



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

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

Year Ended June 30, 2023

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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, 2023, 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 referred to previously 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, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to 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.

Emphasis of Matter

As discussed in Note 3E to the financial statements, prior period adjustments were recorded to correct capital assets and compensated absences in the prior year. Our opinions are not modified with respect to this matter.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 information, net OPEB liability schedules, and Wisconsin Retirement System schedules on pages 46 through 56 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 State 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 consider 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 combining fund financial statements and schedules of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Guidelines, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2023, on our consideration of the Medford Area Public School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the 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, 2023

BASIC FINANCIAL STATEMENTS

MEDFORD AREA PUBLIC SCHOOL DISTRICT
DISTRICT-WIDE STATEMENT OF NET POSITION
As of June 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and investments	\$ 9,624,434	\$ 1,114,558	\$ 10,738,992
Receivables:			
Taxes	1,654,276	-	1,654,276
Accounts	584,153	19,435	603,588
Due from other governments	877,249	38,539	915,788
Total current assets	<u>12,740,112</u>	<u>1,172,532</u>	<u>13,912,644</u>
Noncurrent assets:			
Land	716,390	-	716,390
Construction in progress	137,760	-	137,760
Site improvements	1,941,929	-	1,941,929
Buildings and improvements	42,787,396	-	42,787,396
Furniture and equipment	2,942,415	742,676	3,685,091
Less: Accumulated depreciation	(28,995,451)	(267,372)	(29,262,823)
Right to use leased assets, net of accumulated amortization	299,517	-	299,517
Total noncurrent assets	<u>19,829,956</u>	<u>475,304</u>	<u>20,305,260</u>
Total assets	<u>32,570,068</u>	<u>1,647,836</u>	<u>34,217,904</u>
Deferred Outflows of Resources	<u>22,274,092</u>	<u>-</u>	<u>22,274,092</u>
Total assets and deferred outflows of resources	<u><u>\$ 54,844,160</u></u>	<u><u>\$ 1,647,836</u></u>	<u><u>\$ 56,491,996</u></u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 1,185,724	\$ 109,483	\$ 1,295,207
Accrued liabilities:			
Interest	1,766	-	1,766
Deposits payable	-	34,986	34,986
Due to fiduciary fund	741,232	-	741,232
Current portion of long-term obligations	163,591	-	163,591
Total current liabilities	<u>2,092,313</u>	<u>144,469</u>	<u>2,236,782</u>
Noncurrent liabilities:			
Long-term obligations, net of current portion	574,400	-	574,400
Lease liability	228,824	-	228,824
Compensated absences	795,624	-	795,624
Net pension liability	5,562,431	-	5,562,431
Net OPEB liability - District health insurance plan	1,129,772	-	1,129,772
Total noncurrent liabilities	<u>8,291,051</u>	<u>-</u>	<u>8,291,051</u>
Total liabilities	<u>10,383,364</u>	<u>144,469</u>	<u>10,527,833</u>
Deferred Inflows of Resources	<u>12,748,962</u>	<u>-</u>	<u>12,748,962</u>
Net Position			
Net investment in capital assets	18,863,141	475,304	19,338,445
Restricted:			
Back to school supplemental aid	150,876	-	150,876
Debt service	3,962	-	3,962
Special revenue trust	540,403	-	540,403
Capital projects	2,588,626	-	2,588,626
Community service	277,984	-	277,984
Food service	-	1,028,063	1,028,063
Unrestricted	9,286,842	-	9,286,842
Total net position	<u>31,711,834</u>	<u>1,503,367</u>	<u>33,215,201</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 54,844,160</u></u>	<u><u>\$ 1,647,836</u></u>	<u><u>\$ 56,491,996</u></u>

See accompanying notes to financial statements.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
DISTRICT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

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	\$ 16,279,367	\$ 243,853	\$ 939,085	\$ (15,096,429)	\$ -	\$ (15,096,429)
Vocational instruction	1,149,296	-	20,722	(1,128,574)	-	(1,128,574)
Physical instruction	1,016,708	-	21,631	(995,077)	-	(995,077)
Special education instruction	6,214,761	-	2,311,994	(3,902,767)	-	(3,902,767)
Other instruction	863,000	-	82,801	(780,199)	-	(780,199)
Total instruction	25,523,132	243,853	3,376,233	(21,903,046)	-	(21,903,046)
Support services:						
Pupil services	3,109,566	-	102,577	(3,006,989)	-	(3,006,989)
Instructional staff services	3,252,044	-	774,821	(2,477,223)	-	(2,477,223)
General administration services	1,267,646	-	-	(1,267,646)	-	(1,267,646)
Building administration services	2,948,902	-	-	(2,948,902)	-	(2,948,902)
Business services	473,395	-	-	(473,395)	-	(473,395)
Operation and maintenance	2,465,271	-	206,607	(2,258,664)	-	(2,258,664)
Pupil transportation	1,586,184	-	163,223	(1,422,961)	-	(1,422,961)
Central services	386,006	-	5,983	(380,023)	-	(380,023)
Insurance	157,518	-	-	(157,518)	-	(157,518)
Community service	467,411	-	264,729	(202,682)	-	(202,682)
Other support services	1,122,091	-	71,222	(1,050,869)	-	(1,050,869)
Interest on debt	38,158	-	-	(38,158)	-	(38,158)
Depreciation - unallocated*	547,401	-	-	(547,401)	-	(547,401)
Total support services	17,821,593	-	1,589,162	(16,232,431)	-	(16,232,431)
Nonprogram:						
Purchased instructional services	736,540	-	-	(736,540)	-	(736,540)
Other nonprogram	16,434	-	43,400	26,966	-	26,966
Post-Secondary scholarships	54,988	-	-	(54,988)	-	(54,988)
Total nonprogram	807,962	-	43,400	(764,562)	-	(764,562)
Total governmental activities	44,152,687	243,853	5,008,795	(38,900,039)	-	(38,900,039)
Business-type activities:						
School food service program	1,360,740	519,062	951,165	-	109,487	109,487
Total school district	\$ 45,513,427	\$ 762,915	\$ 5,959,960	(38,900,039)	109,487	(38,790,552)
General revenues:						
Property taxes:						
General purpose				5,483,404	-	5,483,404
Debt service				85,309	-	85,309
Community services				400,000	-	400,000
State and federal aids not restricted to specific functions:						
General				32,935,170	-	32,935,170
Interest and investment earnings				123,790	-	123,790
Miscellaneous				966,932	-	966,932
Total general revenues				39,994,605	-	39,994,605
Change in net position				1,094,566	109,487	1,204,053
Net position - beginning of year				33,200,065	1,383,775	34,583,840
Prior period adjustment				(2,582,797)	10,105	(2,572,692)
Net position - beginning, restated				30,617,268	1,393,880	32,011,148
Net position - end of year				\$ 31,711,834	\$ 1,503,367	\$ 33,215,201

