



**MEDFORD AREA PUBLIC SCHOOL DISTRICT
MEDFORD, WISCONSIN**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

Year Ended June 30, 2024

**Johnson Block & Company, Inc.
Certified Public Accountants
1315 Bad Axe Court
Viroqua, Wisconsin 54665
Phone: 888-308-8281**

MEDFORD AREA PUBLIC SCHOOL DISTRICT
TABLE OF CONTENTS
June 30, 2024

	<u>Page</u>
Independent Auditor's Report.....	1 - 3
Basic Financial Statements:	
District-Wide Statement of Net Position	4
District-Wide Statement of Activities.....	5
Balance Sheet – Governmental Funds	6
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position.....	7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	8
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Net Position – Proprietary Funds.....	10
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	11
Statement of Cash Flows – Proprietary Funds.....	12
Statement of Fiduciary Net Position	13
Statement of Changes in Fiduciary Net Position	14
Index to Notes to Financial Statements.....	15
Notes to Financial Statements.....	16 - 47

MEDFORD AREA PUBLIC SCHOOL DISTRICT
TABLE OF CONTENTS (CONTINUED)
June 30, 2024

	<u>Page</u>
Required Supplementary Information:	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund.....	48
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Education Fund	49
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Package/Cooperative Fund	50
Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures	51
District Net OPEB Liability Schedules.....	52 - 53
Wisconsin Retirement System Schedules	54
Notes to Required Supplementary Information	55 - 58
Other Supplementary Information:	
Combining Balance Sheet – General Fund	59
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund	60
Combining Balance Sheet – Nonmajor Governmental Funds	61
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	62
Schedules of Charter School Authorizer Operating Costs and Service Costs	63

MEDFORD AREA PUBLIC SCHOOL DISTRICT
TABLE OF CONTENTS (CONTINUED)
June 30, 2024

	<u>Page</u>
Reports and Schedules Required by the Uniform Guidance and the State Single Audit Guidelines:	
Schedule of Expenditures of Federal Awards.....	64 - 65
Schedule of Expenditures of State Awards.....	66
Notes to Schedules of Expenditures of Financial Awards.....	67
Summary Schedule of Prior Audit Findings.....	68
Independent Auditor's 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	69 - 70
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Guidelines.....	71 - 73
Schedule of Findings and Questioned Costs.....	74 - 76



INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Medford Area Public School District
Medford, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Medford Area Public School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Medford Area Public School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Medford Area Public School District, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Medford Area Public School 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 Medford Area Public School 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Medford Area Public School 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 Medford Area Public School 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 budgetary comparison schedules, net OPEB liability schedules, and Wisconsin Retirement System schedules on pages 48 through 58 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.

Required Supplementary Information (Continued)

Management has omitted a 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Medford Area Public School District's basic financial statements. The other supplementary information listed in the table of contents and the schedules of expenditures of federal and state awards, as required by *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Guidelines, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information and the schedules of expenditures of federal and state awards are the responsibility of management and were 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 other supplementary information and the schedules of expenditures of federal and state awards are fairly presented, in all material respects, in related 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 6, 2024, on our consideration of the Medford Area Public School District's internal control over financial reporting and 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 Medford Area Public School 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 Medford Area Public School District's internal control over financial reporting and compliance.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
December 6, 2024

BASIC FINANCIAL STATEMENTS

MEDFORD AREA PUBLIC SCHOOL DISTRICT
DISTRICT-WIDE STATEMENT OF NET POSITION
As of June 30, 2024

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and investments	\$ 10,567,939	\$ 1,127,626	\$ 11,695,565
Receivables:			
Taxes	2,295,974	-	2,295,974
Accounts	384,777	-	384,777
Due from other governments	959,590	40,292	999,882
Total current assets	<u>14,208,280</u>	<u>1,167,918</u>	<u>15,376,198</u>
Noncurrent assets:			
Land	716,390	-	716,390
Site improvements	2,256,168	-	2,256,168
Buildings and improvements	45,649,373	-	45,649,373
Furniture and equipment	3,210,777	739,675	3,950,452
Less: Accumulated depreciation	(29,739,090)	(264,282)	(30,003,372)
Right to use leased assets, net of accumulated amortization	222,924	-	222,924
Total noncurrent assets	<u>22,316,542</u>	<u>475,393</u>	<u>22,791,935</u>
Total assets	<u>36,524,822</u>	<u>1,643,311</u>	<u>38,168,133</u>
Deferred Outflows of Resources	<u>15,859,713</u>	<u>-</u>	<u>15,859,713</u>
Total assets and deferred outflows of resources	<u>\$ 52,384,535</u>	<u>\$ 1,643,311</u>	<u>\$ 54,027,846</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 1,352,209	\$ 5,487	\$ 1,357,696
Accrued liabilities:			
Interest	1,554	-	1,554
Deposits payable	-	35,504	35,504
Due to fiduciary fund	516,099	-	516,099
Due to other governments	206	-	206
Current portion of long-term obligations	79,400	-	79,400
Current portion of lease liability	47,997	-	47,997
Total current liabilities	<u>1,997,465</u>	<u>40,991</u>	<u>2,038,456</u>
Noncurrent liabilities:			
Long-term obligations, net of current portion	495,000	-	495,000
Lease liability, net of current portion	180,827	-	180,827
Compensated absences	806,838	-	806,838
Net pension liability	1,617,808	-	1,617,808
Net OPEB liability - District health insurance plan	996,775	-	996,775
Total noncurrent liabilities	<u>4,097,248</u>	<u>-</u>	<u>4,097,248</u>
Total liabilities	<u>6,094,713</u>	<u>40,991</u>	<u>6,135,704</u>
Deferred Inflows of Resources	<u>9,674,615</u>	<u>-</u>	<u>9,674,615</u>
Net Position			
Net investment in capital assets	21,561,315	475,393	22,036,708
Restricted:			
Debt service	3,742	-	3,742
Special revenue trust	638,815	-	638,815
Capital projects	3,585,180	-	3,585,180
Community service	209,471	-	209,471
Food service	-	1,126,927	1,126,927
Unrestricted	10,616,684	-	10,616,684
Total net position	<u>36,615,207</u>	<u>1,602,320</u>	<u>38,217,527</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 52,384,535</u>	<u>\$ 1,643,311</u>	<u>\$ 54,027,846</u>

See accompanying notes to financial statements.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
DISTRICT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Government Activities	Business-Type Activities	Total
Governmental activities:						
Instruction:						
Regular instruction	\$ 16,872,559	\$ 154,053	\$ 1,188,424	\$ (15,530,082)	\$ -	\$ (15,530,082)
Vocational instruction	1,301,043	-	27,266	(1,273,777)	-	(1,273,777)
Physical instruction	978,847	-	75,836	(903,011)	-	(903,011)
Special education instruction	6,333,545	-	2,711,586	(3,621,959)	-	(3,621,959)
Other instruction	1,037,740	-	234,077	(803,663)	-	(803,663)
Total instruction	26,523,734	154,053	4,237,189	(22,132,492)	-	(22,132,492)
Support services:						
Pupil services	3,003,350	-	206,651	(2,796,699)	-	(2,796,699)
Instructional staff services	2,518,098	-	704,065	(1,814,033)	-	(1,814,033)
General administration services	1,310,197	-	-	(1,310,197)	-	(1,310,197)
Building administration services	2,780,589	-	-	(2,780,589)	-	(2,780,589)
Business services	409,946	-	-	(409,946)	-	(409,946)
Operation and maintenance	2,730,023	-	508,946	(2,221,077)	-	(2,221,077)
Pupil transportation	1,379,480	-	178,500	(1,200,980)	-	(1,200,980)
Central services	467,503	-	10,380	(457,123)	-	(457,123)
Insurance	280,988	-	-	(280,988)	-	(280,988)
Community service	907,642	-	546,004	(361,638)	-	(361,638)
Other support services	1,568,749	-	89,314	(1,479,435)	-	(1,479,435)
Interest on debt	98,093	-	-	(98,093)	-	(98,093)
Depreciation - unallocated*	567,236	-	-	(567,236)	-	(567,236)
Total support services	18,021,894	-	2,243,860	(15,778,034)	-	(15,778,034)
Nonprogram:						
Purchased instructional services	935,598	-	-	(935,598)	-	(935,598)
Other nonprogram	216,075	-	37,820	(178,255)	-	(178,255)
Post-Secondary scholarships	60,641	-	-	(60,641)	-	(60,641)
Total nonprogram	1,212,314	-	37,820	(1,174,494)	-	(1,174,494)
Total governmental activities	45,757,942	154,053	6,518,869	(39,085,020)	-	(39,085,020)
Business-type activities:						
School food service program	1,347,301	490,337	955,917	-	98,953	98,953
Total school district	\$ 47,105,243	\$ 644,390	\$ 7,474,786	(39,085,020)	98,953	(38,986,067)
General revenues:						
Property taxes:						
General purpose				7,597,913	-	7,597,913
Debt service				85,250	-	85,250
Community services				400,000	-	400,000
State and federal aids not restricted to specific functions:						
General				34,725,930	-	34,725,930
Interest and investment earnings				251,884	-	251,884
Miscellaneous				927,417	-	927,417
Total general revenues				43,988,394	-	43,988,394
Change in net position				4,903,374	98,953	5,002,327
Net position - beginning of year				31,711,833	1,503,367	33,215,200
Net position - end of year				\$ 36,615,207	\$ 1,602,320	\$ 38,217,527

* This amount excludes the depreciation that is included in the direct expenses of the various functions. See Note 2.B.

See accompanying notes to financial statements.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	Major Funds			Nonmajor	Total
	General	Capital	Package/	Gov't.	Total
	Fund	Projects	Cooperative	Funds	Gov't.
		Fund	Fund		Funds
Assets					
Cash and investments	\$ 7,095,772	\$ 2,700,180	\$ -	\$ 771,987	\$ 10,567,939
Receivables:					
Taxes	2,295,974	-	-	-	2,295,974
Accounts	12,431	-	365,387	6,959	384,777
Due from other funds	108,180	885,000	-	-	993,180
Due from other governments	810,688	-	-	148,902	959,590
Total assets	\$ 10,323,045	\$ 3,585,180	\$ 365,387	\$ 927,848	\$ 15,201,460
Liabilities					
Accounts payable and accrued liabilities	\$ 1,149,356	\$ -	128,587	\$ 74,266	\$ 1,352,209
Due to other funds	1,272,479	-	236,800	-	1,509,279
Due to state	206	-	-	-	206
Total liabilities	2,422,041	-	365,387	74,266	2,861,694
Fund balances					
Restricted for:					
Capital projects	-	3,585,180	-	-	3,585,180
District operations per donor specifications	-	-	-	638,815	638,815
Future community service expenditures	-	-	-	209,471	209,471
Debt service	-	-	-	5,296	5,296
Unassigned	7,901,004	-	-	-	7,901,004
Total fund balances	7,901,004	3,585,180	-	853,582	12,339,766
Total liabilities and fund balances	\$ 10,323,045	\$ 3,585,180	\$ 365,387	\$ 927,848	\$ 15,201,460

See accompanying notes to financial statements.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET POSITION
June 30, 2024

Total fund balances from previous page \$ 12,339,766

Total net position reported for governmental activities in the Statement of Net Position are different from the amount reported as total governmental funds' fund balance because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the Statement of Net Position are:

Governmental capital assets	51,832,708
Governmental accumulated depreciation	(29,739,090)

Right to use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds:

Governmental right to use leased assets	539,013
Governmental accumulated amortization	(316,089)

Pension and OPEB deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined pension and OPEB plans. These items are reflected in the Statement of Net Position and are being amortized with pension expense and OPEB expense in the Statement of Activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and therefore are not reported in the fund statements.

