

Monona Grove Liberal Arts Charter School for the 21st Century

Monona, Wisconsin

Financial Report

Year Ended June 30, 2022

Monona Grove Liberal Arts Charter School for the 21st Century

Financial Statements and Supplementary Financial Information

Year Ended June 30, 2022

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Independent Auditor's Report

Board of Education
Monona Grove School District
Monona, Wisconsin

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the Monona Grove Liberal Arts Charter School for the 21st Century (the "School"), a department of the general fund of the Monona Grove School District, which comprise the balance sheet as of June 30, 2022, and the related statements of revenues, expenditures, and changes in fund balance for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Monona Grove Liberal Arts Charter School for the 21st Century, as of June 30, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Monona Grove Liberal Arts Charter School for the 21st Century, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 1, the financial statements of the Monona Grove Liberal Arts Charter School for the 21st Century are intended to present the financial position, and the changes in financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of the Monona Grove School District that is attributable to the transactions of the Monona Grove Liberal Arts Charter School for the 21st Century. They do not purport to, and do not, present fairly the financial position of Monona Grove School District as of June 30, 2022, the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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; 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 Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Monona Grove Liberal Arts Charter School for the 21st Century's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Required Supplementary Information

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

Supplementary Financial Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Schools's financial statements. The statement of cash flows is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the statement of cash flows is fairly stated in all material respects in relation to the 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 January 24, 2023, on our consideration of the Monona Grove Liberal Arts Charter School for the 21st Century's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP
Madison, Wisconsin
January 24, 2023

Monona Grove Liberal Arts Charter School for the 21st Century

Balance Sheet June 30, 2022

Assets:		
Due from other governments	\$	1,451
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Total assets	\$	1,451
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Liabilities:		
Due to Monona Grove School District	\$	1,451
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Total liabilities		1,451
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Fund balance:		
Unassigned		-
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Total fund balance		-
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Total liabilities and fund balance	\$	1,451
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See accompanying notes to the financial statements.

Monona Grove Liberal Arts Charter School for the 21st Century

Statement of Revenues, Expenditures, and Changes in Fund Balance Year Ended June 30, 2022

Revenues:	
Other local sources	\$ 810,183
Federal sources	81,852
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Total revenues	892,035
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Expenditures:	
Instruction:	
Regular instruction	579,456
Special education	85,983
Support services:	
Pupil services	13,463
Instructional staff services	49,313
General administration	4,000
Building administration	124,872
Business services	34,739
Other support services	209
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Total support services	226,596
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Total expenditures	892,035
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Change in fund balance	-
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Fund balance - Beginning of year	-
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Fund balance - End of year	\$ -
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See accompanying notes to the financial statements.

Monona Grove Liberal Arts Charter School for the 21st Century

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Introduction

The financial statements of the Monona Grove Liberal Arts Charter School for the 21st Century (the "School") have been prepared in accordance with accounting principles generally accepted in the United States (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.

Reporting Entity

The School operates as a charter school under Wisconsin Statute 118.40 whereas the Monona Grove School District (the "District") is authorized by Wisconsin Statute 118.40(2m)(a) to contract on its own initiative to operate a school as a charter school. The School is governed by a nine member elected Governance Board and a seven member elected Board of Education provides secondary education services for grades six through twelve. The School has developed a systematic approach to education that views each student as a "whole person", whose needs must be met and reflected within a curriculum that is student-centered.

The financial reporting entity is not a separate fund of the District and all amounts are included in the general fund of the District.

The financial statements of the Monona Grove School District are publicly available.

Measurement Focus and Basis of Accounting

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 they become both measurable and available (susceptible to accrual). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the current fiscal year. Expenditures are recognized when the related fund liability is incurred.

Due from Other Governments

Due from other governments are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided in the governmental funds since it is believed that the amount of such allowance would not be material to the financial statements.

Due to Monona Grove School District

Since the School is not a separate fund of the District, the District subsidizes all operations of the school and any amounts owed from other governments are owed to Monona Grove School District.

Monona Grove Liberal Arts Charter School for the 21st Century

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance: This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board of Education - the School's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action that imposed the original commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance: This classification reflects the amounts constrained by the School's "intent" to be used for specific purposes, but the amounts are neither restricted nor committed. The Board of Education has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the School's policy to use externally restricted resources first, then unrestricted resources - committed, assigned, and unassigned - in order as needed.

Note 2: Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the School carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There was no significant reduction in the School's insurance coverage in fiscal 2022.

Monona Grove Liberal Arts Charter School for the 21st Century

Statement of Cash Flows

Year Ended June 30, 2022

Cash flows from operating activities:	
Cash received from local sources	\$ 810,183
Cash received from federal grants	138,867
Cash payments to employees for services	(743,766)
Cash payments to suppliers for goods and services	(205,284)
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Net cash from operating activities	-
Net change in cash and cash equivalents	-
Cash and cash equivalents - Beginning of year	-
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Cash and cash equivalents - End of year	\$ -
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Reconciliation of current period operating income to net cash provided by operating activities:	
Operating income	\$ -
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Changes in operating assets and liabilities:	
Due from other governments	57,015
Due to other funds	(57,015)
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Net cash from operating activities	\$ -
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See Independent Auditor's Report.

Other Reports

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Performed in Accordance with Government Auditing Standards

Board of Education
Monona Grove School District
Monona, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States 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 Monona Grove Liberal Arts Charter School for the 21st Century, a department of the general fund of the Monona Grove School District (the "School") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's financial statements, and have issued our report thereon dated January 24, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

January 24, 2023
Madison, Wisconsin