* 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, 2023

	Major Funds			Nonmajor	Total
	General	Capital	Package/	Gov't.	Total
	Fund	Projects	Cooperative	Funds	Gov't.
		Fund	Fund		Funds
Assets					
Cash and investments	\$ 7,278,896	\$ 1,588,626	\$ -	\$ 756,912	\$ 9,624,434
Receivables:					
Taxes	1,654,276	-	-	-	1,654,276
Accounts	3,755	-	579,377	1,021	584,153
Due from other funds	282,482	1,000,000	-	-	1,282,482
Due from other governments	794,563	-	-	82,686	877,249
Total assets	<u>\$ 10,013,972</u>	<u>\$ 2,588,626</u>	<u>\$ 579,377</u>	<u>\$ 840,619</u>	<u>\$ 14,022,594</u>
Liabilities					
Accounts payable and accrued liabilities	\$ 1,003,620	\$ -	165,600	\$ 16,504	\$ 1,185,724
Due to other funds	1,609,937	-	413,777	-	2,023,714
Total liabilities	<u>2,613,557</u>	<u>-</u>	<u>579,377</u>	<u>16,504</u>	<u>3,209,438</u>
Fund balances					
Restricted for:					
Back to school supplemental aid	150,876	-	-	-	150,876
Capital projects	-	2,588,626	-	-	2,588,626
District operations per donor specifications	-	-	-	540,403	540,403
Future community service expenditures	-	-	-	277,984	277,984
Debt service	-	-	-	5,728	5,728
Unassigned	7,249,539	-	-	-	7,249,539
Total fund balances	<u>7,400,415</u>	<u>2,588,626</u>	<u>-</u>	<u>824,115</u>	<u>10,813,156</u>
Total liabilities and fund balances	<u>\$ 10,013,972</u>	<u>\$ 2,588,626</u>	<u>\$ 579,377</u>	<u>\$ 840,619</u>	<u>\$ 14,022,594</u>

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, 2023

Total fund balances from previous page \$ 10,813,156

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	48,525,890
Governmental accumulated depreciation	(28,995,451)

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	553,005
Governmental accumulated amortization	(253,488)

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	22,274,092
Deferred inflows of resources	(12,748,962)

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	(652,900)
Lease liability	(313,915)
Accrued interest on general obligation debt	(1,766)
Net pension liability	(5,562,431)
Vested compensated absences	(795,624)
Post employment benefits - district health insurance plan	(1,129,772)
Total net position - governmental activities	<u><u>\$ 31,711,834</u></u>

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, 2023

	Major Funds			Nonmajor	Total
	General	Capital	Package/ Cooperative	Gov't.	Total
	Fund	Projects	Fund	Funds	Gov't.
		Fund			Funds
Revenues:					
Property taxes	\$ 5,775,145	\$ -	\$ -	\$ 1,273,022	\$ 7,048,167
Other local sources	-	37,230	7,635	-	44,865
Interdistrict sources	9,965,553	-	4,720,478	-	14,686,031
Intermediate sources	40,650	-	-	-	40,650
State sources	19,855,458	-	-	-	19,855,458
Federal sources	3,049,762	-	-	312,064	3,361,826
Other sources	170,772	-	1,698	23,522	195,992
Total revenues	38,857,340	37,230	4,729,811	1,608,608	45,232,989
Expenditures:					
Current:					
Instruction:					
Regular instruction	10,094,480	-	5,627,717	152,054	15,874,251
Vocational instruction	1,005,413	-	51,699	8,089	1,065,201
Physical instruction	707,592	-	469,315	-	1,176,907
Special education instruction	5,937,024	-	-	-	5,937,024
Other instruction	638,589	-	-	-	638,589
Total instruction	18,383,098	-	6,148,731	160,143	24,691,972
Support services:					
Pupil services	2,121,330	-	890,427	12,848	3,024,605
Instructional staff services	2,123,328	-	1,018,402	-	3,141,730
General administration services	397,866	-	785,033	64,992	1,247,891
Building administration services	1,455,196	-	974,903	442,440	2,872,539
Business services	322,116	-	47,021	-	369,137
Operation and maintenance	2,753,709	189,547	147,723	15,752	3,106,731
Pupil transportation	1,378,889	-	-	41,339	1,420,228
Central services	151,231	-	234,686	90	386,007
Insurance	106,880	743	49,895	-	157,518
Community service	-	-	-	447,191	447,191
Other support services	728,411	-	325,750	63,238	1,117,399
Total support services	11,538,956	190,290	4,473,840	1,087,890	17,290,976
Nonprogram:					
Purchased instructional services	64,216	-	10,931	-	75,147
Other nonprogram	663,198	-	-	-	663,198
Total nonprogram	727,414	-	10,931	-	738,345
Debt service:					
Principal	46,816	-	-	187,700	234,516
Interest and other fiscal charges	33,227	-	-	10,236	43,463
Total debt service	80,043	-	-	197,936	277,979
Capital outlay	714,742	598,934	77,189	144,900	1,535,765
Total expenditures	31,444,253	789,224	10,710,691	1,590,869	44,535,037
Excess (deficiency) of revenues over expenditures	7,413,087	(751,994)	(5,980,880)	17,739	697,952
Other financing sources (uses):					
Sale of fixed assets	14,265	-	-	-	14,265
Transfer from other funds	-	1,015,000	5,980,880	-	6,995,880
Transfer to other funds	(6,995,880)	-	-	-	(6,995,880)
Total other financing sources (uses)	(6,981,615)	1,015,000	5,980,880	-	14,265
Net change in fund balances	431,472	263,006	-	17,739	712,217
Fund balances - beginning of year	6,968,943	2,325,620	-	806,376	10,100,939
Fund balances - end of year	\$ 7,400,415	\$ 2,588,626	\$ -	\$ 824,115	\$ 10,813,156

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, 2023

Net change in fund balances - total governmental funds	\$	712,217
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	\$	1,535,765
Asset additions not included in capital outlay		620,557
Depreciation expense reported in the Statement of Activities		<u>(841,780)</u>
Amount by which capital outlays are greater (less) than depreciation in the current period:		1,314,542
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		(111,694)
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		111,243
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	386,490	
Change in compensated absences	<u>(96,516)</u>	
Amounts paid are greater (less) than amounts earned by:		289,974
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:		187,700
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	43,463	
The amount of interest accrued during the current period	<u>(42,670)</u>	
Interest paid is greater (less) than interest accrued by:		793
In governmental funds, the effect of premiums, discounts and similar items are reported as revenues and expenditures when paid. In the Statement of Activities, these items are deferred and amortized over the life of the issue.		
The amount of debt premium amortized and recognized during the current period		6,680
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	1,283,220	
Actuarially determined change in net pension asset/liability between years, with some adjustments	<u>(2,700,109)</u>	<u>(1,416,889)</u>
Change in net position - governmental activities	<u>\$</u>	<u>1,094,566</u>

See accompanying notes to financial statements.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
STATEMENT OF NET POSITION -
PROPRIETARY FUND
June 30, 2023

	<u>Food Service</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 1,114,558
Accounts receivable	19,435
Due from other governments	38,539
Total current assets	<u>1,172,532</u>
Noncurrent assets:	
Furniture and equipment	742,676
Less: Accumulated depreciation	<u>(267,372)</u>
Total noncurrent assets	<u>475,304</u>
Total assets	<u><u>\$ 1,647,836</u></u>
 Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 109,483
Deposits payable	34,986
Total current liabilities	<u>144,469</u>
Total liabilities	<u>144,469</u>
 Net Position	
Net investment in capital assets	475,304
Restricted for use in food service operations	1,028,063
Total net position	<u>1,503,367</u>
Total liabilities and net position	<u><u>\$ 1,647,836</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, 2023

	Food Service
Operating revenues:	
Food service sales	\$ 519,062
State sources	28,430
Grants - child nutrition program	922,735
Total operating revenues	<u>1,470,227</u>
Operating expenses:	
Salaries and wages	77,121
Employer paid benefits	34,722
Purchased services	1,039,444
Supplies, food and materials	56,132
Other	121,855
Depreciation	31,466
Total operating expenses	<u>1,360,740</u>
Change in net position	<u>109,487</u>
Net position - beginning of year	1,383,775
Prior period adjustment	10,105
Net position - beginning of year, restated	<u>1,393,880</u>
Net position - end of year	<u><u>\$ 1,503,367</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, 2023

