

CLINTON COMMUNITY SCHOOL DISTRICT

Annual Financial Report

June 30, 2023

 KerberRose

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CLINTON COMMUNITY SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT



Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clinton Community School District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Clinton Community School District as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

To the Board of Education
Clinton Community School District

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules of employer's proportionate share of the net pension liability (asset) and employer contributions – Wisconsin Retirement System, schedules of employer's proportionate share of the net OPEB liability and employer contributions – other post-employment benefits – cost-sharing plan, schedule of changes in total OPEB liability and related ratios – other post-employment benefits – single-employer plan, and schedule of revenues, expenditures and change in fund balance – budget and actual – general fund on pages 35 – 41 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

To the Board of Education
Clinton Community School District

Supplementary Information

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

Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining balance sheet – nonmajor governmental funds, combining statement of revenues, expenditures, and changes in fund balances – nonmajor governmental funds, schedule of expenditures of federal awards and schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KerberRose SC

KerberRose SC
Certified Public Accountants
Oshkosh, Wisconsin
December 11, 2023

FINANCIAL STATEMENTS

CLINTON COMMUNITY SCHOOL DISTRICT

District-Wide Statement of Net Position

As of June 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 12,026,347
Receivables:	
Taxes	2,854,961
Accounts	692
Due from Other Governments	225,559
Prepaid Items	147,187
Total Current Assets	<u>15,254,746</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	360,875
Depreciable, Net	45,260,039
Total Noncurrent Assets	<u>45,620,914</u>
TOTAL ASSETS	<u>60,875,660</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pension	8,360,361
Deferred Outflows Related to Other Post-Employment Benefits - Cost-Sharing Plan	129,682
Deferred Outflows Related to Other Post-Employment Benefits - Single-Employer Plan	73,966
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>8,564,009</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	144,234
Accrued Interest Payable	117,981
Accrued and Other Current Liabilities	313,851
Unearned Revenue	5,323
Deposits Payable	3,559,168
Dental Claims Payable	8,051
Current Portion of Lease Liability	180,896
Current Portion of Long-Term Obligations	1,589,000
Current Portion of Other Post-Employment Benefits - Single-Employer Liability	4,667
Total Current Liabilities	<u>5,923,171</u>
Noncurrent Liabilities	
Noncurrent Lease Liability	30,513
Noncurrent Portion of Long-Term Obligations	24,604,974
Net Pension Liability	2,296,106
Other Postemployment Benefits - Cost-Sharing Liability	287,920
Other Postemployment Benefits - Single-Employer Liability	28,012
Total Noncurrent Liabilities	<u>27,247,525</u>
TOTAL LIABILITIES	<u>33,170,696</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pension	4,809,058
Deferred Inflows Related to Other Post-Employment Benefits - Cost-Sharing Plan	243,294
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>5,052,352</u>
NET POSITION	
Net Investment in Capital Assets	19,215,531
Restricted	6,624,791
Unrestricted	5,376,299
TOTAL NET POSITION	<u>\$ 31,216,621</u>

See Accompanying Notes

CLINTON COMMUNITY SCHOOL DISTRICT

District-Wide Statement of Activities

For the Year Ended June 30, 2023

	<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 Net</u>
			<u>Contributions</u>	<u>Position</u>
				<u>Governmental</u>
				<u>Activities</u>
GOVERNMENTAL ACTIVITIES				
Instruction				
Regular Instruction	\$ 5,730,336	\$ 65,572	\$ 1,922,995	\$ (3,741,769)
Vocational Instruction	891,028	-	-	(891,028)
Physical Instruction	368,071	-	-	(368,071)
Special Instruction	1,801,986	-	957,576	(844,410)
Other Instruction	905,485	27,700	29,642	(848,143)
Total Instruction	<u>9,696,906</u>	<u>93,272</u>	<u>2,910,213</u>	<u>(6,693,421)</u>
Support Services				
Pupil Services	896,836	-	-	(896,836)
Instructional Staff Services	756,724	-	-	(756,724)
General Administration Services	539,163	-	-	(539,163)
School Building Administration Services	696,218	-	-	(696,218)
Business Administration	391,625	-	-	(391,625)
Operations and Maintenance of Plant	2,783,942	-	-	(2,783,942)
Pupil Transportation Services	772,561	360	23,827	(748,374)
Food Services	528,019	239,824	415,158	126,963
Central Services	93,438	-	-	(93,438)
Insurance	175,973	-	-	(175,973)
Other Support Services	1,003,046	-	-	(1,003,046)
Community Services	209	-	-	(209)
Interest and Fiscal Charges	564,270	-	-	(564,270)
Total Support Services	<u>9,202,024</u>	<u>240,184</u>	<u>438,985</u>	<u>(8,522,855)</u>
Non-Program Transactions				
Open Enrollment	836,620	1,446,980	-	610,360
Non-Open Enrollment	105,646	-	-	(105,646)
Total Non-Program Transactions	<u>942,266</u>	<u>1,446,980</u>	<u>-</u>	<u>504,714</u>
TOTAL DISTRICT WIDE	<u>\$ 19,841,196</u>	<u>\$ 1,780,436</u>	<u>\$ 3,349,198</u>	<u>(14,711,562)</u>
GENERAL REVENUES				
Property Taxes				11,778,870
State and Federal Aids not Restricted				
to Specific Functions:				8,867,446
Interest and Investment Earnings				371,748
Miscellaneous				204,928
Total General Revenues				<u>21,222,992</u>
CHANGE IN NET POSITION				6,511,430
NET POSITION - BEGINNING OF YEAR, AS RESTATED				<u>24,705,191</u>
NET POSITION - END OF YEAR				<u>\$ 31,216,621</u>

See Accompanying Notes

CLINTON COMMUNITY SCHOOL DISTRICT

Balance Sheet

Governmental Funds

As of June 30, 2023

	<u>General</u>	<u>Referendum Debt Service</u>	<u>Long-term Capital Improvement</u>	<u>Other Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
ASSETS						
Cash and Investments	\$ 7,584,875	\$ 669,411	\$ 2,180,331	\$ 668,001	\$ 923,729	\$ 12,026,347
Receivables:						
Taxes	2,854,961	-	-	-	-	2,854,961
Accounts	692	-	-	-	-	692
Due from Other Funds	-	-	1,000,000	-	-	1,000,000
Due from Other Governments	216,014	-	-	-	9,545	225,559
Prepaid Items	147,187	-	-	-	-	147,187
TOTAL ASSETS	\$ 10,803,729	\$ 669,411	\$ 3,180,331	\$ 668,001	\$ 933,274	\$ 16,254,746
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts Payable	\$ 120,488	\$ -	\$ -	\$ -	\$ 23,746	\$ 144,234
Accrued Liabilities	313,851	-	-	-	-	313,851
Due to Other Funds	1,000,000	-	-	-	-	1,000,000
Deposits Payable	3,559,168	-	-	-	-	3,559,168
Dental Claims Payable	8,051	-	-	-	-	8,051
Unearned Revenue	-	-	-	-	5,323	5,323
Total Liabilities	5,001,558	-	-	-	29,069	5,030,627
Fund Balances						
Nonspendable:						
Prepaid Items	147,187	-	-	-	-	147,187
Restricted:						
Donor Specified Projects	-	-	-	-	258,050	258,050
Debt Service	-	669,411	-	-	-	669,411
Capital Projects	-	-	3,180,331	668,001	-	3,848,332
Food Service	-	-	-	-	640,851	640,851
Community Service	-	-	-	-	5,304	5,304
Self-Funded Insurance	19,673	-	-	-	-	19,673
Unassigned	5,635,311	-	-	-	-	5,635,311
Total Fund Balances	5,802,171	669,411	3,180,331	668,001	904,205	11,224,119
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,803,729	\$ 669,411	\$ 3,180,331	\$ 668,001	\$ 933,274	\$ 16,254,746

