\$ 1,575,210	\$ 32,468,829	\$ 1,762,236

Total interest paid and expensed (including accrual) during the year and for the year ended June 30, 2022 on long-term liabilities was \$433,234 and \$514,820 respectively.

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(CONTINUED)

Note H – Long-Term Debt (continued)

General Obligation Debt

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, 2022, is comprised of the following issues:

<u>Description</u>	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Dates of Maturity</u>	<u>Balance 06/30/22</u>
2013 G.O. Refunding Bond	10/15/13	0.00%	04/01/28	\$ 810,000
2021 G.O. Refunding Bond	04/01/15	1.15 - 3.10%	03/01/35	12,365,000
2021 G.O. Refunding Bond	04/01/15	1.15 - 3.10%	03/01/41	8,845,000
2022 GO Promissory Notes	04/01/15	1.64 - 4.88%	03/01/32	9,300,000
Total General Obligation Debt				<u>\$ 31,320,000</u>

Aggregate cash flow requirements for the retirement of long-term principal and interest as of June 30, 2022 follow.

<u>Year Ended June 30</u>	<u>G.O Debt Principal</u>	<u>G.O Debt Interest</u>	<u>Capital Lease Principal</u>	<u>Capital Lease Interest</u>	<u>Total</u>
2022	1,551,000	677,902	211,236	22,952	2,463,090
2023	1,589,000	602,701	179,647	11,475	2,382,823
2024	1,138,000	532,234	30,513	1,933	1,702,680
2025	1,718,000	516,031	-	-	2,234,031
2026	1,762,000	488,678	-	-	2,250,678
2027-2031	9,797,000	1,800,446	-	-	11,597,446
2032-2036	8,085,000	1,045,624	-	-	9,130,624
2037-2041	5,680,000	298,204	-	-	5,978,204
Totals	<u>\$ 31,320,000</u>	<u>\$ 5,961,820</u>	<u>\$ 421,396</u>	<u>\$ 36,360</u>	<u>\$ 37,739,576</u>

The 2022 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$845,661,339. The legal debt limit and margin of indebtedness as of June 30, 2022, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows.

Debt limit (10% of \$845,661,339)	\$ 84,566,134
Deduct long-term debt applicable to debt margin	<u>(31,320,000)</u>
<i>Margin of indebtedness</i>	<u>\$ 53,246,134</u>

During the year the District issued bond anticipation notes of \$22,700,000 for capital projects of the District. The bond anticipation notes were refunded by two separate refunding bonds issued during the fiscal year totaling \$22,370,000. These bond proceeds were recorded in the capital projects fund of the District.

CLINTON COMMUNITY SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2022
 (CONTINUED)

Note I – Capital Leases

The District has entered into several lease arrangements for financing the acquisition of buses, equipment, and technology. The lease agreements qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of their future minimum lease payments as of the inception day of the lease. The gross amount of assets recorded under capital leases is \$891,992 with \$506,906 of related accumulated amortization. Amortization expense of \$184,621 is related to these assets.

Note J – Limitation on School District Revenues

Wisconsin statutes limit the amount of revenues a school district may derive from general school aids and property taxes. The annual revenue increase from these sources is limited by the higher of the rate of inflation or the CPI-adjusted dollar amount on the prior year per pupil amount 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 board of education or by a referendum prior to August 12, 1993.
- A referendum on or after August 12, 1993.

Note K – Fund Balances

Components of fund balance other than unassigned fund balances consist of the following at year end:

	Restricted
Capital improvements	\$ 3,478,165
Capital projects	10,736,436
Special revenue	244,259
Debt service	602,087
Food service	513,888
Community service	13,068
Common school library	4,722
	\$ 15,592,625

Note L – 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; worker’s compensation; and health care of its employees. All these risks are covered through the purchase of commercial insurance, with minimal deductibles. There has been no reduction in insurance coverage from the prior year. Settled claims have not exceeded the commercial coverage during the year ended June 30, 2022.

CLINTON COMMUNITY SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2022
 (CONTINUED)

Note M – Litigation and Contingencies

From time to time the District is involved in legal actions, most of which normally occur in governmental operations. Legal actions are generally defended by the District’s various insurance carriers, since most claims brought against the District are covered by insurance policies.

The District has 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. Management believes such disallowances, if any, would be immaterial.

Note N – Long-Term Capital Improvement Trust Fund

The District has a Long-Term Capital Improvement Fund in the amount of \$3,478,165 at June 30, 2022. A school board with an approved long-term capital improvement plan (minimum of 10 years) may establish a “trust” that is funded with a transfer from the general fund. The contribution from fund 10 to fund 46 (Long-Term Capital Improvement Trust Fund) is recorded as the expenditure for shared cost and equalization aid purposes. Future expenditures from Fund 46 are not part of shared costs. A school board is prohibited from removing money deposited into fund 46 for a period of five years after the fund is created. After the initial five year wait period is over, funds may only be used for the purposes identified in the approved long-term capital improvement plan. Fund 46 assets may not be transferred to any other school district fund.

Note O – Subsequent Events

Subsequent events have been evaluated through December 14, 2022, which is the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated. There were no significant subsequent events required to be disclosed for the year ended June 30, 2022.

