



JOHNSON BLOCK
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MINERAL POINT UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS

Including Independent Auditor's Report

As of and for the year ended June 30, 2020

Johnson Block and Company, Inc.
Certified Public Accountants
2500 Business Park Road
Mineral Point, Wisconsin
(608) 987-2206
Fax: (608) 987-3391

Mineral Point Unified School District
June 30, 2020
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Mineral Point Unified School District
Mineral Point, Wisconsin

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mineral Point Unified School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Mineral Point Unified School District, as of June 30, 2020, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective July 1, 2019, the Mineral Point School District adopted the provisions of GASB Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 3 through 12 and budgetary comparison information and the Wisconsin Retirement System schedules on pages 47 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mineral Point Unified School District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents 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. Such 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
October 21, 2020

**MINERAL POINT UNIFIED
SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

The discussion and analysis of the Mineral Point Unified School District's financial information provides an overall review of financial activities for the fiscal year. The analysis generally focuses on school district financial performance as a whole. It should be read in conjunction with the Independent Auditor's Report at the front of this report and the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Total governmental revenues were \$12,707,829; including \$4,527,898 of property taxes, \$4,533,326 of state formula aid, and \$3,646,605 of charges for services, operating grants, capital grants, interest and investment earnings and miscellaneous revenue. Total governmental expenditures were \$12,416,181; including \$7,002,024 for direct instruction.

The District amount of outstanding long-term obligations and non-current liabilities increased by \$454,062.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements are comprised of 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition, other information supplementary to the basic financial statements is provided.

District-wide financial statements

- The district-wide financial statements are the *Statement of Net Position* and *Statement of Activities*. These statements present an aggregate view of the District's finances in a manner similar to private-sector business.
- The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The *Statement of Activities* presents information showing how the District's net position changed during the year. This statement reports the cost of government functions and how those functions were financed for the fiscal year.
- The district-wide financial statements are shown on pages 13 and 14 of this report.

**MINERAL POINT UNIFIED
SCHOOL DISTRICT**
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Fund financial statements

- The District also produces fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The District, like other state and local governments, uses fund accounting to demonstrate compliance with finance related legal requirements. Fund statements generally report operations in more detail than the district-wide statements and provide information that may be useful in evaluating a district's short-term financing requirements.
- There are two fund financial statements, the *Balance Sheet* and the *Statement of Revenues, Expenditures and Changes in Fund Balance*. Generally, fund statements focus on short-term inflows and outflows of spendable resources and their impact on fund balance.
- Because the focus of fund financial statements is narrower than that of the district-wide statements, it is useful to make comparison between the information presented. By doing so, readers may better understand the long-term implication of the government's short-term financial decisions. A reconciliation to facilitate this comparison is provided either at the bottom of the governmental funds statement or as a separate statement.
- The District has two kinds of funds: *governmental* and *fiduciary*. *Governmental funds* include the District's six ongoing funds (general and special education, special revenue fund, community service, debt service, food service and capital projects). The District previously served as a trustee, or *fiduciary*, for student organizations and for scholarship donations. With the implementation of GASB Statement No. 84 during 2019/2020, the District determined these funds were no longer fiduciary in nature and were transferred to the special revenue fund. See page 19 of the financial statements and Note 1 M. of the financial statements on pages 29 and 30.
- Financial information is presented separately on both the *Balance Sheet* and *Statement of Revenues, Expenditures and Changes in Fund Balance* for the general/special education fund and capital projects fund as these are considered to be major funds. Data for the special revenue fund, community service, food service, and debt service funds is combined into a single, aggregated column. Data for each of these individual non-major funds is provided separately as supplementary information.
- The District adopts an annual appropriated budget for its general fund and special education fund. Budgetary comparison statements have been provided to demonstrate budget compliance. The budgetary comparison statements are on pages 47 and 48 of this report.

**MINERAL POINT UNIFIED
SCHOOL DISTRICT**
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

Notes to the financial statements

The Notes to the Financial Statements provide additional information that is essential to the full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 20 to 46 of this report.

The major features of the District's financial statements, including the portion of the activities reported and the type of information contained is shown in the table below.

	District-Wide Statements	Fund Financial Statements – Governmental Activities
Scope	Entire district	The activities of the District that are not proprietary or fiduciary, such as instructional, support services, capital projects and debt service.
Required financial statements	- Statement of Net Position - Statement of Activities	- Balance Sheet - Statement of Revenues, Expenditures and Changes in Fund Balances
Basis of accounting and measurement focus	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial resources focus.
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term.	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability are due and payable.

**MINERAL POINT UNIFIED
SCHOOL DISTRICT**
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1, below, provides a summary of the District's net position for the year ended June 30, 2020.

**Table 1
Condensed Statement of Net Position**

	Total School District	
	2020	2019
Current assets	\$15,466,480	\$13,856,743
Noncurrent assets	11,003,192	8,646,161
Total assets	<u>\$26,469,672</u>	<u>\$22,502,904</u>
Deferred pension outflows	\$ 1,969,432	\$ 2,614,074
Total deferred outflows	<u>\$ 1,969,432</u>	<u>\$ 2,614,074</u>
Total assets & deferred outflows	<u>\$28,439,104</u>	<u>\$25,116,978</u>
Current liabilities	\$ 1,781,510	\$ 642,337
Long-term liabilities	12,664,062	12,210,000
Total liabilities	<u>\$14,445,572</u>	<u>\$12,852,337</u>
Deferred pension inflows	\$2,756,477	\$1,435,892
Total deferred inflows	<u>\$2,756,477</u>	<u>\$1,435,892</u>
Net position		
Net investment in capital assets	\$ 7,079,248	\$ 7,517,211
Restricted	2,276,290	11,437,311
Unrestricted	1,881,517	(8,125,773)
Total net position	<u>\$11,237,055</u>	<u>\$10,828,749</u>
Total liabilities, deferred inflows & net position	<u>\$28,439,104</u>	<u>\$25,116,978</u>

**MINERAL POINT UNIFIED
SCHOOL DISTRICT**
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

Table 2, below, provides a summary of the District's operating results and their impact on net position for the year ended June 30, 2020. The District relied primarily on property taxes (35.63%) and state aids (35.67%) to fund its operations. Combined, these account for 71.30% of all revenues or \$9.06 million. Program revenues, in the form of charges for services (1.82%), operating grants and contributions (23.92%) and capital grants and contributions (.63%), and other (2.33%) accounted for \$3.65 million of the total revenue of \$12.71 million.

Table 2
Changes in Net Position from Operating Results

	Total School District	
	<u>2020</u>	<u>2019</u>
Revenues		
Program revenues		
Charges for services	\$ 231,629	\$ 285,524
Operating grants and contributions	3,039,764	2,950,590
Capital grants and contributions	79,574	125,635
General revenues		
Property taxes	4,527,898	4,109,457
State formula aid	4,533,326	4,391,746
Other	295,638	44,213
Total revenues	<u>\$12,707,829</u>	<u>\$11,907,165</u>
Expenses		
Instruction	\$ 7,002,024	\$ 6,978,737
Pupil and instructional services	876,473	943,362
Administration	2,767,176	2,750,826
Central services/Insurance	147,776	178,671
Interest	598,208	49,521
Other support services	491,507	365,991
Purchased instructional services	467,205	498,965
Post-Secondary scholarships	8,450	
Total expenses	<u>\$12,358,819</u>	<u>\$11,766,073</u>
Gain (loss) on disposal of fixed assets	(57,362)	1,504
Changes in Net Position	<u>\$ 291,648</u>	<u>\$ 142,596</u>

**MINERAL POINT UNIFIED
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Table 3, below, shows the District's total cost for providing the seven major district activities and their respective net cost. The net cost of services is the result after subtracting charges for services and operating grants and contributions that the District used to offset the program's total cost. The cost of all governmental activities this year was \$12,358,819. Individuals who directly participated or benefited from a program offering paid for \$231,629 of costs. Federal, state governments, and local aid subsidized certain programs with grants and contributions of \$3,119,338. General revenues of the District financed the net cost of governmental activities \$9,356,862.

Table 3
Net Cost of Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2020	2020	2019	2019
Instruction	\$ 7,002,024	\$ 4,280,466	\$ 6,978,737	\$ 4,323,116
Pupil and instructional services	876,473	720,249	943,362	773,663
Administration	2,767,176	2,343,344	2,750,826	2,276,355
Central services /Insurances	147,776	147,776	178,671	178,671
Other support services	291,041	291,041	165,525	165,525
Interest expense	598,208	568,208	49,521	321
Depreciation-Unallocated	200,466	200,466	200,466	200,466
Purchased instruction services	467,205	448,352	498,965	486,207
Post-Secondary scholarships	8,450	7,950		
Total	\$ 12,358,819	\$ 9,007,852	\$ 11,766,073	\$ 8,404,324

Effective July 1, 2019, the District adopted GASB Statement No. 84 related to Fiduciary Activities. Operations of student activity accounts and scholarship accounts began to be reported as governmental activities. Prior to implementation of GASB No. 84, these operations were reported as fiduciary activities. Table 4, below shows the prior period adjustments that have been recorded as of June 30, 2020.

Table 4
Prior Period Adjustment for GASB No. 84 Implementation

	Governmental Funds	Fiduciary Funds	Total
	Special Revenue Fund	Private Purpose Trust	Net Position/ Fund Balance impact on related funds
Net position/fund balance, as previously reported	\$ 213,508	\$ 94,400	\$ 307,908
Cumulative effect for change in accounting principle (GASB No. 84)			
Reclassify pupil organization accounts	22,258		22,258
Reclassify scholarship accounts	94,400	(94,400)	
Net increase (decrease)	116,658	(94,400)	22,258
Net position/fund balance, as restated	\$ 330,166	\$	\$ 330,166

**MINERAL POINT UNIFIED
SCHOOL DISTRICT**
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Table 5, below shows the original and final budgeted amounts and the actual budget and variance with the final budget.

