

# **Waterford Union High School District**

Report on Federal and State Awards

June 30, 2024

# Waterford Union High School District

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Table of Contents  
June 30, 2024

	<u>Page</u>
<b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i></b>	1
<b>Report on Compliance for Each Major Federal and Major State Program; Report on Internal Control Over Compliance; and Report on the Schedules of Expenditures of Federal and State Awards Required by the Uniform Guidance and the <i>State Single Audit Guidelines</i></b>	3
Schedule of Expenditures of Federal Awards	6
Schedule of Expenditures of State Awards	7
Notes to Schedules of Expenditures of Federal and State Awards	8
Schedule of Findings and Questioned Costs	9

**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***

Independent Auditors' Report

To the Board of Education of  
Waterford Union High School District

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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Waterford Union High School District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 4, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002, that we consider to be material weaknesses.

## **Report on Compliance and Other Matters**

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

### **The District's Response to Finding**

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

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

*Baker Tilly US, LLP*

Milwaukee, Wisconsin  
December 4, 2024

**Report on Compliance  
for Each Major Federal and Major State Program;  
Report on Internal Control Over Compliance; and  
Report on the Schedules of Expenditures of  
Federal and State Awards Required by the Uniform Guidance  
and the *State Single Audit Guidelines***

Independent Auditors' Report

To the Board of Education of  
Waterford Union High School District

**Report on Compliance for Each Major Federal and Major State Program**

***Opinion on Each Major Federal and Major State Program***

We have audited the Waterford Union High School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *State Single Audit Guidelines* (the *Guidelines*) that could have a direct and material effect on each of the District's major federal and major state programs for the year ended June 30, 2024. The District's major federal and major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

***Basis for Opinion on Each Major Federal and Major State Program***

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

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

## ***Responsibilities of Management for Compliance***

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

## ***Auditors' Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the *Guidelines*, we

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

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

## **Report on Internal Control Over Compliance**

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

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

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

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

**Report on Schedules of Expenditures of Federal and State Awards Required by the Uniform Guidance and the *Guidelines***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 4, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the Uniform Guidance and the *Guidelines* and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.



Milwaukee, Wisconsin  
December 4, 2024

**Waterford Union High School District**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024

Awarding Agency/ Pass-Through Agency/Award Description	Assistance Listing Number	Pass- Through Agency	Pass-Through ID	Accrued Receivable 7/1/2023	Expenditures	Receipts	Accrued Receivable 6/30/2024
<b>U.S. Department of Agriculture</b>							
Child Nutrition Cluster:							
Special Milk Program for Children July 1, 2023 - June 30, 2024	10.556	WI DPI	2023-516083-DPI-SMP-548	\$ -	\$ 2,626	\$ 2,626	\$ -
Total U.S. Department of Agriculture				<u>-</u>	<u>2,626</u>	<u>2,626</u>	<u>-</u>
<b>U.S. Department of Education</b>							
Special Education Cluster							
Special Education Grants to States July 1, 2022 - June 30, 2023	84.027A	WI DPI	2023-516083-DPI-FLOW-341	33,424	-	33,424	-
July 1, 2023 - June 30, 2024	84.027A	WI DPI	2024-516083-DPI-FLOW-341	<u>-</u>	<u>161,933</u>	<u>126,461</u>	<u>35,472</u>
Total Special Education Cluster				33,424	161,933	159,885	35,472
Title I Grants to Local Educational Agencies July 1, 2023 - June 30, 2024	84.010A	WI DPI	2024-516083-DPI-TIA-141	-	28,122	28,122	-
COVID 19 - Education Stabilization Fund July 1, 2022 - June 30, 2023	84.425U	WI DPI	2022-516083-DPI-ESSERFIII-165	239,351	-	239,351	-
July 1, 2023 - June 30, 2024	84.425U	WI DPI	2022-516083-DPI-EBIS-165	<u>-</u>	<u>405,746</u>	<u>373,214</u>	<u>32,532</u>
Supporting Effective Instruction State Grants July 1, 2023 - June 30, 2024	84.367A	WI DPI	2024-516083-DPI-TIIA-365	-	1,969	1,969	-
Student Support and Academic Enrichment Program July 1, 2023 - June 30, 2024	84.424A	WI DPI	2024-516083-DPI-TIVA-381	-	10,000	10,000	-
Career and Technical Education, Basic Grants to States July 1, 2023 - June 30, 2024	84.048	Union Grove	2024-515852-DPI-CTE-400	<u>-</u>	<u>18,346</u>	<u>18,346</u>	<u>-</u>
Total U.S. Department of Education				<u>272,775</u>	<u>626,116</u>	<u>830,887</u>	<u>68,004</u>
<b>U.S. Department of Health and Human Services</b>							
Medicaid Cluster:							
Medical Assistance Program July 1, 2022 - June 30, 2023	93.778	WI DHS	44242200	<u>-</u>	<u>127,013</u>	<u>126,961</u>	<u>52</u>
Total Medicaid Cluster				-	127,013	126,961	52
Total U.S. Department of Health and Human Services				<u>-</u>	<u>127,013</u>	<u>126,961</u>	<u>52</u>
Total federal awards				<u>\$ 272,775</u>	<u>\$ 755,755</u>	<u>\$ 960,474</u>	<u>\$ 68,056</u>