	Food Service
Cash flows from operating activities	
Cash received from sales of food	\$ 502,364
Cash received from other government payments	955,673
Cash payments to employees for services	(56,132)
Cash payments for employer benefits	(111,843)
Cash payments for purchased services	(958,606)
Cash payments for other operating expenses	(121,855)
Net cash provided (used) by operating activities	<u>209,601</u>
Cash flows from investing activities	
Purchase of property, plant and equipment	(242,355)
Sale of property, plant and equipment	5,868
Net cash provided (used) by investing activities	<u>(236,487)</u>
Net increase (decrease) in cash and cash equivalents	(26,886)
Cash and cash equivalents - beginning of year	1,141,444
Cash and cash equivalents - end of year	<u><u>\$ 1,114,558</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ 109,487
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	31,466
Changes in assets and liabilities:	
Due from other governments	4,508
Accounts receivable	(19,435)
Accounts payable and accrued expenses	80,838
Deposits payable	2,737
Net cash provided (used) by operating activities	<u><u>\$ 209,601</u></u>
Noncash noncapital financing activities	
Donated commodities received from the U.S. Department of Agriculture	\$ 122,253

See accompanying notes to financial statements.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2023

	Employee- Benefit Trust Fund	2023 Total Fiduciary
Assets		
Cash and cash equivalents	\$ 523,683	\$ 523,683
Investments	1,277,186	1,277,186
Due from other funds	741,232	741,232
Total assets	<u>\$ 2,542,101</u>	<u>\$ 2,542,101</u>
Liabilities		
Total liabilities	<u>\$ -</u>	<u>\$ -</u>
Net Position		
Restricted	2,542,101	2,542,101
Total net position	<u>\$ 2,542,101</u>	<u>\$ 2,542,101</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, 2023

	Employee- Benefit Trust Fund	Private- Purpose Trust Fund	Total Fiduciary
Additions			
Investment income (loss):			
Interest and dividends	\$ 48,358	\$ -	\$ 48,358
Net change in fair value	44,538	-	44,538
Contributions	801,565	-	801,565
Less - Investment expense	(12,769)	-	(12,769)
Net investment income	881,692	-	881,692
Total additions	881,692	-	881,692
Deductions			
Payment of benefits to trust fund participants	837,038	-	837,038
Implicit rate subsidy	60,333	-	60,333
Other adjustments	-	300	300
Total deductions	897,371	300	897,671
Change in net position	(15,679)	(300)	(15,979)
Net position - beginning of year	2,557,780	300	2,558,080
Net position - end of year	\$ 2,542,101	\$ -	\$ 2,542,101

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

MEDFORD AREA PUBLIC SCHOOL DISTRICT
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June 30, 2023

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MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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, 2023

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, 2023

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 Funds:
 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:

Private-Purpose Trust Fund – Used to account for resources legally held in trust for student scholarships.

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, 2023

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 – 2022 tax roll:

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

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, 2023

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, 2023

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, 2023

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 \$795,624 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.F.).

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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, 2023

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 \$20,272,167, and the OPEB of \$2,001,925.

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 \$11,721,823, and the OPEB of \$1,027,139.

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.
- 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.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. EQUITY CLASSIFICATIONS (Continued)

Fund Statements (Continued)

- 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.

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.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

A. CASH AND INVESTMENTS (Continued)

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 \$12,539,861 on June 30, 2023 and is summarized below:

Deposits with financial institutions	\$ 10,547,414
Petty cash funds	165
Nicolet Trust	523,683
MidAmerica Trust	191,413
Investments:	
Nicolet Trust	1,277,186
	<u>\$ 12,539,861</u>

Reconciliation to the basic financial statements:

District-Wide Statement of Net Position:

Cash and investments	\$ 10,738,992
Fiduciary funds:	
Cash and cash equivalents	523,683
Investments	1,277,186
	<u>\$ 12,539,861</u>

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.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

A. CASH AND INVESTMENTS (Continued)

Fair Value Measurement (continued)

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, 2023	
	Fair Value	Level 1
Bond mutual funds	\$ 895,753	\$ 895,753
Equity mutual funds	381,433	381,433
Total Investments by Fair Value Level	<u>\$ 1,277,186</u>	<u>\$ 1,277,186</u>

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, 2023, \$13,056,972 of the District's deposits and investments with financial institutions totaling \$13,835,693 were uninsured. The uninsured deposits are collateralized by a letter of credit with a fair value of \$11,718,346. The remaining \$1,338,626 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 \$400,000. 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.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

A. CASH AND INVESTMENTS (Continued)

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 6.7 years and a fair value of \$1,277,186.

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	\$ 598,639	\$ 40,683	\$ 207,394	\$ 83,625	\$ 164,661	\$ 51,520	\$ 47,127	\$ 3,240	\$ 389
Total Investments to be Rated	598,639	\$ 40,683	\$ 207,394	\$ 83,625	\$ 164,661	\$ 51,520	\$ 47,127	\$ 3,240	\$ 389
U.S. Government Obligations	294,312								
Cash Equivalents	2,802								
Equity Mutual Funds	381,433								
Total Investments Not Required to be Rated	678,547								
Total Investments	\$1,277,186								

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, 2023

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

B. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance 7/1/2022	Additions	Deletions	Balance 6/30/2023
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 716,390	\$ -	\$ -	\$ 716,390
Construction work in progress	129,133	137,760	129,133	137,760
Total capital assets not being depreciated	<u>845,523</u>	<u>137,760</u>	<u>129,133</u>	<u>854,150</u>
Capital assets being depreciated:				
Building and improvements	41,220,612	1,566,784	-	42,787,396
Furniture and equipment	2,623,646	343,623	24,854	2,942,415
Site improvements	1,704,640	237,289	-	1,941,929
Total capital assets being depreciated	<u>45,548,898</u>	<u>2,147,696</u>	<u>24,854</u>	<u>47,671,740</u>
Less: Accumulated depreciation for:				
Building and improvements	(26,367,552)	(604,704)	-	(26,972,256)
Furniture and equipment	(1,522,658)	(170,931)	(24,854)	(1,668,735)
Site improvements	(288,315)	(66,145)	-	(354,460)
Total accumulated depreciation	<u>(28,178,525)</u>	<u>(841,780)</u>	<u>(24,854)</u>	<u>(28,995,451)</u>
Net capital assets - governmental activities	<u>\$ 18,215,896</u>	<u>\$ 1,443,676</u>	<u>\$ 129,133</u>	<u>\$ 19,530,439</u>
	Balance 7/1/2022	Additions	Deletions	Balance 6/30/2023
Business-type activities:				
Capital assets being depreciated:				
Furniture and equipment	\$ 546,452	\$ 242,355	\$ 46,131	\$ 742,676
Less: Accumulated depreciation	(276,169)	(31,466)	(40,263)	(267,372)
Net capital assets - business-type activities	<u>\$ 270,283</u>	<u>\$ 210,889</u>	<u>\$ 5,868</u>	<u>\$ 475,304</u>

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

B. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

Governmental activities:

Instruction:

Regular	\$ 7,744
Vocational	33,568
Special education	933
Other instruction	3,373

Support services:

Pupil services	3,561
Instructional staff services	26,216
School administration services	2,280
Operation and maintenance	150,224
Pupil transportation services	59,330
Other support services	4,940
Community services	2,210

Unallocated	547,401
Total depreciation expense - governmental activities	<u>841,780</u>

Business-type activities:

Food service	31,466
Total depreciation expense - business-type activities	<u>31,466</u>
Total depreciation expense	<u><u>\$ 873,246</u></u>

Leased asset activity for the year ended June 30, 2023 was as follows:

	Balance 7/1/2022	Additions	Deletions	Balance 6/30/2023
Governmental activities:				
Right to use leased assets being amortized				
Buildings	\$ 536,980	\$ -	\$ 56,996	\$ 479,984
Equipment	73,021	-	-	73,021
Total right to use leased assets being amortized	<u>610,001</u>	<u>-</u>	<u>56,996</u>	<u>553,005</u>
Less: Accumulated amortization for:				
Buildings	(150,241)	(96,157)	(56,996)	(189,402)
Equipment	(48,549)	(15,537)	-	(64,086)
Total accumulated amortization	<u>(198,790)</u>	<u>(111,694)</u>	<u>(56,996)</u>	<u>(253,488)</u>
Net right to use leased assets	<u><u>\$ 411,211</u></u>	<u><u>\$ (111,694)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 299,517</u></u>

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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	\$ 98,489
Other support services	13,205
Total amortization expense - governmental activities	<u>\$ 111,694</u>

C. INTERFUND ACTIVITY

Interfund receivable and payable balances on June 30, 2023 are as follows:

Receivable Fund	Payable Fund	Purpose	Amount
General Fund	Package/Cooperative Fund	Expense Reimbursement	\$ 282,482
Capital Projects Fund	General Fund	Contribution to Trust	1,000,000
Employee Benefits Trust Fund	General Fund	Contribution to Trust	609,937
Employee Benefits Trust Fund	Package/Cooperative Fund	Contribution to Trust	131,295

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

Transfer from:	Transfer to:	Purpose:	Total
General Fund	Package/Cooperative Fund	To finance operations	\$ 5,980,880
General Fund	Capital Projects	To finance future capital projects	1,015,000
			<u>\$ 6,995,880</u>

D. SHORT-TERM OBLIGATIONS

The District's short-term debt activity for the year ended June 30, 2023 is as follows:

	Balance 7/1/2022	Additions	Removals	Balance 6/30/2023
Line of credit, issued August 29, 2022, 4.25% interest rate, due August 23, 2023.	\$ -	\$ 8,000,000	\$ 8,000,000	\$ -
Total short-term borrowing	<u>\$ -</u>	<u>\$ 8,000,000</u>	<u>\$ 8,000,000</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 \$30,458 during the 2022-2023 school year.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

E. LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended June 30, 2023 was as follows:

	Balance 7/1/2022	Increases	Decreases	Balance 6/30/2023	Amounts Due Within One Year
Bonds, notes and loans payable:					
General obligation debt	\$ 840,600	\$ -	\$ 187,700	\$ 652,900	\$ 78,500
Bond premium	6,680	-	6,680	-	-
Total bonds, notes and loans payable	847,280	-	194,380	652,900	78,500
Other liabilities:					
Vested compensated absences	699,108	96,516	-	795,624	-
Total other liabilities	699,108	96,516	-	795,624	-
Total long-term liabilities	\$ 1,546,388	\$ 96,516	\$ 194,380	\$ 1,448,524	\$ 78,500

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, 2023 is comprised of the following individual issue:

Type	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance Outstanding 6/30/2023
General obligation promissory note	7/6/2021	4/1/2031	1.10%	\$ 805,600	\$ 652,900
Total general obligation debt					\$ 652,900

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

Year Ending June 30,	Principal	Interest	Total
2024	\$ 78,500	\$ 6,750	\$ 85,250
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
2029-2031	251,600	4,172	255,772
	<u>\$ 652,900</u>	<u>\$ 29,142</u>	<u>\$ 682,042</u>

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, 2023, was \$112,488,770. Total general obligation debt outstanding at year end was \$652,900.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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 6/30/2023
Rainbow Gymnastics	6/30/2024	3.50%	\$ 13,992	\$ 5,072
Bender Investments (Mosinee Location RVA)	12/31/2024	1.50%	180,280	57,383
Taylor County Lease Agreement (RVA Office)	7/16/2030	3.50%	292,708	237,600
Bauerfeind - copiers	8/6/2025	5.23%	66,025	13,860
Total				<u>\$ 313,915</u>

Lease liability activity for the year ended June 30, 2023 was as follows:

	Balance 7/1/2022	Increases	Decreases	Balance 6/30/2023	Amounts Due Within One Year
Lease Liability	<u>\$ 425,158</u>	<u>\$ -</u>	<u>\$ 111,243</u>	<u>\$ 313,915</u>	<u>\$ 85,091</u>

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

Year Ending June 30,	Principal	Interest	Total
2024	\$ 85,091	\$ 2,469	\$ 87,560
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
2029-2031	92,432	3,352	95,784
	<u>\$ 313,915</u>	<u>\$ 10,150</u>	<u>\$ 324,065</u>

Lease expense for the year ended June 30, 2023 was reflected in the statement of activities as follows:

	Year Ending 6/30/2023
Lease expense	
Amortization expense by class of underlying asset	
Buildings	\$ 96,157
Equipment	15,537
Total amortization expense	111,694
Interest on lease liabilities	4,936
Total lease expense	<u>\$ 116,630</u>

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

G. OTHER POSTEMPLOYMENT BENEFITS

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, 2022 measurement date):

Retirees	12
Active employees - Not Fully Eligible	334
Active employees - Fully Eligible	30
	376

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, 2023, 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.

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.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

G. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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, 2023, 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.

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, 2023, the Plan reported \$741,232 as an amount due from other funds; this represents contributions receivable to the Plan as of June 30, 2023.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

G. OTHER POSTEMPLOYMENT BENEFITS (Continued)

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(a)-(b)
Changes in the Net OPEB Liability			
Balance at 6/30/2021	<u>\$ 4,987,434</u>	<u>\$ 3,005,658</u>	<u>\$ 1,981,776</u>
Changes for the year:			
Service cost	320,928	-	320,928
Interest	108,370	-	108,370
Changes of benefit terms	4,319	-	4,319
Differences between expected and actual experience	(727,280)	-	(727,280)
Changes in assumptions or other inputs	(343,299)	-	(343,299)
Contributions - employer	-	427,045	(427,045)
Net investment income	-	(212,003)	212,003
Benefit payments	(662,920)	(662,920)	-
Net Changes	<u>(1,299,882)</u>	<u>(447,878)</u>	<u>(852,004)</u>
Balance at 6/30/2022	<u><u>\$ 3,687,552</u></u>	<u><u>\$ 2,557,780</u></u>	<u><u>\$ 1,129,772</u></u>

Net OPEB Liability

The District's net OPEB liability (asset) of \$1,129,772 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions. The net OPEB liability (asset) in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5 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 2020 Mortality Table.

The actuarial assumptions used in the June 30, 2022 valuation are based on an experience study conducted in 2021 using Wisconsin Retirement System (WRS) experience from 2018-2020.

Discount Rate. The discount rate used to measure the total net OPEB liability (asset) was 4.0%. The discount rate is reflective of a 20-year AA municipal bond rate.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

G. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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>\$ 1,292,981</u>	<u>\$ 1,129,772</u>	<u>\$ 969,747</u>

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>\$ 1,080,170</u>	<u>\$ 1,129,772</u>	<u>\$ 1,183,449</u>

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

For the year ended June 30, 2023, the District recognized an OPEB expense of \$415,075. At June 30, 2023, 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	\$ 693,213	\$ (671,335)
Changes of assumptions or other inputs	434,279	(355,804)
Net difference between projected and actual earnings on OPEB plan investments	72,868	-
District contributions subsequent to the measurement date	801,565	-
Total	<u>\$ 2,001,925</u>	<u>\$ (1,027,139)</u>

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

G. OTHER POSTEMPLOYMENT BENEFITS (Continued)

\$801,565 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, 2024. 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:	
2024	\$ 44,796
2025	48,469
2026	45,274
2027	95,753
2028	40,356
Thereafter	(101,427)
	<u>\$ 173,221</u>

Payable to the OPEB Plan

At June 30, 2023, the District reported a payable of \$741,232 for the 2022-2023 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, 2023

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 (%)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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 \$1,283,220 in contributions from the employer.