Note P – Restatement of Net Position

Adjustment due to change correction of a error

Prior period adjustment was made to decrease the net position of Governmental Activities to adjust beginning leases payable. The net effect of this change in fund balance is as follows:

	Governmental Activities
Net position, beginning of year	\$ 20,911,728
Adjustment to correct net position	(129,946)
Net position, beginning of year as adjusted	20,781,782

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(CONTINUED)

Note S – Effect of New Accounting Standards on Financial Statements

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

- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of Statement No. 32*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

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

REQUIRED SUPPLEMENTARY INFORMATION

**CLINTON COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Local	\$ 5,061,747	\$ 5,061,747	\$ 5,219,821	\$ 158,074
Interdistrict	1,411,903	1,411,903	1,468,937	57,034
Intermediate	22,047	22,047	26,093	4,046
State	8,432,783	8,432,783	8,583,773	150,990
Federal	461,676	461,676	483,829	22,153
Other	55,000	55,000	154,074	99,074
TOTAL REVENUES	<u>15,445,156</u>	<u>15,445,156</u>	<u>15,936,527</u>	<u>491,371</u>
<u>EXPENDITURES</u>				
Instruction:				
Current	7,247,941	7,250,861	6,188,044	1,062,817
Capital outlay	31,500	31,500	59,202	(27,702)
Support Services:				
Current	6,346,561	6,353,961	6,223,820	130,141
Capital outlay	233,980	233,980	432,020	(198,040)
Capital lease outlay	-	-	117,207	(117,207)
TOTAL EXPENDITURES	<u>13,859,982</u>	<u>13,870,302</u>	<u>13,020,293</u>	<u>850,009</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,585,174</u>	<u>1,574,854</u>	<u>2,916,234</u>	<u>1,341,380</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Capital lease proceeds	-	-	117,207	(117,207)
Operating transfers out	(1,671,983)	(1,671,983)	(2,923,220)	(1,251,237)
Operating transfers in	213,809	213,809	-	(213,809)
	<u>(1,458,174)</u>	<u>(1,458,174)</u>	<u>(2,806,013)</u>	<u>(1,368,444)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (86,809)</u>	<u>\$ (97,129)</u>	110,221	<u>\$ 90,143</u>
FUND BALANCE - BEGINNING OF YEAR			<u>5,237,704</u>	
FUND BALANCE - END OF YEAR			<u>\$ 5,347,925</u>	

See accompanying notes to required supplementary information.

**CLINTON COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL EDUCATION FUND
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<u>REVENUES</u>				
State	\$ 404,472	\$ 404,472	\$ 487,632	\$ 83,160
Federal	341,117	341,117	336,410	(4,707)
TOTAL REVENUES	<u>745,589</u>	<u>745,589</u>	<u>824,042</u>	<u>78,453</u>
<u>EXPENDITURES</u>				
Instruction	1,773,454	1,773,454	1,607,407	166,047
Support service	644,118	644,118	639,855	4,263
TOTAL EXPENDITURES	<u>2,417,572</u>	<u>2,417,572</u>	<u>2,247,262</u>	<u>170,310</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,671,983)</u>	<u>(1,671,983)</u>	<u>(1,423,220)</u>	<u>248,763</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	1,671,983	1,671,983	1,423,220	(248,763)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE - BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE - END OF YEAR			<u>\$ -</u>	

See accompanying notes to required supplementary information.

CLINTON COMMUNITY SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

Year Ended June 30, 2022

Wisconsin Retirement System

Last 10 Fiscal Years*

WRS Year End	District's proportion of the net pension (asset) liability	District's proportionate share of the net pension (asset) liability	District's covered payroll	Net pension (asset) liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of total pension (asset) liability
2021	0.04414869%	\$ (3,558,465)	\$ 7,385,147	(48.18%)	106.02%
2020	0.04545505%	\$ (2,837,821)	\$ 7,544,299	(37.62%)	105.26%
2019	0.04657263%	\$ (1,501,714)	\$ 7,139,077	(21.04%)	102.96%
2018	0.04821517%	\$ 1,715,344	\$ 7,178,145	23.90%	96.45%
2017	0.04878914%	\$ (1,448,607)	\$ 7,212,981	(20.08%)	102.93%
2016	0.04870493%	\$ 401,444	\$ 7,150,901	5.61%	99.12%
2015	0.04823500%	\$ 783,805	\$ 6,866,362	11.42%	98.20%
2014	0.04814600%	\$ (1,182,609)	\$ 6,762,302	(17.49%)	102.74%

SCHEDULE OF CONTRIBUTIONS

Year Ended June 30, 2022

Wisconsin Retirement System

Last 10 Fiscal Years*

WRS Year End	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2021	\$ 498,497	\$ 498,497	\$ -	\$ 7,385,147	6.75%
2020	\$ 509,239	\$ 509,239	\$ -	\$ 7,544,299	6.75%
2019	\$ 466,998	\$ 466,998	\$ -	\$ 7,139,077	6.54%
2018	\$ 480,938	\$ 480,938	\$ -	\$ 7,178,145	6.70%
2017	\$ 490,485	\$ 490,485	\$ -	\$ 7,212,981	6.80%
2016	\$ 472,118	\$ 472,118	\$ -	\$ 7,150,901	6.60%
2015	\$ 466,913	\$ 466,913	\$ -	\$ 6,866,362	6.80%
2014	\$ 473,363	\$ 473,363	\$ -	\$ 6,762,302	7.00%

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

*GASB requires the presentation of the last 10 prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule.