Deferred outflows of resources	15,859,713
Deferred inflows of resources	(9,674,615)

Long-term liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements. Long-term liabilities reported in the Statement of Net Position that are not reported in the Governmental Funds Balance Sheet are:

General obligation debt	(574,400)
Lease liability	(228,824)
Accrued interest on general obligation debt	(1,554)
Net pension liability	(1,617,808)
Vested compensated absences	(806,838)
Post employment benefits - district health insurance plan	(996,775)

Total net position - governmental activities	\$ 36,615,207
-----------------------------------------------------	----------------------

See accompanying notes to financial statements.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	Major Funds			Nonmajor	Total
	General Fund	Capital Projects Fund	Package/Cooperative Fund	Gov't. Funds	Gov't. Funds
Revenues:					
Property taxes	\$ 7,881,234	\$ -	\$ -	\$ 1,316,228	\$ 9,197,462
Other local sources	-	96,554	9,258	-	105,812
Interdistrict sources	11,070,768	-	5,396,713	-	16,467,481
Intermediate sources	5,261	-	-	-	5,261
State sources	20,300,173	-	-	-	20,300,173
Federal sources	3,761,793	-	-	710,091	4,471,884
Other sources	107,019	-	1,375	-	108,394
Total revenues	43,126,248	96,554	5,407,346	2,026,319	50,656,467
Expenditures:					
Current:					
Instruction:					
Regular instruction	10,757,262	-	6,327,983	190,069	17,275,314
Vocational instruction	1,158,095	-	138,193	3,110	1,299,398
Physical instruction	707,805	-	574,844	-	1,282,649
Special education instruction	6,381,715	-	-	-	6,381,715
Other instruction	743,537	-	-	-	743,537
Total instruction	19,748,414	-	7,041,020	193,179	26,982,613
Support services:					
Pupil services	2,026,551	-	997,803	415	3,024,769
Instructional staff services	1,944,924	-	602,860	171	2,547,955
General administration services	410,694	-	831,279	71,993	1,313,966
Building administration services	1,473,384	-	1,005,752	358,074	2,837,210
Business services	295,399	-	53,757	1,612	350,768
Operation and maintenance	4,432,941	-	79,616	840	4,513,397
Pupil transportation	1,330,120	-	-	50,671	1,380,791
Central services	143,378	-	323,529	596	467,503
Insurance	227,961	-	53,027	-	280,988
Community service	-	-	-	908,714	908,714
Other support services	869,522	-	728,311	69,261	1,667,094
Total support services	13,154,874	-	4,675,934	1,462,347	19,293,155
Nonprogram:					
Purchased instructional services	55,656	-	14,142	-	69,798
Other nonprogram	1,049,828	-	-	19,720	1,069,548
Total nonprogram	1,105,484	-	14,142	19,720	1,139,346
Debt service:					
Principal	18,932	-	66,159	78,500	163,591
Interest and other fiscal charges	89,557	-	1,567	7,182	98,306
Total debt service	108,489	-	67,726	85,682	261,897
Capital outlay	1,221,773	-	-	235,923	1,457,696
Total expenditures	35,339,034	-	11,798,822	1,996,851	49,134,707
Excess (deficiency) of revenues over expenditures	7,787,214	96,554	(6,391,476)	29,468	1,521,760
Other financing sources (uses):					
Sale of fixed assets	4,851	-	-	-	4,851
Transfer from other funds	-	900,000	6,391,476	-	7,291,476
Transfer to other funds	(7,291,476)	-	-	-	(7,291,476)
Total other financing sources (uses)	(7,286,625)	900,000	6,391,476	-	4,851
Net change in fund balances	500,589	996,554	-	29,468	1,526,611
Fund balances - beginning of year	7,400,415	2,588,626	-	824,114	10,813,155
Fund balances - end of year	\$ 7,901,004	\$ 3,585,180	\$ -	\$ 853,582	\$ 12,339,766

See accompanying notes to financial statements.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Net change in fund balances - total governmental funds		\$ 1,526,611
Amounts reported for governmental activities in the Statement of Activities are different because:		
The acquisition of capital assets are 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 expenses in the Statement of Activities.		
Capital outlay reported in governmental fund statements	\$ 1,457,696	
Asset additions not included in capital outlay	2,018,966	
Depreciation expense reported in the Statement of Activities	<u>(908,221)</u>	
Amount by which capital outlays are greater (less) than depreciation in the current period:		2,568,441
The District disposed of assets resulting in a reduction of capital assets and recapture of prior year depreciation expense reported on the Statement of Net Position as a net loss and having no affect on the Governmental Funds Balance Sheet.		
The value of capital assets disposed of during the year was:	(169,844)	
The amount of depreciation recapture for the year was:	<u>164,583</u>	
The difference in the value of assets net of recaptured depreciation creates a gain (loss) of:		(5,261)
Right to use leased assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over the applicable lease term as annual amortization expenses in the Statement of Activities.		
Amortization expenses reported in the Statement of Activities	<u>(76,593)</u>	
Amount by which lease outlays are more (less) than amortization in the current period:		(76,593)
Long-term proceeds provide current financial resources to governmental funds, but issuing long-term debt increases long-term liabilities in the Statement of Net Position. 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.		
Principal payments on lease liabilities		85,091
Vested employee benefits and OPEB are reported in the governmental funds when amounts are paid. The Statement of Activities reports the value of benefits earned during the year.		
Change in other postemployment benefits, with some adjustments	300,654	
Change in compensated absences	<u>(11,214)</u>	
Amounts paid are greater (less) than amounts earned by:		289,440
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 long-term debt principal payments in the current year is:		78,500
In governmental funds, interest payments on outstanding long-term 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	98,306	
The amount of interest accrued during the current period	<u>(98,094)</u>	
Interest paid is greater (less) than interest accrued by:		212
Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the Statement of Activities is actuarially determined by the defined benefit pension plan as the difference between the net pension asset/liability from the prior year to the current year, with some adjustments		
Amount of current year required contributions into the defined benefit pension plan	1,473,834	
Actuarially determined change in net pension asset/liability between years, with some adjustments	<u>(1,036,901)</u>	436,933
Change in net position - governmental activities		<u><u>\$ 4,903,374</u></u>

See accompanying notes to financial statements.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
STATEMENT OF NET POSITION -
PROPRIETARY FUND
June 30, 2024

	<u>Food Service</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 1,127,626
Due from other governments	40,292
Total current assets	<u>1,167,918</u>
Noncurrent assets:	
Furniture and equipment	739,675
Less: Accumulated depreciation	<u>(264,282)</u>
Total noncurrent assets	<u>475,393</u>
Total assets	<u><u>\$ 1,643,311</u></u>
 Liabilities	
Current liabilities:	
Accounts payable	\$ 5,487
Deposits payable	35,504
Total current liabilities	<u>40,991</u>
Total liabilities	<u>40,991</u>
 Net Position	
Net investment in capital assets	475,393
Restricted for use in food service operations	1,126,927
Total net position	<u>1,602,320</u>
Total liabilities and net position	<u><u>\$ 1,643,311</u></u>

See accompanying notes to financial statements.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUND
For the Year Ended June 30, 2024

	<u>Food Service</u>
Operating revenues:	
Food service sales	\$ 490,337
State sources	23,248
Grants - child nutrition program	<u>932,669</u>
Total operating revenues	<u>1,446,254</u>
Operating expenses:	
Salaries and wages	38,466
Employer paid benefits	13,206
Purchased services	1,090,297
Supplies, food and materials	82,775
Other	81,271
Depreciation	<u>41,286</u>
Total operating expenses	<u>1,347,301</u>
Operating income (loss)	<u>98,953</u>
Change in net position	98,953
Net position - beginning of year	<u>1,503,367</u>
Net position - end of year	<u><u>\$ 1,602,320</u></u>

See accompanying notes to financial statements.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
STATEMENT OF CASH FLOWS -
PROPRIETARY FUND
For the Year Ended June 30, 2024

	<u>Food Service</u>
Cash flows from operating activities	
Cash received from sales of food	\$ 510,290
Cash received from other government payments	954,164
Cash payments to employees for services	(51,672)
Cash payments for purchased services	(1,194,293)
Cash payments to suppliers for goods and services	(82,775)
Cash payments for other operating expenses	(81,271)
Net cash provided (used) by operating activities	<u>54,443</u>
Cash flows from investing activities	
Purchase of property, plant and equipment	(52,255)
Sale of property, plant and equipment	10,880
Net cash provided (used) by investing activities	<u>(41,375)</u>
Net increase (decrease) in cash and cash equivalents	13,068
Cash and cash equivalents - beginning of year	<u>1,114,558</u>
Cash and cash equivalents - end of year	<u><u>\$ 1,127,626</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ 98,953
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	41,286
Changes in assets and liabilities:	
Due from other governments	(1,753)
Accounts receivable	19,435
Accounts payable and accrued expenses	(103,996)
Deposits payable	518
Net cash provided (used) by operating activities	<u><u>\$ 54,443</u></u>
Noncash noncapital financing activities	
Donated commodities received from the U.S. Department of Agriculture	\$ 108,613

See accompanying notes to financial statements.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2024

	Employee- Benefit Trust Fund
Assets	
Cash and cash equivalents	\$ 196,470
Investments	1,958,068
Due from other funds	516,099
Total assets	<u><u>\$ 2,670,637</u></u>
Liabilities	<u>\$ -</u>
Total liabilities	<u>-</u>
Net Position	
Restricted	2,670,637
Total net position	<u><u>\$ 2,670,637</u></u>

See accompanying notes to financial statements.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2024

	Employee- Benefit Trust Fund
Additions	
Contributions	\$ 609,676
Investment income (loss):	
Interest and dividends	60,700
Net change in fair value	81,519
Less - Investment expense	(15,093)
Net investment income	127,126
Total additions	736,802
Deductions	
Payment of benefits to trust fund participants	514,687
Implicit rate subsidy	93,579
Total deductions	608,266
Change in net position	128,536
Net position - beginning of year	2,542,101
Net position - end of year	\$ 2,670,637

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

MEDFORD AREA PUBLIC SCHOOL DISTRICT
INDEX TO NOTES TO FINANCIAL STATEMENTS
June 30, 2024

	<u>PAGE</u>
Note 1. <u>Summary of Significant Accounting Policies</u>	16
A. Reporting Entity	16
B. Basis of Financial Statement Presentation	16 - 18
C. Basis of Accounting	19 - 20
D. Measurement Focus	20
E. Cash and Investments	20
F. Inventories and Prepaid Expenses	21
G. Long-Term Obligations	21
H. Capital Assets	21
I. Right to Use Leased Assets	22
J. Interfund Receivables and Payables	22
K. Budgets	22
L. Allowance for Uncollectible Accounts	22
M. Compensated Absences and Other Employee Benefit Amounts	22
N. Claims and Judgments	23
O. Interfund Transactions	23
P. Pensions	23
Q. Postemployment Benefits Other Than Pensions (OPEB)	23
R. Deferred Outflows and Inflows of Resources	24
S. Equity Classifications	24 - 25
T. Change in Accounting Principle	25
Note 2. <u>Detailed Notes on All Funds</u>	26
A. Cash and Investments	26 - 29
B. Capital Assets	30 - 32
C. Interfund Activity	32
D. Short-Term Obligations	32
E. Long-Term Obligations	33
F. Leases	34
G. Other Postemployment Benefits	35 - 40
H. Pension Plan	40 - 46
I. Governmental Fund Balances	46
Note 3. <u>Other Information</u>	47
A. Risk Management	47
B. Commitments and Contingencies	47
C. Limitation of School District Revenues	47
D. Effect of New Accounting Standards on Current Period Financial Statements	47

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Medford Area Public School District conform to generally accepted accounting principles as applicable to governmental units.

