WISCONSIN VALLEY LIBRARY SERVICE

Annual Financial Report

December 31, 2022

KerberRose

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WISCONSIN VALLEY LIBRARY SERVICE

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Independent Auditors' Report

To the Service Board
Wisconsin Valley Library Service
Wausau, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Wisconsin Valley Library Service (Service) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Service's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Service as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Service and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Service's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Service Board
Wisconsin Valley Library Service

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Service's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Service's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules of employer's proportionate share of the net pension liability (asset) and employer contributions – Wisconsin Retirement System, schedules of employer's proportionate share of the net OPEB liability and employer contributions – other post-employment benefits, and schedule of revenues, expenditures, and change in fund balance – budget and actual – general fund on pages 25 through 28 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

To the Service Board
Wisconsin Valley Library Service

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Service's basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the *Wisconsin Public School District Audit Manual,* issued by the Wisconsin Department of Public Instruction 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 schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in this annual financial report. The other information comprises of the schedule of detailed budgetary revenues and expenditures comparison – general fund, schedule of revenues collected from member counties, and schedule of operational expenses paid but does not include the financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2023, on our consideration of Wisconsin Valley Library Service's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Wisconsin Valley Library Service'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 Wisconsin Valley Library Service's internal control over financial reporting and compliance.

KerberRose SC

KerberRose SC
Certified Public Accountants
Oshkosh, Wisconsin
May 16, 2023

FINANCIAL STATEMENTS

WISCONSIN VALLEY LIBRARY SERVICE

Statement of Net Position

As of December 31, 2022

		Governmental Activities
ASSETS		
Current Assets		
Cash	$	2,351,348
Accounts Receivable		31,566
Grants Receivable		50,214
Prepaid Items		7,120
Total Current Assets		2,440,248
Noncurrent Assets		
Net Pension Asset		209,622
Capital Assets		634,070
Less: Accumulated Depreciation		(594,887)
Total Noncurrent Assets		248,805
TOTAL ASSETS		2,689,053
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources Related to Pension		411,160
Deferred Outflows of Resources Related to Other Post-Employment Benefits		6,471
TOTAL DEFERRED OUTFLOWS OF RESOURCES		417,631
LIABILITIES		
Current Liabilities		
Accounts Payable		37,034
Accrued Payroll		10,019
Unearned Revenue		851,759
Current Portion of Compensated Absences		58,721
Total Current Liabilities		957,533
Noncurrent Liabilities		
Other Post-Employment Benefits Liability		12,867
Noncurrent Portion of Compensated Absences		14,680
Total Noncurrent Liabilities		27,547
TOTAL LIABILITIES		985,080
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources Related to Pension		493,905
Deferred Inflows of Resources Related to Other Post-Employment Benefits		9,320
TOTAL DEFERRED INFLOWS OF RESOURCES		503,225
NET POSITION		
Investment in Capital Assets		39,183
Restricted for Pension Benefits		126,877
Unrestricted		1,452,319
TOTAL NET POSITION	$	1,618,379

WISCONSIN VALLEY LIBRARY SERVICE

Statement of Activities

For the Year Ended December 31, 2022

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS				
Governmental Activities:				
Library Support	$ 1,838,301	$ 337,652	$ 1,690,005	$ 189,356
GENERAL REVENUES				
County Allocations				41,185
Interest Income				13,621
Miscellaneous				8,038
Total General Revenues				62,844
CHANGE IN NET POSITION				252,200
NET POSITION - BEGINNING OF YEAR				1,366,179
NET POSITION - END OF YEAR				$ 1,618,379

WISCONSIN VALLEY LIBRARY SERVICE

Balance Sheet

Governmental Fund

As of December 31, 2022

		General
ASSETS		
Cash	$	2,351,348
Receivables:		
Accounts Receivable		31,566
Grants Receivable		50,214
Prepaid Items		7,120
TOTAL ASSETS	$	2,440,248
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	$	37,034
Accrued Payroll		10,019
Unearned Revenue		851,759
Total Liabilities		898,812
Fund Balance		
Nonspendable:		
Prepaid Items		7,120
Assigned:		
Scholarships		8,810
Future Purchases		54,676
V-Cat Expenditures		462,269
LEAN Wisconsin Expenditures		416,496
2023 Budget		395,000
Unassigned		197,065
Total Fund Balance		1,541,436
TOTAL LIABILITIES AND FUND BALANCE	$	2,440,248

See Accompanying Notes

WISCONSIN VALLEY LIBRARY SERVICE

Reconciliation of the Balance Sheet - Governmental Fund to the Statement of Net Position