	Budgeted Amounts		Actual	Variance with	Variance with
	Original	Final		Original Budget Favorable (Unfavorable)	Final Budget Favorable (Unfavorable)
REVENUES					
Property taxes	\$ 3,985,666	\$ 3,970,530	\$ 3,970,384	\$ (15,282)	\$ (146)
Other local sources	48,150	48,150	99,148	50,998	50,998
Interdistrict sources	851,727	873,321	755,744	(95,983)	(117,577)
Intermediate sources	5,000	5,000	4,990	(10)	(10)
State sources	5,363,788	5,357,330	5,387,069	23,281	29,739
Federal sources	174,168	174,168	190,468	16,300	16,300
Other sources			26	26	26
Total revenues	<u>10,428,499</u>	<u>10,428,499</u>	<u>10,407,829</u>	<u>(20,670)</u>	<u>(20,670)</u>
EXPENDITURES					
Instruction:					
Undifferentiated instruction	2,243,401	2,229,401	2,156,558	86,843	72,843
Regular instruction	2,148,737	2,066,038	1,999,821	148,916	66,217
Vocational instruction	351,094	363,669	366,900	(15,806)	(3,231)
Physical instruction	248,551	248,551	248,474	77	77
Co-curricular activities	451,883	451,883	433,129	18,754	18,754
Total instruction	<u>5,443,666</u>	<u>5,359,542</u>	<u>5,204,882</u>	<u>238,784</u>	<u>154,660</u>
Support Services:					
Pupil services	228,307	228,307	228,255	52	52
Instructional staff services	377,770	373,370	373,604	4,166	(234)
General administration services	259,059	264,059	243,521	15,538	20,538
Building administration services	492,393	542,104	523,017	(30,624)	19,087
Business administration	1,476,360	1,437,785	1,418,010	58,350	19,775
Central services	47,250	47,250	29,359	17,891	17,891
Insurance	86,161	78,624	76,820	9,341	1,804
Principal and interest	107,667	63,407	82,590	25,077	(19,183)
Other support services	448,396	545,033	430,394	18,002	114,639
Total support services	<u>3,523,363</u>	<u>3,579,939</u>	<u>3,405,570</u>	<u>117,793</u>	<u>174,369</u>
Non-Program Transactions:					
Purchased instructional services	316,996	334,809	350,901	(33,905)	(16,092)
Total expenditures	<u>9,284,025</u>	<u>9,274,290</u>	<u>8,961,353</u>	<u>322,672</u>	<u>312,937</u>
Excess (deficiency) of revenues over expenditures	<u>1,144,474</u>	<u>1,154,209</u>	<u>1,446,476</u>	<u>302,002</u>	<u>292,267</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	<u>(1,144,474)</u>	<u>(1,154,209)</u>	<u>(1,424,958)</u>	<u>(280,484)</u>	<u>(270,749)</u>
Total other financing sources (uses)	<u>(1,144,474)</u>	<u>(1,154,209)</u>	<u>(1,424,958)</u>	<u>(280,484)</u>	<u>(270,749)</u>
Net change in fund balance			21,518	21,518	21,518
Fund balance - beginning	2,302,025	2,302,025	2,302,025		
Fund balance - ending	<u>\$ 2,302,025</u>	<u>\$ 2,302,025</u>	<u>\$ 2,323,543</u>	<u>\$ 21,518</u>	<u>\$ 21,518</u>

**MINERAL POINT UNIFIED
SCHOOL DISTRICT**
MANAGEMENT'S DISCUSSION AND ANALYSIS
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	Budgeted Amounts		Actual	Variances	
	Original	Final		Positive (Negative)	
	Original	Final		Original	Final
REVENUES					
Interdistrict sources	\$ 4,264	\$ 4,264	\$ 4,277	\$ 13	\$ 13
Intermediate sources			335	335	335
State sources	352,453	352,453	376,401	23,948	23,948
Federal sources	199,700	199,700	296,182	96,482	96,482
Total revenues	<u>556,417</u>	<u>556,417</u>	<u>677,195</u>	<u>120,778</u>	<u>120,778</u>
EXPENDITURES					
Instruction:					
Special instruction	1,306,698	1,306,698	1,422,880	(116,182)	(116,182)
Total instruction	<u>1,306,698</u>	<u>1,306,698</u>	<u>1,422,880</u>	<u>(116,182)</u>	<u>(116,182)</u>
Support Services:					
Pupil services	108,662	108,662	112,291	(3,629)	(3,629)
Instructional staff services	141,458	141,458	150,150	(8,692)	(8,692)
Building administration services	2,000	2,000	3,076	(1,076)	(1,076)
Business administration	25,500	500		25,500	500
Total support services	<u>277,620</u>	<u>252,620</u>	<u>265,517</u>	<u>12,103</u>	<u>(12,897)</u>
Non-Program Transactions:					
Purchased instructional services	114,073	114,073	116,304	(2,231)	(2,231)
Total non-program transactions	<u>114,073</u>	<u>114,073</u>	<u>116,304</u>	<u>(2,231)</u>	<u>(2,231)</u>
Total expenditures	<u>1,698,391</u>	<u>1,673,391</u>	<u>1,804,701</u>	<u>(106,310)</u>	<u>(131,310)</u>
Excess of revenues over (under) expenditures	<u>(1,141,974)</u>	<u>(1,116,974)</u>	<u>(1,127,506)</u>	<u>14,468</u>	<u>(10,532)</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	1,141,974	1,116,974	1,127,506	(14,468)	10,532
Total other financing sources (uses)	<u>1,141,974</u>	<u>1,116,974</u>	<u>1,127,506</u>	<u>(14,468)</u>	<u>10,532</u>
Net change in fund balances					
Fund balance - beginning	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Fund balance - ending	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>

**MINERAL POINT UNIFIED
SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

FINANCIAL ASPECTS OF THE DISTRICT'S FUNDS

The District completed the year with a total governmental fund balance of \$14,395,574 up from last year's ending fund balance of \$13,769,752.

- The general fund had an increase in fund balance of \$21,518.
- The capital projects fund had an increase in fund balance of \$622,463.
- The debt service fund had a decrease fund balance of \$215,746. The fund balance of the debt service fund will fluctuate from year to year. The District makes principal and interest payments in April, and is required to carry a balance at least sufficient to cover the payments until property taxes are collected in the second half of the year.
- The special revenue fund had an increase of \$177,546. \$60,888 was related to current year activity, \$94,400 was from the reclassification of scholarship accounts and \$22,258 was from the reclassification of pupil organization accounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2020, the District had invested over \$19.46 million in capital assets, including buildings, site improvements, and furniture and equipment (see Table 6 below). The District recognized depreciation expense of \$ 691,710 for this fiscal year. Detailed information about capital assets can be found in Note 4 to the financial statements.

Table 6

Governmental Activities	Capital Assets	
	Balance 6/30/2020	Balance 6/30/2019
Total capital assets, not being depreciated	\$ 2,025,044	\$ 237,250
Total capital assets, being depreciated	17,433,837	17,517,447
Total capital assets	19,458,881	17,754,697
Total accumulated depreciation	9,372,2656	9,108,536
Governmental activities capital assets, net	\$ 10,086,616	\$ 8,646,161

**MINERAL POINT UNIFIED
SCHOOL DISTRICT**
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Long-Term Obligations

At the end of fiscal year 2020, the District had \$11,504,342 in general obligation bonds and other long-term debt and liabilities (see Table 7 below). The District's outstanding long-term obligations increased by \$454,062. Detailed information about the District's long-term obligations is presented in Note 5 to the financial statements.

Table 7

Outstanding Long-Term Obligations

	<u>Total School District</u>	
	<u>2020</u>	<u>2019</u>
Notes and bonds payable	\$ 12,327,749	\$ 932,831
Debt premium	242,784	
Capital leases	128,285	196,119
Bond anticipation notes		10,000,000
Vested employee sick leave	571,557	579,181
Net Pension Liability		1,026,799
Current portion	(606,313)	(524,930)
Total	\$ 12,664,062	\$ 12,210,000

FACTORS BEARING ON THE DISTRICT'S FUTURE

Circumstances that may impact the District's financial status in the future are as follows:

- The District will have a slight decrease in enrollment for 2020-2021.
- The District may experience a reduction in state aid due to the impact from the Coronavirus (COVID-19) on the collection of taxes.
- Both the support and certified groups are settled for the 2020-2021 year. Both groups share an Employee Handbook Agreement.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Mitch Wainwright, District Administrator, (608) 987-0730 or Marsha Kjelland, District Bookkeeper, (608) 987-0742, Mineral Point Unified School District, 705 Ross Street, Mineral Point, WI 53565.

BASIC FINANCIAL STATEMENTS

Exhibit A-1
Mineral Point Unified School District
Statement of Net Position
June 30, 2020

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,833,077
Cash and cash equivalents - restricted	12,091,985
Accounts receivable	3,256
Taxes receivable	1,300,474
Inventory	7,359
Due from other governmental units	99,383
Prepays	130,946
Total current assets	15,466,480
Noncurrent assets:	
Capital assets	
Property, plant and equipment	19,458,881
Less: accumulated depreciation	(9,372,265)
Net book value of capital assets	10,086,616
Net pension asset - restricted	916,576
Total noncurrent assets	11,003,192
Total assets	26,469,672
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension outflows	1,969,432
Total assets and deferred outflows of resources	\$ 28,439,104
LIABILITIES	
Current liabilities:	
Accrued salaries and wages	\$ 52,698
Accounts payable	997,110
Customer deposits	21,098
Accrued interest payable	104,291
Current portion of long-term obligations	606,313
Total current liabilities	1,781,510
Noncurrent liabilities:	
Notes and bonds payable, plus unamortized debt premiums of \$242,784	12,570,533
Capital lease	128,285
Vested employee sick leave	571,557
Less: current portion	(606,313)
Total noncurrent liabilities	12,664,062
Total liabilities	14,445,572
DEFERRED INFLOWS OF RESOURCES	
Deferred pension inflows	2,756,477
NET POSITION	
Net investment in capital assets	7,079,248
Restricted	
Capital projects	1,677,215
Special revenue	391,054
Community service	46,866
Debt service	161,155
Unrestricted	1,881,517
Total net position	11,237,055
Total liabilities, deferred inflows of resources, and net position	\$ 28,439,104

See accompanying notes to the basic financial statements.