See accompanying notes to required supplementary information.

CLINTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

Year Ended June 30, 2022

Last 10 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Total OPEB Liability</u>					
Service cost	\$ 4,508	\$ 6,306	\$ 5,923	\$ 2,899	\$ 2,899
Interest	1,744	5,680	13,043	17,859	27,628
Differences between expected and actual experience	-	37,764	-	32,767	-
Changes of assumptions or other input	-	1,523	1,090	30,815	-
Benefit payments	(69,509)	(200,811)	(210,690)	(285,916)	(333,384)
Net change in total OPEB liability	<u>(63,257)</u>	<u>(149,538)</u>	<u>(190,634)</u>	<u>(201,576)</u>	<u>(302,857)</u>
Total OPEB liability - beginning	<u>110,013</u>	<u>259,551</u>	<u>450,185</u>	<u>651,761</u>	<u>954,618</u>
Total OPEB liability - ending	<u>\$ 46,756</u>	<u>\$ 110,013</u>	<u>\$ 259,551</u>	<u>\$ 450,185</u>	<u>\$ 651,761</u>
Covered Payroll	\$ 6,979,638	\$ 6,979,638	\$ 6,882,288	\$ 6,882,288	\$ 181,800
Total OPEB liability as a percentage of covered payroll	0.67%	1.58%	3.77%	6.54%	358.50%

*GASB Pronouncement 75 requires the presentation of the last 10 fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule.

See accompanying notes to required supplementary information.

CLINTON COMMUNITY SCHOOL DISTRICT

**SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
LOCAL RETIREE LIFE INSURANCE FUND**

Year Ended June 30, 2022

Last 10 Fiscal Years*

LRLIF Year End	Proportion of The Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered payroll (Plan Year)	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
2021	0.07231300%	\$ 427,397	\$ 4,228,000	10.11%	0.00%
2020	0.07251800%	\$ 398,901	\$ 3,948,000	10.10%	31.36%
2019	0.09373100%	\$ 399,125	\$ 3,917,000	10.19%	37.58%
2018	0.08823800%	\$ 227,684	\$ 4,173,000	5.46%	48.69%
2017	0.07972100%	\$ 270,234	\$ 3,777,230	7.15%	44.81%

**SCHEDULE OF CONTRIBUTIONS
LOCAL RETIREE LIFE INSURANCE FUND**

Last 10 Fiscal Years*

LRLIF Year End	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2021	\$ 1,480	\$ 1,480	\$ -	\$ 4,228,000	0.04%
2020	\$ 1,446	\$ 1,446	\$ -	\$ 3,948,000	0.04%
2019	\$ 1,694	\$ 1,694	\$ -	\$ 3,917,000	0.04%
2018	\$ 1,700	\$ 1,700	\$ -	\$ 4,173,000	0.04%
2017	\$ 1,705	\$ 1,705	\$ -	\$ 3,777,230	0.05%

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

*GASB Pronouncement 75 requires the presentation of the last 10 prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement are not required to be presented for this schedule.

See accompanying notes to required supplementary information.

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022

Note A - Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of for each fund as described in Note A to the financial statements; however, the District adopts a budget for the special education fund which is reported with the general fund in accordance with accounting principles accepted in the United States of America ("GAAP"). An explanation of the differences between Revenues, and Other Financing Sources (Uses) for budgetary funds on budgetary fund basis and a GAAP general fund summarized below:

	General Fund	Special Education Fund
Revenues		
Actual amounts (budgetary basis)	\$ 15,936,527	\$ 824,042
Reclassification of special education	824,042	(824,042)
Total Revenues (GAAP)	16,760,569	-
Expenditures		
Actual amounts (budgetary basis)	13,020,293	2,247,262
Reclassification of special education	2,247,262	(2,247,262)
Total Expenditures	15,267,555	-
Excess of Revenues Over (Under) Expenditures		
Actual amounts (budgetary basis)	2,916,234	(1,423,220)
Reclassification of special education	(1,423,220)	1,423,220
Excess of Revenues Over (Under) Expenditures (GAAP)	1,493,014	-
Other Financing Sources (Uses)		
Actual amounts (budgetary basis)	(2,806,013)	1,423,220
Reclassification of special education	1,423,220	(1,423,220)
Total Other Financing Sources (Uses) (GAAP)	(1,382,793)	-
Net Change in Fund Balance		
Actual amounts (budgetary basis and GAAP)	110,221	-
Fund Balance - Beginning of Year		
Actual amounts (budgetary basis and GAAP)	5,237,704	-
Fund Balance - End of Year		
Actual amounts (budgetary basis and GAAP)	\$ 5,347,925	\$ -

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2022

Note B - Budgetary Accounting and Control

Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction, which is in accordance with generally accepted accounting principles. The legally adopted budget and budgetary expenditure control is exercised at the object level in the general fund and at the fund level for all other funds. Reported budget amounts are as originally adopted or as amended by Board of Education resolution. There was no budget prepared for the trust and agency fund.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

- Based upon requests from District staff, District administration recommends budget proposals to the Board of Education.
- The Board of Education prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
- Pursuant to the public budget hearing, the Board of Education may make alterations to the proposed budget.
- Once the Board of Education (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 Board of Education.
- Appropriations lapse at year end unless authorized as a carryover by the Board of Education. The portion of fund balance representing carryover appropriations is reported as committed or assigned fund balance in the fund financial statements.