See Accompanying Notes

CLINTON COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds to the District-Wide Statement of Net Position
As of June 30, 2023

Total Fund Balances - Governmental Funds \$ 11,224,119

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

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

Governmental Capital Assets	\$ 54,905,533	
Governmental Accumulated Depreciation	<u>(9,284,619)</u>	45,620,914

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

Deferred Outflows of Resources Related to Pension	8,360,361	
Deferred Inflows of Resources Related to Pension	(4,809,058)	
Deferred Outflows of Resources Related to OPEB - Cost-Sharing Plan	129,682	
Deferred Inflows of Resources Related to OPEB - Cost-Sharing Plan	(243,294)	
Deferred Outflows of Resources Related to OPEB - Single-Employer Plan	<u>73,966</u>	3,511,657

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

General Obligations	(25,525,000)	
Lease Liability	(211,409)	
Bond Premium	(668,974)	
Accrued Interest on General Obligation Debt	(117,981)	
Net Pension Liability	(2,296,106)	
Other Post-Employment Benefits - Cost-Sharing Liability	(287,920)	
Other Post-Employment Benefits - Single-Employer Liability	<u>(32,679)</u>	<u>(29,140,069)</u>

Total Net Position - Governmental Activities \$ 31,216,621

CLINTON COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General	Referendum Debt Service	Long-term Capital Improvement	Other Capital Projects	Nonmajor Governmental Funds	Totals
REVENUES						
Property Taxes	\$ 5,193,093	\$ 6,572,777	\$ -	\$ -	\$ 13,000	\$ 11,778,870
Other Local Sources	289,625	132	88,162	87,461	640,921	1,106,301
Interdistrict Sources	1,460,967	-	-	-	-	1,460,967
Intermediate Sources	43,651	-	-	-	-	43,651
State Sources	9,814,662	-	-	-	15,858	9,830,520
Federal Sources	1,528,089	-	-	-	399,016	1,927,105
Other Sources	204,928	-	-	-	284	205,212
Total Revenues	<u>18,535,015</u>	<u>6,572,909</u>	<u>88,162</u>	<u>87,461</u>	<u>1,069,079</u>	<u>26,352,626</u>
EXPENDITURES						
Instruction						
Regular Instruction	5,432,569	-	-	-	-	5,432,569
Vocational Instruction	845,185	-	-	-	-	845,185
Physical Instruction	346,477	-	-	-	-	346,477
Special Instruction	1,709,686	-	-	-	-	1,709,686
Other Instruction	496,034	-	-	-	387,306	883,340
Total Instruction	<u>8,829,951</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>387,306</u>	<u>9,217,257</u>
Support Services						
Pupil Services	861,070	-	-	-	-	861,070
Instructional Staff Services	721,577	-	-	-	-	721,577
General Administration Services	502,820	-	-	-	10,568	513,388
School Building Administration Services	661,983	-	-	-	-	661,983
Business Services	374,351	-	-	-	-	374,351
Operations and Maintenance	2,414,880	-	1,385,996	10,369,912	-	14,170,788
Pupil Transportation	772,457	-	-	-	-	772,457
Food Services	-	-	-	-	528,019	528,019
Central Services	93,438	-	-	-	-	93,438
Insurance	175,973	-	-	-	-	175,973
Other Support Services	660,407	-	-	1,624	-	662,031
Community Services	-	-	-	-	197	197
Debt Service						
Principal	209,987	4,100,000	-	-	10,000	4,319,987
Payment to Escrow Agent - In-substance Defeasance	-	1,710,940	-	-	-	1,710,940
Interest and fiscal charges	17,126	687,681	-	-	-	704,807
Total Support Services	<u>7,466,069</u>	<u>6,498,621</u>	<u>1,385,996</u>	<u>10,371,536</u>	<u>548,784</u>	<u>26,271,006</u>
Non-Program Transactions						
Open Enrollment	836,620	-	-	-	-	836,620
Non-Open Enrollment	96,590	3,609	-	-	5,447	105,646
Total Non-Program Transactions	<u>933,210</u>	<u>3,609</u>	<u>-</u>	<u>-</u>	<u>5,447</u>	<u>942,266</u>
Total Expenditures	<u>17,229,230</u>	<u>6,502,230</u>	<u>1,385,996</u>	<u>10,371,536</u>	<u>941,537</u>	<u>36,430,529</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,305,785</u>	<u>70,679</u>	<u>(1,297,834)</u>	<u>(10,284,075)</u>	<u>127,542</u>	<u>(10,077,903)</u>
OTHER FINANCING SOURCES (USE)						
Sale of Land and Real Property	15,893	-	-	215,640	-	231,533
Transfer from Other Funds	-	-	1,000,000	-	2,092	1,002,092
Transfer to Other Funds	(1,002,092)	-	-	-	-	(1,002,092)
Total Other Financing Sources (Use)	<u>(986,199)</u>	<u>-</u>	<u>1,000,000</u>	<u>215,640</u>	<u>2,092</u>	<u>231,533</u>
NET CHANGES IN FUND BALANCES	319,586	70,679	(297,834)	(10,068,435)	129,634	(9,846,370)
FUND BALANCES - BEGINNING OF YEAR AS RESTATED	<u>5,482,585</u>	<u>598,732</u>	<u>3,478,165</u>	<u>10,736,436</u>	<u>774,571</u>	<u>21,070,489</u>
FUND BALANCES - END OF YEAR	<u>\$ 5,802,171</u>	<u>\$ 669,411</u>	<u>\$ 3,180,331</u>	<u>\$ 668,001</u>	<u>\$ 904,205</u>	<u>\$ 11,224,119</u>

CLINTON COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds to the District-Wide Statement of Activities
For the Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds \$ (9,846,370)

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

The acquisition of capital assets is reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

Capital outlay reported in governmental fund statements	\$ 12,370,840	
Depreciation expense reported in the statement of activities	<u>(1,075,348)</u>	
Amount by which capital outlays are more than depreciation in the current period.		11,295,492

The District disposed of outdated assets resulting in a reduction of capital assets and recapture of prior year depreciation expense reported on the statement of activities as a net loss and has no affect on the governmental funds balance sheet.

The value of capital assets disposed of during the year	(1,753,821)	
The amount of depreciation recapture for the year	<u>1,479,419</u>	
Amount by which capital disposals are more than depreciation recapture in the current period.		(274,402)

Amounts related to the pension plan benefits that affect the statement of activities but do not affect the fund financial statements.

(613,407)

Amounts related to the other post-employment benefits that affect the statement of activities but do not affect the fund financial statements.

(221,347)

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of the long-term debt principal payments in the current year is:

Bonds and notes payable		5,795,000
Lease Liability		209,987

In governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as incurred.