See notes to schedules of expenditures of federal and state awards

**Waterford Union High School District**

Schedule of Expenditures of State Awards

Year Ended June 30, 2024

Awarding Agency/	ID Number	Passed Through Agency ID	Accrued Receivable 7/1/2023	Revenues/ Expenditures	Reimbursements	Accrued Receivable 6/30/24
<b>Wisconsin Department of Public Instruction</b>						
Special Education and School Age Parents	255.101	LEA-100	\$ -	\$ 1,540,642	\$ 1,540,642	\$ -
Common School Fund Library Aid	255.103	LEA-104	-	59,149	59,149	-
Pupil Transportation Aid	255.107	LEA-102	-	19,411	19,411	-
Equalization Aid	255.201	LEA-116	-	6,304,428	6,304,428	-
High Cost Special Education Aid	255.210	LEA-119	-	33,727	33,727	-
School Based Mental Health Services Grant	255.297	LEA-177	-	31,087	31,087	-
Early College Credit Program	255.445	LEA-178	4,210	2,193	3,811	2,592
Educator Effective Eval Sys Grants	255.940	LEA-154	-	7,680	7,680	-
Per Pupil Aid	255.945	LEA-113	-	698,964	698,964	-
Career and Technical Educ Incentive Grants	255.950	LEA-152	-	54,242	54,242	-
Robotics Lead Participation Grants	255.959	LEA-167	3,679	4,540	8,219	-
Aid for Special Education Transition Grants	255.960	LEA-168	-	12,581	12,581	-
Total Wisconsin Department of Public Instruction			7,889	8,768,644	8,773,941	2,592
<b>Wisconsin Department of Workforce Development</b>						
Wisconsin Fast Forward Grant	445.09	N/A	-	66,692	66,692	-
Total state awards			<u>\$ 7,889</u>	<u>\$ 8,835,336</u>	<u>\$ 8,840,633</u>	<u>\$ 2,592</u>

See notes to schedules of expenditures of federal and state awards

# Waterford Union High School District

Notes to Schedules of Expenditures of Federal and State Awards  
June 30, 2024

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## 1. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (the Schedules) includes the federal and state award activity of the Waterford Union High School District (the District) under programs of the federal and state government for the year ended June 30, 2024. The information in these Schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*. Because the Schedules present only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

## 2. Summary of Significant Accounting Policies

Expenditures reported on the schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The underlying accounting records for some grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred.

## 3. Special Education and School Age Parents Program

Eligible costs for special education under project 011 were \$5,055,431 for the year ended June 30, 2024.

## 4. Pass-Through Agencies

The District received federal awards from the following pass-through agencies:

WI DPI	Wisconsin Department of Public Instruction
Union Grove	Union Grove Union High School

## 5. Indirect Cost Rate

The District has not elected to use the 10% de minimis indirect cost rate of the Uniform Guidance.

## 6. Oversight Agency

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

# Waterford Union High School District

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2024

## Section I - Summary of Auditors' Results

### Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified?	<u> X </u>	yes	<u>    </u>	no	
Significant deficiency(ies) identified?	<u>    </u>	yes	<u> X </u>	none reported	

Noncompliance material to financial statements noted?