A. REPORTING ENTITY

The Medford Area Public School District is organized as a common school district. The District, governed by a nine member elected school board, operates four year-old kindergarten through grade 12 and is comprised of all or parts of fourteen taxing districts. This report includes all of the funds of the Medford Area Public School District. The reporting entity for the District consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. This report does not contain any component units.

B. BASIS OF FINANCIAL STATEMENT PRESENTATION

District-Wide Financial Statements

The District-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the District. The effect of interfund activity within the governmental column has been removed from these statements. Governmental activities generally are supported by taxes and intergovernmental revenues.

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

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF FINANCIAL STATEMENT PRESENTATION (Continued)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures.

Funds are organized as major funds or nonmajor funds within the governmental and fiduciary 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 and deferred outflows, liabilities and deferred inflows, 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. Total assets and deferred outflows, liabilities and deferred inflows, revenues or expenditures of the individual governmental fund are at least 5 percent of the corresponding total for all 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 those funds through which most governmental functions are typically financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The District has presented the following governmental funds:

General Fund – The General Fund is the District’s primary operating fund and is always classified as a major fund. It is used to account for and report all financial resources not accounted for and reported in another fund. Special education revenues and expenses are included in the General Fund.

Special Revenue Funds – Special Revenue Funds are used to account for and report the specific revenue sources comprising a substantial portion of the fund’s resources on an ongoing basis that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The Package/Cooperative Fund is used to account for tuition charges to other districts for their students’ involvement in the Rural Virtual Academy (RVA) distance learning program.

Debt Service Fund – The Debt Service Fund is used to account for and report the financial resources that are restricted, committed or assigned to expenditure for principal and interest.

Capital Projects Fund – Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF FINANCIAL STATEMENT PRESENTATION (Continued)

Governmental Funds (Continued)

The District reports the following major governmental funds:

General Fund
Capital Projects Fund
Special Revenue Funds:
 Package/Cooperative Fund

The District reports the following nonmajor governmental funds:

Debt Service Fund
Special Revenue Fund:
 Special Revenue Trust Fund
 Community Service Fund

Proprietary Funds

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal value. Nonoperating revenues, such as interest earnings, result from nonexchange transactions or ancillary activities.

The food service fund is identified as a major fund and the lone proprietary fund of the District. The food service fund is used to account for the financial resources (primarily user fees and state and federal aid) used to support pupil and adult employee food service expenditures of the District.

Fiduciary Funds (Not included in District-Wide Statements)

Fiduciary funds consist of pension (and other employee benefit) trust funds. Fiduciary funds should be used only to report resources held for individuals, private organizations, or other governments. A fund is presented as a fiduciary fund when all of the following criteria are met: a) The government *controls* the assets that finance the activity, b) Assets are *not* generated from the *government's own-source revenues* or from the government-mandated or voluntary nonexchange transactions, c) Assets are administered through a *qualifying trust* or the government does *not* have *administrative involvement* and the assets are *not* generated from the *government's delivery of goods or services* to the beneficiaries, *or* the assets are for the benefit of *entities that are not part of the government's reporting entity*.

The District reports the following fiduciary funds:

Employee-Benefit Trust Fund – This is a separate accounting fund for reporting resources set aside and held in a trust arrangement for post-employment benefits.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING

The district-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized at the time the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Deferred outflows of resources represent a consumption of resources that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of resources that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Unbilled receivables are recorded as revenues when services are provided.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property tax revenues are recognized as revenue in the fiscal year levied as the District considers the property taxes as due prior to June 30. The District considers the taxes as due on January 31, the date from which interest and penalties accrue for non-payment of a scheduled installment. Full receipt of the entire levy is assured within sixty days of the school's fiscal year end. Receipt of the balance of taxes levied within sixty days meets the requirements for availability in accordance with generally accepted accounting principles applicable to governmental entities.

Property taxes are collected by local taxing districts until January 31. Real estate tax collections after that date are made by the county, which assumes all responsibility for delinquent real estate taxes.

The aggregate amount of property taxes to be levied for district purposes is determined according to provisions of Chapter 120 of the Wisconsin Statutes. Property taxes levied by the District are certified to local taxing districts for collection. Property taxes attach as an enforceable lien as of January 1. Taxes are levied in December on the equalized value as of the prior January 1.

Property tax calendar – 2023 tax roll:

Lien date and levy date	December, 2023
Tax bills mailed	December, 2023
Payment in full or	
first installment due	January 31, 2024
Second installment due	July 31, 2024

State general and categorical aids and other entitlements are recognized as revenue in the period the District is entitled to the resources and the amounts are available. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred and the amounts are available. Amounts owed to the District which are not available are recorded as receivables and deferred inflows. Amounts received prior to the entitlement period are also recorded as deferred inflow.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING (Continued)

Revenues susceptible to accrual include property taxes, miscellaneous taxes, expenditure-driven grant programs, public charges for services, and investment income.

Charges for services provided to other educational agencies and private parties are recognized as revenue when services are provided. Charges for special educational services are not reduced by anticipated state special education aid entitlements.

For governmental fund financial statements, deferred inflows arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred inflows also arise when resources are received before the District has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, deferred inflows are removed from the balance sheet and revenue is recognized.

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

D. MEASUREMENT FOCUS

On the District-Wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus. Under this concept, revenues and expenses are matched using the accrual basis of accounting.

The measurement focus of all governmental funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred inflows or nonspendable fund equity. Liabilities for claims, judgments, compensated absences and pension contributions which will not be currently liquidated using expendable available financial resources are included as liabilities in the District-wide financial statements but are excluded from the governmental fund financial statements. The related expenditures are recognized in the governmental fund financial statements when the liabilities are liquidated.

E. CASH AND INVESTMENTS

The District’s cash and cash equivalents 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 and investment balances for individual funds are pooled unless maintained in segregated accounts.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. INVENTORIES AND PREPAID EXPENSES

Governmental fund inventories are recorded at cost based on the FIFO (first-in, first-out) method using the consumption method of accounting.

G. LONG-TERM OBLIGATIONS

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the District-wide or fund financial statements.

All long-term debt to be repaid from governmental resources is reported as a liability in the District-wide statements. The long-term debt consists primarily of notes, bonds or loans payable, leases, and accrued compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures. Debt issuance costs are recognized in the current period for the government-wide and governmental fund statements.

H. CAPITAL ASSETS

District-Wide Statements

In the District-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated acquisition value at the date of donation. The District maintains a threshold level of a unit cost of \$5,000 or more for capitalizing capital assets.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Site improvements	10 - 20 years
Buildings	50 years
Building improvements	20 years
Furniture and equipment	5 - 15 years
Computer and related technology	5 years
Library books	7 years

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized.

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. RIGHT TO USE LEASED ASSETS

The District has recorded a right to use leased asset as a result of implementing GASB 87. The right to use leased assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use leased assets are amortized on a straight-line basis over the life of the related lease.

J. INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due to and from other funds”. Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

K. BUDGETS

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.C.

The budgeted amounts presented include amendments adopted during the year. Transfers between functions and changes to the overall budget must be approved by a two-thirds board action. There were no supplemental appropriations during the year. Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the function level in all funds.

L. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

M. COMPENSATED ABSENCES AND OTHER EMPLOYEE BENEFIT AMOUNTS

The District’s employees are granted vacation in varying amounts based on length of service. Any accumulated vacation that is not used during the year is lost.

The District’s policy allows employees to earn varying amounts of sick pay for each year employed, accumulating to a maximum vested amount of 108 days for professional staff and 96 days for support staff. Upon termination of employment, the employee is entitled to a cash payout for unused accumulated vested sick days. Upon retirement, the employee is entitled to a contribution to his/her health reimbursement account for unused accumulated vested sick days. Employees who had more than 108 or 96 days accumulated at the time of institution of the 108 or 96 day maximum vesting policy retain those vested days in a banked category until the employee is terminated or retires. The District is liable for \$806,838 of accrued sick leave.

As provided in applicable negotiated contracts, qualified employees meeting minimum age requirements and length of service may be eligible for certain postemployment benefits directly from the District (see Note 2.G.).

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. CLAIMS AND JUDGMENTS

Claims and judgments are recorded as liabilities if all the conditions of GASB pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statement. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the District-wide financial statements as expense when the related liabilities are incurred. There were no significant claims or judgments at year end.

O. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

P. 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 (Revenue).

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by 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.

Q. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense (revenue), information about the fiduciary net position of the District Post Employment Trust ("Plan") and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value, except for money market investments and interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure) until then. The District has items that qualify for reporting in this category. The deferred outflows of resources are for the WRS pension system of \$13,778,970 and the OPEB of \$2,080,743.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The District has items that qualify for reporting in this category. The deferred inflows of resources are for the WRS pension system of \$8,736,315, and the OPEB of \$938,300.

S. EQUITY CLASSIFICATIONS

District-Wide Statements

Equity is reported 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. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.
- b. Restricted net position – Consists of net positions with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net positions that do not meet the definition of “restricted” or “net investment in capital assets”.

Fund Statements

Governmental fund equity is reported as fund balance and is classified as follows:

- a. Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – amounts with externally imposed constraints placed on the use of resources by either 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed – amounts that can only be spent for specific purposes pursuant to constraints imposed by formal action by the Board of Education. A formal resolution by a majority vote (2/3) of the Board of Education is required to establish, modify, or rescind a fund balance commitment.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. EQUITY CLASSIFICATIONS (Continued)

Fund Statements (Continued)

- d. Assigned – amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. The Board of Education delegates to the Director of Business Services or his/her designee the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.
- e. Unassigned – the residual classification for the General Fund representing amounts not restricted, committed, or assigned to specific purposes. In other funds, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the District to consider restricted amounts to have been reduced first. When the District incurs an expenditure for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the District’s policy to use committed fund balance, assigned fund balance, and finally unassigned fund balance.

Minimum fund balance policy: The District will maintain a minimum unassigned fund balance in its General Fund ranging from 15 to 20% of the subsequent year’s budgeted expenditures and outgoing transfers. This minimum fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts and to maintain a budget stabilization commitment.

Surplus fund balance: Should unassigned fund balance of the General Fund ever exceed the 20% range noted in the minimum fund balance policy, the excess will be considered for one-time expenditures that are nonrecurring in nature and which will not require additional future expense outlays for maintenance, additional staffing, or other recurring expenditures.

Proprietary funds: Equity is classified the same as equity for the district-wide statements.

T. CHANGE IN ACCOUNTING PRINCIPLE

Effective July 1, 2023, the District adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*. GASB 100 was issued to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The District did not have any accounting changes or error corrections requiring disclosure in the financial statements.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 2. DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

Investment of District funds is restricted by State Statutes. Available investments are limited to:

1. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in the State of Wisconsin.
2. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, local cultural arts district, or by the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The Local Government Investment Pool (LGIP).
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

Investment of the trust funds in the employee benefit trust fund is regulated by Wisconsin Statutes Chapter 881 and this guidance allows investment in equity securities, bonds and debentures.

The carrying amount of the District's cash and investments totaled \$13,850,103 on June 30, 2024 and is summarized below:

Deposits with financial institutions	\$ 11,368,487
Petty cash funds	165
Nicolet Trust	196,470
MidAmerica Trust	326,913
Investments:	
Nicolet Trust	1,958,068
	<u>\$ 13,850,103</u>

Reconciliation to the basic financial statements:

District-Wide Statement of Net Position:

Cash and investments	\$ 11,695,565
Fiduciary funds:	
Cash and cash equivalents	196,470
Investments	1,958,068
	<u>\$ 13,850,103</u>

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

A. CASH AND INVESTMENTS (Continued)

Fair Value Measurement – The District’s investments in marketable securities are measured and reported at fair value. Financial assets required to be measured on a recurring basis are classified under a three-tier hierarchy for fair value investments. Fair value is the amount that would be received to sell an asset, or paid to settle a liability, in an orderly transaction between market participants at the measurements date.