The amount of interest paid during the current period	704,807	
The amount of interest accrued during the current period	<u>(596,791)</u>	
Interest paid is more than interest accrued by:		108,016

Prior year debt premium, discount and refunding losses are allocated over the period the debt is outstanding and is reported as amortization revenue/expense in the statement of activities. The amortization for the current year is

Amortization of bond premium		<u>58,461</u>
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Change in Net Position - Governmental Activities

\$ 6,511,430

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2023

Note 1 – Summary of Significant Accounting Policies

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

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

Nature of Operations

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

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

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

District-Wide Financial Statements

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

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

Fund Financial Statements

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

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

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

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

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

Governmental Funds

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

General Fund

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

Special Revenue Fund

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

Debt Service Fund

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

Capital Projects Fund

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

Major Funds

The District reports the following major governmental funds:

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

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

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

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

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

Nonmajor Funds

The District reports the following nonmajor funds:

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

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

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

Cash and Investments

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

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

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

Receivables

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

Property Taxes

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

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2022 tax levy is used to finance operations of the District's fiscal year ended June 30, 2023. All property taxes are considered due on January 1st, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30th and are available to pay current liabilities.

Prepaid Items

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

Interfund Activity

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

Fund Financial Statements

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

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

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

Interfund Activity (Continued)

District-Wide Financial Statements

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

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

Capital Assets

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

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

Unearned Revenue

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

Subscription-Based Information Technology Agreements

The District adopted GASB Statement No. 96 – Subscription-Based Information Technology Agreements for the year ended June 30, 2023, which requires recognition in the financial statements of certain subscription-based information technology agreements (SBITAs). A SBITA is any contract conveying control of the right to use another party's information technology software. This statement requires the District to report a right-to-use subscription asset and corresponding subscription liability for any SBITAs. There were no material SBITAs that were required to be recorded for the year ended June 30, 2023.

Long-Term Obligations

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

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

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Deferred Inflows of Resources

Deferred outflows of resources are a consumption of net position by the District that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the District that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses and revenues are deferred until the future periods to which the outflows and inflows are applicable. See Notes 7 for deferred outflows and inflows of resources related to pension and Notes 8 and 9 for deferred outflows and inflows of resources related to OPEB.

Pension and Other Post-Employment Benefits

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

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

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

Other Post-Employment Benefits (OPEB). The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring following:

- Net OPEB Liability
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post-Employment Benefits
- OPEB Expense (Revenue)

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

The total OPEB liability of the District's single-employer other post-employment benefit plan has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for the purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits and OPEB expense. The plan has no assets and benefits as paid on a pay-as-you-go basis.

Claims and Judgments

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

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

Lease Liability

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

Fund Equity Classifications

District-Wide Statements

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets net of any unspent bond proceeds.
- b. Restricted net position – Consist of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – Net amount that does not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements

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

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

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

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

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

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

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

Fund Equity Classifications (Continued)

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

The District has not adopted a minimum fund balance policy.

Use of Estimates

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

Note 2 – Cash and Investments

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

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

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

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

At June 30, 2023 the bank balance of cash was \$9,404,716. The District maintains its cash accounts at three financial institutions. Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk.

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

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

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2023

Note 2 – Cash and Investments (Continued)

As of June 30, 2023 the District had the following deposits:

Fully Insured Deposits	\$	1,211,628
Collateralized with Letter of Credit		8,193,088
Total	\$	<u>9,404,716</u>

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

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

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

As of June 30, 2023, the District had the following investments:

Investment Type	Total Amount	Level 1
Mid America Mutual Funds	\$ 3,539,495	\$ 3,539,495

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

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

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

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2023

Note 3 – Interfund Receivable, Payable, and Transfers

The interfund receivable and payable as of June 30, 2023 were as follows:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Long-Term Capital Projects	<u>\$ 1,000,000</u>	Future Capital Projects

The interfund transfers for the year ended June 30, 2023 were as follows:

<u>Fund Transferred To:</u>	<u>Fund Transferred From:</u>	<u>Amount</u>	<u>Purpose</u>
Long-Term Capital Improvement	General Fund	\$ 1,000,000	Future Capital Projects
Non-Referendum Debt Service	General Fund	2,092	Closing of Fund
		<u>\$ 1,002,092</u>	

Note 4 – Capital Assets

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities				
Capital Assets, Nondepreciable:				
Land	\$ 437,275	\$ -	\$ 76,400	\$ 360,875
Construction in Progress	21,469,852	-	21,469,852	-
Total Capital Assets, Nondepreciable	<u>21,907,127</u>	<u>-</u>	<u>21,546,252</u>	<u>360,875</u>
Capital Assets, Depreciable				
Buildings and Improvements	19,694,554	33,555,915	1,395,240	51,855,229
Machinery and Equipment	1,794,841	284,777	217,482	1,862,136
Right to Use Assets	891,992	-	64,699	827,293
Total Capital Assets, Depreciable	<u>22,381,387</u>	<u>33,840,692</u>	<u>1,677,421</u>	<u>54,544,658</u>
Less Accumulated Depreciation for				
Buildings and Improvements	(7,691,722)	(840,765)	(1,199,445)	(7,333,042)
Machinery and Equipment	(1,490,062)	(76,101)	(215,275)	(1,350,888)
Right to Use Assets	(506,906)	(158,482)	(64,699)	(600,689)
Total Accumulated Depreciation	<u>(9,688,690)</u>	<u>(1,075,348)</u>	<u>(1,479,419)</u>	<u>(9,284,619)</u>
Total Capital Assets, Depreciable, Net	<u>12,692,697</u>	<u>32,765,344</u>	<u>198,002</u>	<u>45,260,039</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 34,599,824</u>	<u>\$ 32,765,344</u>	<u>\$ 21,744,254</u>	<u>\$ 45,620,914</u>

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2023

Note 4 – Capital Assets (Continued)

Depreciation expense for fiscal year ended June 30, 2023 amounted to \$1,075,348 and was charged to the following functions:

Instruction:	
Regular	\$ 60,192
Vocational	2,242
Physical	5,100
Special	202
Other	4,986
Support Services:	
Instructional Staff Services	1,558
General Administration	6,292
Business Administration Services	878,773
Other Support Services	116,003
Total Depreciation Expense - Governmental Activities	<u>\$ 1,075,348</u>

Note 5 – Long-Term Obligations

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2023:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Amount Due Within One Year</u>
General Obligation Bonds	\$ 31,320,000	\$ -	\$ 5,795,000	\$ 25,525,000	\$ 1,589,000
Debt Premium	727,435	-	58,461	668,974	-
Leases	421,396	-	209,987	211,409	180,896
Total Governmental Activities Long-Term Liabilities	<u>\$ 32,468,831</u>	<u>\$ -</u>	<u>\$ 6,063,448</u>	<u>\$ 26,405,383</u>	<u>\$ 1,769,896</u>

Total interest paid on long-term debt for the year ended June 30, 2023 was \$704,807.