Contribution rates as of June 30, 2023 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives and elected officials)	6.80%	6.80%
Protective with Social Security	6.80%	13.20%
Protective without Social Security	6.80%	18.10%

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

At June 30, 2023, the District reported a liability (asset) of \$5,562,431 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (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, 2022, the District's proportion was 0.10499703%, which was an increase of 0.00400828% from its proportion measured as of December 31, 2021.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

H. PENSION PLAN (Continued)

For the year ended June 30, 2023, the District recognized pension expense of \$2,821,133. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,859,230	\$ (11,639,039)
Net differences between projected and actual earnings on pension plan investments	9,449,286	-
Changes in assumptions	1,093,804	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	18,249	(82,784)
Employer contributions subsequent to the measurement date	851,598	-
Total	\$ 20,272,167	\$ (11,721,823)

\$851,598 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, 2024. 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
2024	\$ 310,520
2025	1,587,714
2026	1,625,369
2027	4,175,143
2028	-
Total	\$ 7,698,746

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

H. PENSION PLAN (Continued)

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

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

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

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

H. PENSION PLAN (Continued)

Asset Allocation Targets and Expected Returns¹

As of December 31, 2022

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

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: 2.5%

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

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

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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)	\$ 18,461,529	\$ 5,562,431	\$ (3,311,041)

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, 2023 include the following:

Restricted

Major Fund:

General fund - back to school supplemental aid	\$ 150,876
Capital projects	2,588,626

Nonmajor Funds:

Special revenue trust - restricted donations	540,403
Debt service	5,728
Community service	277,984
Total restricted fund balances	<u>3,563,617</u>

Unassigned

Major Fund:

General fund	7,249,539
Total unassigned fund balance	<u>7,249,539</u>
Total governmental fund balances	<u><u>\$ 10,813,156</u></u>

MEDFORD AREA PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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, 2023. When this becomes effective, application of this standard may restate portions of these financial statements.

E. PRIOR PERIOD ADJUSTMENTS

Prior period adjustments have been recorded effective July 1, 2022, as follows:

	Governmental Activities	Business-type Activities
Net position, as previously reported	\$ 33,200,065	\$ 1,383,775
Record compensated absences	(699,108)	-
Adjust capital assets	(1,883,689)	10,105
Net position, as restated	<u>\$ 30,617,268</u>	<u>\$ 1,393,880</u>
	Food Service Fund	
Net position, as previously reported	\$ 1,383,775	
Adjust capital assets	10,105	
Net position, as restated	<u>\$ 1,393,880</u>	

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Local sources	\$ 5,571,880	\$ 5,571,880	\$ 5,751,545	\$ 179,665
Interdistrict sources	9,501,009	9,501,009	9,834,618	333,609
Intermediate sources	-	-	20,844	20,844
State sources	17,581,704	17,581,704	17,753,049	171,345
Federal sources	941,210	941,210	2,353,116	1,411,906
Other sources	121,000	121,000	170,772	49,772
Total revenues	33,716,803	33,716,803	35,883,944	2,167,141
Expenditures:				
Current:				
Instruction:				
Regular instruction	10,439,086	10,439,086	10,094,480	344,606
Vocational instruction	1,021,701	1,021,701	1,005,413	16,288
Physical instruction	589,432	589,432	707,592	(118,160)
Other instruction	712,975	712,975	638,589	74,386
Total instruction	12,763,194	12,763,194	12,446,074	317,120
Support services:				
Pupil services	705,623	705,623	750,585	(44,962)
Instructional staff services	1,258,493	1,258,493	1,798,125	(539,632)
General administration services	361,581	361,581	397,866	(36,285)
Building administration services	1,419,714	1,419,714	1,454,305	(34,591)
Business services	296,384	296,384	310,818	(14,434)
Operation and maintenance	2,629,771	2,629,771	2,744,519	(114,748)
Pupil transportation	1,357,110	1,357,110	1,217,027	140,083
Central services	140,800	140,800	145,338	(4,538)
Insurance	163,158	163,158	106,880	56,278
Other support services	757,097	757,097	728,411	28,686
Total support services	9,089,731	9,089,731	9,653,874	(564,143)
Nonprogram:				
Purchased instructional services	-	-	1,363	(1,363)
Other nonprogram	669,091	669,091	656,726	12,365
Total nonprogram	669,091	669,091	658,089	11,002
Debt service:				
Principal	-	-	46,816	(46,816)
Interest	40,000	40,000	33,227	6,773
Total debt service	40,000	40,000	80,043	(40,043)
Capital outlay	84,500	84,500	680,033	(595,533)
Total expenditures	22,646,516	22,646,516	23,518,113	(871,597)
Excess (deficiency) of revenues over expenditures	11,070,287	11,070,287	12,365,831	1,295,544
Other financing sources (uses):				
Sale of fixed assets	3,000	3,000	14,265	11,265
Transfer to other funds	(11,073,287)	(11,073,287)	(11,948,624)	(875,337)
Total other financing sources (uses)	(11,070,287)	(11,070,287)	(11,934,359)	(864,072)
Net change in fund balance	-	-	431,472	431,472
Fund balance - beginning of year	6,968,943	6,968,943	6,968,943	-
Fund balance - end of year	\$ 6,968,943	\$ 6,968,943	\$ 7,400,415	\$ 431,472

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Local sources	\$ -	\$ -	\$ 23,600	\$ 23,600
Interdistrict sources	105,000	105,000	130,935	25,935
Intermediate sources	5,468	5,468	19,806	14,338
State sources	1,950,190	1,950,190	2,102,409	152,219
Federal sources	784,000	784,000	696,646	(87,354)
Total revenues	<u>2,844,658</u>	<u>2,844,658</u>	<u>2,973,396</u>	<u>128,738</u>
Expenditures:				
Current:				
Instruction:				
Special education instruction	6,283,840	6,283,840	5,937,024	346,816
Total instruction	<u>6,283,840</u>	<u>6,283,840</u>	<u>5,937,024</u>	<u>346,816</u>
Support services:				
Pupil services	1,231,046	1,231,046	1,370,745	(139,699)
Instructional staff services	267,662	267,662	325,203	(57,541)
Building administration services	-	-	891	(891)
Business services	-	-	11,298	(11,298)
Operation and maintenance	10,000	10,000	9,190	810
Pupil transportation	141,870	141,870	161,862	(19,992)
Central services	2,000	2,000	5,893	(3,893)
Total support services	<u>1,652,578</u>	<u>1,652,578</u>	<u>1,885,082</u>	<u>(232,504)</u>
Nonprogram:				
Purchased instructional services	75,206	75,206	62,853	12,353
Other nonprogram	-	-	6,472	(6,472)
Total nonprogram	<u>75,206</u>	<u>75,206</u>	<u>69,325</u>	<u>5,881</u>
Capital outlay	<u>57,000</u>	<u>57,000</u>	<u>34,709</u>	<u>22,291</u>
Total expenditures	<u>8,068,624</u>	<u>8,068,624</u>	<u>7,926,140</u>	<u>142,484</u>
Excess (deficiency) of revenues over expenditures	<u>(5,223,966)</u>	<u>(5,223,966)</u>	<u>(4,952,744)</u>	<u>271,222</u>
Other financing sources (uses):				
Transfer from other funds	5,223,966	5,223,966	4,952,744	(271,222)
Total other financing sources (uses)	<u>5,223,966</u>	<u>5,223,966</u>	<u>4,952,744</u>	<u>(271,222)</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, 2023