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note A to the basic financial statements; however, the District adopts a budget for the special education fund which is reported within the general fund in accordance with generally accepted accounting principles. An explanation of the differences between Revenues, Expenditures, and Other Financing Sources (Uses) for budgetary funds on budgetary fund basis and a GAAP general fund basis is summarized on the following page.

Note C - Excess of Actual Expenditures Over Budget in General/Special Education Funds

The following functions had an excess of actual expenditures over budget for the year ended June 30, 2022:

<u>General Fund</u>	<u>Excess Expenditures</u>
Instruction Capital Outlay	\$ 27,702
Support Service Capital Outlay	\$ 198,040
Support Service Capital Lease Outlay	\$ 117,207
Operating Transfers Out	\$ 1,251,237

CLINTON COMMUNITY SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
 JUNE 30, 2022

Note D – Other-Post Employment Benefit Plan Information

No assets are accumulated in a trust to pay related benefits.

	<u>Key Methods and Assumptions Used</u>
Valuation date	June 30, 2021
Measurement date	June 30, 2022
Reporting date	June 30, 2022
Actuarial cost method	Entry Age Normal - Level percent of Salary
Actuarial assumptions:	
Health care trend	0.00% for the first year, then 6.40% decreasing by 0.10% per year down to 5.00%, and level thereafter
Discount rate*	2.25% (based upon all years of projected payments discounted at a municipal bond rate of 2.25%)
Municipal bond rate source	Bond Buyer 20-Bond GO Index
Actuarial assumptions	Based on an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-17
Mortality assumptions	Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%)

**Implicit in this rate is an assumed rate of inflation of 2.00%*

Note E - Local Retiree Life Insurance Fund OPEB

Changes of benefit terms. There were no changes of benefit terms for any participating employee in the LRLIF.

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 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.

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2022

Note F - Wisconsin Retirement System Pension

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

Changes of assumptions. Based on a three-year 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 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.

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022
(CONTINUED)

Note F - Wisconsin Retirement System Pensions - continued

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Valuation Date:	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return	5.4%	5.4%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement	7.0%	7.0%	7.2%	7.2%	7.2%
Post-retirement	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation	3.0%	3.0%	3.2%	3.2%	3.2%
Seniority/Merit	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post Retirement Benefit Adjustments*:	1.9%	1.9%	2.1%	2.1%	2.1%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014.
Mortality:	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).

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

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022
(CONTINUED)

Note F - Wisconsin Retirement System Pensions - continued

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Valuation Date:	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions				
Net Investment Rate of Return	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:				
Pre-retirement	7.2%	7.2%	7.2%	7.2%
Post-retirement	5.0%	5.0%	5.0%	5.0%
Salary Increases				
Wage Inflation	3.2%	3.2%	3.2%	3.2%
Seniority/Merit	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post Retirement Benefit Adjustments*:	2.1%	2.1%	2.1%	2.1%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2009 valuation pursuant to an experience study of the period 2006-2008.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scaled BB to all future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scaled BB to all future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scaled BB to all future improvements (margin) in mortality.	Wisconsin Projected Experience Table - 2005 for women of the Wisconsin Projected Experience Table - 2005 for men.

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

SUPPLEMENTARY INFORMATION

CLINTON COMMUNITY SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022

	Special Revenue Funds				
	Special Revenue	Food Service	Debt Service	Community Service	Total
<u>ASSETS</u>					
Cash and investments	\$ 246,781	\$ 543,114	\$ 602,087	\$ 13,069	\$ 1,405,051
Accounts receivable	-	5,962	-	-	5,962
TOTAL ASSETS	246,781	549,076	602,087	13,069	1,411,013
<u>LIABILITIES</u>					
Accounts payable	2,522	16,876	-	-	19,398
Deferred revenue	-	18,312	-	-	18,312
TOTAL LIABILITIES	2,522	35,188	-	-	37,710
<u>FUND BALANCES</u>					
Restricted	244,259	513,888	602,087	13,069	1,373,303
TOTAL FUND BALANCES	\$ 244,259	\$ 513,888	\$ 602,087	\$ 13,069	\$ 1,373,303