The District uses the following hierarchical disclosure framework:

Level 1 – Measurement based upon quoted prices for identical assets in an active market as of the reporting date.

Level 2 – Measurement based upon marketplace inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Measurement based on the District’s assumptions about a hypothetical marketplace because observable market inputs are not available as of the reporting date.

The District uses appropriate valuation techniques based on the available inputs to measure the fair values of its assets and liabilities. When available, the District measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs have the lowest priority.

The Level 1 investments are reported at fair value in the District’s financial statements. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. The fair value of common stocks, corporate bonds, and U.S. government securities are based on the closing price reported on the active market where the individual securities are traded.

The District’s investments measured at fair value are summarized below:

	Assets at Fair Value as of June 30, 2024	
	Fair Value	Level 1
Bond mutual funds	\$ 1,512,565	\$ 1,512,565
Equity mutual funds	445,503	445,503
Total Investments by Fair Value Level	<u>\$ 1,958,068</u>	<u>\$ 1,958,068</u>

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

A. CASH AND INVESTMENTS (Continued)

Deposits and investments of the District are subject to various risks. Following is a discussion of the specific risks and the District's policy related to the risk.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of the failure of the depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District evaluates custodial credit risk through periodic monitoring of the financial condition of financial institutions where deposits and investments are held. Formal written custodial risk policies have not been adopted by the District. As of June 30, 2024, \$14,134,979 of the District's deposits and investments with financial institutions totaling \$14,914,085 were uninsured. The uninsured deposits are collateralized by a letter of credit with a fair value of \$11,535,885. The remaining \$2,599,094 is uncollateralized. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts and \$250,000 for demand deposit accounts. Deposits with financial institutions are also insured by the State Deposit Guarantee Fund in the amount of \$1,000,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual organizations. This coverage has not been considered in computing the above amounts.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Wisconsin State Statute limits the maturity of commercial paper and corporate bonds to not more than seven years. The investments of the Employee Benefit Trust Fund had an average maturity of 6.4 years and a fair value of \$1,958,068.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

A. CASH AND INVESTMENTS (Continued)

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin Statutes limits investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The District does not have a formal investment policy that would further limit its investment choices. The investments of the employee benefit trust fund are as follows:

	Fair Value	Moody's							
		Aaa	Aa	A	Bbb	Bb	B	Below B	Not Rated
Mutual Bond Funds	\$ 694,188	\$ 44,533	\$ 298,480	\$ 70,005	\$ 157,766	\$ 72,383	\$ 47,472	\$ 2,505	\$ 1,044
Total Investments to be Rated	694,188	\$ 44,533	\$ 298,480	\$ 70,005	\$ 157,766	\$ 72,383	\$ 47,472	\$ 2,505	\$ 1,044
U.S. Government Obligations	813,087								
Cash Equivalents	5,290								
Equity Mutual Funds	<u>445,503</u>								
Total Investments Not Required to be Rated	<u>1,263,880</u>								
Total Investments	<u>\$ 1,958,068</u>								

Concentration of Credit Risk – The District does not have a formal investment policy for the concentration of credit risk. The District had no investments in any one issuer (other than U.S. Treasury securities, mutual funds and external investment pools) that represent 5% or more of total District investments.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

B. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

	Balance 7/1/2023	Additions	Deletions	Balance 6/30/2024
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 716,390	\$ -	\$ -	\$ 716,390
Construction work in progress	137,760	-	137,760	-
Total capital assets not being depreciated	854,150	-	137,760	716,390
Capital assets being depreciated:				
Building and improvements	42,787,396	2,861,977	-	45,649,373
Furniture and equipment	2,942,415	438,206	169,844	3,210,777
Site improvements	1,941,929	314,239	-	2,256,168
Total capital assets being depreciated	47,671,740	3,614,422	169,844	51,116,318
Less: Accumulated depreciation for:				
Building and improvements	(26,972,257)	(674,182)	-	(27,646,439)
Furniture and equipment	(1,668,735)	(164,552)	(164,583)	(1,668,704)
Site improvements	(354,460)	(69,487)	-	(423,947)
Total accumulated depreciation	(28,995,452)	(908,221)	(164,583)	(29,739,090)
Net capital assets - governmental activities	\$ 19,530,438	\$ 2,706,201	\$ 143,021	\$ 22,093,618
Business-type activities:				
Capital assets being depreciated:				
Furniture and equipment	\$ 742,676	\$ 52,255	\$ 55,256	\$ 739,675
Less: Accumulated depreciation	(267,372)	(41,286)	(44,376)	(264,282)
Net capital assets - business-type activities	\$ 475,304	\$ 10,969	\$ 10,880	\$ 475,393

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

B. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction:	
Regular	\$ 1,892
Vocational	38,019
Special education	1,261
Other instruction	3,373
Support services:	
Pupil services	3,561
Instructional staff services	15,680
School administration services	1,128
Operation and maintenance	266,014
Other support services	10,058
Unallocated	567,235
Total depreciation expense - governmental activities	<u>908,221</u>
Business-type activities:	
Food service	41,286
Total depreciation expense - business-type activities	<u>41,286</u>
Total depreciation expense	<u><u>\$ 949,507</u></u>

Leased asset activity for the year ended June 30, 2024 was as follows:

	Balance 7/1/2023	Additions	Deletions	Balance 6/30/2024
Governmental activities:				
Right to use leased assets being amortized				
Buildings	\$ 479,984	\$ -	\$ 6,996	\$ 472,988
Equipment	73,021	-	6,996	66,025
Total right to use leased assets being amortized	<u>553,005</u>	<u>-</u>	<u>13,992</u>	<u>539,013</u>
Less: Accumulated amortization for:				
Buildings	(189,402)	(65,327)	(6,996)	(247,733)
Equipment	(64,086)	(11,266)	(6,996)	(68,356)
Total accumulated amortization	<u>(253,488)</u>	<u>(76,593)</u>	<u>(13,992)</u>	<u>(316,089)</u>
Net right to use leased assets	<u><u>\$ 299,517</u></u>	<u><u>\$ (76,593)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 222,924</u></u>

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

B. CAPITAL ASSETS (Continued)

Amortization expense was charged to the governmental activities functions as follows:

Support services:	
Business services	\$ 69,991
Other support services	6,602
Total amortization expense - governmental activities	<u>\$ 76,593</u>

C. INTERFUND ACTIVITY

Interfund receivable and payable balances on June 30, 2024 are as follows:

Receivable Fund	Payable Fund	Purpose	Amount
General Fund	Package/Cooperative Fund	Expense Reimbursement	\$ 108,180
Capital Projects Fund	General Fund	Contribution to Trust	885,000
Employee Benefits Trust Fund	General Fund	Contribution to Trust	387,479
Employee Benefits Trust Fund	Package/Cooperative Fund	Contribution to Trust	128,619

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

Transfer from:	Transfer to:	Purpose:	Total
General Fund	Package/Cooperative Fund	To finance operations	\$ 6,391,476
General Fund	Capital Projects	To finance future capital projects	900,000
			<u>\$ 7,291,476</u>

D. SHORT-TERM OBLIGATIONS

The District's short-term debt activity for the year ended June 30, 2024 is as follows:

	Balance 7/1/2023	Additions	Removals	Balance 6/30/2024
Line of credit, issued August 23, 2023, 6.75% interest rate, due August 23, 2024.	\$ -	\$ 15,250,000	\$ 15,250,000	\$ -
Total short-term borrowing	<u>\$ -</u>	<u>\$ 15,250,000</u>	<u>\$ 15,250,000</u>	<u>\$ -</u>

The District has an \$8,500,000 line of credit from a local bank to be used for cash flow purposes. Borrowings under the line of credit are due upon demand, and the line of credit is subject to annual renewal. The District incurred interest of \$88,655 during the 2023-2024 school year. Subsequent to year end the line of credit was renewed for the 2024-25 school year.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

E. LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended June 30, 2024 was as follows:

	Balance 7/1/2023	Increases	Decreases	Balance 6/30/2024	Amounts Due Within One Year
Bonds, notes and loans payable:					
General obligation debt	\$ 652,900	\$ -	\$ 78,500	\$ 574,400	\$ 79,400
Total bonds, notes and loans payable	652,900	-	78,500	574,400	79,400
Other liabilities:					
Vested compensated absences	795,624	11,214	-	806,838	-
Total other liabilities	795,624	11,214	-	806,838	-
Total long-term liabilities	\$ 1,448,524	\$ 11,214	\$ 78,500	\$ 1,381,238	\$ 79,400

The vested compensated absences attributed to governmental activities are typically being liquidated in the general fund.

All general obligation bonds, notes and loans payable are backed by the full faith and credit of the District. Bonds, notes and loans in the governmental funds will be retired by future property tax levies.

General obligation debt at June 30, 2024 is comprised of the following individual issue:

Type	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance Outstanding 6/30/2024
General obligation promissory note	7/6/2021	4/1/2031	1.10%	\$ 805,600	\$ 574,400
Total general obligation debt					\$ 574,400

Debt service requirements to maturity on general obligation debt are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 79,400	\$ 5,882	\$ 85,282
2026	80,300	5,003	85,303
2027	81,100	4,116	85,216
2028	82,000	3,219	85,219
2029	82,900	2,312	85,212
2030-2031	168,700	1,860	170,560
	\$ 574,400	\$ 22,392	\$ 596,792

In accordance with Wisconsin Statutes, total general obligation indebtedness of the District may not exceed ten percent of the equalized value of taxable property within the District's jurisdiction. The debt limit as of June 30, 2024, was \$140,635,779. Total general obligation debt outstanding at year end was \$574,400.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

F. LEASES

The District has entered into lease agreements as a lessee. The leases allow the right to use building space and equipment for the terms of the lease. The lease rates, terms, and ending lease liability are as follows:

Description	Final Maturity	Interest Rate	Original Indebtedness	Balance Outstanding 6/30/2024
Bender Investments (Mosinee Location RVA)	12/31/2024	1.50%	\$ 180,280	\$ 19,399
Taylor County Lease Agreement (RVA Office)	7/16/2030	3.50%	292,708	209,425
Total				<u>\$ 228,824</u>

Lease liability activity for the year ended June 30, 2024 was as follows:

	Balance 7/1/2023	Increases	Decreases	Balance 6/30/2024	Amounts Due Within One Year
Lease Liability	<u>\$ 313,915</u>	<u>\$ -</u>	<u>\$ 85,091</u>	<u>\$ 228,824</u>	<u>\$ 47,997</u>

Debt service requirements to maturity on leased assets are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 47,997	\$ 1,122	\$ 49,119
2026	29,027	1,053	30,080
2027	29,463	1,069	30,532
2028	29,905	1,085	30,990
2029	30,353	1,101	31,454
2030-2031	62,079	2,252	64,331
	<u>\$ 228,824</u>	<u>\$ 7,682</u>	<u>\$ 236,506</u>

Lease expense for the year ended June 30, 2024 was reflected in the statement of activities as follows:

	Year Ending 6/30/2024
Lease expense	
Amortization expense by class of underlying asset	
Buildings	\$ 65,327
Equipment	11,266
Total amortization expense	<u>76,593</u>
Interest on lease liabilities	2,469
Total lease expense	<u>\$ 79,062</u>

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

G. OTHER POSTEMPLOYMENT BENEFITS

Medford Area School District reports its liability for other post-employment benefits based on an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements.