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Local sources	\$ -	\$ -	\$ 7,635	\$ 7,635
Interdistrict sources	5,237,947	5,237,947	4,720,478	(517,469)
Other sources	-	-	1,698	1,698
Total revenues	<u>5,237,947</u>	<u>5,237,947</u>	<u>4,729,811</u>	<u>(508,136)</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	5,192,800	5,192,800	5,627,717	(434,917)
Vocational instruction	50,808	50,808	51,699	(891)
Physical instruction	356,160	356,160	469,315	(113,155)
Total instruction	<u>5,599,768</u>	<u>5,599,768</u>	<u>6,148,731</u>	<u>(548,963)</u>
Support services:				
Pupil services	1,243,204	1,243,204	890,427	352,777
Instructional staff services	2,560,223	2,560,223	1,018,402	1,541,821
General administration services	264,396	264,396	785,033	(520,637)
Building administration services	914,129	914,129	974,903	(60,774)
Business services	40,786	40,786	47,021	(6,235)
Operation and maintenance	187,942	187,942	147,723	40,219
Central services	-	-	234,686	(234,686)
Insurance	69,100	69,100	49,895	19,205
Other support services	172,720	172,720	325,750	(153,030)
Total support services	<u>5,452,500</u>	<u>5,452,500</u>	<u>4,473,840</u>	<u>978,660</u>
Nonprogram:				
Purchased instructional services	-	-	10,931	(10,931)
Total nonprogram	<u>-</u>	<u>-</u>	<u>10,931</u>	<u>(10,931)</u>
Capital outlay	<u>20,000</u>	<u>20,000</u>	<u>77,189</u>	<u>(57,189)</u>
Total expenditures	<u>11,072,268</u>	<u>11,072,268</u>	<u>10,710,691</u>	<u>361,577</u>
Excess (deficiency) of revenues over expenditures	<u>(5,834,321)</u>	<u>(5,834,321)</u>	<u>(5,980,880)</u>	<u>(146,559)</u>
Other financing sources (uses):				
Transfer from other funds	5,834,321	5,834,321	5,980,880	146,559
Total other financing sources (uses)	<u>5,834,321</u>	<u>5,834,321</u>	<u>5,980,880</u>	<u>146,559</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2023

	General Fund	Special Education Fund
A) Sources/Inflows of Resources:		
Actual amounts of total revenues from the budgetary comparison schedules	\$ 35,883,944	\$ 2,973,396
Reclassification: Special Education Fund revenues are reclassified to the General Fund, required for GAAP reporting	<u>2,973,396</u>	<u>(2,973,396)</u>
General Fund revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 38,857,340</u>	<u>\$ -</u>
B) Uses/Outflows of Resources:		
Actual amounts of total expenditures from the budgetary comparison schedules	\$ 23,518,113	\$ 7,926,140
Reclassification: Special Education Fund expenditures are reclassified to the General Fund, required for GAAP reporting	<u>7,926,140</u>	<u>(7,926,140)</u>
General Fund expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 31,444,253</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, 2023

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

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service costs	\$ 320,928	\$ 313,866	\$ 323,154	\$ 300,740	\$ 188,401	\$ 202,459	\$ 202,459
Interest	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	(727,280)	-	502,732	-	498,057	-	-
Changes in assumptions or other inputs	(343,299)	-	75,740	64,093	538,919	(77,829)	-
Benefit payments	(662,920)	(663,333)	(379,135)	(424,393)	(206,345)	(745,772)	(293,519)
Net change in total OPEB	\$ (1,299,882)	\$ (235,874)	\$ 399,682	\$ 114,706	\$ 1,393,720	\$ (514,404)	\$ 21,808
Total OPEB Liability-Beginning	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>\$ 3,687,552</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	\$ 427,045	\$ 427,045	\$ 162,034	\$ 63,090	\$ 80,467	\$ 50,267	\$ 22,774
Net investment income	(212,003)	315,566	87,193	134,705	113,058	204,445	50,997
Benefit payments	(662,920)	(663,333)	(379,135)	(424,393)	(206,345)	(745,772)	(293,519)
Net change in fiduciary net position	\$ (447,878)	\$ 79,278	\$ (129,908)	\$ (226,598)	\$ (12,820)	\$ (491,060)	\$ (219,748)
Fiduciary Net Position-Beginning	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>\$ 2,557,780</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>\$ 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	69.36%	60.26%	56.03%	63.36%	69.72%	99.41%	98.88%
Covered Employee Payroll	\$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	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, 2023

SCHEDULE OF DISTRICT CONTRIBUTIONS
Last 10 Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially Determined Contribution (ADC)	\$ 427,045	\$ 427,045	\$ 392,001	\$ 392,001	\$ 210,718	\$ 210,718	\$ 44,470
Contributions in Relation to the ADC	427,045	427,045	162,034	63,090	80,467	50,267	22,774
Contribution Deficiency/(Excess)	<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	\$ 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	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, 2023**

**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)
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
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, 2023

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, 2023:

<u>Fund</u>	<u>Excess Expenditures</u>
General Fund:	
Support services	\$ 564,143
Debt service	40,043
Capital outlay	595,533
Special Education Fund:	
Support services	232,504
Package/Cooperative Fund:	
Instruction	548,963
Nonprogram	10,931
Capital outlay	57,189

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 3 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	30 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, 2023

NOTE 3. WISCONSIN RETIREMENT SYSTEM SCHEDULES

Governmental Accounting Standards Board Statement No. 68 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 1 preceding year.

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, 2023

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

	2022	2021	2020	2019	2018
Valuation Date:	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.4%	5.4%	5.4%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.0%	7.0%	7.0%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.0%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	1.9%	1.9%	1.9%	2.1%	2.1%
Retirement Age:	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015 - 2017.	Experience -based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.
Mortality:	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).

*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, 2023

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

	2017	2016	2015	2014	2013
Valuation Date:	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	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 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2006 - 2008.
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 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	Wisconsin Projected Experience Table - 2005 for women and 90% of the Wisconsin Projected Experience Table - 2005 for men.

*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. Value is 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, 2023

	General Fund	Special Education Fund	Elimination	Total Combined General Fund
Assets				
Cash and investments	\$ 7,130,585	\$ 148,311	\$ -	\$ 7,278,896
Receivables:				
Taxes	1,654,276	-	-	1,654,276
Accounts	3,755	-	-	3,755
Due from other funds	282,482	-	-	282,482
Due from other governments	653,454	141,109	-	794,563
Total assets	<u>\$ 9,724,552</u>	<u>\$ 289,420</u>	<u>\$ -</u>	<u>\$ 10,013,972</u>
Liabilities				
Accounts payable	\$ 897,396	\$ 106,224	\$ -	\$ 1,003,620
Due to other funds	1,426,741	183,196	-	1,609,937
Total liabilities	<u>2,324,137</u>	<u>289,420</u>	<u>-</u>	<u>2,613,557</u>
Fund balances				
Restricted	150,876	-	-	150,876
Unassigned	7,249,539	-	-	7,249,539
Total fund balances	<u>7,400,415</u>	<u>-</u>	<u>-</u>	<u>7,400,415</u>
Total liabilities and fund balances	<u>\$ 9,724,552</u>	<u>\$ 289,420</u>	<u>\$ -</u>	<u>\$ 10,013,972</u>

MEDFORD AREA PUBLIC SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GENERAL FUND
For the Year Ended June 30, 2023