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, 2023, is comprised of the following individual issues:

	<u>Date of Issuance</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Original Indebtedness</u>	<u>Balances 6/30/2023</u>
2013 G.O. Refunding Bond	10/15/13	04/01/28	0.00%	\$ 900,000	\$ 800,000
2021 G.O. Refunding Bond	04/01/15	03/01/35	1.15 - 3.10%	12,825,000	11,135,000
2021 G.O. Refunding Bond	04/01/15	03/01/41	1.15 - 3.10%	9,545,000	8,390,000
2022 G.O. Refunding Bond	04/01/15	03/01/32	1.64 - 4.88%	9,300,000	5,200,000
Total					<u>\$ 25,525,000</u>

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2023

Note 5 – Long-Term Obligations (Continued)

The 2022 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$919,153,431. The legal debt limit and margin of indebtedness as of June 30, 2023, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Equalized valuation of the District		\$ 919,153,431
Statutory limitation percentage		10%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		<u>91,915,343</u>
Total outstanding general obligation debt applicable to debt limitation	\$ 25,525,000	
Less: Amounts available for financing general obligation debt		
Debt service fund net of accrued interest	<u>551,430</u>	
Net outstanding general obligation debt applicable to debt limitation		<u>24,973,570</u>
Legal margin for new debt		<u><u>\$ 66,941,773</u></u>

Aggregate cash flow requirements for the retirement of long-term principal and interest as of June 30, 2023 is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,589,000	\$ 602,701	\$ 2,191,701
2025	1,138,000	532,234	1,670,234
2026	1,477,000	516,031	1,993,031
2027	1,516,000	488,678	2,004,678
2028	1,565,000	459,385	2,024,385
2029-3033	6,965,000	1,598,090	8,563,090
2034-2038	7,415,000	912,713	8,327,713
2039-2041	3,860,000	174,075	4,034,075
Total	<u>\$ 25,525,000</u>	<u>\$ 5,283,907</u>	<u>\$ 30,808,907</u>

Debt Defeasance

The District used available financial resources of \$1,710,940 to retire \$1,682,000 of the March 2021 General Obligation Refunding Bonds, resulting in savings of \$247,741.

Note 6 – Leases

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

At June 30, 2023 the District has recognized a right-to-use asset of \$827,293, accumulated depreciation of \$600,689 and a lease liability of \$211,409 related to this lease. The remaining obligations associated with the lease at June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 180,896	\$ 11,559	\$ 192,455
2025	30,513	1,933	32,446
Total	<u>\$ 211,409</u>	<u>\$ 13,492</u>	<u>\$ 224,901</u>

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2023

Note 7 – Defined Benefit Pension Plan

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

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

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

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

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

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

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

The WRS also provides death and disability benefits for employees.

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

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2023

Note 7 – Defined Benefit Pension Plan (Continued)

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2013	(9.6)%	9.0%
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0

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 \$555,051 in contributions from the District.

Contribution rates as of June 30, 2023 are:

Employee Category	Employee	Employer
General (including teachers)	6.80%	6.80%

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

At June 30, 2023, the District reported a liability of \$2,296,106 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the District's proportion was 0.04334155%, which was a decrease of 0.00080714% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$1,166,801.

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2023

Note 7 – Defined Benefit Pension Plan (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between pension plan - projected and actual experiences	\$ 3,656,986	\$ 4,804,459
Changes in assumptions	451,509	-
Net differences between pension plan - projected and actual earnings on pension plan investments	3,900,555	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	17,239	4,599
Employer contributions subsequent to the measurement date	<u>334,072</u>	<u>-</u>
Total	<u><u>\$ 8,360,361</u></u>	<u><u>\$ 4,809,058</u></u>

The \$334,072 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as an adjustment of the net pension liability (asset) in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2024	\$ 134,266
2025	667,887
2026	685,195
2027	<u>1,729,883</u>
	<u><u>\$ 3,217,231</u></u>

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2023

Note 7 – Defined Benefit Pension Plan (Continued)

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

Actuarial Valuation Date:	December 31, 2021
Measurement Date of Net Pension Liability (Asset):	December 31, 2022
Experience Study:	January 1, 2018 – December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-retirement Adjustments*	1.7%

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

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The total pension liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.

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

Asset Allocation Targets and Expected Returns¹ As of December 31, 2022

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return % ²
Global Equities	48%	7.6%	5.0%
Fixed Income	25	5.3	2.7
Inflation Sensitive Assets	19	3.6	1.1
Real Estate	8	5.2	2.6
Private Equity/Debt	15	9.6	6.9
Total Core Fund ³	115% *	7.4%	4.8%
Variable Fund Asset Class			
U.S. Equities	70%	7.2%	4.6%
International Equities	30	8.1	5.5
Total Variable Fund	100%	7.7%	5.1%

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

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

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

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2023

Note 7 – Defined Benefit Pension Plan (Continued)

Single Discount Rate. A single discount rate of 6.8% was used to measure the total pension liability for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 4.05% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2022. In describing this index, Fidelity notes that the municipal curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase To Discount Rate (7.80%)
District’s Proportionate Share of the Net Pension Liability (Asset)	\$ 7,620,704	\$ 2,296,106	\$ (1,366,759)

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

Payables to the Pension Plan. The District is required to remit the monthly required contribution for both the employee and District portions by the last day of the following month. The amount due to WRS as of June 30, 2023 is \$193,371 for June payroll.

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

General Information About the Other Post-Employment Benefits Plan

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

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

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

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

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2023

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

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

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

Contribution rates as of June 30, 2023 are:

<u>Coverage Type</u>	<u>Employee</u>
50% Post Retirement Coverage	40% of Member Contribution
25% Post Retirement Coverage	20% of Member Contribution

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2022 are as listed below:

**Life Insurance
Member Contribution Rates *
For the Year Ended December 31, 2022**

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

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

During the reporting period, the LRLIF recognized \$1,578 in contributions from the District.

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

At June 30, 2023, the District reported a liability of \$287,920 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District’s proportion of the net OPEB liability was based on the District’s share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2022, the District’s proportion was 0.07557300%, which was an increase of 0.00326000% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense of \$20,097.

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2023

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual experiences	\$ -	\$ 28,178
Changes in assumptions	103,444	169,952
Net differences between projected and actual earnings on pension plan investments	5,403	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	20,020	45,164
Employer contributions subsequent to the measurement date	<u>815</u>	<u>-</u>
Total	<u>\$ 129,682</u>	<u>\$ 243,294</u>

The \$815 reported as deferred outflows related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as an adjustment of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2024	\$ (14,586)
2025	(15,554)
2026	(9,020)
2027	(24,912)
2028	(26,380)
Thereafter	<u>(23,975)</u>
	<u>\$ (114,427)</u>

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2023

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

Actuarial Assumptions. The total OPEB liability in the January 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2022
Measurement Date of Net OPEB Liability:	December 31, 2022
Experience Study:	January 1, 2018 - December 31, 2020, Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield*:	3.72%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	3.76%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

*Based on the Bond Buyers GO index.

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The total OPEB liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the January 1, 2022 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, 2022**

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interm Credit	50%	2.45%
U.S. Mortgages	Bloomberg U.S. MBS	50	2.83
Inflation			2.30
Long-Term Expected Rate of Return			4.25

The long-term expected rate of return remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate remained unchanged from the prior year at 2.30%.

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2023

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

Single Discount Rate. A single discount rate of 3.76% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.17% for the prior year. The significant change in the discount rate was primarily caused by the increase in the municipal bond rate from 2.06% as of December 31, 2021 to 3.72% as of December 31, 2022. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

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

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

	<u>1% Decrease to Discount Rate (2.76%)</u>	<u>Current Discount Rate (3.76%)</u>	<u>1% Increase to Discount Rate (4.76%)</u>
District's Proportionate Share of the Net OPEB Liability	\$ 392,549	\$ 287,920	\$ 207,735

Payables to the OPEB Plan. The District is required to remit the monthly required contribution for both the employee and District portions by the last day of the following month. There was no amount due to WRS for Life Insurance Benefits as of June 30, 2023.