As of December 31, 2022

Total Fund Balance - Governmental Fund		$ 1,541,436
Total net position reported for governmental activities in the statement of net position is different from the amount reported above as total governmental fund balance because:		
Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position:		
Governmental Capital Assets	$ 634,070	
Governmental Accumulated Depreciation	(594,887)	39,183
The Service's proportionate share of the Wisconsin Retirement System pension plan is not an available financial resource; therefore it is not reported in the fund financial statements:		
Net Pension Asset		209,622
Deferred outflows and inflows of resources are a consumption or acquisition of net position that applies to future periods and will not be recognized as an outflow or inflow of resources until then. Deferred outflows and inflows of resources are reported in the statement of net position and are not reported in the fund balance sheet.		
Deferred Outflows of Resources Related to:		
Pension	411,160	
Other Post-Employment Benefits	6,471	
Deferred Inflows of Resources Related to:		
Pension	(493,905)	
Other Post-Employment Benefits	(9,320)	(85,594)
Noncurrent obligations are not due in the current period and therefore not reported in the fund statements. Items reported in the statement of net position that are not reported in the fund balance sheet:		
Compensated Absences	(73,401)	
Other Post-Employment Benefits Liability	(12,867)	(86,268)
Total Net Position - Governmental Activities		$ 1,618,379

WISCONSIN VALLEY LIBRARY SERVICE

Statement of Revenues, Expenditures, and Change in Fund Balance

Governmental Fund

For the Year Ended December 31, 2022

	General
REVENUES	
Intergovernmental	$ 1,793,137
Miscellaneous	297,364
Total Revenues	2,090,501
EXPENDITURES	
Library Support:	
Salaries, Employee Benefits, and Payroll Taxes	720,680
Operations	470,467
Information Technology	69,835
LEAN Wisconsin Partnership	104,430
Library Materials	47,700
Miscellaneous	12,624
Library Services and Technology Act Expenditures	457,608
Total Expenditures	1,889,568
NET CHANGE IN FUND BALANCE	200,933
FUND BALANCE - BEGINNING	1,340,503
FUND BALANCE - ENDING	$ 1,541,436

WISCONSIN VALLEY LIBRARY SERVICE

Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balance
Governmental Fund to the Statement of Activities
For the Year Ended December 31, 2022

Net Change in Fund Balance - Governmental Fund		$ 200,933
Amounts reported for governmental activities in the statement of activities are different because:		
The acquisitions of capital assets are reported in the governmental fund 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.		
Capital outlay reported in governmental fund statements	$ 20,885	
Depreciation expense reported in the statement of activities	(21,090)	
Amount by which depreciation is more than capital outlay in the current period.		(205)
Amounts related to the pension plan that affect the statement of activities but do not affect the fund financial statement.		49,806
Amounts related to other post-employment benefits that affect the statement of activities but do not affect the fund financial statement.		(292)
Vested employee benefits are reported in the government fund when amounts are paid. The statement of activities reports the value of benefits earned during the year.		
Compensated absences paid in current year	75,767	
Compensated absences benefits earned in current year	(73,809)	
Amounts paid are more than amounts earned by		1,958
Change in Net Position - Governmental Activities		$ 252,200

See Accompanying Notes

Note 1 – Summary of Significant Accounting Policies

This summary of significant accounting policies of Wisconsin Valley Library Service (Service) is presented to assist in understanding the Service's financial statements. The financial statements and notes are representations of the Service's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

This report includes all of the funds of Wisconsin Valley Library Service. The reporting entity for the Service consists of the primary government. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable or other organizations whose nature and significant relationship with the Service are such that exclusion would cause the Service's financial statements to be misleading. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the Service's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the Service. The Service has not identified any component units that are required to be included in the financial statements.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Service. Governmental activities are supported by intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) operating grants and contributions. Other items not properly included as program revenues are reported instead as general revenues.

Governmental Fund

General Fund

The general fund is the primary operating fund of the Service 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.

Note 1 – Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets and current liabilities) or economic resources (all assets, deferred outflows of resources, liabilities, and deferred inflows of resources). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Service considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Cash

Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. All cash deposits and highly liquid investments with a maturity of three months or less from the date of acquisition are considered to be cash equivalents.

Accounts Receivable

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

Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

Prepaid items of governmental fund types in the fund financial statements are offset by a nonspendable fund balance to indicate that they do not represent spendable available resources.

Capital Assets

Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Assets	Years
Equipment	3 - 7

Note 1 – Summary of Significant Accounting Policies (Continued)

Compensated Absences

The Service records a liability for compensated absences pursuant to the requirements of the Governmental Accounting Standards Board. Compensated absences incurred by the governmental fund type is recorded in the fund if they normally will be liquidated with expendable available financial resources.

The liability for the non-vesting right to receive sick pay, if the employee retires with unpaid sick pay, is recorded as a long-term obligation. If an employee terminates prior to retirement, all accumulated sick pay is lost by the employee.

Payments for vacation and sick pay will be made at rates in effect when paid. Accumulated liabilities at December 31, 2022 are determined on the basis of current pay rates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The Service has items that qualify for reporting in this category related to pension and post-employment benefits. See notes 5 and 6 for details.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources until that time. The government-wide financial statement has items that qualify for reporting in this category related to pension and post-employment benefits. See notes 5 and 6 for details.