	General Fund	Special Education Fund	Elimination	Total Combined General Fund
Revenues:				
Local sources	\$ 5,751,545	\$ 23,600	\$ -	\$ 5,775,145
Interdistrict sources	9,834,618	130,935	-	9,965,553
Intermediate sources	20,844	19,806	-	40,650
State sources	17,753,049	2,102,409	-	19,855,458
Federal sources	2,353,116	696,646	-	3,049,762
Other sources	170,772	-	-	170,772
Total revenues	35,883,944	2,973,396	-	38,857,340
Expenditures:				
Current:				
Instruction:				
Regular instruction	10,094,480	-	-	10,094,480
Vocational instruction	1,005,413	-	-	1,005,413
Physical instruction	707,592	-	-	707,592
Special education instruction	-	5,937,024	-	5,937,024
Other instruction	638,589	-	-	638,589
Total instruction	12,446,074	5,937,024	-	18,383,098
Support services:				
Pupil services	750,585	1,370,745	-	2,121,330
Instructional staff services	1,798,125	325,203	-	2,123,328
General administration services	397,866	-	-	397,866
Building administration services	1,454,305	891	-	1,455,196
Business services	310,818	11,298	-	322,116
Operation and maintenance	2,744,519	9,190	-	2,753,709
Pupil transportation	1,217,027	161,862	-	1,378,889
Central services	145,338	5,893	-	151,231
Insurance	106,880	-	-	106,880
Other support services	728,411	-	-	728,411
Total support services	9,653,874	1,885,082	-	11,538,956
Nonprogram:				
Purchased instructional services	1,363	62,853	-	64,216
Other nonprogram	656,726	6,472	-	663,198
Total nonprogram	658,089	69,325	-	727,414
Debt service				
Principal	46,816	-	-	46,816
Interest	33,227	-	-	33,227
Total debt service	80,043	-	-	80,043
Capital outlay	680,033	34,709	-	714,742
Total expenditures	23,518,113	7,926,140	-	31,444,253
Excess (deficiency) of revenues over expenditures	12,365,831	(4,952,744)	-	7,413,087
Other financing sources (uses):				
Sale of fixed assets	14,265	-	-	14,265
Transfer from other funds	-	4,952,744	(4,952,744)	-
Transfer to other funds	(11,948,624)	-	4,952,744	(6,995,880)
Total other financing sources (uses)	(11,934,359)	4,952,744	-	(6,981,615)
Net change in fund balances	431,472	-	-	431,472
Fund balances - beginning of year	6,968,943	-	-	6,968,943
Fund balances - end of year	\$ 7,400,415	\$ -	\$ -	\$ 7,400,415

MEDFORD AREA PUBLIC SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

	Special Revenue Trust Fund	Community Service Fund	Debt Service Fund	Total Nonmajor Gov't. Funds
Assets				
Cash and cash equivalents	\$ 548,252	\$ 202,932	\$ 5,728	\$ 756,912
Accounts receivable	767	254	-	1,021
Due from other governments	-	82,686	-	82,686
Total assets	<u>\$ 549,019</u>	<u>\$ 285,872</u>	<u>\$ 5,728</u>	<u>\$ 840,619</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 8,616	\$ 7,888	\$ -	\$ 16,504
Total liabilities	<u>8,616</u>	<u>7,888</u>	<u>-</u>	<u>16,504</u>
Fund balances				
Restricted for:				
District operations per donor specifications	540,403	-	-	540,403
Future community service expenditures	-	277,984	-	277,984
Debt service	-	-	5,728	5,728
Total fund balances	<u>540,403</u>	<u>277,984</u>	<u>5,728</u>	<u>824,115</u>
Total liabilities and fund balances	<u>\$ 549,019</u>	<u>\$ 285,872</u>	<u>\$ 5,728</u>	<u>\$ 840,619</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, 2023

	Special Revenue Trust Fund	Community Service Fund	Debt Service Fund	Total Nonmajor Gov't. Funds
Revenues:				
Local sources	\$ 730,936	\$ 456,777	85,309	\$ 1,273,022
Federal sources	-	312,064	-	312,064
Other sources	23,522	-	-	23,522
Total revenues	<u>754,458</u>	<u>768,841</u>	<u>85,309</u>	<u>1,608,608</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	152,054	-	-	152,054
Vocational instruction	8,089	-	-	8,089
Total instruction	<u>160,143</u>	<u>-</u>	<u>-</u>	<u>160,143</u>
Support services:				
Pupil services	12,848	-	-	12,848
General administration	-	64,992	-	64,992
Building administration	345,944	96,496	-	442,440
Operation and maintenance	-	15,752	-	15,752
Pupil transportation	11,021	30,318	-	41,339
Central services	-	90	-	90
Community service	-	447,191	-	447,191
Other support services	54,988	8,250	-	63,238
Total support services	<u>424,801</u>	<u>663,089</u>	<u>-</u>	<u>1,087,890</u>
Debt service:				
Principal	-	-	187,700	187,700
Interest and other fiscal charges	-	-	10,236	10,236
Total debt service	<u>-</u>	<u>-</u>	<u>197,936</u>	<u>197,936</u>
Capital outlay	<u>144,900</u>	<u>-</u>	<u>-</u>	<u>144,900</u>
Total expenditures	<u>729,844</u>	<u>663,089</u>	<u>197,936</u>	<u>1,590,869</u>
Net change in fund balances	24,614	105,752	(112,627)	17,739
Fund balances - beginning of year	515,789	172,232	118,355	806,376
Fund balances - end of year	<u>\$ 540,403</u>	<u>\$ 277,984</u>	<u>\$ 5,728</u>	<u>\$ 824,115</u>

MEDFORD AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOL AUTHORIZER OPERATING COSTS
Year Ended June 30, 2023

Operating Activity	WUFAR Object Code	Cost
Employee salaries	100	\$ 123,885
Employee benefits	200	47,340
Purchased services	300	336,302
Non-capital objects	400	174,659
Other	900	278
Total		<u>\$ 682,464</u>

MEDFORD AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOL AUTHORIZER SERVICES AND COSTS
Year Ended June 30, 2023

Services Provided	Function Code	Cost
General Administration	235000	\$ 682,464
Total		<u>\$ 682,464</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, 2023

Administering Agency/Pass-Through Agency/Award Description	Federal Assistance Listing Number	Entity I.D. Number	Accrued Receivable at July 1, 2022	Receipts- Grantor Reimbursement	Total Expenditures	Accrued Receivable at June 30, 2023
<u>U.S. Department of Agriculture</u>						
Wisconsin Department of Public Instruction:						
Child Nutrition Cluster:						
School Breakfast Program	10.553	2023-603409-DPI-SB-546	\$ -	\$ 114,210	\$ 114,210	\$ -
National School Lunch Program	10.555	2023-603409-DPI-NSL-547	-	616,434	616,434	-
Commodity Supplemental Food Program	10.555	Not Available	-	122,253	122,253	-
Snack Program	10.555	2023-603409-DPI-SK_NSL-561	2,032	15,302	13,270	-
Summer Food Program	10.559	2023-603409-DPI-SFSP-586	41,015	55,568	53,092	38,539
Total Child Nutrition Cluster			43,047	923,767	919,259	38,539
Local Food for Schools Public	10.185	Not Available	-	2,847	2,847	-
P-EBT Administrative Costs Grants	10.649	2023-603409-DPI-NSL-171	-	628	628	-
Total U.S. Department of Agriculture			43,047	927,242	922,734	38,539
<u>U.S. Department of Education</u>						
Wisconsin Department of Public Instruction:						
ESEA Title I - Basic Grant	84.010	2023-603409-DPI-TI-A-141	91,024	291,747	298,004	97,281
Special Education Cluster:						
IDEA Flow Through	84.027	2023-603409-DPI-FLOW-341	272,377	711,121	574,939	136,195
IDEA Preschool Entitlement	84.173	2023-603409-DPI-PRESCH-347	3,675	14,043	12,054	1,686
Total Special Education Cluster			276,052	725,164	586,993	137,881
Passed Through CESA #10						
Carl Perkins Act Formula Allocation	84.048	2023-603409-DPI-CTE-400	10,255	25,848	23,020	7,427