Note 9 – Post-Employment Benefits Other than Pension Benefits – Single-Employer Plan

General Information about the OPEB Plan

Plan Description. The District operates a single-employer retiree benefit plan that provides post-employment health benefits to eligible employees and their spouses. Benefits and eligibility for teachers are established and amended by the school board.

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

Tier 1: Employees within 2 years of eligible age of 57 as of June 30, 2014 - The District shall make monthly contributions of \$583 or \$1,167 into an HRA for those electing insurance buyout/single plan health insurance, or family plan health insurance, respectively. 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: Employees with more than 2 years to reach eligible age of 57 as of June 30, 2014 -

Benefits Provided. The Plan provides post-employment health insurance benefits to eligible employees based on their position, hire date, and years with the District as described in the Plan Description.

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2023

Note 9 – Post-Employment Benefits Other than Pension Benefits – Single-Employer Plan (Continued)

Employees Covered by the Benefit Terms. At June 30, 2022, the actuarial valuation measurement date, the District's membership consisted on the following:

Active employees	<u>161</u>
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Contributions. Payments under the plan are made on a pay-as-you-go basis. There are no invested plan assets accumulated for payments of future benefits as of June 30, 2023. The general fund is used for funding all post-employment healthcare benefits.

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023.

Actuarial Assumptions. The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation:	2.00%
Salary increases:	3.50%
Healthcare cost trend rates:	7.00% decreasing to 6.50%, then decreasing by 0.10% per year down to 4.50%, and level thereafter

Mortality rates were based on the Wisconsin 2020 Mortality Table.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study conducted in 2021 using experience from 2018-2020.

Discount Rate. The discount rate used to measure the total OPEB liability was 4.00% as of the actuarial valuation date of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from the District will be made at rates equal to the actuarially determined contribution rates. This rate is based upon all years of projected payments discounted at a municipal bond rate of 4.00%.

Changes in the Total OPEB Liability

Balances at 7/1/21	<u>\$ 46,756</u>
Changes for the year:	
Service Cost	4,609
Interest	783
Differences Between Expected and Actual Experience	5,847
Changes of Assumptions or Other Input	3,190
Benefit Payments	(28,506)
Net Changes	<u>(14,077)</u>
Balances at 6/30/22	<u>\$ 32,679</u>

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2023

Note 9 – Post-Employment Benefits Other than Pension Benefits – Single-Employer Plan (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the District’s total OPEB liability calculated using the discount rate of 4.00 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current rate:

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Total OPEB Liability	<u>\$ 34,905</u>	<u>\$ 32,679</u>	<u>\$ 30,546</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the District’s total OPEB liability calculated using the current healthcare cost trend rate of 7.0 percent decreasing to 4.5 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent decreasing to 3.5 percent) or 1-percentage-point higher (8.0% decreasing to 5.5 percent) than the current rate:

	1% Decrease (6.0% decreasing to 3.5%)	Healthcare Cost Trend Rates (7.0% decreasing to 4.5%)	1% Increase (8.0% decreasing to 5.5%)
Total OPEB Liability	<u>\$ 29,094</u>	<u>\$ 32,679</u>	<u>\$ 36,869</u>

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of \$16,184.

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

	Deferred Outflows of Resources
Differences between projected and actual experiences	\$ 49,207
Changes in assumptions	20,092
Employer contributions subsequent to the measurement date	<u>4,667</u>
Total	<u>\$ 73,966</u>

The \$4,667 reported as deferred outflows related to OPEB resulting from the OPEB contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows related to OPEB will be recognized in OPEB expense as follows:

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2023

Note 9 – Post-Employment Benefits Other than Pension Benefits – Single-Employer Plan (Continued)

Year Ending June 30,	Net Deferred Outflows of Resources
2024	\$ 10,792
2025	10,792
2026	10,792
2027	10,792
2028	10,784
Thereafter	15,347
	<u>\$ 69,299</u>

Payables to the OPEB Plan. The District had no payable amounts due to the plan on June 30, 2023.

Note 10 – Fund Equity

District-Wide Statements

Net position of the governmental activities reported on the district-wide statement of net position at June 30, 2023 includes the following:

Net Investment in Capital Assets	
Net Capital Assets	\$ 45,620,914
Less: Related Long-Term Debt Outstanding	(25,736,409)
Less: Debt Premium	(668,974)
Net Investment in Capital Assets	<u>19,215,531</u>
Restricted for	
Other Post-Employment Benefits - Single-Employer Plan	45,954
Pension Benefits - Cost Sharing Plan	1,255,197
Donor Intentions	258,050
Debt Service	551,430
Capital Projects	3,848,332
Food Service	640,851
Community Service	5,304
Self-Funded Insurance	19,673
Total Restricted	<u>6,624,791</u>
Unrestricted	<u>5,376,299</u>
Total District-Wide Net Position	<u>\$ 31,216,621</u>

Note 11 – Limitation on School District Revenues

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

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

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

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2023

Note 12 – Contingencies

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

From time to time the District is involved in legal actions and claims, most of which normally occur in governmental operations. In the opinion of District management, these issues, and any other proceedings known to exist at June 30, 2023, are not likely to have a material adverse impact on the District's financial position.

Note 13 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health claims; unemployment compensation claims; and natural disasters. The District insures through commercial insurance companies for all risks of loss. Settled claims from these risks have not exceeded insurance coverage in the past three fiscal years.

Note 14 – Dental Self-Insurance

The District has implemented a self-funded dental insurance plan. At June 30, 2023, the District has reported a liability of \$8,051, which represents reported and unreported claims which were incurred on or before June 30, 2023, but were not paid by the District as of that date. This amount consists of claims reported to the District by the Plan administrator and claims which were not yet reported to either Plan administrator or the District. The amounts not reported to the District were determined by the Plan administrator.

Plan expenses consist of payments to the third-party administrator for dental claims and administrative fees. At June 30, 2023, the District has reported expenditures of \$117,918.

	<u>Beginning-of- Fiscal Year Liability</u>		<u>Current-Year Claims and Changes in Estimates</u>		<u>Claim Payments</u>		<u>Balance at Fiscal Year-End</u>
2022 - 2023	\$ -		\$ 117,918		\$ 109,867		\$ 8,051

Note 15 – Restatement of Beginning Fund Balance and Net Position

During the year, the District restated beginning fund balance and net position for the following corrections of errors:

	<u>General Fund</u>
Fund Balance - June 30, 2022	\$ 5,347,925
Correction of Health Insurance Liability	(146,019)
Correction of Bonus Accrual	157,616
Correction of HRA Forfeitures	123,063
Fund Balance - As Restated June 30, 2022	<u>\$ 5,482,585</u>
	<u>District-Wide</u>
Net Position - June 30, 2022	\$ 24,570,531
Correction of Health Insurance Liability	(146,019)
Correction of Bonus Accrual	157,616
Correction of HRA Forfeitures	123,063
Net Position - As Restated June 30, 2022	<u>\$ 24,705,191</u>

REQUIRED SUPPLEMENTARY INFORMATION

CLINTON COMMUNITY SCHOOL DISTRICT

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

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

Schedule of Employer Contributions
Wisconsin Retirement System (WRS)