Exhibit A-2
Mineral Point Unified School District
Statement of Activities
For the Year Ended June 30, 2020

<u>Functions/Programs</u>	Program Revenues			Net (Expenses)	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
Governmental activities:					
Instruction:					
Regular instruction	\$ 4,341,370	\$ 20,450	\$ 1,688,245		\$ (2,632,675)
Vocational education	377,892		13,753		(364,139)
Special education	1,382,826		727,050		(655,776)
Other instruction	899,936	27,788	244,272		(627,876)
Total instruction	7,002,024	48,238	2,673,320		(4,280,466)
Support services:					
Pupil services	333,758		2,743		(331,015)
Instructional staff services	542,715		153,481		(389,234)
General administration services	250,386				(250,386)
Building administration services	533,665		3,066		(530,599)
Business administration	1,983,125	183,391	187,801	49,574	(1,562,359)
Central services	70,956				(70,956)
Insurance	76,820				(76,820)
Other support services	279,987				(279,987)
Interest expense and fiscal charges	598,208			30,000	(568,208)
Depreciation - unallocated	200,466				(200,466)
Community services	11,054				(11,054)
Total support services	4,881,140	183,391	347,091	79,574	(4,271,084)
Non-program transactions:					
Purchased instructional services	467,205		18,853		(448,352)
Post-Secondary scholarships	8,450		500		(7,950)
Total non-program transactions:	475,655		19,353		(456,302)
Total governmental activities	\$ 12,358,819	\$ 231,629	\$ 3,039,764	\$ 79,574	\$ (9,007,852)
General revenues:					
Property taxes					
General purposes					3,969,530
Debt services					466,514
Other taxes					91,854
Federal and State aid not restricted for specific purposes					
General					4,533,326
Gain(Loss) on sale of asset					(57,362)
Interest and investment earnings					295,609
Miscellaneous					29
Total general revenues					9,299,500
Changes in net position					291,648
Net position - beginning of year, as previously reported					10,828,749
Prior period adjustment - implementation of GASB Statement No. 84					116,658
Net position - beginning of year, as restated					10,945,407
Net position - end of year					\$ 11,237,055

Exhibit A-3
Mineral Point Unified School District
Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Capital Projects Fund	Other Governmental Funds	Totals
ASSETS				
Cash and investments	\$ 1,105,468		\$ 727,609	\$ 1,833,077
Cash and investments - restricted		12,091,985		12,091,985
Accounts receivable			3,256	3,256
Taxes receivable	1,300,474			1,300,474
Inventory			7,359	7,359
Due from other funds		240,000		240,000
Due from other governments	99,383			99,383
Prepays	130,946			130,946
Total assets	\$ 2,636,271	\$ 12,331,985	\$ 738,224	\$ 15,706,480
LIABILITIES				
Accrued wages and payroll taxes	\$ 52,698			\$ 52,698
Accounts payable	20,030	963,320	13,760	997,110
Customer deposits			21,098	21,098
Due to other funds	240,000			240,000
Total liabilities	312,728	963,320	34,858	1,310,906
FUND BALANCES				
Non-spendable	130,946			130,946
Restricted		11,368,665	703,366	12,072,031
Unassigned	2,192,597			2,192,597
Total fund balances	2,323,543	11,368,665	703,366	14,395,574
Total liabilities and fund balances	\$ 2,636,271	\$ 12,331,985	\$ 738,224	\$ 15,706,480

Exhibit A-4
 Mineral Point Unified School District
 Reconciliation of the Governmental Funds Balance Sheet
 with the Statement of Net Position
 June 30, 2020

	June 30, 2020
Total fund balances - governmental funds:	\$ 14,395,574
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:	
Governmental capital assets	19,458,881
Governmental accumulated depreciation	(9,372,265)
	10,086,616
The net pension asset is not a current financial resource and is, therefore, not reported in the fund statements.	
	916,576
Pension deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plan. These items are reflected in the statement of net position and are being amortized with pension 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	1,969,432
Deferred inflows of resources	(2,756,477)
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 funds balance sheet are:	
General obligation debt	12,327,749
Debt premiums	242,784
Capital leases	128,285
Accrued interest on long-term debt	104,291
Vested employee sick leave	571,557
	(13,374,666)
Total net position - governmental activities	\$ 11,237,055

Exhibit A-5
 Mineral Point Unified School District
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2020

	General Fund	Capital Projects Fund	Other Governmental Funds	Totals
REVENUES				
Property taxes	\$ 3,970,384		\$ 557,514	\$ 4,527,898
Other local sources	99,148	241,507	621,162	961,817
Interdistrict sources	760,021			760,021
Intermediate sources	5,325			5,325
State sources	5,763,470		7,370	5,770,840
Federal sources	486,650		161,086	647,736
Other sources	26			26
Total revenues	11,085,024	241,507	1,347,132	12,673,663
EXPENDITURES				
Instruction:				
Regular instruction	4,156,379		82,136	4,238,515
Vocational instruction	366,900		11,754	378,654
Special instruction	1,422,880			1,422,880
Other instruction	681,603		213,163	894,766
Total instruction	6,627,762		307,053	6,934,815
Support services:				
Pupil services	340,546		1,011	341,557
Instructional staff services	523,754		5,155	528,909
General administration services	243,521		2,645	246,166
Building administration services	526,093		3,390	529,483
Business administration	1,418,010	1,779,044	442,951	3,640,005
Central services	29,359			29,359
Insurance	76,820			76,820
Principal and interest	82,590		759,076	841,666
Debt issuance costs			215,582	215,582
Other support services	430,394			430,394
Community services			11,036	11,036
Total support services	3,671,087	1,779,044	1,440,846	6,890,977
Non-program transactions:				
Purchased instructional services	467,205			467,205
Post-Secondary scholarships			8,450	8,450
Total non-program transactions:	467,205		8,450	475,655
Total expenditures	10,766,054	1,779,044	1,756,349	14,301,447
Excess (deficiency) of revenues over expenditures	318,970	(1,537,537)	(409,217)	(1,627,784)
OTHER FINANCING SOURCES (USES)				
Debt proceeds		1,920,000	9,940,000	11,860,000
Premium on long-term debt			276,948	276,948
Current refunding of debt principal			(10,000,000)	(10,000,000)
Transfer to other funds	(297,452)			(297,452)
Transfer from other funds		240,000	57,452	297,452
Total other financing sources (uses)	(297,452)	2,160,000	274,400	2,136,948
Net change in fund balances	21,518	622,463	(134,817)	509,164
Fund balance - beginning, as previously reported	2,302,025	10,746,202	721,525	13,769,752
Prior period adjustment - implementation of GASB Statement No. 84			116,658	116,658
Fund balance - beginning, as restated	2,302,025	10,746,202	838,183	13,886,410
Fund balance - ending	\$ 2,323,543	\$ 11,368,665	\$ 703,366	\$ 14,395,574

See accompanying notes to the basic financial statements.

Exhibit A-6
Mineral Point Unified School District
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020

Net change in fund balances-total governmental funds	\$	509,164
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 expense in the statement of activities.		
Capital outlay reported in governmental fund statements	2,189,527	
Depreciation expense reported in the statement of activities	<u>(691,710)</u>	
Amount by which capital outlays are greater (less) than depreciation in the current period.		1,497,817
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, and disposals) is to increase/(decrease) net position:		
		(57,362)
Vested employee benefits 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 compensated absences		7,624
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 long-term loans and capital leases		10,532,916
Proceeds from long-term loans		<u>(11,860,000)</u>
Debt premiums are reported in the governmental funds as revenue when those amounts are received. However, the premium is shown in the statement of net position and allocated over the life of the debt as interest income in the statement of activities.		
Amount of debt premium received in the current year	(255,733)	
Amount of debt premium amortized in the current year	<u>12,949</u>	(242,784)
In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.		
The amount of interest paid during the current period	302,513	
The amount of interest accrued during the current period	<u>(376,388)</u>	
Interest paid is greater (less) than interest accrued by		(73,875)
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 differences between the net pension liability from the prior year to the current year, with some adjustments.		
Difference between the required contributions into the defined benefit plan and the actuarially determined change in net pension liability between years, with adjustments.		<u>(21,852)</u>
Change in net position-governmental activities	\$	<u><u>291,648</u></u>

Exhibit A-7
 Mineral Point Unified School District
 Statement of Changes in Net Position
 Fiduciary Funds
 For the Year Ended June 30, 2020

	Private Purpose Trust
ADDITIONS	
Interest	\$
Gifts	_____
Total additions	_____
DEDUCTIONS	
Scholarships awarded	_____
Change in net position	_____
Net position - beginning, as previously reported	94,400
Prior period adjustment -	
Implementation of GASB Statement No. 84	(94,400)
Net position - beginning, as restated	_____
Net position - ending	\$ _____

NOTES TO THE BASIC FINANCIAL STATEMENTS

Mineral Point Unified School District
June 30, 2020
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Mineral Point Unified School District
June 30, 2020
Notes to the Basic Financial Statements

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Mineral Point Unified School District is organized as a common school district governed by an elected seven-member school board. The District operates an Early Childhood Program and grades pre-kindergarten through grade 12. The District is comprised of all or parts of eight taxing districts.

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

The reporting entity for the District is based upon criteria set forth by the Governmental Accounting Standards Board. The financial reporting entity consists of (a) organizations for which the stand-alone government is financially accountable and (b) the stand-alone government that is controlled by a separately elected governing body that is legally separate and is fiscally independent. All of the accounts of the District comprise the stand-alone government.

B. Basis of Presentation

District-wide Statements:

The statement of net position and the statement of activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except for fiduciary funds, which are presented in the fund financial statements by type. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. The District does not report any business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

As a general rule, the effect of interfund activity has been eliminated from the district-wide financial statements.

Mineral Point Unified School District
June 30, 2020
Notes to the Basic Financial Statements

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of 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 non-major 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenditures of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.
- c. In addition, any other governmental fund that the District believes is particularly important to financial statement users may be reported as a major fund.

Governmental Activities

Governmental funds are identified as either general, special revenue, debt service, capital projects, or permanent, private-purpose trust or custodial funds based upon the following guidelines:

General Fund - The general fund is the general operating fund of the District and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects or expendable trusts) that are legally restricted to expenditures for specified purposes.

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

Capital Projects Funds - Capital Projects 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).

Permanent Funds - Permanent Funds are used to account for resources legally held in trust. All resources of the fund, including any earnings on invested resources, may be used to support the organization.

Mineral Point Unified School District
June 30, 2020
Notes to the Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Major Funds

The District reports the following major governmental funds:

General Fund

Capital Projects Fund

Non-Major Funds

The District reports the following non-major funds:

Special Revenue Funds:

Special Revenue Fund – accounts for trust funds that can be used for District operations. The source of such funds is gifts and donations from private parties.

Food Service Fund – accounts for the activities of the District’s food service, generally, school lunch programs.