(Continued)

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, 2023

Administering Agency/Pass-Through Agency/Award Description	Federal Assistance Listing Number	Entity ID Number	Accrued Receivable at July 1, 2022	Receipts- Grantor Reimbursement	Total Expenditures	Accrued Receivable at June 30, 2023
<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	\$ 72,609	\$ 523,190	\$ 497,823	\$ 47,242
COVID-19 ESSER III - CARES Act	84.425U	2023-603409-DPI-ESSERFIII-165	1,851	553,756	907,480	355,575
COVID-19 ESSER III - LETRS	84.425U	2023-603409-DPI-LETRS-165	-	2,100	2,100	-
ARPA - Homeless Children and Youth	84.425	2023-603409-DPI-ARPHCYI-168	-	1,463	2,013	550
Total Education Stabilization Fund			<u>74,460</u>	<u>1,080,509</u>	<u>1,409,416</u>	<u>403,367</u>
ESEA Title II-A Teacher & Principal Training	84.367	2023-603409-DPI-TIIA-365	14,670	68,266	69,218	15,622
ESEA Title IV-A Public	84.424	2023-603409-DPI-TIVA-381	2,502	18,099	16,495	898
ESEA Title IV- After School Kids CLC	84.287	2023-603409-DPI-TIVB-367	-	71,543	98,388	26,845
Total U.S. Department of Education			<u>468,963</u>	<u>2,281,176</u>	<u>2,501,534</u>	<u>689,321</u>
<u>Federal Communications Commission</u>						
Emergency Connectivity Fund Program	32.009	Not Applicable	-	58,800	58,800	-
Total Federal Communications Commission			<u>-</u>	<u>58,800</u>	<u>58,800</u>	<u>-</u>
<u>U.S. Department of Health and Human Services</u>						
Wisconsin Department of Health Services:						
Medical Assistance	93.778	Not Available	17,793	372,162	381,802	27,433
Drug-Free Communities Support Program Grants	93.276	Not Available	3,099	148,088	145,827	838
Substance Abuse and Mental Health Services	93.243	Not Available	-	12,847	47,245	34,398
Passed Through CESA #10:						
Nursing Grant	93.354	Not Available	-	10,707	20,564	9,857
Total U.S. Department of Health and Human Services			<u>20,892</u>	<u>543,804</u>	<u>595,438</u>	<u>72,526</u>
TOTAL FEDERAL AWARDS			<u>\$ 532,902</u>	<u>\$ 3,811,022</u>	<u>\$ 4,078,506</u>	<u>\$ 800,386</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, 2023

Administering Agency/Pass-Through Agency/Award Description	State I.D. Number	Entity I.D. Number	Accrued Receivable at July 1, 2022	State Reimbursements	Total Expenditures	Accrued Receivable at June 30, 2023
<u>Wisconsin Department of Public Instruction</u>						
State Lunch	255.102	603409-107	\$ -	\$ 12,035	\$ 12,035	\$ -
Morning Milk Program	255.115	603409-109	-	5,215	5,215	-
School Breakfast Program	255.344	603409-108	-	11,180	11,180	-
Special Education and School Age Parents: Internal District Program	255.101	603409-100	-	1,968,098	1,968,098	-
General Equalization Aid	255.201	603409-116	-	15,443,854	15,443,854	-
Per Pupil Aid	255.945	603409-113	-	1,535,940	1,535,940	-
Pupil Transportation	255.107	603409-102	-	134,837	134,837	-
High Cost Special Education State Aid	255.210	603409-119	-	103,730	103,730	-
Common School Fund Library Aids	255.103	603409-104	-	133,631	133,631	-
Early College Credit Program	255.445	603409-178	-	474	474	-
Special Education Transition Incentive Grant	255.960	603409-168	-	15,287	15,287	-
Transition Readiness Grant	255.257	603409-174	-	2,670	15,294	12,624
Educator Effective Evaluation System	255.940	603409-154	-	23,200	23,200	-
Career and Technical Education Incentive Grants	255.950	603409-152	-	30,849	30,849	-
Assessment of Reading Readiness	255.956	603409-166	-	14,443	14,443	-
School Based Mental Health Services Grants	255.297	603409-177	11,082	70,897	82,035	22,220
Total Wisconsin Department of Public Instruction			\$ 11,082	\$ 19,506,340	\$ 19,530,102	\$ 34,844

(Continued)

See Notes to Schedules of Expenditures of Financial Awards.

MEDFORD AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
(CONTINUED)
For the Year Ended June 30, 2023

Administering Agency/Pass-Through Agency/Award Description	State I.D. Number	Entity I.D. Number	Accrued Receivable at July 1, 2022	State Reimbursements	Total Expenditures	Accrued Receivable at June 30, 2023
<u>Wisconsin Department of Justice</u>						
School Safety Initiative Grant	455.206	Not Available	\$ 28,465	\$ 92,273	\$ 94,042	\$ 30,234
Total Wisconsin Department of Justice			<u>\$ 28,465</u>	<u>\$ 92,273</u>	<u>\$ 94,042</u>	<u>\$ 30,234</u>
<u>Wisconsin Department of Workforce Development</u>						
WI Fast Forward	455.109	Not Available	\$ -	\$ 50,000	\$ 50,000	\$ -
Total Wisconsin Department of Workforce Development			<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>
Total State Awards			<u>\$ 39,547</u>	<u>\$ 19,648,613</u>	<u>\$ 19,674,144</u>	<u>\$ 65,078</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, 2023

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. SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

2022-2023 aidable costs under the State Special Education Program are \$7,248,447. The 2023-2024 aid estimate is \$2,283,261

NOTE 4. FOOD DISTRIBUTION

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

NOTE 5. 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 6. INDIRECT COST RATE

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

NOTE 7. 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**

2022-001

Criteria: Management is responsible for establishing internal controls to assure the District's annual financial reporting is in accordance with GAAP.

Condition: The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the District's internal controls.

Effect: The District engagement the audit firm to prepare drafts of its annual financial statements and related footnote disclosures in accordance with GAAP based on information and trial balances provided by management.

Cause: The District's staff does not possess the technical expertise, or the time required to draft the year end external financial statements.

Auditor's Recommendation: The District should continue to evaluate its internal staff and expertise to determine if an internal control policy over the annual financial reporting is beneficial. Management should review key disclosures in a checklist and receive additional education.

Grantee Response: The District recognizes management's responsibility for the financial statements, despite being drafted by an accounting firm. Due to the District's small size and limited staff the District does review and take responsibility for these statements.

Current Status: The 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, 2023, 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, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Medford Area Public School District's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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, 2023



**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 described in the *OMB Compliance Supplement*, and the State Single Audit Guidelines that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2023. The District's major federal and state programs are identified in the summary of 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, 2023.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State Single Audit Guidelines. 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 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 a material noncompliance 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. 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 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 federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
December 6, 2023

**MEDFORD AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023**

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? Yes
- 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>
10.553, 10.555, 10.559	Child Nutrition Cluster
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? Yes

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
255.945	Per Pupil Aid

**MEDFORD AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023**

B. FINDINGS - FINANCIAL STATEMENT AUDIT

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.

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, 2023**

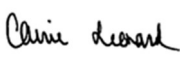
E. OTHER ISSUES

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	No
Department of Public Instruction	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, 2023