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

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

CLINTON COMMUNITY SCHOOL DISTRICT

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

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

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

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

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

CLINTON COMMUNITY SCHOOL DISTRICT
Schedule of Changes in Total OPEB Liability and Related Ratios
Other Post-Employment Benefits - Single-Employer Plan
Last 10 Measurement Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability						
Service Cost	\$ 4,609	\$ 4,508	\$ 6,306	\$ 5,923	\$ 2,899	\$ 2,899
Interest	783	1,744	5,680	13,043	17,859	27,628
Differences Between Expected and Actual Experience	5,847	-	37,764	-	32,767	-
Changes of Assumptions or Other Input	3,190	-	1,523	1,090	30,815	-
Benefit Payments	<u>(28,506)</u>	<u>(69,509)</u>	<u>(200,811)</u>	<u>(210,690)</u>	<u>(285,916)</u>	<u>(333,384)</u>
Net Change in Total OPEB Liability	<u>(14,077)</u>	<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>46,756</u>	<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>\$ 32,679</u>	<u>\$ 46,756</u>	<u>\$ 110,013</u>	<u>\$ 259,551</u>	<u>\$ 450,185</u>	<u>\$ 651,761</u>
Covered-Employee Payroll	\$ 8,134,279	\$ 6,979,638	\$ 6,979,638	\$ 6,882,288	\$ 6,882,288	\$ 181,800
Total OPEB Liability as a Percentage of Covered-Employee Payroll	0.40%	0.67%	1.58%	3.77%	6.54%	358.50%

*Ten years of data will be accumulated beginning with 2017.

CLINTON COMMUNITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Change in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2023

	<u>Original and Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
REVENUES			
Property Taxes	\$ 4,906,040	\$ 5,193,093	\$ 287,053
Other Local Sources	90,000	289,625	199,625
Interdistrict Sources	1,488,683	1,458,117	(30,566)
Intermediate Sources	27,500	43,651	16,151
State Sources	9,041,530	9,199,322	157,792
Federal Sources	1,181,015	1,188,703	7,688
Other Sources	60,000	204,928	144,928
Total Revenues	<u>16,794,768</u>	<u>17,577,439</u>	<u>782,671</u>
EXPENDITURES			
Instruction			
Regular Instruction	5,686,378	5,432,569	253,809
Vocational Instruction	903,658	845,185	58,473
Physical Instruction	294,348	346,477	(52,129)
Other Instruction	581,214	496,034	85,180
Total Instruction	<u>7,465,598</u>	<u>7,120,265</u>	<u>345,333</u>
Support Services			
Pupil Services	411,159	426,900	(15,741)
Instructional Staff Services	362,811	508,445	(145,634)
General Administration Services	448,277	502,820	(54,543)
School Building Administration Services	681,015	661,983	19,032
Business Administration	381,390	374,351	7,039
Operations and Maintenance	2,489,289	2,414,880	74,409
Pupil Transportation	693,200	761,909	(68,709)
Central Services	52,500	93,438	(40,938)
Insurance	165,977	175,973	(9,996)
Other Support Services	753,365	655,788	97,577
Debt Service			
Principal	207,000	209,987	(2,987)
Interest and fiscal charges	20,000	17,126	2,874
Total Support Services	<u>6,665,983</u>	<u>6,803,600</u>	<u>(137,617)</u>
Non-Program Transactions			
Open Enrollment	649,917	721,846	(71,929)
Non-Open Enrollment	66,500	96,590	(30,090)
Total Non-Program Transactions	<u>716,417</u>	<u>818,436</u>	<u>(102,019)</u>
Total Expenditures	<u>14,847,998</u>	<u>14,742,301</u>	<u>105,697</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,946,770</u>	<u>2,835,138</u>	<u>888,368</u>
OTHER FINANCING SOURCE (USE)			
Sale of Capital Assets	-	15,893	15,893
Transfer to Other Funds	(1,946,770)	(2,531,445)	(584,675)
Total Other Financing Source (Use)	<u>(1,946,770)</u>	<u>(2,515,552)</u>	<u>(568,782)</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>319,586</u>	<u>319,586</u>
FUND BALANCE - BEGINNING OF YEAR	<u>5,482,585</u>	<u>5,482,585</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,482,585</u>	<u>\$ 5,802,171</u>	<u>\$ 319,586</u>

CLINTON COMMUNITY SCHOOL DISTRICT
Notes to the Required Supplementary Information
June 30, 2023

Budgets and Budgetary Accounting

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

The District follows these procedures in establishing the budgetary data:

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

Basis of Accounting

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

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

Excess of Actual Expenditures Over Budget

The following funds had an excess of actual expenditures over budget for the year ended June 30, 2023:

Individual Function	Excess Expenditures
Physical Instruction	\$ 52,129
Pupil Services	15,741
Instructional Staff Services	145,634
General Administration Services	54,543
Pupil Transportation	68,709
Central Services	40,938
Insurance	9,996
Principal	2,987
Open Enrollment	71,929
Non-Open Enrollment	30,090

CLINTON COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information - Continued
For the Year Ended June 30, 2023

Budget-to-Actual Reconciliation

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

	General Fund
Sources/Inflows of Resources:	
Actual Amounts (Budgetary Basis) "Total Revenues and Other Financing Source" from the Schedule of Revenues, Expenditures and Changes in Fund Balance	\$ 17,593,332
Differences – Budget to GAAP:	
The Special Education Fund was Budgeted Separately but does not Meet the Definition of a Special Revenue Fund and was Combined with the General Fund	957,576
Total Revenues and Other Financing Source as Reported on the Statement of Revenues, Expenditures, and Change in Fund Balances – Governmental Funds	\$ 18,550,908
Uses/Outflows of Resources:	
Actual Amounts (Budgetary Basis) "Total Expenditures and Other Financing Use" from the Schedule of Revenues, Expenditures and Changes in Fund Balance	\$ 17,273,746
Differences – Budget to GAAP:	
The Special Education Fund was Budgeted Separately but does not Meet the Definition of a Special Revenue Fund and was Combined with the General Fund	2,486,929
The Transfer to the Special Education Fund is Eliminated because it is Considered to be Part of the General Fund.	(1,529,353)
Total Expenditures and Other Financing Use as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	\$ 18,231,322

CLINTON COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information - Continued
June 30, 2023

Defined Benefit Pension Plan

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

Changes of assumptions.

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

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

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

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

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

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

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

Post-Employment Benefits Other Than Pension Benefits – Single-Employer Plan

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

Changes of assumptions.

The assumption changes that were used to measure the June 30, 2022 total OPEB liabilities, including the following:

- Increasing the discount rate from 2.25% to 4.00%.
- Increasing the rate of inflation from 2.00% to 2.50%

SUPPLEMENTARY INFORMATION

CLINTON COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds
As of June 30, 2023

	Special Revenue Trust	Food Service	Community Service	Total Nonmajor Governmental Funds
ASSETS				
Cash and Investments	\$ 258,050	\$ 660,375	\$ 5,304	\$ 923,729
Due From Other Governments	-	9,545	-	9,545
Total Assets	<u>\$ 258,050</u>	<u>\$ 669,920</u>	<u>\$ 5,304</u>	<u>\$ 933,274</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 23,746	\$ -	\$ 23,746
Unearned Revenue	-	5,323	-	5,323
Total Liabilities	<u>-</u>	<u>29,069</u>	<u>-</u>	<u>29,069</u>
FUND BALANCES				
Restricted	<u>258,050</u>	<u>640,851</u>	<u>5,304</u>	<u>904,205</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 258,050</u>	<u>\$ 669,920</u>	<u>\$ 5,304</u>	<u>\$ 933,274</u>