General Information about the OPEB Plan

Description of the Plan. The Medford Area Public School District's Post Employment Trust ("Plan") provides other postemployment benefits (OPEB) benefits to eligible retirees and their spouses, currently this consists of teachers, administrators, and support staff. The District's Plan is a single-employer defined benefit post-employment welfare benefits plan. The Plan's authority is governed by the trust document and the laws of the State of Wisconsin. Amendments to the Plan may be made at any time by the District, who is the sole trustee of the Plan. The Plan does not issue a publicly available financial report.

Plan membership (as of the June 30, 2023 measurement date):

Retirees	12
Active employees - Not Fully Eligible	334
Active employees - Fully Eligible	30
	<u>376</u>

Benefits Provided. The Plan provides healthcare benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of the benefits is covered by the plan. The trust document grants the District the authority to establish and amend the benefit terms.

Employees covered by benefit terms. At June 30, 2024, the following employees were covered by the benefit terms:

Percent of Premium	Administrators	Teachers	Support Staff
Employer	90% if hired prior to 7/1/2004 for a period of 8 years Specific credit if hired 7/1/2004 to 7/1/2005	\$39,160 for 15 years of service \$41,160 for 20 years of service \$43,160 for 25 years of service \$48,160 for 30 years of service	Up to a total of \$17,000 \$18,000 for 20 years of service \$19,000 for 25 years of service \$21,000 for 30 years of service
Employee	Hired prior to 7/1/2004 - 10% Hired 7/1/2004 to 7/1/2005: amounts in excess of employer amounts noted above.	Amounts in excess of the employer amounts noted above	Amounts in excess of the employer amounts noted above

Note: This credit is paid as a lump sum upon retirement into an HRA account held within the District's Irrevocable Trust.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

G. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Covered employee groups must meet the following eligibility guidelines:

Administration: Must be at least 55 years of age with a minimum of 12 years of service in the District or no less than a total of 25 years of teaching and administrative experience in the District. See table for contribution amounts and percentages the District will contribute towards medical premiums on behalf of this retiree until Medicare-eligibility or death, whichever occurs first.

Teachers: Must be at least 55 years of age with a minimum of 15 years of service in the District. See table for contribution amounts and percentages the District will contribute towards medical premiums on behalf of this retiree until Medicare-eligibility or death, whichever occurs first.

Support staff: Must be at least 55 years of age with a minimum of 15 years of service in the District. See table for contribution amounts and percentages the District will contribute towards medical premiums on behalf of this retiree until Medicare-eligibility or death, whichever occurs first.

Contributions. The District shall make contributions to the trust from time to time, as it deems appropriate or legally required. The District has no legal obligation to contribute to the trust. Prior to the July 1, 2015 measurement period, the Plan was fully funded by making actuarially determined contributions to the Plan. The only Plan members required to contribute are the administrators hired prior to 7/1/2004 as noted in the previous table. For the year ended June 30, 2024, plan members contributed \$0 or 0% of total premiums.

Implicit rate subsidy. This exists when an employee's retirees and current employees are covered together as a group wherein the premium rate or equivalent rate paid by the retirees may be lower than they would if the retirees were rated separately.

Of eligible Administrators hired between July 4, 2004 and July 1, 2005 and Teachers hired prior to July 1, 2020 who are currently electing coverage on the District's group health plan, 60% were assumed to use their medical credit to remain on the District's plan. Further, one-half of these individuals (i.e. 30%) were assumed to remain on the District's plan upon exhaustion of their credit by self-paying the full amount (100%) of the Support Staff hired prior to July 1, 2020, who are currently electing coverage, 30% were assumed to use their credit to remain on the District's plan and one-half of these individuals (i.e. 15%) were assumed to remain on the plan until Medicare eligibility upon exhaustion of their credit, if retiring prior to July 1, 2026.

20% of Administrators hired after July 1, 2005 and Teachers and Support Staff hired after July 1, 2020, currently electing coverage were assumed to continue to participate in the District's group medical plan in retirement for 18 months at the Single coverage level. The liability incurred on behalf of the above assumptions was calculated and included in the valuation.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

G. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Investments

Investment policy. The Plan's policy in regard to the allocation of invested assets is established and may be amended by the District by a majority vote of its members. It is the policy of the Plan to invest in assets as permitted by Wisconsin State Statutes.

Concentrations. The Plan did not have any investments that represent 5 percent or more of the OPEB Plan's fiduciary net position.

Receivables

As of June 30, 2024, the Plan reported \$516,099 as an amount due from other funds; this represents contributions receivable to the Plan as of June 30, 2024.

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(a)-(b)
Changes in the Net OPEB Liability			
Balance at 6/30/2022	<u>\$ 3,687,552</u>	<u>\$ 2,557,780</u>	<u>\$ 1,129,772</u>
Changes for the year:			
Service cost	194,773	-	194,773
Interest	133,450	-	133,450
Changes of benefit terms	-	-	-
Differences between expected and actual experience	420,472	-	420,472
Changes in assumptions or other inputs	-	-	-
Contributions - employer	-	801,565	(801,565)
Net investment income	-	80,127	(80,127)
Benefit payments	(897,371)	(897,371)	-
Net Changes	<u>(148,676)</u>	<u>(15,679)</u>	<u>(132,997)</u>
Balance at 6/30/2023	<u><u>\$ 3,538,876</u></u>	<u><u>\$ 2,542,101</u></u>	<u><u>\$ 996,775</u></u>

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

G. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Net OPEB Liability

The District's net OPEB liability (asset) of \$996,775 was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions. The net OPEB liability (asset) in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5 percent
Salary increases	3 percent, average, including inflation
Discount rate	4 percent
Healthcare cost trend rates	7 percent decreasing by 0.10% per year down to 4.5%, and level thereafter

Mortality rates were based on the Wisconsin 2021 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale.

Actuarial assumptions are based upon an experience study conducted in 2021 using Wisconsin Retirement System (WRS) experience from 2018-2020.

The discount rate of 4.0% was used in calculating the District's OPEB liabilities (based upon all projected payments discounted at a municipal bond rate of 4.0%). The discount rate is based on the Bond Buyer Go 20-Year AA Bond Index published by the Federal Reserve as of the week of the measurement date.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate. The following presents the net OPEB liability (asset) of the District, as well as what the District's total OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.0 percent) or 1-percentage-point higher (5.0 percent) than the current discount rate:

	1% Decrease 3.0%	Current Discount Rate 4.0%	1% Increase 5.0%
Net OPEB Liability (Asset)	<u>\$ 1,159,552</u>	<u>\$ 996,775</u>	<u>\$ 837,253</u>

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

G. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the Net OPEB Liability (Asset) to Changes in Healthcare Cost Trend Rates. The following represents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.0 percent decreasing to 3.5 percent) or 1-percentage-point higher (8.0 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

	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%)
Net OPEB Liability (Asset)	<u>\$ 941,433</u>	<u>\$ 996,775</u>	<u>\$ 1,056,949</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the District recognized an OPEB expense of \$309,022. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources:

Gain / Loss	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 1,004,357	\$ (615,390)
Changes of assumptions or other inputs	382,068	(322,910)
Net difference between projected and actual earnings on OPEB plan investments	84,642	-
District contributions subsequent to the measurement date	609,676	-
Total	<u>\$ 2,080,743</u>	<u>\$ (938,300)</u>

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

G. OTHER POSTEMPLOYMENT BENEFITS (Continued)

\$609,676 reported as deferred outflows of resources related to OPEB resulting from the District contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2025	\$ 84,867
2026	81,672
2027	132,151
2028	76,752
2029	72,703
Thereafter	84,622
	<u>\$ 532,767</u>

Payable to the OPEB Plan

At June 30, 2024, the District reported a payable of \$516,099 for the 2023-2024 contribution to the OPEB plan.

H. PENSION PLAN

General Information about the Pension Plan

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

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

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

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

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

H. PENSION PLAN (Continued)

Benefits Provided. Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0
2023	1.6	(21.0)

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

H. PENSION PLAN (Continued)

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 \$1,473,833 in contributions from the employer.

Contribution rates as of June 30, 2024 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives and elected officials)	6.90%	6.90%
Protective with Social Security	6.90%	14.30%
Protective without Social Security	6.90%	19.10%

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

At June 30, 2024, the District reported a liability (asset) of \$1,617,808 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2022 rolled forward to December 31, 2023. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2023, the District's proportion was 0.10881098%, which was an increase of 0.00381395% from its proportion measured as of December 31, 2022.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

H. PENSION PLAN (Continued)

For the year ended June 30, 2024, the District recognized pension expense of \$1,094,921. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,522,986	\$ (8,639,735)
Net differences between projected and actual earnings on pension plan investments	5,637,799	-
Changes in assumptions	705,156	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,976	(96,580)
Employer contributions subsequent to the measurement date	908,053	-
Total	<u>\$ 13,778,970</u>	<u>\$ (8,736,315)</u>

\$908,053 reported as deferred outflows of resources related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense (revenue) as follows:

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2025	\$ 835,118
2026	874,280
2027	3,516,233
2028	(1,091,029)
2029	-
Total	<u>\$ 4,134,602</u>

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

H. PENSION PLAN (Continued)

Actuarial Assumptions. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2022
Measurement Date of Net Pension Liability (Asset):	December 31, 2023
	January 1, 2018 - December 31, 2020
Experience Study:	Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases	
Wage Inflation:	3.0%
Seniority/Merit:	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-Retirement Adjustments*	1.7%

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

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total Pension Liability for December 31, 2023 is based upon a roll-forward of the liability calculated from the December 31, 2022 actuarial valuation.

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

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

H. PENSION PLAN (Continued)

Asset Allocation Targets and Expected Returns¹

As of December 31, 2023

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

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

² New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.7%

³ The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. Currently, an asset allocation target of 12% policy leverage is used, subject to an allowable range of up to 20%.

Single Discount rate. A single discount rate of 6.8% was used to measure the Total Pension Liability for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 3.77% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2023. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

H. PENSION PLAN (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the District's proportionate share of the Net Pension Liability (Asset), calculated using the discount rate of 6.8%, 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 one percentage point lower (5.8%) or one percentage point higher (7.8%) 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)	\$ 15,636,897	\$ 1,617,808	\$ (8,191,941)

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>.

I. GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at June 30, 2024 include the following:

Restricted

Major Fund:

Capital projects \$ 3,585,180

Nonmajor Funds:

Special revenue trust - restricted donations 638,815

Debt service 5,296

Community service 209,471

Total restricted fund balances 4,438,762

Unassigned

Major Fund:

General fund 7,901,004

Total unassigned fund balance 7,901,004

Total governmental fund balances \$ 12,339,766

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 3. OTHER INFORMATION

A. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded insurance coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

B. COMMITMENTS AND CONTINGENCIES

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

C. LIMITATION OF SCHOOL DISTRICT REVENUES

Wisconsin Statutes limit the amount of revenues that school districts may derive from general school aids and property taxes. The annual revenue increase from these sources is limited to an allowable per member increase which is determined by the legislature.

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.

D. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has adopted GASB Statement No. 101, *Compensated Absences*, effective for periods beginning after December 15, 2024. When this becomes effective, application of this standard may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

MEDFORD AREA PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Local sources	\$ 7,730,375	\$ 7,730,375	\$ 7,881,234	\$ 150,859
Interdistrict sources	10,884,637	10,884,637	10,942,952	58,315
Intermediate sources	-	-	300	300
State sources	17,680,634	17,680,634	17,853,241	172,607
Federal sources	2,592,426	2,592,426	2,759,164	166,738
Other sources	122,000	122,000	107,019	(14,981)
Total revenues	39,010,072	39,010,072	39,543,910	533,838
Expenditures:				
Current:				
Instruction:				
Regular instruction	10,609,207	10,609,207	10,757,262	(148,055)
Vocational instruction	1,115,834	1,115,834	1,158,095	(42,261)
Physical instruction	748,159	748,159	707,805	40,354
Other instruction	828,054	828,054	743,537	84,517
Total instruction	13,301,254	13,301,254	13,366,699	(65,445)
Support services:				
Pupil services	711,274	711,274	698,878	12,396
Instructional staff services	1,731,678	1,731,678	1,532,489	199,189
General administration services	386,290	386,290	410,694	(24,404)
Building administration services	1,449,336	1,449,336	1,473,384	(24,048)
Business services	305,402	305,402	282,919	22,483
Operation and maintenance	2,617,042	2,617,042	4,414,528	(1,797,486)
Pupil transportation	1,455,500	1,455,500	1,173,607	281,893
Central services	140,800	140,800	134,008	6,792
Insurance	184,052	184,052	227,961	(43,909)
Other support services	960,543	960,543	869,522	91,021
Total support services	9,941,917	9,941,917	11,217,990	(1,276,073)
Nonprogram:				
Other nonprogram	852,735	852,735	1,049,828	(197,093)
Total nonprogram	852,735	852,735	1,049,828	(197,093)
Debt service:				
Principal	-	-	18,932	(18,932)
Interest	40,000	40,000	89,557	(49,557)
Total debt service	40,000	40,000	108,489	(68,489)
Capital outlay	2,723,639	2,723,639	1,060,809	1,662,830
Total expenditures	26,859,545	26,859,545	26,803,815	55,730
Excess (deficiency) of revenues over expenditures	12,150,527	12,150,527	12,740,095	589,568
Other financing sources (uses):				
Sale of fixed assets	3,000	3,000	4,851	1,851
Transfer to other funds	(12,035,466)	(12,035,466)	(12,244,357)	(208,891)
Total other financing sources (uses)	(12,032,466)	(12,032,466)	(12,239,506)	(207,040)
Net change in fund balance	118,061	118,061	500,589	382,528
Fund balance - beginning of year	7,400,415	7,400,415	7,400,415	-
Fund balance - end of year	\$ 7,518,476	\$ 7,518,476	\$ 7,901,004	\$ 382,528

See notes to required supplementary information.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SPECIAL EDUCATION FUND
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Interdistrict sources	\$ 105,000	\$ 105,000	\$ 127,816	\$ 22,816
Intermediate sources	5,468	5,468	4,961	(507)
State sources	2,550,695	2,550,695	2,446,932	(103,763)
Federal sources	693,062	693,062	1,002,629	309,567
Total revenues	<u>3,354,225</u>	<u>3,354,225</u>	<u>3,582,338</u>	<u>228,113</u>
Expenditures:				
Current:				
Instruction:				
Special education instruction	6,425,468	6,425,468	6,381,715	43,753
Total instruction	<u>6,425,468</u>	<u>6,425,468</u>	<u>6,381,715</u>	<u>43,753</u>
Support services:				
Pupil services	1,445,787	1,445,787	1,327,673	118,114
Instructional staff services	322,814	322,814	412,435	(89,621)
Business services	-	-	12,480	(12,480)
Operation and maintenance	10,000	10,000	18,413	(8,413)
Pupil transportation	152,898	152,898	156,513	(3,615)
Central services	4,500	4,500	9,370	(4,870)
Total support services	<u>1,935,999</u>	<u>1,935,999</u>	<u>1,936,884</u>	<u>(885)</u>
Nonprogram:				
Purchased instructional services	73,325	73,325	55,656	17,669
Total nonprogram	<u>73,325</u>	<u>73,325</u>	<u>55,656</u>	<u>17,669</u>
Capital outlay	<u>7,000</u>	<u>7,000</u>	<u>160,964</u>	<u>(153,964)</u>
Total expenditures	<u>8,441,792</u>	<u>8,441,792</u>	<u>8,535,219</u>	<u>(93,427)</u>
Excess (deficiency) of revenues over expenditures	<u>(5,087,567)</u>	<u>(5,087,567)</u>	<u>(4,952,881)</u>	<u>134,686</u>
Other financing sources (uses):				
Transfer from other funds	5,087,567	5,087,567	4,952,881	(134,686)
Total other financing sources (uses)	<u>5,087,567</u>	<u>5,087,567</u>	<u>4,952,881</u>	<u>(134,686)</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to required supplementary information.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - PACKAGE/COOPERATIVE FUND
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Local sources	\$ -	\$ -	\$ 9,258	\$ 9,258
Interdistrict sources	5,650,000	5,650,000	5,396,713	(253,287)
Other sources	-	-	1,375	1,375
Total revenues	5,650,000	5,650,000	5,407,346	(242,654)
Expenditures:				
Current:				
Instruction:				
Regular instruction	6,535,278	6,535,278	6,327,983	207,295
Vocational instruction	133,475	133,475	138,193	(4,718)
Physical instruction	467,887	467,887	574,844	(106,957)
Total instruction	7,136,640	7,136,640	7,041,020	95,620
Support services:				
Pupil services	555,360	555,360	997,803	(442,443)
Instructional staff services	2,582,378	2,582,378	602,860	1,979,518
General administration services	387,942	387,942	831,279	(443,337)
Building administration services	982,098	982,098	1,005,752	(23,654)
Business services	43,455	43,455	53,757	(10,302)
Operation and maintenance	150,000	150,000	79,616	70,384
Central services	282,000	282,000	323,529	(41,529)
Insurance	58,100	58,100	53,027	5,073
Other support services	342,467	342,467	728,311	(385,844)
Total support services	5,383,800	5,383,800	4,675,934	707,866
Nonprogram:				
Purchased instructional services	-	-	14,142	(14,142)
Total nonprogram	-	-	14,142	(14,142)
Debt service:				
Principal	-	-	66,159	(66,159)
Interest and other fiscal charges	60,000	60,000	1,567	58,433
Total debt service	60,000	60,000	67,726	(7,726)
Total expenditures	12,580,440	12,580,440	11,798,822	781,618
Excess (deficiency) of revenues over expenditures	(6,930,440)	(6,930,440)	(6,391,476)	538,964
Other financing sources (uses):				
Transfer from other funds	6,930,440	6,930,440	6,391,476	(538,964)
Total other financing sources (uses)	6,930,440	6,930,440	6,391,476	(538,964)
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

See notes to required supplementary information.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS
AND GAAP REVENUES AND EXPENDITURES
For the Year Ended June 30, 2024

	General Fund	Special Education Fund
A) Sources/Inflows of Resources:		
Actual amounts of total revenues from the budgetary comparison schedules	\$ 39,543,910	\$ 3,582,338
Reclassification: Special Education Fund revenues are reclassified to the General Fund, required for GAAP reporting	<u>3,582,338</u>	<u>(3,582,338)</u>
General Fund revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u><u>\$ 43,126,248</u></u>	<u><u>\$ -</u></u>
 B) Uses/Outflows of Resources:		
Actual amounts of total expenditures from the budgetary comparison schedules	\$ 26,803,815	\$ 8,535,219
Reclassification: Special Education Fund expenditures are reclassified to the General Fund, required for GAAP reporting	<u>8,535,219</u>	<u>(8,535,219)</u>
General Fund expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u><u>\$ 35,339,034</u></u>	<u><u>\$ -</u></u>

See notes to required supplementary information.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY - HEALTHCARE SCHEDULES
For the Year Ended June 30, 2024

SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
AS OF THE MEASUREMENT DATE

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability								
Service costs	\$ 194,773	\$ 320,928	\$ 313,866	\$ 323,154	\$ 300,740	\$ 188,401	\$ 202,459	\$ 202,459
Interest	133,450	108,370	113,593	167,847	174,266	115,718	106,738	112,868
Changes in benefit terms	-	4,319	-	(290,656)	-	258,970	-	-
Difference between expected and actual experience	420,472	(727,280)	-	502,732	-	498,057	-	-
Changes in assumptions or other inputs	-	(343,299)	-	75,740	64,093	538,919	(77,829)	-
Benefit payments	(897,371)	(662,920)	(663,333)	(379,135)	(424,393)	(206,345)	(745,772)	(293,519)
Net change in total OPEB	(148,676)	(1,299,882)	(235,874)	399,682	114,706	1,393,720	(514,404)	21,808
Total OPEB Liability-Beginning	3,687,552	4,987,434	5,223,308	4,823,626	4,708,920	3,315,200	3,829,604	3,807,796
Total OPEB Liability-Ending (a)	<u>\$ 3,538,876</u>	<u>\$ 3,687,552</u>	<u>\$ 4,987,434</u>	<u>\$ 5,223,308</u>	<u>\$ 4,823,626</u>	<u>\$ 4,708,920</u>	<u>\$ 3,315,200</u>	<u>\$ 3,829,604</u>
Fiduciary Net Position								
Contributions - employer	\$ 801,565	\$ 427,045	\$ 427,045	\$ 162,034	\$ 63,090	\$ 80,467	\$ 50,267	\$ 22,774
Net investment income	80,127	(212,003)	315,566	87,193	134,705	113,058	204,445	50,997
Benefit payments	(897,371)	(662,920)	(663,333)	(379,135)	(424,393)	(206,345)	(745,772)	(293,519)
Net change in fiduciary net position	(15,679)	(447,878)	79,278	(129,908)	(226,598)	(12,820)	(491,060)	(219,748)
Fiduciary Net Position-Beginning	2,557,780	3,005,658	2,926,380	3,056,288	3,282,886	3,295,706	3,786,766	4,006,514
Fiduciary Net Position-Ending (b)	<u>\$ 2,542,101</u>	<u>\$ 2,557,780</u>	<u>\$ 3,005,658</u>	<u>\$ 2,926,380</u>	<u>\$ 3,056,288</u>	<u>\$ 3,282,886</u>	<u>\$ 3,295,706</u>	<u>\$ 3,786,766</u>
Net OPEB Liability								
Net OPEB Liability - ending (a) - (b)	<u>\$ 996,775</u>	<u>\$ 1,129,772</u>	<u>\$ 1,981,776</u>	<u>\$ 2,296,928</u>	<u>\$ 1,767,338</u>	<u>\$ 1,426,034</u>	<u>\$ 19,494</u>	<u>\$ 42,838</u>
Fiduciary net position as a percentage of the Total OPEB Liability	71.83%	69.36%	60.26%	56.03%	63.36%	69.72%	99.41%	98.88%
Covered Employee Payroll	\$ 20,014,971	\$ 20,014,971	\$ 16,775,765	\$ 16,775,765	\$ 14,447,870	\$ 14,447,870	\$ 11,656,266	\$ 11,656,266
Net OPEB Liability as a percentage of covered-employee payroll	4.98%	5.64%	11.81%	13.69%	12.23%	9.87%	0.17%	0.37%

See notes to required supplementary information.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY - HEALTHCARE SCHEDULES
For the Year Ended June 30, 2024

SCHEDULE OF DISTRICT CONTRIBUTIONS
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially Determined Contribution (ADC)	\$ 801,565	\$ 427,045	\$ 427,045	\$ 392,001	\$ 392,001	\$ 210,718	\$ 210,718	\$ 44,470
Contributions in Relation to the ADC	801,565	427,045	427,045	162,034	63,090	80,467	50,267	22,774
Contribution Deficiency/(Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 229,967</u>	<u>\$ 328,911</u>	<u>\$ 130,251</u>	<u>\$ 160,451</u>	<u>\$ 21,696</u>
Covered-Employee Payroll	\$ 20,014,971	\$ 20,014,971	\$ 16,775,765	\$ 16,775,765	\$ 14,447,870	\$ 14,447,870	\$ 11,656,266	\$ 11,646,266
Contributions as a Percentage of Covered-Employee Payroll	4.00%	2.13%	2.55%	0.97%	0.44%	0.56%	0.43%	0.20%

See notes to required supplementary information.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT
WISCONSIN RETIREMENT SYSTEM SCHEDULES
For the Year Ended June 30, 2024**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
AS OF THE MEASUREMENT DATE
Last 10 Calendar Years***

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Collective net pension liability (asset) as a percentage of District's covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2023	0.10881098%	\$ 1,617,808	\$ 21,674,018	7.46%	98.85%
2022	0.10499703%	5,562,431	19,741,852	28.18%	95.72%
2021	0.10098875%	(8,139,879)	18,237,112	(44.63%)	106.02%
2020	0.09687601%	(6,048,107)	16,727,678	(36.16%)	105.26%
2019	0.09286166%	(2,994,283)	15,470,065	(19.36%)	102.96%
2018	0.08983958%	3,196,210	14,376,111	22.23%	96.45%
2017	0.08736266%	(2,593,901)	13,111,715	(19.78%)	102.93%
2016	0.08612797%	709,900	12,650,961	5.61%	99.12%
2015	0.08536503%	1,387,165	12,252,317	11.32%	98.20%
2014	0.08523595%	(2,093,628)	13,140,912	(15.93%)	102.74%

*The proportionate share of the net pension liability (asset) and other amounts presented above for each year were determined as of the calendar year-end that occurred 6 months prior to the financial reporting period.