Pension

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), information about the fiduciary net position 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 the 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. Details on the Service's pension benefits can be found in Note 5.

Other Post-Employment Benefits Other Than Pensions (OPEB)

The fiduciary net position of the local retiree life insurance fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense (revenue), and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of member contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Details on the Service's OPEB benefits can be found in Note 6.

Note 1 – Summary of Significant Accounting Policies (Continued)

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 type. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results may differ from these estimates.

Equity Classifications

Government-Wide Statements

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

- Investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- Restricted component of net position – Consists of resources with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) by law through constitutional provisions or enabling legislation reduced by liabilities related to those assets.
- Unrestricted component of net position – Is the net amount that does not meet the definition of “restricted” or “investment in capital assets.”

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

Note 1 – Summary of Significant Accounting Policies (Continued)

Leases

The Service adopted GASB Statement No. 87 for the year ended December 31, 2022 which requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. There were no material leases recorded.

<u>Fund Financial Statements</u>

Fund balance is classified as either 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned.

Nonspendable fund balance represents amounts that cannot be spent due to form (such as inventories and prepaid amounts) or amounts that must be maintained intact legally or contractually (such as the principal of a permanent fund).

Restricted fund balance represents amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

Committed fund balance represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources. The action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period. The Service Board is the decision-making authority that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance.

Assigned fund balance represents amounts constrained by the Service Board for a specific intended purpose. Intent can be expressed by the Service Board or by its designee. The Board designates the Finance Committee as authorized to assign fund balance to a specific purpose.

Unassigned fund balance represents amounts not classified as nonspendable, restricted, committed or assigned.

The Service, unless otherwise required by law or agreements, spends funds in the following order: restricted first, then committed, then assigned, and lastly unassigned.

The Service has adopted a fund balance policy to maintain a minimum fund balance at a level of 10-20% of state aid.

Note 2 – Cash

The Service is authorized to invest its funds in accordance with Wisconsin Statutes. Allowable investments are as follows:

- Time deposits in any credit union, bank, savings bank or trust company maturity in three years or less.
- Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, local professional baseball park district, local professional football stadium district, local cultural arts district or by the University of Wisconsin Hospitals and Clinics Authority.
- Bonds or securities guaranteed by the federal government.
- The Local Government Pooled Investment Fund and the Wisconsin Investment Trust.
- 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 with public depositories, with certain conditions.

Additional restrictions could arise from local charters, ordinances, resolutions and grant regulations of the Service.

At December 31, 2022, the Service's bank balance of cash was $2,362,657. The Service maintains its cash accounts at various financial institutions. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Service's deposits may not be returned. The Service does not have a deposit policy for custodial credit risk.

Deposits in each bank are insured by the FDIC up to $250,000 for the combined amounts of all time and savings accounts (including NOW accounts) and up to $250,000 for the combined amount of all interest and non-interest-bearing demand deposit accounts.

Deposits in each credit union are insured by the National Credit Union Share Insurance Fund (NCUSIF) up to $250,000 for the combined amounts of all accounts.

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of $400,000 in each financial institution above the applicable insurance coverage provided by the FDIC. However, although the fund had reserves available at December 31, 2022, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted, at which time the fund will be abolished; therefore, the State Deposit Guarantee Fund is not considered in covered amounts noted below.

The following represents a summary of deposits as of December 31, 2022:

Fully Insured Deposits	$ 1,152,298
Collateralized with Securities held by the Pledging of Financial Institution in the Service's Name	1,210,359
Total	$ 2,362,657

The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit at December 31, 2022.

Note 3 – Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities				
Equipment	$ 613,185	$ 20,885	$ -	$ 634,070
Less Accumulated Depreciation for:				
Equipment	(573,797)	(21,090)	-	(594,887)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	$ 39,388	$ (205)	$ -	$ 39,183

Depreciation expense was charged to library support.

Note 4 – Long-Term Obligations

The following is a summary of changes in long-term obligations of the Service for the year ended December 31, 2022.

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Governmental Activites					
Compensated Absences	$ 75,359	$ 73,809	$ 75,767	$ 73,401	$ 58,721

Note 5 – Defined Benefit Pension Plan

General Information About the Pension Plan

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

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

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

Note 5 – Defined Benefit Pension Plan (Continued)

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.

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 December 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
2012	(7.0)%	(7)%
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)
2020	1.7	21
2021	5.1	13

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized $31,981 in contributions from the employer.

Note 5 – Defined Benefit Pension Plan (Continued)

Contribution rates as of December 31, 2022 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.50%	6.50%

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

At December 31, 2022, the Service reported an asset of $209,622 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020, rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Service's proportion of the net pension asset was based on the Service's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the Service's proportion was 0.00260072%, which was a decrease of 0.00000282% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Service recognized a reduction of pension expense of $17,777.