**CLINTON COMMUNITY SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2022**

	<u>Special Revenue Funds</u>				<u>Total</u>
	<u>Special Revenue</u>	<u>Food Service</u>	<u>Debt Service</u>	<u>Community Service</u>	
<u>REVENUES</u>					
Local	\$ 325,292	\$ 60,299	\$ 1,961,371	\$ 3,000	\$ 2,349,962
Federal	-	821,128	-	-	821,128
Other	23,035	841	-	-	23,876
TOTAL REVENUES	<u>348,327</u>	<u>882,268</u>	<u>1,961,371</u>	<u>3,000</u>	<u>5,156,337</u>
<u>EXPENDITURES</u>					
Instruction:					
Current	305,819	-	-	-	305,819
Support Service:					
Current	-	639,240	-	16,817	656,057
Non-program	22,900	-	-	-	22,900
Debt Service:					
Principal	-	-	1,305,000	-	1,305,000
Interest	-	-	433,234	-	433,234
TOTAL EXPENDITURES	<u>328,719</u>	<u>639,240</u>	<u>1,738,234</u>	<u>16,817</u>	<u>2,723,010</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Bond issuance costs	-	-	(15,064)	-	(15,064)
TOTAL EXPENDITURES OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(15,064)</u>	<u>-</u>	<u>(15,064)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>19,608</u>	<u>243,028</u>	<u>208,073</u>	<u>(13,817)</u>	<u>456,892</u>
NET CHANGE IN FUND BALANCES	<u>19,608</u>	<u>243,028</u>	<u>208,073</u>	<u>(13,817)</u>	<u>456,892</u>
FUND BALANCES - BEGINNING OF YEAR	<u>224,651</u>	<u>270,860</u>	<u>394,014</u>	<u>26,886</u>	<u>916,411</u>
FUND BALANCES - END OF YEAR	<u>\$ 244,259</u>	<u>\$ 513,888</u>	<u>\$ 602,087</u>	<u>\$ 13,069</u>	<u>\$ 1,373,303</u>

See Independent Auditors' Report

CLINTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Administering Agency/ Pass-Through Agency/ Award Description	Federal Assistance Listing Number	Pass-through Entity Number	Accrued Receivable 7/1/2021	Receipts Grantor Reimbursement	Expen- ditures	Accrued Receivable 6/30/2022	Subrecipient Awards
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>							
Passed through Wisconsin Department of Public Instruction							
<i>Child Nutrition Cluster</i>							
Donated Commodities - Noncash	10.555	N/A	\$ -	\$ 58,421	\$ 58,421	\$ -	\$ -
Food Service Aid - Breakfast Severe	10.553	2022-531134-DPI-SB-SEVERE-546	-	204,791	204,791	-	-
Food Service Aid - Lunch	10.555	2022-531134-DPI-NSL-547	-	544,430	544,430	-	-
Summer Food Service Program	10.559	2022-531134-DPI-SFSP-561	20,987	33,582	12,595	-	-
<i>Total Child Nutrition Cluster</i>			<u>20,987</u>	<u>841,224</u>	<u>820,237</u>	-	-
TOTAL UNITED STATES DEPARTMENT OF AGRICULTURE			<u>20,987</u>	<u>841,224</u>	<u>820,237</u>	-	-
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>							
Passed through Wisconsin Department of Public Instruction							
<i>COVID Funds</i>							
ESSER I Funds	84.425D	2022-305068-DPI-ESSERFI-160	13,690	16,052	2,362	-	-
ESSER II Funds	84.425D	2022-305068-DPI-ESSERFII-163	-	20,185	20,185	-	-
<i>Total COVID Funds</i>			<u>13,690</u>	<u>36,237</u>	<u>22,547</u>	-	-
Title I-A Basic Grant	84.010A	2022-531134-DPI-TIA-141	-	92,848	126,478	33,630	-
<i>Special Education Cluster</i>							
IDEA Flow Through	84.027A	2022-531134-DPI-Flow-341	212,026	420,675	267,394	58,745	-
IDEA Preschool	84.173	2022-531134-DPI-PRESCH-347	16,243	17,643	3,052	1,652	-
<i>Total Special Education Cluster</i>			<u>228,269</u>	<u>438,318</u>	<u>270,446</u>	<u>60,397</u>	-
Title II-A	84.367A	2022-531134-DPI-TIIA-365	-	9,600	9,600	-	-
Title IV-A	84.424A	2022-531134-DPI-TIVA-381	19,550	30,292	10,742	-	-
Passed through CESA 2							
Title III A	84.365A	2022-531134-DPI-TIIIA-391	-	-	525	525	-
Passed through Oregon School District Carl Perkins							
	84.048A	2022-531134-DPI-CTE-400	-	-	5,460	5,460	-
TOTAL UNITED STATES DEPARTMENT OF EDUCATION			<u>261,509</u>	<u>607,295</u>	<u>445,798</u>	<u>100,012</u>	-
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>							
Passed through Wisconsin Department of Health Services							
Medical Assistance Program	93.778		7,276	230,958	229,446	5,764	-
TOTAL FEDERAL AWARDS			<u>\$ 289,772</u>	<u>\$ 1,679,477</u>	<u>\$ 1,495,481</u>	<u>\$ 105,776</u>	<u>\$ -</u>