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS
FOR THE YEAR ENDED
Last 10 Fiscal Years****

Year ended June 30,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2024	\$ 1,530,289	\$ (1,530,289)	\$ -	\$ 22,310,711	6.86%
2023	1,402,966	(1,402,966)	-	21,006,078	6.68%
2022	1,231,005	(1,231,005)	-	19,087,493	6.45%
2021	1,129,118	(1,129,118)	-	17,393,731	6.49%
2020	1,013,289	(1,013,289)	-	16,135,989	6.28%
2019	963,199	(963,199)	-	14,988,651	6.43%
2018	891,596	(891,596)	-	13,839,845	6.44%
2017	834,963	(834,963)	-	12,676,526	6.59%
2016	833,158	(833,158)	-	12,461,486	6.69%
2015	829,505	(829,505)	-	12,094,600	6.86%

**The contribution and other amounts presented above for each fiscal year are based on information that occurred during that fiscal year.

See notes to required supplementary information.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

NOTE 1. EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

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

Fund	Excess Expenditures
General Fund:	
Instruction	\$ 65,445
Support services	1,276,073
Nonprogram	197,093
Debt service	68,489
Special Education Fund:	
Support services	885
Capital outlay	153,964
Package/Cooperative Fund:	
Nonprogram	14,142

The excess expenditures were financed from favorable variances in other functional categories and from fund balance.

NOTE 2. NET OPEB LIABILITY SCHEDULES

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 2 preceding years.

Actuarial assumptions. Key methods and assumptions used to calculate actuarially determined contributions (ADC) were as follows:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value
Amortization Method	2 year Level \$
Discount Rate	4.00%
Inflation	2.50%

Changes of Benefit Terms. There were no changes of benefit terms during the year.

Changes of Assumptions. There were no changes of assumptions during the year.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

NOTE 3. WISCONSIN RETIREMENT SYSTEM SCHEDULES

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.

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

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

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

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

	2023	2022	2021	2020	2019
Valuation Date:	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed
Amortization Period:	Amortization Period 30 Year closed from date of participation in WRS	Amortization Period 30 Year closed from date of participation in WRS	Amortization Period 30 Year closed from date of participation in WRS	Amortization Period 30 Year closed from date of participation in WRS	Amortization Period 30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.4%	5.4%	5.4%	5.4%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	6.8%	7.0%	7.0%	7.0%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.0%	3.0%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	1.7%	1.9%	1.9%	1.9%	2.1%
Retirement Age:	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2021 valuation pursuant to an experience study of the period 2018-2020.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015 - 2017.	Experience -based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.
Mortality:	2020 WRS Experience Tables. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2021 fully generational improvement scale from a base year of 2010.	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).

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

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2024

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

	2018	2017	2016	2015	2014
Valuation Date:	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll- Closed Amortization Period	Level Percent of Payroll- Closed Amortization Period	Level Percent of Payroll- Closed Amortization Period	Level Percent of Payroll- Closed Amortization Period	Level Percent of Payroll- Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.5%	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.2%	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.2%	3.2%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	2.1%	2.1%	2.1%	2.1%	2.1%
Retirement Age:	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality

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

OTHER SUPPLEMENTARY INFORMATION

MEDFORD AREA PUBLIC SCHOOL DISTRICT
COMBINING BALANCE SHEET
GENERAL FUND
June 30, 2024

	General Fund	Special Education Fund	Elimination	Total Combined General Fund
Assets				
Cash and investments	\$ 6,996,092	\$ 99,680	\$ -	\$ 7,095,772
Receivables:				
Taxes	2,295,974	-	-	2,295,974
Accounts	12,431	-	-	12,431
Due from other funds	108,180	-	-	108,180
Due from other governments	686,745	123,943	-	810,688
Total assets	<u>\$ 10,099,422</u>	<u>\$ 223,623</u>	<u>\$ -</u>	<u>\$ 10,323,045</u>
Liabilities				
Accounts payable	\$ 1,039,886	\$ 109,470	\$ -	\$ 1,149,356
Due to other funds	1,158,326	114,153	-	1,272,479
Due to state	206	-	-	206
Total liabilities	<u>2,198,418</u>	<u>223,623</u>	<u>-</u>	<u>2,422,041</u>
Fund balances				
Unassigned	<u>7,901,004</u>	<u>-</u>	<u>-</u>	<u>7,901,004</u>
Total fund balances	<u>7,901,004</u>	<u>-</u>	<u>-</u>	<u>7,901,004</u>
 Total liabilities and fund balances	 <u>\$ 10,099,422</u>	 <u>\$ 223,623</u>	 <u>\$ -</u>	 <u>\$ 10,323,045</u>

MEDFORD AREA PUBLIC SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GENERAL FUND
For the Year Ended June 30, 2024

	General Fund	Special Education Fund	Elimination	Total Combined General Fund
Revenues:				
Local sources	\$ 7,881,234	\$ -	\$ -	\$ 7,881,234
Interdistrict sources	10,942,952	127,816	-	11,070,768
Intermediate sources	300	4,961	-	5,261
State sources	17,853,241	2,446,932	-	20,300,173
Federal sources	2,759,164	1,002,629	-	3,761,793
Other sources	107,019	-	-	107,019
Total revenues	39,543,910	3,582,338	-	43,126,248
Expenditures:				
Current:				
Instruction:				
Regular instruction	10,757,262	-	-	10,757,262
Vocational instruction	1,158,095	-	-	1,158,095
Physical instruction	707,805	-	-	707,805
Special education instruction	-	6,381,715	-	6,381,715
Other instruction	743,537	-	-	743,537
Total instruction	13,366,699	6,381,715	-	19,748,414
Support services:				
Pupil services	698,878	1,327,673	-	2,026,551
Instructional staff services	1,532,489	412,435	-	1,944,924
General administration services	410,694	-	-	410,694
Building administration services	1,473,384	-	-	1,473,384
Business services	282,919	12,480	-	295,399
Operation and maintenance	4,414,528	18,413	-	4,432,941
Pupil transportation	1,173,607	156,513	-	1,330,120
Central services	134,008	9,370	-	143,378
Insurance	227,961	-	-	227,961
Other support services	869,522	-	-	869,522
Total support services	11,217,990	1,936,884	-	13,154,874
Nonprogram:				
Purchased instructional services	-	55,656	-	55,656
Other nonprogram	1,049,828	-	-	1,049,828
Total nonprogram	1,049,828	55,656	-	1,105,484
Debt service				
Principal	18,932	-	-	18,932
Interest	89,557	-	-	89,557
Total debt service	108,489	-	-	108,489
Capital outlay	1,060,809	160,964	-	1,221,773
Total expenditures	26,803,815	8,535,219	-	35,339,034
Excess (deficiency) of revenues over expenditures	12,740,095	(4,952,881)	-	7,787,214
Other financing sources (uses):				
Sale of fixed assets	4,851	-	-	4,851
Transfer from other funds	-	4,952,881	(4,952,881)	-
Transfer to other funds	(12,244,357)	-	4,952,881	(7,291,476)
Total other financing sources (uses)	(12,239,506)	4,952,881	-	(7,286,625)
Net change in fund balances	500,589	-	-	500,589
Fund balances - beginning of year	7,400,415	-	-	7,400,415
Fund balances - end of year	\$ 7,901,004	\$ -	\$ -	\$ 7,901,004

MEDFORD AREA PUBLIC SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

	Special Revenue Trust Fund	Community Service Fund	Debt Service Fund	Total Nonmajor Gov't. Funds
Assets				
Cash and cash equivalents	\$ 637,866	\$ 128,825	\$ 5,296	\$ 771,987
Accounts receivable	6,714	245	-	6,959
Due from other governments	-	148,902	-	148,902
Total assets	<u>\$ 644,580</u>	<u>\$ 277,972</u>	<u>\$ 5,296</u>	<u>\$ 927,848</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 5,765	\$ 68,501	\$ -	\$ 74,266
Total liabilities	<u>5,765</u>	<u>68,501</u>	<u>-</u>	<u>74,266</u>
Fund balances				
Restricted for:				
District operations per donor specifications	638,815	-	-	638,815
Future community service expenditures	-	209,471	-	209,471
Debt service	-	-	5,296	5,296
Total fund balances	<u>638,815</u>	<u>209,471</u>	<u>5,296</u>	<u>853,582</u>
Total liabilities and fund balances	<u>\$ 644,580</u>	<u>\$ 277,972</u>	<u>\$ 5,296</u>	<u>\$ 927,848</u>

MEDFORD AREA PUBLIC SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	Special Revenue Trust Fund	Community Service Fund	Debt Service Fund	Total Nonmajor Gov't. Funds
Revenues:				
Local sources	\$ 813,599	\$ 417,379	\$ 85,250	\$ 1,316,228
Federal sources	-	710,091	-	710,091
Total revenues	<u>813,599</u>	<u>1,127,470</u>	<u>85,250</u>	<u>2,026,319</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	190,069	-	-	190,069
Vocational instruction	3,110	-	-	3,110
Total instruction	<u>193,179</u>	<u>-</u>	<u>-</u>	<u>193,179</u>
Support services:				
Pupil services	415	-	-	415
Instructional staff services	171	-	-	171
General administration	-	71,993	-	71,993
Building administration	357,825	249	-	358,074
Business services	1,612	-	-	1,612
Operation and maintenance	-	840	-	840
Pupil transportation	13,936	36,735	-	50,671
Central services	-	596	-	596
Community service	-	908,714	-	908,714
Other support services	60,641	8,620	-	69,261
Total support services	<u>434,600</u>	<u>1,027,747</u>	<u>-</u>	<u>1,462,347</u>
Nonprogram:				
Other nonprogram	19,720	-	-	19,720
Total nonprogram	<u>19,720</u>	<u>-</u>	<u>-</u>	<u>19,720</u>
Debt service:				
Principal	-	-	78,500	78,500
Interest and other fiscal charges	-	-	7,182	7,182
Total debt service	<u>-</u>	<u>-</u>	<u>85,682</u>	<u>85,682</u>
Capital outlay	<u>67,687</u>	<u>168,236</u>	<u>-</u>	<u>235,923</u>
Total expenditures	<u>715,186</u>	<u>1,195,983</u>	<u>85,682</u>	<u>1,996,851</u>
Net change in fund balances	98,413	(68,513)	(432)	29,468
Fund balances - beginning of year	540,402	277,984	5,728	824,114
Fund balances - end of year	<u>\$ 638,815</u>	<u>\$ 209,471</u>	<u>\$ 5,296</u>	<u>\$ 853,582</u>