At December 31, 2022, the Service reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred inflows of Resources
Differences between expected and actual experiences	$ 338,635	$ 24,419
Changes in assumptions	39,108	-
Net differences between projected and actual earnings on pension plan investments	-	468,944
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,436	542
Employer contributions subsequent to the measurement date	31,981	-
Total	$ 411,160	$ 493,905

The $31,981 reported as deferred outflows related to pension resulting from the Service's contributions subsequent to the measurement date will be recognized as an adjustment of the net pension liability (asset) in the year ending December 31, 2023. 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 Ending December 31,	Net Deferred Inflows of Resources
2023	$ (9,664)
2024	(56,599)
2025	(24,630)
2026	(23,833)
	$ (114,726)

Note 5 – Defined Benefit Pension Plan (Continued)

Actuarial Assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The total pension liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

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

Asset Allocation Targets and Expected Returns[1]
As of December 31, 2021

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %[2]
Global Equities	52%	6.8%	4.2%
Fixed Income	25	4.3	1.8
Inflation Sensitive Assets	19	2.7	0.2
Real Estate	7	5.6	3.0
Private Equity/Debt	12	9.7	7.0
Total Core Fund[3]	115% *	6.6%	4.0%
Variable Fund Asset Class			
U.S. Equities	70%	6.3%	4.1%
International Equities	30	7.2	4.9
Total Variable Fund	100%	6.8%	4.6%

[1]Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations.
[2]New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%.
[3]The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

Note 5 – Defined Benefit Pension Plan (Continued)

Single Discount Rate. A single discount rate of 6.8% was used to measure the total pension liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 1.84% (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, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Service's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the Service's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80 percent, as well as what the Service'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 (5.80 percent) or 1-percentage-point higher (7.80 percent) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
Service's proportionate share of the net pension liability (asset)	$ 148,742	$ (209,622)	$ (467,578)

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.

Payables to the Pension Plan. The Service is required to remit the monthly required contribution for both the employee and Service portions by the last day of the following month. There is no amount due to WRS as of December 31, 2022.

Note 6 – Post-Employment Benefits Other Than Pension Benefits

General Information About the OPEB Plan

Plan Description. The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible members.

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

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can also be found using the link above.

Note 6 – Post-Employment Benefits Other Than Pension Benefits (Continued)

Benefits Provided. The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired members and pre-65 retirees who pay for their coverage.

Contributions. The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contributions based on member contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the member premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2022 are:

Coverage Type	Employer Contribution
50% Post Retirement Coverage	40% of Employee Contribution
25% Post Retirement Coverage	20% of Employee Contribution

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per $1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2021 are as listed below:

Life Insurance
Member Contribution Rates *
For the Year Ended December 31, 2021

Attained Age	Basic/Supplemental
Under 30	$ 0.05
30-34	0.06
35-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

** Disabled members under age 70 receive a waiver-of-premium benefit.*

During the reporting period, the Plan recognized $72 in contributions from the employer.

Note 6 – Post-Employment Benefits Other Than Pension Benefits (Continued)

OPEB Liability, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At December 31, 2022, the Service reported a liability of $12,867 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Service's proportion of the net OPEB liability was based on the Service's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2021, the Services proportion was 0.002177%, which was an increase of 0.000221% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2021, the Service recognized OPEB expense of $360.

At December 31, 2022, the Service reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ -	$ 656
Changes in assumptions	3,887	624
Net differences between projected and actual earnings on OPEB plan investments	166	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,346	8,040
Employer contributions subsequent to the measurement date	72	-
Total	$ 6,471	$ 9,320

The $72 reported as deferred outflows related to OPEB resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as an adjustment of the net OPEB liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	Net Deferred Outflows (Inflows) of Resources
2023	$ (609)
2024	(629)
2025	(711)
2026	(996)
2027	(74)
Thereafter	98
	$ (2,921)

Note 6 – Post-Employment Benefits Other Than Pension Benefits (Continued)

Actuarial Assumptions. The total OPEB liability in the January 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2021
Measurement Date of Net OPEB Liability:	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020, Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.06%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.17%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the total OPEB liability changed from the prior year, including the price inflation, mortality and separation rates. The total OPEB liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the January 1, 2021 actuarial valuation.

Long-term Expected Return on Plan Assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

State OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2021

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interm Credit	45%	1.68%
U.S. Long Credit Bonds	Bloomberg U.S. Long Credit	5	1.82
U.S. Mortgages	Blookberg U.S. MBS	50	1.94
Inflation			2.30
Long-Term Expected Rate of Return			4.25

The long-term expected rate of return remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate increased from 2.20% as of December 31, 2020 to 2.30% as of December 31, 2021.