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

CLINTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED JUNE 30, 2022

Administering Agency/ Pass-Through Agency/ Award Description	State I.D. Number	Pass- through Entity Number	Accrued Receivable 7/1/2021	State Receipts	State Disbursements/ Expenditures	Accrued Receivable 6/30/2022	Subrecipient Awards
<u>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</u>							
Special Education and School Age Parents**	255.101	531134-100	\$ -	\$ 482,850	\$ 482,850	\$ -	\$ -
Pupil Transportation	255.107	531134-102	-	24,594	24,594	-	-
Common School Fund Library Aid	255.103	531134-104	-	34,643	34,643	-	-
Bi-Lingual/Bi-Cultural	255.106	531134-111	-	13,440	13,440	-	-
Per Pupil Aid	255.945	531134-113	-	716,030	716,030	-	-
High Cost Transportation Aid	255.947	531134-114	-	20,047	20,047	-	-
Equalization Aid	255.201	531134-116	108,134	7,679,597	7,571,463	-	-
Peer Review and Mentoring	255.301	531134-141	-	-	25,000	25,000	-
Spasity Aid	255.212	531134-162	-	93,665	93,665	-	-
Assessments of Reading Readiness	255.956	531134-166	-	2,209	2,209	-	-
Special Education Transition Incentive Grants	255.960	531134-168	-	4,782	4,782	-	-
TOTAL WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION			<u>108,134</u>	<u>9,071,857</u>	<u>8,988,723</u>	<u>25,000</u>	<u>-</u>
<u>WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT</u>							
Youth Apprenticeships			<u>-</u>	<u>25,568</u>	<u>25,568</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES OF STATE AWARDS			<u>\$ 108,134</u>	<u>\$ 9,097,425</u>	<u>\$ 9,014,291</u>	<u>\$ 25,000</u>	<u>\$ -</u>

** Total DPI aidable expenditures for the year ended June 30, 2022 were \$1,924,571

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL
AND STATE AWARDS
JUNE 30, 2022

Note A - Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) includes the federal and state award activity of the District under programs of the federal and state government for the year ended June 30, 2022. The information in these Schedules is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *Wisconsin State Single Audit Guidelines*. Therefore, some amounts presented in the Schedules may differ from amounts presented in, or used in, the preparation of the basic financial statements. Because the schedules present only a selected portion of the operations of the district, it is not intended to and does not present the net financial position, changes in fund balance or cash flows of the District. All federal and state awards received directly from federal and state agencies as well as federal and state financial awards passed through other government agencies are included on these Schedules.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, and as applicable, the cost principles contained in the *Wisconsin State Single Audit Guidelines*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note C - Indirect Cost Rate

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

Note D – Noncash awards

The federal donated commodities in the Child Nutrition Cluster is administered by the U.S. Department of Agriculture and passed through the Wisconsin Department of Public Instruction and transactions relating to this program are included in the District’s basic financial statements. Commodities received during the year are included in the expenditures presented in the Schedule. There are no balances outstanding as of June 30, 2022.



**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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clinton Community School District (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 14, 2022.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of finding and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 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. We consider the deficiency described in the accompanying schedule of findings and responses as 2022-003 to be a material weakness.

A *significant deficiency* is a deficiency, or 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. We consider the following deficiencies described in the accompanying schedule of findings and responses as 2022-001, 2022-002, and 2022-004 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*.

Clinton Community School District's Response to Findings

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

Purpose of this Report

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

Sitzberger & Company LLC

Sitzberger & Company LLC
Lake Geneva, Wisconsin
December 14, 2022



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

To the Board of Education
Clinton Community School District

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Clinton Community School District's (the "District")'s compliance with the types of compliance described in the *OMB Compliance Supplement* and the *Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction, 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, 2022. The District's major federal and major state programs are identified in the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major 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; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the compliance requirements contained in *State Single Audit Guidelines* in the State of Wisconsin, and the compliance requirements of the *Wisconsin Department of Public Instruction in the Wisconsin Public School District Audit Manual*. Our responsibilities under those standards, are further described in the Auditor's 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.

To the Board of Education
Clinton Community School District

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 it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, compliance with *State Single Audit Guidelines*, and the compliance requirements of the Wisconsin Department of Public Instruction in the *Wisconsin Public 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 federal and state program as a whole.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the State Single Audit Guidelines and the Wisconsin Public School District Audit Manual and which are described in the accompanying schedule of finding and questioned costs as items 2022-001, and 2022-002. Our opinion on each major federal or state program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit 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 noncompliance and, accordingly, we express no opinion on the response.

To the Board of Education
Clinton Community School District

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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 and therefore, material weaknesses or significant deficiencies in internal control over compliance that we consider to be material weaknesses.

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 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 state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our 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.

Government Auditing Standards, State Single Audit Guidelines, and the Wisconsin Public School District Audit Manual require the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other audit procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 testing based on requirements of the Uniform Guidance and *State Single Audit Guidelines, and the Wisconsin Public School District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

Sitzberger & Company LLC

Sitzberger & Company LLC
Lake Geneva, Wisconsin
December 14, 2022

CLINTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022

2021-001 **Lack of Segregation of Duties**

Condition: Proper segregation of duties prescribes that the authorization, recording, and custody functions be separated. Many of the accounting functions are performed by a few individuals, including:

- Recording vendor invoices in the accounting system
- Preparing checks
- Mailing checks
- Bank reconciliations
- Processing payroll

Criteria: Statements on Auditing Standards AU §325.29 states it is a deficiency in the design of controls to have absent or inadequate segregation of duties within a significant account or process.