Community Service Fund – accounts for activities associated with providing recreational and enrichment programs to the community.

Debt Service Fund

C. Measurement Focus and Basis of Accounting

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

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

Mineral Point Unified School District
June 30, 2020
Notes to the Basic Financial Statements

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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

Property taxes are recognized as revenue in the period for which the taxes are levied. All property taxes are considered due on January 1st, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30th and are available to pay current liabilities.

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 of resources. Amounts received prior to the entitlement period are also recorded as deferred inflows of resources.

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.

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

For governmental fund financial statements, deferred inflows of resources arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred inflows of resources 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 of resources is removed from the combined balance sheet and revenue is recognized.

Mineral Point Unified School District
June 30, 2020
Notes to the Basic Financial Statements

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets and Liabilities

Cash and Cash Equivalents/Investments

The District has pooled the cash resources of its funds in order to maximize investment opportunities. Each fund's portion of total cash and investments is reported as cash and cash equivalents/investments by the District's individual major funds, and in the aggregate for non-major and agency funds. Interest earned is reported monthly to the various funds based on each fund's proportionate equity in the cash and investments pool.

All deposits of the District are made in board designated official depositories and are secured as required by State Statute. The District may designate, as an official depository, any bank or savings association. Also, the District may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost which approximates fair value. Investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices.

Accounts Receivable

All accounts receivable are shown at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since such allowance would not be material.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventory in the general fund and governmental activities consist of expendable supplies held for consumption. The costs are recorded as expenditures under the purchase method. Prepaid items represent payments made by the District for which benefits extend beyond June 30.

Internal receivables and payables

The amounts reported on the statement of net position for internal receivables and payables represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for these internal balances within the same fund type.

Mineral Point Unified School District
June 30, 2020
Notes to the Basic Financial Statements

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets and Liabilities (Continued)

Capital Assets

District-wide Statements

In the district-wide financial statements, capital assets are reported at actual cost or estimated historical costs. Donated assets are reported at estimated fair market value at the time received.

All capital assets, or groups of assets, that meet the District's capitalization threshold of \$2,500 are capitalized and updated for additions. Assets that are disposed of are taken off on an annual basis. All improvements to capital assets are capitalized while the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's useful life are expensed.

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:

Computer equipment	3 years
Vehicles	5 years
Other equipment	5-10 years
Site improvements	20 years
Buildings	50 years
Subsequent modernization to buildings	20 years

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.

Mineral Point Unified School District
June 30, 2020
Notes to the Basic Financial Statements

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets and Liabilities (Continued)

Vested Employee Benefits

The District's policy states that school year employees shall earn 10 sick days per school year accumulative up to 110 days. Upon retirement after age 55, teachers will be paid for 50% of their accumulated sick days not to exceed 110 days. The retirement must be recognized as such by the Wisconsin State Teachers Retirement System.

The District's policy states that sick leave for calendar year employees is earned at 12 days per year and part time employees will receive sick leave on a pro-rated basis based upon number of hours they are scheduled to work accumulative to either 60 days or 45 days, respectively, depending on an employee's classification. Upon retirement after age 55 or 20 years of service, support staff will be paid 75% of their accumulated sick leave not to exceed 45 days or 33.75 days, depending upon the maximum days that can be accumulated for the various classifications.

Sick leave benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The vested sick leave liability is reported on the district-wide financial statements. In the governmental fund financial statements, none of the liability is reported as it is not expected to be paid using expendable available resources.

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 are reported as liabilities in the district-wide statements. The long-term debt consists primarily of notes, bonds or loans payable, capital 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 payment of principal and interest are reported as expenditures.

E. Retirement Plans

District employees participate in the Wisconsin Retirement System. See Audit Note #7.

F. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental fund types.

G. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Mineral Point Unified School District
June 30, 2020
Notes to the Basic Financial Statements

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Risk Management

The district is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The district maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

I. 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.

J. Equity Classifications

District-wide Statements

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. 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 position 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 position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Statements

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

1. Non-Spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
2. Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provision or enabling legislation.
3. Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
4. Assigned – includes amounts the Board intends to use for a specific purpose; intent can be expressed by the Board or by an official or body to which the Board delegates the authority. All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
5. Unassigned – includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

Mineral Point Unified School District
June 30, 2020
Notes to the Basic Financial Statements

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Equity Classifications (Continued)

Fund Statements (Continued)

The School Board recognizes the need to maintain an operating reserve in the general fund for the following purposes:

- Hold adequate working capital to meet cash flow needs during the fiscal year.
- Reduce the need for short term borrowing.
- Serve as a safeguard for unanticipated expenditures of the District.
- Show fiscal responsibility to maintain a high credit rating which will help reduce future borrowing costs.

Long-Term Goals

The District's long-term goals for fund balance is to achieve and maintain a general fund balance that would alleviate the need to short-term borrow for operational cash flow needs. Fund balance in excess of this goal may be used for one-time expenditures or unforeseen costs (i.e. damages). The general fund balance shall not be used for recurring costs in the operating budget.

The Board may, from time to time, commit additional amounts of fund balance to a specific purpose. Such action shall be taken in open meeting and require the approval of a majority of the Board. Commitments of fund balance, once made, can be modified only by majority vote of the Board.

The School Board authorizes and directs the superintendent or designee to assign the fund balance, to the extent such assignment does not create a negative unassigned fund balance, as follows:

- 1) An amount sufficient to liquidate open encumbrances that are reasonably expected to result in an expenditure in the subsequent year end.
- 2) An amount estimated to be sufficient to cover the cost of unsettled labor agreements, if any.
- 3) An amount estimated for labor costs incurred prior to recognition of revenue in the subsequent year.
- 4) Unrestricted Community Service fund balance shall be assigned for future community service.

The District has a fund balance policy that establishes a minimum fund balance requirement of not less than 15% of the subsequent year's operational expenditures. If the fund balance happens to fall below 15% the District will take proactive actions to raise the fund balance. As of June 30, 2020 the general fund balance was 21.7% of current year general fund expenditures.

K. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net pension of the Wisconsin Retirement System (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.

Mineral Point Unified School District
 June 30, 2020
 Notes to the Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position reports 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 one item that qualifies for reporting in this category. The deferred outflows of resources are for the WRS pension system.

In addition to liabilities, the statement of financial position reports 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 one item that qualifies for reporting in this category. The deferred inflows of resources are related to the WRS pension system.

M. Change in Accounting Principle

Effective January 1, 2019, the District adopted GASB statement No. 84, Fiduciary Activities. GASB No. 84 establishes criteria for determining what activities should be reported in the fiduciary funds and requires the recognition of a liability when an event has occurred that requires the disbursement of fiduciary resources. GASB No. 84 replaces Agency Fund types with Custodial Funds for the accumulation of assets for entities outside the government's reporting entity. Unlike Agency Funds, custodial funds present a statement of net position and a statement of changes in net position. The statement of changes in fiduciary net position report additions and deductions for activity in pupil organization accounts and scholarship trust accounts.

In accordance with GASB No. 84 guidance, effective July 1, 2019, operations of certain student activity accounts and scholarship accounts began to be reported as governmental activities. Prior to implementation of GASB No. 84, these operations were reported as fiduciary activities. Prior period adjustments were recorded as of July 1, 2019 to increase governmental activities net position and governmental fund balances on the Statement of Net Position and Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds. Fiduciary net position was decreased in the statement of changes in fiduciary net position for scholarship accounts that are now being reported as governmental activities.

Effective July 1, 2019, prior period adjustments have been recorded in the fund statements as follows:

	Governmental Funds	Fiduciary Funds	Total
	Special Revenue Fund	Private Purpose Trust	Net Position/ Fund Balance impact on related funds
Net position/fund balance, as previously reported	\$ 213,508	\$ 94,400	\$ 307,908
Cumulative effect for change in accounting principle (GASB No. 84)			
Reclassify pupil organization accounts	22,258		22,258
Reclassify scholarship accounts	94,400	(94,400)	
Net increase (decrease)	116,658	(94,400)	22,258
Net position/fund balance, as restated	\$ 330,166	\$	\$ 330,166

Mineral Point Unified School District
 June 30, 2020
 Notes to the Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Change in Accounting Principle (Continued)

The pupil organization accounts were reported as an agency fund in prior years and did not have net position. As of June 30, 2019, the \$22,258 of pupil organization accounts were reported as liabilities.

Effective July 1, 2019, prior period adjustments have been recorded in the statement of activities as follows:

	Governmental Activities
Net position, as previously reported	\$ 10,828,749
Cumulative effect for change in accounting principle (GASB No. 84)	
Reclassify pupil organization accounts	22,258
Reclassify scholarship accounts	94,400
Net increase (decrease)	116,658
Net position, as restated	\$ 10,945,407

NOTE 2 EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND
STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown on the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities in the basic financial statements represent:

- a. Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the Statement of Activities. The long-term expenses reported recognize the change in vested employee benefits.
- b. Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording depreciation expense on those items as recorded in the statement of activities.
- c. Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability, interest expense is recorded as incurred, and principal payments are recorded as a reduction of liabilities.

Mineral Point Unified School District
June 30, 2020
Notes to the Basic Financial Statements

NOTE 3

CASH AND INVESTMENTS

At June 30, 2020, the cash and investments included the following:

Account Balances	
Petty cash/cash on hand	\$ 300
Deposits with financial institutions	13,888,422
Mutual funds	23,813
WI local government investment pool	12,527
	\$ 13,925,062

Cash and investments as of June 30, 2020 are classified in the accompanying financial statements as follows:

Per Statement of Net Assets - Exhibit A-1	
Cash and cash equivalents	\$ 1,833,077
Cash and cash equivalents - restricted	12,091,985
Total	\$ 13,925,062

Investments Authorized by Wisconsin State Statutes

Investment of District funds is restricted by state statutes. Available investments are limited to:

- Time deposits in any credit union, bank, savings bank, trust company or savings and loan association.
- Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state.
- Bonds or securities issued or guaranteed as to principal and interest by the federal government.
- The local government investment pool.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements that are fully collateralized by bonds or securities.
- Bonds issued by a local exposition district.
- Bonds issued by a local professional baseball park district.
- Bonds issued by the University of Wisconsin Hospital and Clinics Authority.
- Bond issued by a local football stadium district.
- Bonds issued by a local arts district.
- Bonds issued by the Wisconsin Aerospace Authority.