Note 6 – Post-Employment Benefits Other Than Pension Benefits (Continued)

Single Discount Rate. A single discount rate of 2.17% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.25% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.12% as of December 31, 2020 to 2.06% as of December 31, 2021. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

Sensitivity of the Service's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate. The following presents the Service's proportionate share of the net OPEB liability calculated using the discount rate of 2.17 percent, as well as what the Service's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.17 percent) or 1-percentage-point higher (3.17 percent) than the current rate:

	1% Decrease to Discount Rate (1.17)	Current Discount Rate (2.17%)	1% Increase to Discount Rate (3.17%)
Service's proportionate share of the net OPEB liability	$ 17,456	$ 12,867	$ 9,414

Payables to the OPEB Plan. The Service is required to remit the monthly required contribution for both the employee and Service portions by the last day of the following month. There is no amount due to WRS for Life Insurance Benefits as of December 31, 2022.

Note 7 – Risk Management

The Service is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health claims; unemployment compensation claims; and environmental damage for which the Service purchases commercial insurance. There has been no reduction in insurance coverage from the prior year. Insurance settlements for claims resulting from the risks covered by commercial insurance have not exceeded the insurance coverage in the past three years.

Note 8 – Contingencies

From time to time the Service is involved in legal actions and claims, most of which normally occur in governmental operations. In the opinion of Service management, these issues, and any other proceedings known to exist at December 31, 2022, are not likely to have a material adverse impact on the Service's financial position.

Note 9 – Building Rent

The Service pays rent to Marathon County Public Library on a year-to-year basis. Rent paid in 2022 was $42,000.

REQUIRED SUPPLEMENTARY INFORMATION

WISCONSIN VALLEY LIBRARY SERVICE

Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System

WRS Fiscal Year End Date (Measurement Date)	Service's Proportion of the Net Pension Liability/(Asset)	Service's Proportionate Share of the Net Pension Liability (Asset)	Service's Covered Payroll	Service's Proportionate Share of the Net Pension Liability/(Asset) as a percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/Asset
12/31/2021	0.00260072%	$ (209,622)	$ 463,094	45.27%	106.02%
12/31/2020	0.00260354%	(162,542)	451,373	36.01%	105.26%
12/31/2019	0.00254020%	(81,907)	383,934	21.33%	102.96%
12/31/2018	0.00251281%	89,397	415,650	21.51%	96.45%
12/31/2017	0.00236611%	(70,252)	374,408	18.76%	102.93%
12/31/2016	0.00234117%	19,297	332,185	5.81%	99.12%
12/31/2015	0.00246289%	40,021	322,682	12.40%	98.20%
12/31/2014	0.00255715%	(62,811)	343,210	18.30%	102.74%

Schedule of Employer Contributions
Wisconsin Retirement System

Service Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2022	$ 31,981	$ 31,981	$ -	$ 492,012	6.50%
12/31/2021	31,259	31,259	-	463,094	6.75%
12/31/2020	30,468	30,468	-	451,373	6.75%
12/31/2019	25,147	25,147	-	383,934	6.55%
12/31/2018	27,848	27,848	-	415,650	6.70%
12/31/2017	25,460	25,460	-	374,408	6.80%
12/31/2016	21,924	21,924	-	332,185	6.60%
12/31/2015	21,943	21,943	-	322,682	6.80%

See Accompanying Notes to Required Supplementary Information

WISCONSIN VALLEY LIBRARY SERVICE
Schedule of Employer's Proportionate Share of the Net OPEB Liability
Other Post-Employment Benefits

OPEB Plan Fiscal Year End Date (Measurement Date)	Service's Proportion of the Net OPEB Liability	Service's Proportionate Share of the Net OPEB Liability	Service's Covered Payroll	Service's Proportionate Share of the Net OPEB Liability as a percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Net OPEB Liability
12/31/2021	0.00217700%	$ 12,867	$ 264,000	4.87%	29.57%
12/31/2020	0.00195600%	10,759	239,000	4.50%	31.36%
12/31/2019	0.00272700%	11,612	280,000	4.15%	37.58%
12/31/2018	0.00637800%	16,457	360,000	4.57%	48.69%
12/31/2017	0.00515800%	15,518	216,909	7.15%	44.81%

Schedule of Employer Contributions
Other Post-Employment Benefits

Service Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2022	$ 72	$ 72	$ -	$ 323,000	0.02%
12/31/2021	44	44	-	264,000	0.02%
12/31/2020	40	40	-	239,000	0.02%
12/31/2019	57	57	-	280,000	0.02%
12/31/2018	123	123	-	360,000	0.03%

WISCONSIN VALLEY LIBRARY SERVICE

Schedule of Revenues, Expenditures and Change in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental	$ 1,231,189	$ 1,793,137	$ 561,948
Miscellaneous	1,415,677	297,364	(1,118,313)
Total Revenues	2,646,866	2,090,501	(556,365)
EXPENDITURES			
Library Support	2,646,866	1,889,568	757,298
NET CHANGE IN FUND BALANCE	-	200,933	200,933
FUND BALANCE - BEGINNING	1,340,503	1,340,503	-
FUND BALANCE - ENDING	$ 1,340,503	$ 1,541,436	$ 200,933

Budgetary Process

The Service follows these procedures in establishing the budgetary data:

- During September, Service management submits to the Service Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, the budget is reviewed and approved by the Board consisting of member library delegates. The proposed budget, including authorized additions and deletions, is legally enacted by Service Board action.

- Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general and special revenue funds. Budget is defined as the originally approved budget plus or minus approved amendments. There were no amendments during the year. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.

- During the year, formal budgetary integration is employed as a management control device for the general fund.

- Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the Service. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Service Board.

Defined Benefit Pension Plan

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

Changes of assumptions.

Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

Other Post-Employment Benefits Other Than Pensions

Changes of benefit terms. There were no recent changes in benefit terms.

Changes of assumptions. In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below. The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

OTHER INFORMATION

WISCONSIN VALLEY LIBRARY SERVICE

Schedule of Detailed Budgetary Revenues and Expenditures Comparison

General Fund

For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
INTERGOVERNMENTAL			
County Sources	$ 41,185	$ 41,185	$ -
State Sources	1,050,558	1,050,558	-
Federal Sources	1,000	505,322	504,322
Other	138,446	196,072	57,626
Total Intergovernmental	1,231,189	1,793,137	561,948
MISCELLANEOUS			
Miscellaneous Revenue	1,405,677	283,743	(1,121,934)
Interest Income	10,000	13,621	3,621
Total Miscellaneous	1,415,677	297,364	(1,118,313)
TOTAL REVENUES	$ 2,646,866	$ 2,090,501	$ (556,365)
EXPENDITURES			
LIBRARY SUPPORT			
Salaries, Employee Benefits, and Payroll Taxes	$ 795,100	$ 720,680	$ 74,420
Operations	1,086,429	470,467	615,962
Library Materials	67,100	47,700	19,400
Information Technology	229,180	69,835	159,345
LEAN Wisconsin Partnership	364,057	104,430	259,627
Member Library Expenditures	105,000	6,224	98,776
Miscellaneous	-	12,624	(12,624)
Federal Grant Expenditures	-	457,608	(457,608)
TOTAL EXPENDITURES	$ 2,646,866	$ 1,889,568	$ 757,298

WISCONSIN VALLEY LIBRARY SERVICE

Schedule of Revenues Collected From Member Counties

For the Year Ended December 31, 2022

Member Counties	
Clark	$ 3,888
Forest	1,381
Langlade	2,737
Lincoln	4,177
Marathon	18,727
Oneida	7,807
Taylor	2,468
Total County Revenues	$ 41,185

WISCONSIN VALLEY LIBRARY SERVICE
Schedule of Operational Expenses Paid
For the Year Ended December 31, 2022

Communications	$	9,573
Office Supplies		3,243
Postage and Courier Services		201,752
Staff Travel		9,128
Board Travel		5,000
Continued Education		1,124
Building Rent		46,272
Dues, Insurance, and Audit		22,110
Equipment Rental amd Maintenance		52,712
Workshops		9,834
Special Projects		23,719
Professional Collection Fees		10,301
Resource Development		66,136
Service Contracts		9,563
	$	470,467

ADDITIONAL REPORTS

KerberRose

Independent Auditors' 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 Service Board
Wisconsin Valley Library Service
Wausau, 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 and the major fund of Wisconsin Valley Library Service (Service) , as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Service's basic financial statements, and have issued our report thereon dated May 16, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Service'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 Service's internal control. Accordingly, we do not express an opinion on the effectiveness of the Service'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 2022-004 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 deficiencies described in the accompanying schedule of findings and responses as items 2022-001, 2022-002, and 2022-003 that we consider to be significant deficiencies.

To the Service Board
Wisconsin Valley Library Service

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Service'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*.

Wisconsin Valley Library Service's Responses to Findings

Government Auditing Standards require the auditor to perform limited procedures on the Service's responses to the findings identified in our audit are described in the accompanying *schedule of findings and responses.* The Service's responses were not subjected to the other 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 Service'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 Service's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KerberRose SC

KerberRose SC
Certified Public Accountants
Oshkosh, Wisconsin
May 16, 2023

Independent Auditors' Report on Compliance for the Major State Program and on Internal Control Over Compliance Required by the *Wisconsin Department of Public Instruction Audit Manual*

To the Service Board
Wisconsin Valley Library Service
Wausau, Wisconsin

Report on Compliance for the Major State Program

Opinion on the Major State Program

We have audited Wisconsin Valley Library Service's compliance with the types of compliance requirements identified as subject to audit in the *Wisconsin Public School Service Audit Manual* that could have a direct and material effect on Wisconsin Valley Library Service's major state program for the year ended December 31, 2022. Wisconsin Valley Library Service's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and responses.

In our opinion, Wisconsin Valley Library Service's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major state program for the year ended December 31, 2022.

Basis for Opinion on the Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of the Wisconsin Department of Public Instruction in the *Wisconsin Public School Service Audit Manual*. Our responsibilities under those standards and manual are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Wisconsin Valley Library Service 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 the major state program. Our audit does not provide a legal determination of Wisconsin Valley Library Service'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 Wisconsin Valley Library Service's state programs.