CLINTON COMMUNITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2023

	Special Revenue Trust	Non-Referendum Debt Service	Food Service	Community Service	Total Nonmajor Governmental Funds
REVENUES					
Property Taxes	\$ -	\$ 10,000	\$ -	\$ 3,000	\$ 13,000
Other Local Sources	401,097	-	239,824	-	640,921
State Sources	-	-	15,858	-	15,858
Federal Sources	-	-	399,016	-	399,016
Other Sources	-	-	284	-	284
Total Revenues	<u>401,097</u>	<u>10,000</u>	<u>654,982</u>	<u>3,000</u>	<u>1,069,079</u>
EXPENDITURES					
Instruction:					
Other Instruction	387,306	-	-	-	387,306
Support Services:					
General Administration Services	-	-	-	10,568	10,568
Food Services	-	-	528,019	-	528,019
Community Services	-	-	-	197	197
Debt Service					
Principal	-	10,000	-	-	10,000
Total Support Services	<u>-</u>	<u>10,000</u>	<u>528,019</u>	<u>10,765</u>	<u>548,784</u>
Non-Program Transactions					
Non-Open Entrollment	-	5,447	-	-	5,447
Total Expenditures	<u>387,306</u>	<u>15,447</u>	<u>528,019</u>	<u>10,765</u>	<u>941,537</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>13,791</u>	<u>(5,447)</u>	<u>126,963</u>	<u>(7,765)</u>	<u>127,542</u>
OTHER FINANCING SOURCE					
Transfer from Other Fund	-	2,092	-	-	2,092
NET CHANGES IN FUND BALANCES	13,791	(3,355)	126,963	(7,765)	129,634
FUND BALANCES - BEGINNING OF YEAR	244,259	3,355	513,888	13,069	774,571
FUND BALANCES - END OF YEAR	<u>\$ 258,050</u>	<u>\$ -</u>	<u>\$ 640,851</u>	<u>\$ 5,304</u>	<u>\$ 904,205</u>

ADDITIONAL REPORTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clinton Community School District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 11, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be significant deficiencies.

To the Board of Education
Clinton Community School District

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

KerberRose SC

KerberRose SC
Certified Public Accountants
Oshkosh, Wisconsin
December 11, 2023



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

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement*, *State Single Audit Guidelines* and the *Wisconsin School District Audit Manual*, that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2023. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal and State Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

To the Board of Education
Clinton Community School District

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

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

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

KerberRose SC

KerberRose SC
Certified Public Accountants
Oshkosh, Wisconsin
December 11, 2023

FEDERAL AND STATE AWARDS SECTION

CLINTON COMMUNITY SCHOOL DISTRICT

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

Grantor Agency/Federal Program Title	ALN	Pass-Through Agency	Pass-Through Number	(Accrued) Deferred Revenue 7/1/2022	Value or Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/2023	Total Expenditures	Subrecipient Payments
U.S. DEPARTMENT OF AGRICULTURE								
<i>CHILD NUTRITION CLUSTER</i>								
School Breakfast Program	10.553	WI DPI	2023-531134-DPI-SB-SEVERE-546	\$ -	\$ 42,792	\$ 1,561	\$ 44,353	\$ -
National School Lunch Program	10.555	WI DPI	2023-531134-DPI-NSL-547	-	267,194	7,984	275,178	-
Donated Commodities	10.555	WI DPI	2023-531134-DPI-NSL-547	-	55,240	-	55,240	-
Summer Food Service Program	10.559	WI DPI	2023-531134-DPI-SFSP-586	-	10,137	-	10,137	-
<i>Total Child Nutrition Cluster</i>				-	375,363	9,545	384,908	-
Food Service Equipment Grant	10.579	WI DPI	2021-531134-DPI-EQUIPPUBLI-531	-	14,108	-	14,108	-
Total U.S. Department of Agriculture				-	389,471	9,545	399,016	-
U.S. DEPARTMENT OF EDUCATION								
Title I Grants to Local Educational Agencies	84.010	WI DPI	2022-531134-DPI-TIA-141	(33,630)	33,630	-	-	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2023-531134-DPI-TI-A-141	-	85,731	43,899	129,630	-
<i>Total Title I Grants to Local Educational Agencies</i>				(33,630)	119,361	43,899	129,630	-
<i>SPECIAL EDUCATION CLUSTER</i>								
Special Education Grants to States	84.027	WI DPI	2022-531134-DPI-FLOW-341	(58,745)	58,745	-	-	-
Special Education Grants to States	84.027	WI DPI	2023-531134-DPI-FLOW-341	-	190,063	90,099	280,162	-
Special Education Preschool Grants	84.173	WI DPI	2022-531134-DPI-PRESCH-347	(444)	444	-	-	-
Special Education Preschool Grants	84.173	WI DPI	2023-531134-DPI-PRESCH-347	-	5,030	-	5,030	-
Special Education Preschool Grants	84.173	WI DPI	2022-531134-DPI-PRESCH-347	(1,208)	1,208	-	-	-
Special Education Preschool Grants	84.173	WI DPI	2023-531134-DPI-PRESCH-347	-	2,724	73	2,797	-
<i>Total Special Education Cluster</i>				(60,397)	258,214	90,172	287,989	-
Career and Technical Education - Basic Grants to States	84.048	Oregon	2023-531134-DPI-CTE-400	-	11,137	-	11,137	-
English Language Acquisition State Grants	84.365	CESA 2	2023-531134-DPI-TIIIA-391	-	1,978	-	1,978	-
Improving Teacher Quality State Grants	84.367	WI DPI	2023-531134-DPI-TIIA-365	-	73,773	4,975	78,748	-
Student Support and Academic Enrichment Program	84.424	WI DPI	2023-531134-DPI-TIVA-381	-	3,308	-	3,308	-
Elementary and Secondary School Emergency Relief - COVID-19	84.425D	WI DPI	2022-531134-DPI-ESSERFII-163	-	409,624	-	409,624	-
Elementary and Secondary School Emergency Relief - ARP ESSER	84.425U	WI DPI	2023-531134-DPI-ESSERFIII-165	-	185,352	60,491	245,843	-
Total U.S. Department of Education				(94,027)	1,062,747	199,537	1,168,257	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Public Health Emergency Response: Cooperative Agreement for Emergency Response	93.354	CESA 2	Not Available	-	9,245	3,829	13,074	-
<i>MEDICAID CLUSTER</i>								
Medical Assistance Program	93.778	WI DHS	Not Available	-	259,904	2,343	262,247	-
Total U.S. Department of Health and Human Services				-	269,149	6,172	275,321	-
TOTAL FEDERAL ASSISTANCE				\$ (94,027)	\$ 1,721,367	\$ 215,254	\$ 1,842,594	\$ -

Reconciliation to the basic financial statements:

Governmental Funds	
Federal Sources	\$ 1,927,105
Intermediate Sources	15,051
Interdistrict Sources	11,137
Less: Federal Sources not subject to reporting	(110,699)
Total expenditures of federal awards	<u>\$ 1,842,594</u>