MEDFORD AREA PUBLIC SCHOOL DISTRICT
SCHEDULES OF CHARTER SCHOOL AUTHORIZER OPERATING COSTS AND SERVICE COSTS
For the Year Ended June 30, 2024

Operating Activity	WUFAR Object Code	Cost
Employee salaries	100	\$ 129,209
Employee benefits	200	50,794
Purchased services	300	372,526
Non-capital objects	400	158,983
Handicapp Pupils and School Age Parents:	900	303
Total		<u>\$ 711,815</u>

Services Provided	Function Code	Cost
General Administration	235000	\$ 711,815
Total		<u>\$ 711,815</u>

**REPORTS AND SCHEDULES
REQUIRED BY THE UNIFORM GUIDANCE AND THE
STATE SINGLE AUDIT GUIDELINES**

MEDFORD AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Administering Agency/Pass-Through Agency/Award Description	Federal Assistance Listing Number	Entity I.D. Number	Accrued Receivable at July 1, 2023	Receipts- Grantor Reimbursement	Total Expenditures	Accrued Receivable at June 30, 2024
<u>U.S. Department of Agriculture</u>						
Wisconsin Department of Public Instruction:						
Child Nutrition Cluster:						
School Breakfast Program	10.553	2024-603409-DPI-SB-546	\$ -	\$ 119,954	\$ 119,954	\$ -
National School Lunch Program	10.555	2024-603409-DPI-NSL-547	-	584,257	584,257	-
Commodity Supplemental Food Program	10.555	Not Available	-	108,613	108,613	-
Snack Program	10.555	2024-603409-DPI-SK NSL-561	-	25,716	25,716	-
Summer Food Program	10.559	2024-603409-DPI-SFSP-586	38,539	58,218	53,928	34,249
Total Child Nutrition Cluster			38,539	896,758	892,468	34,249
Local Food for Schools Public	10.185	Not Available	-	1,924	7,967	6,043
USDA FFVP October Public	10.582	2024-603409-DPI-FFVPOCTPUB-376	-	31,256	31,256	-
USDA FFVP July Public	10.582	2024-603409-DPI-FFVPPUB-594	-	978	978	-
Total U.S. Department of Agriculture			38,539	930,916	932,669	40,292
<u>U.S. Department of Education</u>						
Wisconsin Department of Public Instruction:						
ESEA Title I - Basic Grant	84.010	2024-603409-DPI-TI-A-141	97,281	372,445	363,648	88,484
Special Education Cluster:						
IDEA Flow Through	84.027	2024-603409-DPI-FLOW-341	136,195	787,009	818,109	167,295
IDEA Preschool Entitlement	84.173	2024-603409-DPI-PRESCH-347	1,686	55,113	54,658	1,231
Total Special Education Cluster			137,881	842,122	872,767	168,526
Passed Through CESA #10						
Carl Perkins Act Formula Allocation	84.048	2024-603409-DPI-CTE-400	7,427	24,482	23,243	6,188

See notes to schedules of expenditures of financial awards.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)
For the Year Ended June 30, 2024

Administering Agency/Pass-Through Agency/Award Description	Federal Assistance Listing Number	Entity ID Number	Accrued Receivable at July 1, 2023	Receipts- Grantor Reimbursement	Total Expenditures	Accrued Receivable at June 30, 2024
<u>U.S. Department of Education (Continued)</u>						
Wisconsin Department of Public Instruction (Continued):						
Education Stabilization Fund:						
COVID-19 ESSER II - CARES Act	84.425D	2023-603409-DPI-ESSERFII-163	\$ 47,242	\$ 47,242	\$ -	\$ -
COVID-19 ESSER III - CARES Act	84.425U	2023-603409-DPI-ESSERFIII-165	355,575	1,959,734	2,089,229	485,070
ARPA - Homeless Children and Youth	84.425	2023-603409-DPI-ARPHCYI-168	550	2,630	3,125	1,045
Total Education Stabilization Fund			<u>403,367</u>	<u>2,009,606</u>	<u>2,092,354</u>	<u>486,115</u>
ESEA Title II-A Teacher & Principal Training	84.367	2024-603409-DPI-TIIA-365	15,622	55,474	53,418	13,566
ESEA Title IV-A Public	84.424	2024-603409-DPI-TIVA-381	898	16,337	21,637	6,198
ESEA Title IV- After School Kids CLC	84.287	2024-603409-DPI-TIVB-367	26,845	233,619	287,974	81,200
Total U.S. Department of Education			<u>689,321</u>	<u>3,554,085</u>	<u>3,715,041</u>	<u>850,277</u>
<u>Federal Communications Commission</u>						
Emergency Connectivity Fund Program	32.009	Not Applicable	-	24,000	24,000	-
Total Federal Communications Commission			<u>-</u>	<u>24,000</u>	<u>24,000</u>	<u>-</u>
<u>U.S. Department of Health and Human Services</u>						
Wisconsin Department of Health Services:						
Medical Assistance	93.778	Not Available	27,433	475,826	449,297	904
Drug-Free Communities Support Program Grants	93.276	Not Available	838	93,123	121,582	29,297
Substance Abuse and Mental Health Services	93.243	Not Available	34,398	167,920	161,965	28,443
Passed Through CESA #10:						
Nursing Grant	93.354	Not Available	9,857	9,857	-	-
Total U.S. Department of Health and Human Services			<u>72,526</u>	<u>746,726</u>	<u>732,844</u>	<u>58,644</u>
TOTAL FEDERAL AWARDS			<u>\$ 800,386</u>	<u>\$ 5,255,727</u>	<u>\$ 5,404,554</u>	<u>\$ 949,213</u>

See notes to schedules of expenditures of financial awards.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended June 30, 2024

Administering Agency/Pass-Through Agency/Award Description	State I.D. Number	Entity I.D. Number	Accrued Receivable at July 1, 2023	State Reimbursements	Total Expenditures	Accrued Receivable at June 30, 2024
<u>Wisconsin Department of Public Instruction</u>						
State Lunch	255.102	603409-107	\$ -	\$ 12,013	\$ 12,013	\$ -
Morning Milk Program	255.115	603409-109	-	6,421	6,421	-
School Breakfast Program	255.344	603409-108	-	4,814	4,814	-
Handicapped Pupils and School Age Parents: Internal District Program	255.101	603409-100	-	2,339,626	2,339,626	-
General Equalization Aid	255.201	603409-116	-	15,585,524	15,585,524	-
Per Pupil Aid	255.945	603409-113	-	1,540,392	1,540,392	-
Pupil Transportation	255.107	603409-102	-	125,689	125,689	-
High Cost Special Education State Aid	255.210	603409-119	-	79,448	79,448	-
Common School Fund Library Aids	255.103	603409-104	-	167,266	167,266	-
Early College Credit Program	255.445	603409-178	-	567	567	-
Special Education Transition Incentive Grant	255.960	603409-168	-	27,858	27,858	-
Transition Readiness Grant	255.257	603409-174	12,624	12,624	-	-
Educator Effective Evaluation System	255.940	603409-154	-	22,480	22,480	-
Career and Technical Education Incentive Grants	255.950	603409-152	-	22,125	22,125	-
Assessment of Reading Readiness	255.956	603409-166	-	13,879	13,879	-
Aid for School Mental Health Programs	255.227	603409-176	-	72,905	72,905	-
School Based Mental Health Services Grants	255.297	603409-177	22,220	90,731	68,511	-
Total Wisconsin Department of Public Instruction			<u>\$ 34,844</u>	<u>\$ 20,124,362</u>	<u>\$ 20,089,518</u>	<u>\$ -</u>
<u>Wisconsin Department of Justice</u>						
School Safety Initiative Grant	455.206	Not Available	\$ 30,234	\$ 30,234	\$ -	\$ -
Total Wisconsin Department of Justice			<u>\$ 30,234</u>	<u>\$ 30,234</u>	<u>\$ -</u>	<u>\$ -</u>
Total State Awards			<u>\$ 65,078</u>	<u>\$ 20,154,596</u>	<u>\$ 20,089,518</u>	<u>\$ -</u>

See notes to schedules of expenditures of financial awards.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FINANCIAL AWARDS
For the Year Ended June 30, 2024

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State Awards include the federal and state grant activity of Medford Area Public School District and are presented on the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Guidelines. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2. FEDERAL AND STATE AGENCIES

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

NOTE 3. FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed.

NOTE 4. MEDICAL ASSISTANCE

Expenditures presented for the Medicaid SBS Benefit represent only the federal funds for the program that the District receives from DHS. District records should be consulted to determine the total amount expended for this program.

NOTE 5. INDIRECT COST RATE

The District does not use the 10 percent de minimis indirect cost rate.

NOTE 6. SUBRECIPIENTS

The District did not pass through any federal or state awards to subrecipients.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
STATUS OF PRIOR YEAR FINDINGS**

2023-001

Condition: Prior period adjustments have been recorded to correct two errors that are material to the District's financial statements.

Criteria: Internal controls over preparation of the financial statements, including footnote disclosures, should be in place to provide reasonable assurance that a misstatement in the financial statements would be prevented or detected.

Cause: Management relies on the auditor to assist with the preparation of the financial statements.

Effect: Since management relies on the auditor to assist with the preparation of the financial statements, the District's system of internal control may not prevent, detect, or correct misstatements in the financial statements.

Auditor's Recommendation: The auditor will continue to work with the District, providing information and training where needed, to make the District personnel more knowledgeable about its responsibility for the financial statements.

Grantee Response: Due to the technical nature of preparing the financial statements, the District has requested the assistance of the auditor to draft the financial statements and required disclosures. The District accepts responsibility for the financial statements.

Current Status: This finding is not repeated.



**INDEPENDENT AUDITOR'S 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
Medford Area Public School District
Medford, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Medford Area Public School District (District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Medford Area Public School District's basic financial statements and have issued our report thereon dated December 6, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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*.

Purpose of This Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
December 6, 2024



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

To the Board of Education
Medford Area Public School District
Medford, Wisconsin

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Medford Area Public School District's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement*, that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2024. The District's major federal and state programs are identified in the summary of audit results section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on Each Major Federal and State Program

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal or 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.

Report on Compliance for Each Major Federal and State Program (Continued)

Auditor's 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 and the State Single Audit Guidelines will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
December 6, 2024

**MEDFORD AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2024**

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? No

Identification of major programs:

<u>Federal Assistance Listing#</u>	<u>Name</u>
84.027	IDEA
84.425	Education Stabilization Fund
93.778	Medical Assistance

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? No

State Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Guidelines? No

Identification of major programs:

<u>State Program ID#</u>	<u>Name</u>
255.201	General Equalization Aid

Dollar threshold used to distinguish between type A and type B programs: \$602,686

**MEDFORD AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2024**

B. FINDINGS - FINANCIAL STATEMENT AUDIT

There were no findings required to be reported.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS

There were no findings required to be reported under the Uniform Guidance.

D. FINDINGS AND QUESTIONED COSTS – MAJOR STATE AWARDS

There were no findings required to be reported under the State Single Audit Guidelines.

**MEDFORD AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2024**

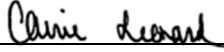
E. OTHER ISSUES

1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? No

2. Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the State Single Audit Guidelines:

Department of Corrections	N/A
Department of Health Services	No
Department of Workforce Development	N/A
Department of Public Instruction	No
Department of Justice	No

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? Yes
An Audit
Communication
Letter was submitted
to the oversight body

4. Name and signature of partner 

Carrie Leonard, CPA

5. Date of report: December 6, 2024