	<u>    </u>	yes	<u> X </u>	no	<u>    </u>
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### Federal and State Awards

Internal control over major programs:

	Federal Programs		State Programs					
Material weakness(es) identified?	<u>    </u>	yes	<u> X </u>	no	<u>    </u>	yes	<u> X </u>	no
Significant deficiencies identified that are not considered to be material weakness(es)?	<u>    </u>	yes	<u> X </u>	none reported	<u>    </u>	yes	<u> X </u>	none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance or the *State Single Audit Guidelines*?

	<u>    </u>	yes	<u> X </u>	no	<u>    </u>	yes	<u> X </u>	no
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Auditee qualified as low-risk auditee?

	<u>    </u>	yes	<u> X </u>	no	<u>    </u>	yes	<u> X </u>	no
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Dollar threshold used to distinguish between type A and type B programs: \$750,000 \$265,060

Identification of major federal programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
84.425U 93.778	COVID-19 Education Stabilization Fund Medicaid Cluster

Identification of major state programs:

State ID Numbers	Name of State Program
255.101 255.945 255.201	Special Education and School Age Parents Per Pupil Aid Equalization Aids

# Waterford Union High School District

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Schedule of Findings and Questioned Costs  
Year Ended June 30, 2024

## Section II - Financial Statement Findings Required to Be Reported in Accordance With *Government Auditing Standards*

### Finding 2024-001 - Material Weakness - Internal Control Environment

*Repeat of Prior Year Finding 2023-001*

*Criteria:* A system of internal controls should be in place to achieve a higher level of reliability that errors or irregularities in the District's processes would be discovered by District staff.

*Condition/Context:* The District has internal controls in place to help safeguard the District's assets. During our audit, we noted certain areas where internal controls should be strengthened to ensure that assets are properly safeguarded and ensure accurate financial reporting.

#### **Controls Over Payroll**

Persons preparing the payroll are not independent of other personnel duties or restricted from access to the payroll account.

#### **Controls Over Financial Reporting**

Account reconciliations should be performed by someone independent of the processing of transactions in the account.

*Cause:* Due to its size, the District does not have an adequate number of employees needed to implement the ideal controls over these transaction cycles.

*Effect:* Internal controls that are not in place create a greater risk for both intentional and unintentional errors.

*Recommendation:* The District may consider and implement additional internal controls over its accounting processes to reduce the risk of misstatements to the financial records.

*District Response and Corrective Action Plan:* Management is in agreement with noted improvements and will evaluate and determine the most appropriate method to address these items.

# Waterford Union High School District

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Schedule of Findings and Questioned Costs  
Year Ended June 30, 2024

## **Finding 2024-002 - Material Weakness - Internal Control Over Financial Reporting**

*Repeat of Prior Year Finding 2023-002*

*Criteria:* Auditing Standards require the communication to the Board of significant deficiencies and material weaknesses in the year-end financial reporting process.

*Condition/Context:* The District's personnel do not have the necessary technical expertise in governmental accounting and reporting to prepare the District's financial statements in accordance with generally accepted accounting principles. The District has contracted with its auditing firm to perform this service.

*Cause:* Due to its size, the District does not have the resources to employ an individual that is able to prepare its financial statements or the schedule of expenditures of federal and state awards.

*Effect:* Information provided to management throughout the year may not be presented in accordance with generally accepted accounting principles.

*Recommendation:* Management should determine if the benefits achieved by resolving this internal control deficiency warrants the additional cost that would be required to remedy the current condition.

*District Response and Corrective Action Plan:* Although management does not prepare the financial statements or schedule of expenditures of federal and state awards, draft copies of these reports are reviewed and approved prior to their issuance by management. Currently, management has not implemented controls to evaluate and determine whether the financial statements or the schedule of expenditures of federal and state awards conform to the requirements of accounting principles generally accepted in the United States of America, Uniform Grant Guidance or the *State Single Audit Guidelines*. As such, management will continue to rely on the auditors to assist in preparing the District's financial statements and schedule of expenditures of federal and state awards.

## **Section III - Federal and State Awards Findings and Questioned Costs**

None.

# Waterford Union High School District

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2024

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## Section IV - Other Issues

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern?

yes       no

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

Department of Public Instruction

yes       no

Department of Workforce Development

yes       no

Was a Management Letter or other document conveying audit comments issued as a result of this audit?

yes       no

Name and signature of principal



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Paul J. Frantz, CPA, Principal

Date of report

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December 4, 2024