Investments

At June 30, 2020, the District's pooled investment balances were as follows:

Investment Type	Fair Value
WI local government investment pool (LGIP)	\$ 12,527
	\$ 12,527

Mineral Point Unified School District
 June 30, 2020
 Notes to the Basic Financial Statements

NOTE 3

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 rates.

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

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Investment Type	Remaining Maturity (in months)	
	Amount	12 months or less
WI local government investment pool (LGIP)	\$ 12,527	\$ 12,527

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.

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investment policy that would further limit its investment choices. As of June 30, 2020, the District's investment in the Wisconsin Local Government Investment Pool was not rated.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

At June 30, 2020 the District had \$9,204,059 deposited in one financial institution and \$4,737,782 in a different financial institution.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District would 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 risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the District would not be able to recover the value of its investment of collateral securities that are in possession of another party. The District does not have an investment policy for custodial credit risk.

Mineral Point Unified School District
 June 30, 2020
 Notes to the Basic Financial Statements

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurement

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 measurement 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 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.

	<u>Assets at Fair Value as of June 30, 2020</u>	
	<u>Fair Value</u>	<u>Level 1</u>
Mutual funds	\$ 23,813	\$ 23,813

On a scale of one to five stars, the mutual funds are rated three, four or five stars by Morningstar. The mutual funds are subject to market risk.

Federal Deposit Insurance Corporation (FDIC) Insurance

The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term 'time and savings deposits' includes NOW accounts and money market deposit accounts but does not include interest bearing demand deposit accounts. The term 'demand deposits' means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal.

Mineral Point Unified School District
June 30, 2020
Notes to the Basic Financial Statements

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Collateralization of Public Unit Deposits

Depending on applicable state or federal law, public unit deposits may be secured by collateral or assets of the bank. In the event of the failure of the bank, the FDIC will honor the collateralization agreement if the agreement is valid and enforceable under applicable law. The FDIC does not guarantee, however, that the collateral will be sufficient to cover the amount of the uninsured funds. As such, although it does not increase the insurance coverage of the public unit deposits, collateralization provides an avenue of recovery in the event of the failure of an insured bank.

Bank accounts and the local government investment pool 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 be significant to individual organizations.

At June 30, 2020, \$588,700 of the District's deposits with financial institutions was insured by FDIC coverage. \$5,353,436 of the District's deposits above FDIC thresholds at June 30, 2020 was insured by collateral pledged at a local financial institution. \$8,499,706 of the District's deposits with financial institutions were insured through use of ICS bank accounts. The State of Wisconsin Guarantee Fund would provide coverage for \$400,000 of this uninsured amount, provided funds are available at the time of any potential loss.

Fluctuating cash flows during the year due to collections, receipt of state aids and proceeds from borrowing may have resulted in temporary balances during the year significantly exceeding insured amounts at the balance sheet date.

Wisconsin Local Government Investment Pool

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board (SWIB). The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. All investments are valued at amortized cost by the SIF for purposes of calculating earnings to each participant. Specifically, the SIF distributes income to pool participants monthly, based on their average daily share balance. Distributions include interest income based on stated rates (both paid and accrued), amortization of discounts and premiums on a straight-line basis, realized investment gains and losses calculated on an amortized cost basis, and investment expenses. This method does not distribute to participants any unrealized gains or losses generated by the pool's investments. Detailed information about the SIF is available in separately issued financial statements available at <https://doa.wi.gov/Pages/StateFinances/LGIP.aspx>.

Mineral Point Unified School District
June 30, 2020
Notes to the Basic Financial Statements

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2020, the fair value of the District's share of the LGIP's assets was substantially equal to the amount reported above. Information on derivatives was not available to the District.

SWIB may invest in obligations of the U.S. Treasury and its agencies, Commercial Paper, Bank Time Deposits/Certificates of Deposit, Bankers' Acceptances, Asset Backed Securities and Repurchase Agreements secured by the U.S. Government or its agencies and other instruments authorized under State Investment Fund Investment Guidelines.

Investment allocation in the local government investment pool as of June 30, 2020 was 93.78% in U.S. Government Securities, 1.74% in FDIC insured deposit accounts and Banker Acceptances, and 4.48% in Corporate Notes.

NOTE 4

CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 237,250	\$	\$	\$ 237,250
Construction work in process		1,787,794		1,787,794
Total capital assets not being depreciated	237,250	1,787,794		2,025,044
<i>Capital assets, being depreciated:</i>				
Buildings	13,067,898		(53,140)	13,014,758
Land improvements	591,515	36,295	(29,778)	598,032
Furniture and equipment	3,709,760	365,438	(402,425)	3,672,773
Vehicles	148,274			148,274
Total capital assets being depreciated	17,517,447	401,733	(485,343)	17,433,837
Total capital assets	17,754,697	2,189,527	(485,343)	19,458,881
Less accumulated depreciation:				
Buildings	6,260,289	289,858	(19,146)	6,531,001
Land improvements	108,378	37,905	(10,955)	135,328
Furniture and equipment	2,621,103	354,683	(397,880)	2,577,906
Vehicles	118,766	9,264		128,030
Total accumulated depreciation	9,108,536	691,710	(427,981)	9,372,265
Total net capital assets	\$ 8,646,161	\$ 1,497,817	\$ (57,362)	\$ 10,086,616

Mineral Point Unified School District
June 30, 2020
Notes to the Basic Financial Statements

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 140,831
Vocational instruction	9,761
Special education	14,881
Other instruction	8,598
Instructional staff services	10,113
General administration	368
Business administration	192,233
Central services	41,597
Other support services	72,862
Depreciation not charged to a specific function	<u>200,466</u>
Total depreciation for governmental activities	<u><u>\$ 691,710</u></u>

NOTE 5 SHORT-TERM AND LONG-TERM OBLIGATIONS

A. Short-term Liabilities

The District had a \$1,500,000 tax and revenue anticipation note from a local bank for 2018/19. Interest was 1.15% and the note expires on August 1, 2020.

Borrowings under the note are due upon demand and the note is subject to annual renewal.

	Balance 7/1/19	Additions	Removals	Balance 6/30/20
Line of credit	\$	\$ 1,020,409	\$ (1,020,409)	\$

The note was issued for cash flow purposes. Total interest paid on this note for the year was \$6,240.

B. Long-term Liabilities

Long-term liability balances and activity for the year ended June 30, 2020 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
General obligation bonds	\$	\$ 9,940,000	\$ (330,000)	\$ 9,610,000	\$
Notes from direct borrowings and direct placements	932,831	1,920,000	(135,082)	2,717,749	534,628
Debt premium		255,733	(12,948)	242,784	
Anticipation notes	10,000,000		(10,000,000)		
Capital lease	196,119		(67,834)	128,285	71,685
Sub-total	11,128,950	12,115,733	(10,545,865)	12,698,818	606,313
Vested employee sick leave	579,181	27,631	(35,255)	571,557	
Total	<u><u>\$11,708,131</u></u>	<u><u>\$ 12,143,364</u></u>	<u><u>\$(10,581,120)</u></u>	<u><u>\$ 13,270,375</u></u>	<u><u>\$ 606,313</u></u>

Mineral Point Unified School District
June 30, 2020
Notes to the Basic Financial Statements

NOTE 5

SHORT-TERM AND LONG-TERM OBLIGATIONS (CONTINUED)

B. Long-term Liabilities (Continued)

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

Total long-term interest paid and accrued during the year:

	Expense	Paid
Long-term debt	\$ 319,991	\$ 225,996
Anticipation note	47,880	68,000
Capital lease	8,517	8,517
Total	\$ 376,388	\$ 302,513

General obligation debt at June 30, 2020 is comprised of the following individual issues:

Description	Issue Date	Interest Rates	Date of Maturity	Balance 6/30/20
Notes payable - Energy Efficiency Loan	07/01/13	1.87%	04/01/23	\$ 180,000
Notes payable - Stadium	01/05/18	2.45%	01/25/28	172,705
Notes payable - Energy Efficiency Loan	01/05/18	2.45%	08/01/27	445,044
GO refunding bonds	07/09/19	1.85%-3.00%	04/01/39	9,610,000
General obligation promissory note	01/07/20	2.20%-2.30%	04/01/25	1,920,000
Total				\$ 12,327,749

The \$172,705 stadium loan dated January 5, 2018 is expected to be repaid through community fundraising efforts. If the fundraising efforts do not produce the necessary funds to make full payments on the loan, the District has obtained guarantors from the community to contribute the necessary funds to pay for any shortfall.

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District.

The 2019 equalized valuation of the District, as certified by the Wisconsin Department of Revenue is \$377,129,693. The legal debt limit and margin of indebtedness as of June 30, 2020 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (10% of \$377,129,693)	\$ 37,712,969
Deduct long-term debt applicable to debt margin	(2,717,749)
Margin of indebtedness	\$ 34,995,220

Mineral Point Unified School District
 June 30, 2020
 Notes to the Basic Financial Statements

NOTE 5

SHORT-TERM AND LONG-TERM OBLIGATIONS (CONTINUED)

B. Long-term Liabilities (Continued)

Aggregate cash flow requirements for the retirement of long-term principal and interest at June 30, 2020 follows:

Years Ended June 30,	Governmental Activities					
	Notes from Direct Borrowings and Direct Placements			Bonds - Non-direct		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 534,628	\$ 71,487	\$ 606,115	\$	\$ 274,766	\$ 274,766
2022	546,652	49,674	596,326		274,766	274,766
2023	558,682	37,886	596,568		274,766	274,766
2024	570,760	25,265	596,025		274,766	274,766
2025	329,811	12,116	341,927	255,000	274,766	529,766
2026-2030	177,216	8,876	186,092	2,830,000	1,227,401	4,057,401
2031-2035				3,405,000	780,750	4,185,750
2036-2039				3,120,000	237,450	3,357,450
Totals	\$ 2,717,749	\$ 205,304	\$ 2,923,053	\$ 9,610,000	\$ 3,619,431	\$13,229,431

C. Vested Employee Benefits

Vested employee sick leave at June 30, 2020 is calculated based on the District's assumptions that employees will receive future payments for these benefits. Benefits included in this calculation include sick leave payments estimated for all staff. The estimated liability for earned sick leave benefits at June 30, 2020 is \$571,557 and is shown on the statement of net position. There are currently 102 people eligible to receive these benefits. The liability for the vested employee sick leave was determined using an estimated probability that certain employees would receive benefits in the future and depending on the assumptions used, the estimated liability could vary significantly.