To the Service Board
Wisconsin Valley Library Service

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 Wisconsin Valley Library Service's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards* and the audit requirements of the Wisconsin Department of Public Instruction in the *Wisconsin Public School Service Audit Manual* 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 Wisconsin Valley Library Service's compliance with the requirements of the major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards *Government Auditing Standards* and the *Wisconsin Public School Service Audit Manual*, 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 Wisconsin Valley Library Service'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 Wisconsin Valley Library Service'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 audit requirements of the Wisconsin Department of Public Instruction in the *Wisconsin Public School Service Audit Manual*, but not for the purpose of expressing an opinion on the effectiveness of Wisconsin Valley Library Service'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 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 state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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.

To the Service Board
Wisconsin Valley Library Service

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.

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 audit requirements of the Wisconsin Department of Public Instruction in the *Wisconsin Public School Service Audit Manual*. Accordingly, this report is not suitable for any other purpose.

KerberRose SC

KerberRose SC
Certified Public Accountants
Oshkosh, Wisconsin
May 16, 2023

FEDERAL AND STATE AWARDS SECTION

WISCONSIN VALLEY LIBRARY SERVICE
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended December 31, 2022

Award Description/ Pass-Through Agency	ALN	Pass-Through Agency	Pass-through Identifying Number	(Accrued) Deferred Revenue 1/1/22	Cash Received	Accrued (Deferred) Revenue 12/31/22	Expenditures
FEDERAL AWARDS							
FEDERAL COMMUNICATIONS COMMISSION							
Emergency Connectivity Fund Program	32.009	Direct Award	Not Applicable	$ -	$ -	$ 37,034	$ 37,034
INSTITUTE OF MUSEUM AND LIBRARY SERVICE							
Library Services and Technology	45.310	WI DPI	2022-379942-DPI-LSTA-251	(266,608)	525,925	-	259,317
Library Services and Technology	45.310	WI DPI	2023-379942-DPI-LSTA-251	-	-	13,180	13,180
Library Services and Technology - ARPA	45.310	WI DPI	2022-379942-DPI-ARPALSTA-343	-	195,791	-	195,791
Total Institute of Museum and Library Service				(266,608)	721,716	13,180	468,288
TOTAL FEDERAL AWARDS				$ (266,608)	$ 721,716	$ 50,214	$ 505,322
STATE FINANCIAL ASSISTANCE							
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION							
Public Library Systems Aid - 2022	255.002	N/A	379942-169	$ 787,919	$ 262,639	$ -	$ 1,050,558
Public Library Systems Aid - 2023	255.002	N/A	379942-169	-	851,759	(851,759)	-
TOTAL STATE FINANCIAL ASSISTANCE				$ 787,919	$ 1,114,398	$ (851,759)	$ 1,050,558

See Accompanying Notes

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the Wisconsin Valley Library Service and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Wisconsin Department of Public Instruction. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

Note 2 – Subrecipients

Of the federal and state expenditures presented in the schedule, the Wisconsin Valley Library Service provided no federal and state awards to subrecipients.

Note 3 – Non-Cash Federal Assistance

The Wisconsin Valley Library Service received no non-cash assistance.

Note 4 – Oversight Agencies

The Service’s federal oversight agency is the Institute of Museum and Library Services. The Service’s state cognizant agency is the Wisconsin Department of Public Instruction.

WISCONSIN VALLEY LIBRARY SERVICE
Schedule of Findings and Responses
December 31, 2022

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified?	Yes
Noncompliance material to the financial statements?	No

State Financial Assistance

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None Identified
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Wisconsin Public School Service Audit Manual?	No

Identification of major state program:

State ID Number	Name of Federal Program
255.002	Public Library Systems Aid

Section II - Financial Statement Findings

2022-001 Lack of Segregation of Duties

Prior Year Audit Finding:	**2021-001**
Condition:	During our audit, we noted that the Service has limited staff which does not allow for the proper segregation of duties.
Cause:	Due to the limited staff, management is unable to properly segregate duties.
Criteria:	The Service should establish appropriate segregation of duties to safeguard assets.
Effect:	Because of the lack of segregation of duties, unauthorized transactions could occur in the Service's operations.
Recommendation:	We recommend the duties should be separated as much as possible and compensating controls should be used to compensate for the lack of segregation of duties. This includes the Service Board having an active role in reviewing the Service's operations. The Service could specifically improve the lack of segregation of duties surrounding cash by having a member of the Service Board review and document approval of all bank reconciliations. A member of the Board of Directors should be documenting approval of all bank transfers. The Service could improve the lack of segregation of duties surrounding journal entries by having a member of the Service Board review and document approval of all journal entries posted by the bookkeeper.
Management's Response:	Due to the limited staff, duties are segregated as much as possible. The Board and executive director do review and approve cash receipt and disbursement transactions as well as adjusting journal entries and bank reconciliations prepared by the business manager. Management agrees that the Board should have access to review or question any transaction which flows through the Service office and reports detailing cash receipts and disbursements are provided to the Board monthly to assist in that capacity. By employing individuals who are capable of maintaining the integrity of the books and safeguarding Service assets, the Board can be confident that the financial affairs of the Service are being handled properly.
Responsible Official:	Marla Sepnafski, Executive Director
Anticipated Completion Date:	This finding will not completely resolve itself given the cost/benefit basis the Service continues to make.