CLINTON COMMUNITY SCHOOL DISTRICT

Schedule of State Financial Assistance

For the Year Ended June 30, 2023

<u>Awarding Agency/ Awarding Description/ Pass-Through Agency</u>	<u>State I.D. Number</u>	<u>Pass-Through Agency</u>	<u>State Identifying Number</u>	<u>(Accrued) Deferred Revenue 7/1/2022</u>	<u>Cash Received (Refunded)</u>	<u>Accrued (Deferred) Revenue 6/30/2023</u>	<u>Total Expenditures</u>	<u>Subrecipient Payments</u>
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION								
Special Education and School Age Parents	255.101	Direct Program	531134-100	\$ -	\$ 608,652	\$ -	\$ 608,652	\$ -
State School Lunch Aid	255.102	Direct Program	531134-107	-	5,562	-	5,562	-
Common School Fund Library Aid	255.103	Direct Program	531134-104	-	43,334	-	43,334	-
Bilingual/Bicultural Aid	255.106	Direct Program	531134-111	-	15,165	-	15,165	-
General Transportation Aid	255.107	Direct Program	531134-102	-	23,827	-	23,827	-
School Day Milk Program	255.115	Direct Program	531134-109	-	5,731	-	5,731	-
Equalization Aids	255.201	Direct Program	531134-116	-	8,019,810	-	8,019,810	-
Sparsity Aid	255.212	Direct Program	531134-162	-	94,316	-	94,316	-
Aid for School Mental Health	255.227	Direct Program	531134-176	-	51,199	-	51,199	-
Peer Review and Mentoring Grant	255.301	Direct Program	531134-141	(25,000)	49,724	-	24,724	-
State School Breakfast Aid SSBA	255.344	Direct Program	531134-108	-	4,565	-	4,565	-
Early College Credit Program	255.445	Direct Program	531134-178	-	2,683	-	2,683	-
Educator Effective Evaluation System	255.940	Direct Program	531134-154	-	14,240	-	14,240	-
Per Pupil Aid	255.945	Direct Program	531134-113	-	701,190	-	701,190	-
High Cost Transportation Aid	255.947	Direct Program	531134-114	-	61,197	-	61,197	-
Aid for Special Ed Transition Grant BBL	255.960	Direct Program	531134-168	-	6,688	-	6,688	-
TOTAL STATE PROGRAMS				<u>\$ (25,000)</u>	<u>\$ 9,707,883</u>	<u>\$ -</u>	<u>\$ 9,682,883</u>	<u>\$ -</u>

Reconciliation to the basic financial statements:

Governmental Funds

State sources	\$ 9,830,520
Less: State sources not considered state financial assistance	<u>(147,637)</u>
Total expenditures of state awards	<u>\$ 9,682,883</u>

CLINTON COMMUNITY SCHOOL DISTRICT

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2023

Note 1 – Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the Clinton Community School District under programs of the federal and state governments for the year ended June 30, 2023. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the *State Single Audit Guidelines*. Because the schedules present only a select portion of operations of the District, they are not intended to, and do not, present the financial position and change in net position of the District.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported in the schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

Note 3 – Special Education and School Age Parents Program

2022 - 2023 eligible costs under the State Special Education Program are \$2,104,488.

Note 4 – Oversight Agencies

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

CLINTON COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major federal programs:

ALN	Name of Federal Program
	<i>Education Stabilization Funds</i>
84.425D	Elementary and Secondary School Emergency Relief – COVID-19
84.425U	Elementary and Secondary School Emergency Relief – ARP ESSER
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B Programs	\$750,000
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Auditee qualified as a low-risk auditee?	No
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State Awards

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

Identification of major state programs

State I.D. Number	Name of State Program
255.101	Special Education and School Age Parents
255.201	General Equalization Aid

CLINTON COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Continued
For the Year Ended June 30, 2023

Section II - Financial Statement Findings

2023-001 Lack of Segregation of Duties

Condition:	During our audit, we noted that many of the accounting functions are performed by a few individuals, including opening the mail, recording receipts, recording vendor invoices, transporting the bank deposit, preparing checks, and mailing the checks. These same individuals have the ability to record journal entries and reconcile accounts.
Criteria:	Board of Education and management are responsible for establishing and maintaining internal controls over financial reporting to prevent misstatements in their financial reporting.
Cause:	Limited staff is available to properly segregate duties.
Effect:	Because of the lack of segregation of duties, unauthorized transactions or misstatements as a result of errors could occur.
Recommendation:	We recognize that the District is not large enough to make the employment of additional persons for the purpose of segregation of duties practical from a financial standpoint. Therefore, the Board of Education should rely on its direct knowledge of the District's operations and thoroughly review financial reports to control and safeguard assets and insure accurate financial reporting. We also recommend the treasurer review the bank reconciliations and journal entries.
Management's Response:	The District is aware of the lack of segregation of duties caused by the limited size of its staff and therefore, agrees with this matter. The District will continue to improve the segregation of duties wherever possible and will continue to have the Board of Education's involvement in the review and approval process as much as is practical.
Responsible Official:	Kathy Zwirgzdas, Director of Business Services
Anticipated Completion Date:	The Director of Business Services will continue to segregate duties within the business office as much as possible for the 2023-2024 fiscal year.
Prior Year Audit Finding:	2022-001

CLINTON COMMUNITY SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs - Continued
 For the Year Ended June 30, 2023

Section II - Financial Statement Findings (Continued)

2023-002 Financial Reporting

Condition:	During our audit, we noted that the internal control system does not include a process for preparing the annual audited financial statements and the related disclosures in accordance with GAAP.
Criteria:	Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial position, change in net position, and disclosures in the financial statements, in conformity with U.S. Generally Accepted Accounting Principles (GAAP).
Cause:	Management does not have the training and expertise to prepare the financial statements in conformity with U.S. Generally Accepted Accounting Principles (GAAP).
Effect:	Although the auditors are preparing the financial statements and related footnotes, management of the District thoroughly reviews them and accepts responsibility for their completeness and accuracy.
Recommendation:	We recommend that management continues to make this decision on a cost/benefit basis.
Management's Response:	Due to limited staffing the District will continue to contract with an outside audit firm to complete the statements. Management reviews the financial statements and compares to the District's financial records for completeness and accuracy and accepts responsibility for those financial statements.
Responsible Official:	Kathy Zwirgzdas, Director of Business Services
Anticipated Completion Date:	This finding will not completely resolve itself given the cost/benefit basis the District continues to make.
Prior Year Audit Finding:	2022-002

Section III - Federal Award Findings

There were no findings for federal awards.

Section IV - State Award Findings

There were no findings for state awards.

Section V - Other Issues

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

CLINTON COMMUNITY SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2023

2022-001 – Lack of Segregation of Duties – See Corrective Action Plan finding 2023-001.

2022-002 – Financial Reporting – See Corrective Action Plan finding 2023-002.

2022-003 – Material Account Adjustments – This finding has been resolved with the hiring of the Director of Business Services, Kathy Zwirgzdas.



CORRECTIVE ACTION PLAN

Financial Statement Finding

2023-001 – Lack of Segregation of Duties - The District is aware of the lack of segregation of duties caused by the limited size of its staff. Segregation of duties is enhanced whenever possible, and the Board of Education assumes an active role through monthly review of receipt and disbursement transactions and monthly financial statements.

Responsible Official – Kathy Zwirgzdas, Director of Business Services

Anticipated Completion Date – The Director of Business Services will continue to segregate duties within the business office as much as possible for the 2023-2024 fiscal year.

2023-002 – Financial Reporting – The District is aware that their staff does not have a process to prepare financial statements and related notes in accordance with GAAP. The District will continue to make this decision on a cost/benefit basis and have auditors assist in preparing the financial statements and related notes. Management does review the financial statements and compares to the District's financial records for completeness and accuracy and accepts responsibility for those financial statements.

Responsible Official – Kathy Zwirgzdas, Director of Business Services

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