Mineral Point Unified School District
June 30, 2020
Notes to the Basic Financial Statements

NOTE 6

LEASES

Capital Leases, as Lessee

The District has acquired capital assets through lease/purchase agreements. The gross amount of these capital assets is \$339,578.

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2020.

<u>Year Ended June 30,</u>	
2021	\$ 78,095
2022	20,930
2023	20,930
2024	20,931
2025	<u>1,744</u>
Total payments	142,630
Less: interest	<u>(14,345)</u>
Minimum lease payments	<u><u>\$ 128,285</u></u>

Operating Lease

The District has entered into a lease agreement for multiple copiers. The amount paid for the year ended June 30, 2020 was \$11,986.

NOTE 7

DEFINED BENEFIT PENSION PLAN

Plan description: The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 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 issued a standalone WRS Financial Report, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>

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.

Mineral Point Unified School District
 June 30, 2020
 Notes to the Basic Financial Statements

NOTE 7

DEFINED BENEFIT 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
2010	(1.3%)	22%
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17
2019	0.0	(10)

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, and 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.

Mineral Point Unified School District
June 30, 2020
Notes to the Basic Financial Statements

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

During the reporting period, the WRS recognized \$295,243 in contributions from the employer.

Contribution rates as of June 30, 2020 are:

Employee Category	Employee	Employer
General (including teachers)	6.55%	6.55%
Protective with Social Security	6.55%	10.55%
Protective without Social Security	6.55%	14.95%

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

At June 30, 2020, the Mineral Point Unified School District reported a liability (asset) of (\$916,576) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Mineral Point Unified School District's proportion of the net pension liability (asset) was based on the Mineral Point Unified School District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the Mineral Point Unified School District's proportion was 0.02842578%, which was a decrease of 0.00043566% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the Mineral Point Unified School District's recognized pension expense of \$334,095.

At June 30, 2020, the Mineral Point Unified School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,739,872	\$ 870,689
Changes of assumptions	71,425	
Net differences between projected and actual earnings on pension plan investments		1,873,810
Changes in proportion and differences between employer contributions and proportionate share of contributions		11,978
Employer contributions subsequent to the measurement date	158,135	
Total	<u>\$ 1,969,432</u>	<u>\$ 2,756,477</u>

Mineral Point Unified School District
June 30, 2020
Notes to the Basic Financial Statements

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$158,135 reported as deferred outflows related to pension resulting from the WRS Employer'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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	Net Outflows (Inflows) of Resources
2021	\$ (283,431)
2022	(210,527)
2023	30,950
2024	(482,172)
Total	\$ (945,180)

Actuarial assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability (Asset)	December 31, 2019
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% 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 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability (asset) for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

Mineral Point Unified School District
June 30, 2020
Notes to the Basic Financial Statements

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Asset Allocation Targets and Expected Returns			
As of December 31, 2019			
<u>Core Fund Asset Class</u>	<u>Asset Allocation</u> %	<u>Long-Term</u> <u>Expected Nominal</u> <u>Rate of Return %</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return %</u>
Global Equities	49	8.0	5.1
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	110	7.5	4.6
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9
New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%			
Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations			

Single Discount rate: A single discount rate of 7.00% was used to measure the total pension liability (asset) for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75% (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, 2019. 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 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Mineral Point Unified School District
June 30, 2020
Notes to the Basic Financial Statements

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Mineral Point School District’s proportionate share of the net pension liability (asset)	\$2,360,349	(\$916,576)	(\$3,366,456)

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>

NOTE 8 GOVERNMENTAL ACTIVITIES NET POSITION AND GOVERNMENTAL FUND BALANCES

Governmental activities net position reported on the District-Wide Statement of Net Position at June 30, 2020 includes the following:

Governmental Activities:	
Capital assets, net of accumulated depreciation	\$ 10,086,616
Less: Long-term debt outstanding	(2,879,083)
Less: Capital leases outstanding	<u>(128,285)</u>
Net investment in capital assets	<u>7,079,248</u>
Restricted:	
Capital projects	1,677,215
Special revenue	391,054
Debt service	161,155
Community service	46,866
Total restricted	<u>2,276,290</u>
Unrestricted	<u>1,881,517</u>
Total governmental activities net position	<u><u>\$ 11,237,055</u></u>

Mineral Point Unified School District
 June 30, 2020
 Notes to the Basic Financial Statements

NOTE 8 GOVERNMENTAL ACTIVITIES NET POSITION AND GOVERNMENTAL FUND BALANCES (CONTINUED)

Governmental fund balances reported on the fund financial statements at June 30, 2020 include the following:

Non-spendable:	
Major Funds:	
General - prepaids	\$ 130,946
Total non-spendable	<u>130,946</u>
Restricted:	
Major Funds:	
Capital projects	11,368,665
Non-major Funds:	
Special revenue	391,054
Debt service	265,446
Community service	46,866
Total restricted	<u>12,072,031</u>
Unassigned:	
Major Funds:	
General	2,192,597
Total governmental fund balances	<u><u>\$ 14,395,574</u></u>

NOTE 9 LIMITATION OF SCHOOL DISTRICT REVENUES

Wisconsin statutes limit the amount of revenues school districts are permitted to derive from general state aids and property taxes unless a higher amount is approved by a referendum of the taxpayers. This limitation does not apply to revenues needed for the repayment of any general obligation debt (including refinanced debt) authorized by either of the following: (a) a resolution of the school board or a referendum prior to August 12, 1993, (b) a referendum on or after August 12, 1993.

NOTE 10 EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has adopted GASB Statement No. 87, *Leases*. When this becomes effective, application of this standards may restate portions of these financial statements.

Mineral Point Unified School District
 June 30, 2020
 Notes to the Basic Financial Statements

NOTE 11

INTERFUND BALANCES AND ACTIVITY

Individual fund interfund receivable and payable balances on June 30, 2020 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Reason</u>
Capital projects	General	<u>\$ 240,000</u>	Long term capital improvements

In the Statement of Net Position, amounts reported in fund balances as interfund balances have been eliminated within the governmental type activities column.

The following is a schedule of interfund transfers:

<u>Fund Transfer to</u>	<u>Fund Transfer from</u>	<u>Amount</u>	<u>Reason</u>
Capital projects	General	\$ 240,000	Long term capital improvements
Food service	General	20,217	Operating costs
Debt service	General	<u>37,235</u>	
	Total	<u>\$ 297,452</u>	

\$1,127,506 was transferred to the special education fund from the general fund during the fiscal year ended June 30, 2020. This transfer was used to cover any costs not covered by direct revenues. In the Fund Statements the general fund and special education funds are combined and the transfer is netted. In the Statement of Activities, all transfers have been eliminated.

NOTE 12

COMMITMENTS/SUBSEQUENT EVENTS

Prior to June 30, 2020, the District approved a \$1,500,000 line of credit at 1.69% interest with a local financial institution. As of October 21, 2020, the District had not drawn on this line of credit.

Prior to June 30, 2019, the District passed a \$11,920,000 referendum for renovating and updating the existing elementary school, improving parking, bus lane and storm water, securing lobby, office and classroom addition, constructing a gym and physical education addition. The District approved the following work to be completed subsequent to June 30, 2020.

- Purchasing land next to Elementary School for approximately \$65,000
- Replace North exit doors in gym for \$29,000
- Blacktop the main driveway for \$142,000
- Install lights in the gravel parking lot for \$16,000
- Costs left to be incurred for the Elementary School at June 30, 2020 were approximately \$10.4 million

In late 2019, a novel strain of coronavirus (COVID-19) originated and subsequently spread worldwide. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. The spread of COVID-19 coronavirus created economic uncertainty domestically and internationally. In March 2020 and through the remainder of the 2019/2020 school year, the State of Wisconsin required the closing of schools and in person learning, and school instruction was shifted to virtual platforms.

The full financial impact on the District is unknown. It is anticipated that the impacts of COVID-19 will continue for some time. Future impacts may include changes to student enrollment. Student enrollment factors into calculations for certain state aid revenues and impacts revenue limits. Enrollment changes from COVID-19 could impact multiple school years as certain aid and revenue limit calculations use a three-year enrollment rolling average. Other impacts may include, but are not limited to, continued disruptions of in-person schooling and events, and restrictions on employees' ability to work. Changes to the operating environment are also expected to increase operating costs.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit B-1
Required Supplementary Information
Budgetary Comparison Schedule for the General Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Original Budget Favorable (Unfavorable)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		(Unfavorable)	(Unfavorable)
REVENUES					
Property taxes	\$ 3,985,666	\$ 3,970,530	\$ 3,970,384	\$ (15,282)	\$ (146)
Other local sources	48,150	48,150	99,148	50,998	50,998
Interdistrict sources	851,727	873,321	755,744	(95,983)	(117,577)
Intermediate sources	5,000	5,000	4,990	(10)	(10)
State sources	5,363,788	5,357,330	5,387,069	23,281	29,739
Federal sources	174,168	174,168	190,468	16,300	16,300
Other sources			26	26	26
Total revenues	10,428,499	10,428,499	10,407,829	(20,670)	(20,670)
EXPENDITURES					
Instruction:					
Undifferentiated instruction	2,243,401	2,229,401	2,156,558	86,843	72,843
Regular instruction	2,148,737	2,066,038	1,999,821	148,916	66,217
Vocational instruction	351,094	363,669	366,900	(15,806)	(3,231)
Physical instruction	248,551	248,551	248,474	77	77
Co-curricular activities	451,883	451,883	433,129	18,754	18,754
Total instruction	5,443,666	5,359,542	5,204,882	238,784	154,660
Support Services:					
Pupil services	228,307	228,307	228,255	52	52
Instructional staff services	377,770	373,370	373,604	4,166	(234)
General administration services	259,059	264,059	243,521	15,538	20,538
Building administration services	492,393	542,104	523,017	(30,624)	19,087
Business administration	1,476,360	1,437,785	1,418,010	58,350	19,775
Central services	47,250	47,250	29,359	17,891	17,891
Insurance	86,161	78,624	76,820	9,341	1,804
Principal and interest	107,667	63,407	82,590	25,077	(19,183)
Other support services	448,396	545,033	430,394	18,002	114,639
Total support services	3,523,363	3,579,939	3,405,570	117,793	174,369
Non-Program Transactions:					
Purchased instructional services	316,996	334,809	350,901	(33,905)	(16,092)
Total expenditures	9,284,025	9,274,290	8,961,353	322,672	312,937
Excess (deficiency) of revenues over expenditures	1,144,474	1,154,209	1,446,476	302,002	292,267
OTHER FINANCING SOURCES (USES)					
Transfers out	(1,144,474)	(1,154,209)	(1,424,958)	(280,484)	(270,749)
Total other financing sources (uses)	(1,144,474)	(1,154,209)	(1,424,958)	(280,484)	(270,749)
Net change in fund balance			21,518	21,518	21,518
Fund balance - beginning	2,302,025	2,302,025	2,302,025		
Fund balance - ending	\$ 2,302,025	\$ 2,302,025	\$ 2,323,543	\$ 21,518	\$ 21,518