Cause: The auditee is not in a financial position to be able to hire enough staff to ensure adequate segregation of duties. In addition, the size of the organization does not warrant hiring additional staff members.

Effect: The lack of segregation of duties could result in the possibility of undetected errors or irregularities in financial reporting.

Current status: Finding is ongoing in the year under audit.

2021-002 **Financial Statement Preparation**

Condition: Sitzberger & Company LLC drafted the audited financial statements and related footnote disclosures for the District. It is management’s responsibility to provide for the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) and the auditors’ responsibility to determine the fairness of presentation. This deficiency could result in a misstatement that could have been prevented or detected by management.

Criteria: Internal controls over financial reporting should be in place to provide for the preparation of financial statements on an annual basis.

Cause: Management and the accounting staff of the District have adequate knowledge and experience in governmental accounting and interim financial reporting requirements; however, staff does not have the necessary resources and training to prepare GAAP basis financial statements.

Effect: The District’s financial statements will be prepared by its auditor.

Current status: Finding is ongoing in the year under audit.

CLINTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS (continued)
YEAR ENDED JUNE 30, 2022

2021-003

Audit Adjustments

- Condition:* One or more audit adjustments were required to prevent the District's financial statements from being misstated.
- Criteria:* Statements on Auditing Standards AU §314.41 states it is the responsibility of management to implement proper internal controls to provide reasonable assurance about the achievement of the entity's objectives with regard to the reliability of financial reporting.
- Cause:* Inadequate controls in place to ensure proper recording of all the District's financial transactions in accordance with accounting principles generally accepted in the United States of America.
- Effect:* Without the audit adjustments, the financial statements of the District would have been misstated.
- Current status:* Finding is ongoing in the year under audit.

2021-004

Excess of Expenditures over Budgeted Amounts

- Condition:* Certain expenditure accounts of the District were expended over budgeted amounts.
- Criteria:* Wisconsin statutes require that disbursement orders not be issued in excess of appropriated amounts.
- Cause:* When expenditure accounts became fully depleted, there was no Board action to amend previously approved budgeted amounts.
- Effect:* There is no impact on the financial statements.
- Recommendation:* The District should monitor expenditures to ensure appropriate amendments are made to expenditure accounts over budget.
- Current status:* Finding is ongoing in the year under audit.

CLINTON COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2022

Section I - Summary of Auditors' Results

Financial Statements

- | | |
|--|------------|
| 1 Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified |
| 2 Internal control over financial reporting: | |
| A. Material weakness(es) identified? | Yes |
| B. Significant deficiency(ies) identified? | Yes |
| 3 Noncompliance material to financial statements? | No |

Federal Awards

- | | |
|--|------------|
| 4 Internal control over major programs: | |
| A. Material weakness(es) identified? | No |
| B. Significant deficiency(ies) identified? | Yes |
| 5 Type of auditor's report issued on compliance for major programs: | Unmodified |
| 6 Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? | No |
| 7 Identification of major federal programs: | |

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	<i>Child Nutrition Cluster</i>
10.553	School Breakfast
10.555	National School Lunch
	Donated Commodities

- | | |
|--|-----------|
| 8 Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| 9 Auditee qualified as low-risk auditee? | No |

State Awards

- | | |
|--|------------|
| 10 Internal control over major programs: | |
| A. Material weakness(es) identified? | No |
| B. Significant deficiency(ies) identified? | Yes |
| 11 Type of auditor's report issued on compliance for major programs: | Unmodified |
| 12 Any audit findings disclosed that are required to be reported in accordance with Wisconsin State Single Audit Guidelines? | No |

CLINTON COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
 YEAR ENDED JUNE 30, 2022

Section I - Summary of Auditors' Results (continued)

State Awards (continued)

13 Dollar threshold used to distinguish between Type A and Type B programs \$ 250,000

14 Identification of major state programs:

<u>State ID</u>	<u>Name of State Program or Cluster</u>
255.201	Equalization Aid
255.945	Per Pupil Adjustment
255.101	Special Education and School Age Parents

Section II - Financial Statement Findings

2022-001 Lack of Segregation of Duties

Condition: Proper segregation of duties prescribes that the authorization, recording, and custody functions be separated. Many of the accounting functions are performed by a few individuals, including:

- Recording vendor invoices in the accounting system
- Preparing checks
- Mailing checks
- Bank reconciliations
- Processing payroll

Criteria: Statements on Auditing Standards AU §325.29 states it is a deficiency in the design of controls to have absent or inadequate segregation of duties within a significant account or process.

Cause: The auditee is not in a financial position to be able to hire enough staff to ensure adequate segregation of duties. In addition, the size of the organization does not warrant hiring additional staff members.

Effect: The lack of segregation of duties could result in the possibility of undetected errors or irregularities in financial reporting.

Recommendation: It is important for management to be aware of this condition and to realize that the concentration of duties and responsibilities in one or two individuals is not desirable from a control standpoint. Under these conditions, the most effective controls rest in management's knowledge and monitoring of matters relating to the District's financial affairs.

Identification of Repeat finding: Repeat finding from 2021-001.

CLINTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
YEAR ENDED JUNE 30, 2022

Section II - Financial Statement Findings (continued)

2022-002 **Financial Statement Preparation**

Condition: Sitzberger & Company LLC drafted the audited financial statements, SEFA, SESA and related footnote disclosures for the District. It is management's responsibility to provide for the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) and the auditors' responsibility to determine the fairness of presentation. This deficiency could result in a misstatement that could have been prevented or detected by management.

Criteria: Internal controls over financial reporting should be in place to provide for the preparation of financial statements on an annual basis.

Cause: Management and the accounting staff of the District have adequate knowledge and experience in governmental accounting and interim financial reporting requirements; however, staff does not have the necessary resources and training to prepare GAAP basis financial statements.

Effect: The District's financial statements will be prepared by its auditor.

Recommendation: We recommend management continue using external sources to prepare the financial statements if cost of resources and training are not feasible for the District. The District should rely on its direct knowledge of the entity's operations and continue to appoint a member of senior management to make management decisions including oversight as well as approving and taking responsibility of the financial statements prior to their release.

Identification of Repeat finding: Repeat finding from 2021-002.

2022-003 **Material Audit Adjustments**

Condition: One or more audit adjustments were required to prevent the District's financial statements from being misstated.

Criteria: Statements on Auditing Standards AU §314.41 states it is the responsibility of management to implement proper internal controls to provide reasonable assurance about the achievement of the entity's objectives with regard to the reliability of financial reporting.

Cause: Inadequate controls in place to ensure proper recording of all the District's financial transactions in accordance with accounting principles generally accepted in the United States of America.

Effect: Without the audit adjustments, the financial statements of the District would have been misstated.

Recommendation: The District should review the nature of these entries to determine if they can be made before the audit process begins.

Identification of Repeat finding: Repeat finding from 2021-003.

CLINTON COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
 YEAR ENDED JUNE 30, 2022

2022-004 **Excess of Expenditures over Budgeted Amounts**

Condition: Certain expenditure accounts of the District were expended over budgeted amounts.

Criteria: Wisconsin statutes require that disbursement orders not be issued in excess of appropriated amounts.

Cause: When expenditure accounts became fully depleted, there was no Board action to amend previously approved budgeted amounts.

Effect: There is no impact on the financial statements.

Recommendation: The District should monitor expenditures to ensure appropriate amendments are made to expenditure accounts over budget.

Identification of Repeat finding: Repeat finding from 2021-004.

Section III – State and Federal Award Findings and Questioned Costs

None noted.

Section IV - Other Issues

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

2 Does the audit report show audit issues (i.e. material noncompliance, nonmaterial noncompliance, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *Wisconsin State Single Audit Guidelines*:
 Department of Public Instruction No

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

4 Name and signature of partner/manager *Pattie Reda*

Pattie Reda

5 Date of report December 14, 2022



Corrective Action Plan

Reference Number: 2022-001

Description: Lack of Segregation of Duties

Corrective Action Plan: The District will continue to use the following controls to compensate for this limitation:

- District Board approves all checks at monthly board meetings
- District board approves all receipts at monthly board meetings
- District Administrator reviews and approves all payroll time sheets, invoices and bank reconciliations

Anticipated Corrective Action Plan Completion Date: ongoing

Contact Information: For additional information regarding this finding, please contact Sarah Duncan, Director of Business Services at 608-676-5482.

Reference Number: 2022-002

Description: Financial Statement Preparation

Corrective Action Plan: The District will continue to rely on the expertise of an accounting firm to prepare the financial statements, as the cost of training is not feasible for the District. The District will continue to review a draft of the financial statements and ask any questions prior to giving approval of the financial statements.

Anticipated Corrective Action Plan Completion Date: ongoing

Contact Information: For additional information regarding this finding, please contact Sarah Duncan, Director of Business Services at 608-676-5482.

DISTRICT OFFICE

112 Milwaukee Road
P.O. Box 566
Clinton, WI 53525
608-676-5482

ELEMENTARY SCHOOL

301 East Street
P.O. Box 70
Clinton, WI 53525
608-676-2211

MIDDLE SCHOOL

115 Milwaukee Road
P.O. Box 559
Clinton, WI 53525
608-676-2275

HIGH SCHOOL

112 Milwaukee Road
P.O. Box 566
Clinton, WI 53525
608-676-2223

Corrective Action Plan - continued

Reference Number: 2022-003

Description: Material Audit Adjustments

Corrective Action Plan: The District will carefully review the audit adjusting entries to determine if these entries could be made during the year as part of the ordinary reporting process. The District will make those entries during the year as needed.

Anticipated Corrective Action Plan Completion Date: ongoing

Contact Information: For additional information regarding this finding, please contact Sarah Duncan, Director of Business Services at 608-676-5482.

Reference Number: 2022-004

Description: Excess of Expenditures over Budgeted Amounts

Corrective Action Plan: The District will continue to monitor expenditures to approve appropriate amendments for expenditures over budget and will implement safeguards to ensure that there are no further expenditures over budgeted amounts.

Anticipated Corrective Action Plan Completion Date: ongoing

Contact Information: For additional information regarding this finding, please contact Sarah Duncan, Director of Business Services at 608-676-5482.

A handwritten signature in black ink, appearing to be 'S. Duncan', written over a horizontal line.