Exhibit B-2
Required Supplementary Information
Mineral Point Unified School District
Budgetary Comparison Schedule for the Special Education Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final		Original	Final
REVENUES					
Interdistrict sources	\$ 4,264	\$ 4,264	\$ 4,277	\$ 13	\$ 13
Intermediate sources			335	335	335
State sources	352,453	352,453	376,401	23,948	23,948
Federal sources	199,700	199,700	296,182	96,482	96,482
Total revenues	<u>556,417</u>	<u>556,417</u>	<u>677,195</u>	<u>120,778</u>	<u>120,778</u>
EXPENDITURES					
Instruction:					
Special instruction	<u>1,306,698</u>	<u>1,306,698</u>	<u>1,422,880</u>	<u>(116,182)</u>	<u>(116,182)</u>
Total instruction	<u>1,306,698</u>	<u>1,306,698</u>	<u>1,422,880</u>	<u>(116,182)</u>	<u>(116,182)</u>
Support Services:					
Pupil services	108,662	108,662	112,291	(3,629)	(3,629)
Instructional staff services	141,458	141,458	150,150	(8,692)	(8,692)
Building administration services	2,000	2,000	3,076	(1,076)	(1,076)
Business administration	<u>25,500</u>	<u>500</u>	<u>25,500</u>	<u>25,500</u>	<u>500</u>
Total support services	<u>277,620</u>	<u>252,620</u>	<u>265,517</u>	<u>12,103</u>	<u>(12,897)</u>
Non-Program Transactions:					
Purchased instructional services	<u>114,073</u>	<u>114,073</u>	<u>116,304</u>	<u>(2,231)</u>	<u>(2,231)</u>
Total non-program transactions	<u>114,073</u>	<u>114,073</u>	<u>116,304</u>	<u>(2,231)</u>	<u>(2,231)</u>
Total expenditures	<u>1,698,391</u>	<u>1,673,391</u>	<u>1,804,701</u>	<u>(106,310)</u>	<u>(131,310)</u>
Excess of revenues over (under) expenditures	<u>(1,141,974)</u>	<u>(1,116,974)</u>	<u>(1,127,506)</u>	<u>14,468</u>	<u>(10,532)</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	<u>1,141,974</u>	<u>1,116,974</u>	<u>1,127,506</u>	<u>(14,468)</u>	<u>10,532</u>
Total other financing sources (uses)	<u>1,141,974</u>	<u>1,116,974</u>	<u>1,127,506</u>	<u>(14,468)</u>	<u>10,532</u>
Net change in fund balances					
Fund balance - beginning					
Fund balance - ending	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>

Exhibit B-3
Required Supplementary Information
Mineral Point Unified School District
June 30, 2020
Wisconsin Retirement System Schedules

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
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	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2019	(0.02842578%)	\$ (916,576)	\$ 4,507,506	(20.33%)	(102.96%)
2018	0.02886144%	1,026,799	4,355,944	23.57%	96.45%
2017	(0.02877180%)	(854,268)	4,277,283	(19.97%)	(102.93%)
2016	0.02822117%	232,610	4,263,535	5.46%	99.12%
2015	0.02748280%	446,590	3,981,792	11.22%	98.20%
2014	(0.02684848%)	(659,291)	3,803,283	(17.33%)	(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 CONTRIBUTIONS
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
2020	\$ 311,675	\$ (311,675)		\$ 4,686,847	6.65%
2019	288,904	(288,904)		4,360,417	6.63%
2018	293,695	(293,695)		4,350,822	6.75%
2017	289,473	(289,473)		4,322,748	6.70%
2016	270,887	(270,887)		4,043,245	6.70%
2015	271,255	(271,255)		3,931,210	6.90%

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

Mineral Point Unified School District
June 30, 2020
Notes to the Required Supplementary Information

NOTE 1

BUDGET SCHEDULE

Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction, which is in accordance with generally accepted accounting principles. The legally adopted budget and budgetary expenditure control is exercised at the fund level for all funds. Reported budget amounts are as originally adopted or as amended by the School Board resolution.

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

- Based upon requests from District staff, District administration recommends budget proposals to the School Board.
- The School Board prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
- Pursuant to the public budget hearing, the School Board may alter the proposed budget.
- After the School Board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire School Board.

Appropriations lapse at year-end unless authorized as a carryover by the School Board.

NOTE 2

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

Annual budgets are adopted on a basis consistent with U.S generally accepted accounting principles for all governmental and special revenue funds.

The following functions had an excess of actual expenditures over budget for the year ended June 30, 2020:

Fund	Excess Expenditures
General Fund:	
Non-program transactions	\$ 16,092
Transfers out	270,749
Special Education Fund:	
Instruction	116,182
Support services	12,897
Non-program transactions	2,231

Mineral Point Unified School District
 June 30, 2020
 Notes to the Required Supplementary Information

NOTE 3

EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY
 INFLOWS AND OUTFLOWS AND GAAP REVENUES AND EXPENDITURES

	<u>General Fund</u>	<u>Special Education Fund</u>
A) Sources/Inflows of Resources:		
Actual amounts "total revenues" from the budgetary comparison schedules	\$ 10,407,829	\$ 677,195
Reclassification:		
Special education fund revenues are reclassified to the general fund, required for GAAP reporting	677,195	(677,195)
The general fund revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	\$ 11,085,024	\$ _____
B) Uses/Outflows of Resources:	<u>General Fund</u>	<u>Special Education Fund</u>
Actual amounts "total expenditures" from the budgetary comparison schedules	\$ 8,961,353	\$ 1,804,701
Reclassification:		
Special education fund expenditures are reclassified to the general fund, required for GAAP reporting	1,804,701	(1,804,701)
The general fund expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	\$ 10,766,054	\$ _____

NOTE 4

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 4 preceding years.

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

Changes of assumptions. No significant change in assumptions were noted from the prior year.

SUPPLEMENTARY INFORMATION

Exhibit C-1
 Mineral Point Unified School District
 Combining Balance Sheet
 Non-major Governmental Funds
 June 30, 2020

	Special Revenue Fund				Total Non-Major Governmental Funds
	Special Revenue Fund	Food Service Fund	Community Service Fund	Debt Service Fund	
ASSETS					
Cash and investments	\$ 391,054	\$ 24,243	\$ 46,866	\$ 265,446	\$ 727,609
Accounts receivable		3,256			3,256
Inventory		7,359			7,359
Total assets	\$ 391,054	\$ 34,858	\$ 46,866	\$ 265,446	\$ 738,224
LIABILITIES					
Accounts payable	\$	\$ 13,760	\$	\$	\$ 13,760
Customer deposits		21,098			21,098
Total liabilities		34,858			34,858
FUND BALANCES					
Restricted	391,054		46,866	265,446	703,366
Total fund balances	391,054		46,866	265,446	703,366
Total liabilities and fund balances	\$ 391,054	\$ 34,858	\$ 46,866	\$ 265,446	\$ 738,224

Exhibit C-2
 Mineral Point Unified School District
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-major Governmental Funds
 For the Year Ended June 30, 2020

	Special Revenue			Debt Service Fund	Total Non-major Governmental Funds
	Special Revenue Fund	Food Service Fund	Community Service Fund		
REVENUES					
Property taxes	\$	\$	\$ 91,000	\$ 466,514	\$ 557,514
Local sources	399,556	183,391		38,215	621,162
State sources		7,370			7,370
Federal sources		161,086			161,086
Total revenues	399,556	351,847	91,000	504,729	1,347,132
EXPENDITURES					
Instruction:					
Regular instruction	82,136				82,136
Vocational instruction	11,754				11,754
Other instruction	213,163				213,163
Total instruction	307,053				307,053
Support services:					
Pupil services	1,011				1,011
Instructional staff services	5,155				5,155
Building administrative services	3,390				3,390
General administration services			2,645		2,645
Business administration	13,609	372,064	57,278		442,951
Principal and interest				759,076	759,076
Debt issuance costs				215,582	215,582
Community service			11,036		11,036
Total support services	23,165	372,064	70,959	974,658	1,440,846
Non-program transactions:					
Post-Secondary scholarships	8,450				8,450
Total expenditures	338,668	372,064	70,959	974,658	1,756,349
Excess (deficiency) of revenues over expenditures	60,888	(20,217)	20,041	(469,929)	(409,217)
OTHER FINANCING SOURCES (USES)					
Debt proceeds				9,940,000	9,940,000
Premium on long-term debt				276,948	276,948
Current refunding of debt principal				(10,000,000)	(10,000,000)
Transfers from other funds		20,217		37,235	57,452
Total other financing sources (uses)		20,217		254,183	274,400
Net change in fund balances	60,888		20,041	(215,746)	(134,817)
Fund balances - beginning, as previously reported	213,508		26,825	481,192	721,525
Prior period adjustment - implementation of GASB Statement No. 84	116,658				116,658
Fund balances - beginning, as restated	330,166		26,825	481,192	838,183
Fund balances - ending	\$ 391,054	\$	\$ 46,866	\$ 265,446	\$ 703,366

Exhibit C-3
Mineral Point Unified School District
Schedule of Federal Financial Assistance
For the Year Ended June 30, 2020

Awarding Agency/ Pass-Through Agency Award Description	Federal Catalog Number	Pass Through ID Number	Accrued Receivable (Deferred) Revenue 7/1/2019	Expenditures	Receipts Grantor Reimbursement	Accrued Receivable (Deferred) Revenue 6/30/2020
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<u>Passed Through</u>						
<u>Wisconsin Department of Public Instruction</u>						
School Breakfast Program	10.553	2020-253633-DPI-SB-546	\$ (32)	\$ 11,571	\$ 11,603	\$
COVID-19 School Breakfast Program	10.553	2020-253633-DPI-SB-546		18,719	18,719	
Total School Breakfast Program	10.553	2020-253633-DPI-SB-546	(32)	30,290	30,322	
School Milk Program	10.556	2020-253633-DPI-SMP-548		686	686	
COVID-19 School Milk Program	10.556	2020-253633-DPI-SMP-548		61	61	
Total School Milk Program	10.556	2020-253633-DPI-SMP-548		747	747	
School Lunch Program	10.555	2020-253633-DPI-NSL-547	(185)	65,257	65,442	
COVID-19 School Lunch Program	10.555	2020-253633-DPI-NSL-547		38,493	38,493	
Total School Lunch Program	10.555	2020-253633-DPI-NSL-547	(185)	103,750	103,935	
Donated Food Commodities	10.555	Not Available		26,300	26,300	
Total School Program Cluster			(217)	161,087	161,304	
Team Nutrition	10.574	2020-300657-17-TN-Let's Plant Grant-552	(1,995)		1,995	
TOTAL U.S. DEPARTMENT OF AGRICULTURE			(2,212)	161,087	163,299	
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<u>Passed Through</u>						
<u>Wisconsin Department of Public Instruction</u>						
IDEA Flow Through	84.027	2020-253633-DPI-IDEA-F-341	(65,369)	241,258	306,627	
IDEA Preschool Entitlement	84.173	2020-253633-DPI-IDEA-P-347	(3,328)	15,572	18,032	868
IDEA High Cost Aid	84.027	2020-253633-DPI-IDEA-F-341				
Total IDEA Cluster			(68,697)	256,830	324,659	868
TITLE I Basic Grant	84.010	2020-253633-TIA-141	(5,769)	86,063	85,985	5,847
Title II-A Teacher & Prin. Training	84.367	2020-253633-TIIA-365		19,080	19,080	
Title IV-A Public	84.424	2020-253633-TIVA-DPI-381	(5,836)	9,780	15,616	
<u>Passed Through CESA #3</u>						
Carl Perkins	84.048	2020-253633-CTE-400		4,990	4,990	
TOTAL U.S. DEPARTMENT OF EDUCATION			(80,302)	376,743	450,330	6,715
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
<u>Passed Through</u>						
<u>Wisconsin Department of Health Services</u>	93.778	Not Available	(10,537)	104,869	115,198	208
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			(10,537)	104,869	115,198	208
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>						
Direct program:						
COVID-19 Disaster Assistance - Public Assistance	97.036	N/A		8,774		8,774
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY				8,774		8,774
TOTAL FEDERAL ASSISTANCE			\$ (93,051)	\$ 651,473	\$ 728,827	\$ 15,697

Exhibit C-4
Mineral Point Unified School District
Schedule of State Awards
For the Year Ended June 30, 2020

Awarding Agency Pass-Through Agency Award Description	State I.D. Number	Pass Through ID Number	Accrued (Deferred) Receivable July 1, 2019	State Reimbursement	Expenditures	Accrued (Deferred) Receivable June 30, 2020
<u>Wisconsin Department of Public Instruction</u>						
<u>Entitlement Programs</u>						
General Equalization	255.201	253633-116	\$ (73,048)	\$ 4,508,949		\$ 73,849
Handicapped Pupils and Schools Age Parents						
Internal District Programs	255.101	253633-100		332,110	1,410,089	
Passed through CESA #3	255.101	749903-100		335		
State Lunch	255.102	253633-107		3,668		
Common School Fund	255.103	253633-104		33,180		
Pupil Transportation	255.107	253633-102		19,345		
WI Morning Milk	255.115	253633-115		2,662		
High Cost Sp. Ed. Aid	255.210	253633-119		40,291		
Sparsity Aid	255.212	253633-162		283,894		
Supplemental Per Pupil Aid	255.245	253633-181		2,310		
Early College Credit Program	255.445	253633-178		2,567		
School Breakfast	255.344	253633-108		1,040		
Educator Effective Eval Sys.	255.940	253633-154		6,960		
Per Pupil Aid	255.945	253633-113		510,496		
Assessment of Reading Readiness	255.956	253633-166		1,790		
Transition Incentive	255.960	253633-168		4,000		
Total Wisconsin Department of Public Instruction - Entitlement			<u>(73,048)</u>	<u>5,753,597</u>	<u>1,410,089</u>	<u>73,849</u>
<u>Wisconsin Department of Military Affairs</u>						
COVID 19 Federal Disaster Assistance - State Match	465.305	Not Applicable		1,254		1,254
Total State Awards			<u>\$ (73,048)</u>	<u>\$ 5,754,851</u>	<u>\$ 1,410,089</u>	<u>\$ 75,103</u>

Mineral Point Unified School District
For the Year Ended June 30, 2020
Notes to the Schedule of Expenditures of Federal and State Awards

NOTE 1

BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards include the federal and state grant activity of the Mineral Point Unified School District and are presented on the modified accrual basis of accounting. The information in these schedules are presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Guidelines, issued by the Wisconsin Department of Administration. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2

INDIRECT COST RATE

The District does not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3

SUBRECIPIENTS

There were no awards passed through to subrecipients.



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
Mineral Point Unified School District
Mineral Point, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mineral Point Unified School District ("District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Mineral Point Unified School District's basic financial statements, and have issued our report thereon dated October 21, 2020.

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.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item #2020-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item #2020-002 to be a significant deficiency.

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*.

Mineral Point Unified School District's Responses to Findings

Mineral Point Unified School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Mineral Point Unified School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
October 21, 2020



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH STATE PROGRAM
WITH LIMITED REQUIRED PROCEDURES AND FOR EACH MAJOR STATE PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE WISCONSIN
DEPARTMENT OF PUBLIC INSTRUCTION

To the Board of Education
Mineral Point Unified School District
Mineral Point, Wisconsin

Report on Compliance for Each State Program

We have audited the Mineral Point Unified School District (District)'s compliance with the types of compliance requirements described in the *Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction, that are required to be conducted on each of the District's state programs with limited procedures and those that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2020. The District's major state programs that have limited required procedures and the District's major state programs are identified in the accompanying schedule of findings and responses.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the limited compliance requirements for each of the District's state programs with limited required procedures based on our audit of the limited procedures required. It is also our responsibility to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the Wisconsin Department of Public Instruction in the *Wisconsin Public School District Audit Manual*. Those standards and compliance requirements require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major state programs occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the limited compliance requirements for each state program with limited required procedures and on compliance for each major state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the limited requirements referred to above for each of its state programs with limited required procedures and with the types of requirements referred to above that could have a direct and material effect on its major state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of limited requirements that could have an effect on each state program with limited required procedures and over compliance with the types of requirements that could have a direct and material effect on each major state program, to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the *Wisconsin Public School District Audit Manual*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

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 major state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and responses as item #2020-001 to be a material weakness.

Purpose of this Report

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 Wisconsin Department of Public Instruction. Accordingly, this report is not suitable for any other purpose.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
October 21, 2020

Mineral Point Unified School District
For the Year Ended June 30, 2020
Schedule of Findings and Responses

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material Weakness(es) identified? X Yes No
- Significant deficiency(ies) identified? X Yes None Reported
- Noncompliance material to financial statements noted? Yes X No

State Awards

Internal Control over major programs:

- Material Weakness(es) identified? X Yes No
- Significant deficiency(ies) identified? Yes X 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 Wisconsin Public School District Audit Manual? Yes X No

Identification of major programs:

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

Dollar threshold used to distinguish between type A and type B programs: \$250,000

Other Programs with Limited Required Procedures

Internal Control over programs with required procedures:

- Material Weakness(es) identified? X Yes No
- Significant deficiency(ies) identified? Yes X None Reported

Any audit findings disclosed that are required to be reported in accordance with the Wisconsin Public School District Audit Manual? Yes X No

Identification of other programs with limited required procedures:

<u>State ID Number(s)</u>	<u>Name of State Program or Cluster</u>
255.101	Special Education and School Age Parents

Mineral Point Unified School District
For the Year Ended June 30, 2020
Schedule of Findings and Responses (Continued)

Section II – Financial Statement Findings

Finding #2020-001 - Segregation of Duties (Prior year finding #2019-001)

Condition: The available office staff precludes a proper segregation of duties in the following control areas: payroll, cash receipts, and cash disbursements.

Effect: Because of the lack of segregation of duties, errors or irregularities could occur and not be detected on a timely basis.

Cause: Due to the small size of the District there is only one person in the bookkeeping department, who records all transactions and performs reconciliations.

Criteria: Checks and balances should be in place to allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct any misstatements on a timely basis.

Recommendation: Procedures should be implemented segregating duties among different employees. Management should continue to maintain a working knowledge of matters relating to the District's operations.

Response: We agree with this finding but due to the size of our District and financial constraints do not believe it is cost effective to increase the office staff in an attempt to bring about a more effective segregation of duties. The Board of Education and Administration personnel review monthly treasurer reports, and approve disbursements monthly. Any concerns or questions are addressed throughout the year. Management will review various accounting functions periodically.

Finding #2020-002- Preparation of Financial Statements (Prior year finding #2019-002)

Condition: District staff does not prepare the financial statements and accompanying notes. The district has designated individuals responsible for reviewing and accepting the financial statements and related notes.

Effect: Because District staff 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.

Cause: The District does not prepare the financial statements and related notes.

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.

Recommendation: The auditor will work with the District to make personnel more knowledgeable about its responsibility for the financial statements.

Response: The auditors prepare the financial statements but we review them and accept the statements prior to them being issued. The auditor works with us to explain the financial statements and the audit note disclosures. We are also provided and approve various entries and grouping schedules that convert our fund statements to the government-wide statements.

Mineral Point Unified School District
For the Year Ended June 30, 2020
Schedule of Findings and Responses (Continued)

Section III – Major State Program Findings and Responses

Finding #2020-001 noted in Section II also applies to internal control procedures over state awards.

Section IV – Other Programs with Required Procedures Findings and Responses

Finding #2020-001 noted in Section II also applies to internal control procedures over other programs with required procedures.

Mineral Point Unified School District
For the Year Ended June 30, 2020
Schedule of Prior Year Findings and Responses

Prior Year Findings

#2019-001 – Segregation of duties

This is still a finding. See finding #2020-001

#2019-002 – Preparation of financial statements

This is still a finding. See finding #2020-002