Section II - Financial Statement Findings (Continued)

2022-002 Financial Reporting

Prior Year Audit Finding:	**2021-002**
Condition:	During our audit, we noted that the internal control system does not include a process for preparing the annual external financial statements and the related disclosures in accordance with U.S. generally accepted accounting principles (GAAP).
Cause:	Management does not have the training and expertise to prepare the financial statements in conformity with U.S. Generally Accepted Accounting Principles (GAAP). The outsourcing is a result of management's cost/benefit decision to use our accounting expertise rather than incurring this internal resource cost.
Criteria:	Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial position, change in net position, and disclosures in the financial statements, in conformity with GAAP.
Effect:	Although the auditors are preparing the financial statements and the related footnotes, management of the Service thoroughly reviews them and accepts responsibility for their completeness and accuracy.
Recommendation:	We recommend that management continue to make this decision on a cost/benefit.
Management's Response:	Due to the small size of the Service and financial restraints the Service is unable to prepare the financial statements at the current time. The Service will continue to rely on the assistance of the auditors for preparation of the financial statements and related notes and provide any assistance that is needed. Management does review and approve the financial statements by comparing the audited financial statements to internally generated financial reports and records. The Service has assigned an individual with the knowledge and skills to review the financial statements which includes comparing the financial statements to the trial balances and prior year financial statements. After this process is complete, the Service accepts responsibility for the financial statements.
Responsible Official:	Marla Sepnafski, Executive Director
Anticipated Completion Date:	This finding will not completely resolve itself given the cost/benefit basis the Service continues to make.

Section II - Financial Statement Findings (Continued)

2022-003 Preparation of Schedule of Federal and State Awards

Prior Year Audit Finding:	**2021-003**
Condition:	The Service was unable to provide us with a schedule of federal awards and state financial assistance with the appropriate allocation of funds by ALN and funding source.
Cause:	The Service felt that they did not have the time or resources to accurately prepare the schedule.
Criteria:	Compliance requirements require that the Service "identify, in its accounts, all federal awards received and expended and the federal programs under which they were received. Federal program and award identification shall include, as applicable, the ALN title, award number and year, name of federal agency, and name of the pass-through entity." In addition, the Service is required to "prepare appropriate financial statements, including the schedule of expenditures of federal awards in accordance with §200.510."
Effect:	Although the auditors are preparing the schedule of expenditures of federal awards and state financial assistance, management of the Service thoroughly reviews the schedule and accepts responsibility for its completeness and accuracy.
Recommendation:	The Service should assign an individual internally that is qualified to prepare this schedule in a timely manner.
Management's Response:	The Service was unable to prepare the schedule due to time constraints. The Service is aware of the requirement and will attempt to compile the information necessary to assure its compliance with this in the future.
Responsible Official:	Marla Sepnafski, Executive Director
Anticipated Completion Date:	This finding will not completely resolve itself given the cost/benefit basis the Service continues to make.

Section II - Financial Statement Findings (Continued)

2022-004 Material Account Adjustments

Prior Year Audit Finding:	**2021-004**
Condition:	During the audit, we identified and proposed adjustments (which were approved and posted by management) that were material, either individually or in the aggregate, to the Service's financial statements.
Cause:	Internal controls did not detect certain adjustments necessary to properly record year-end balances.
Criteria:	Management is responsible for maintaining internal controls and its accounting records in accordance with U.S. Generally Accepted Accounting Principles.
Effect:	As a result, the initial trial balance was misstated.
Recommendation:	We recommend that management take steps to ensure all year-end adjustments are identified and posted for financial reporting purposes.
Management's Response:	The Service is aware of the reason for the material account adjustments and will continue to work with their auditors to prepare year-end adjustments.
Responsible Official:	Marla Sepnafski, Executive Director
Anticipated Completion Date:	This finding will not completely resolve itself given the cost/benefit basis the Service continues to make.

Section III - State Award Findings

There were no findings for state awards.

Section IV - Other Issues

Was a management letter or other document conveying audit comments issued as a result of this audit?	Yes

2021-001 - Segregation of Duties - See corrective action plan finding 2022-001.

2021-002 - Financial Reporting - See corrective action plan finding 2022-002.

2021-003 - Preparation of Schedule of Federal and State Awards - See corrective action plan finding 2022-003.

2021-004 - Material Account Adjustments - See corrective action plan finding 2022-004.

CORRECTIVE ACTION PLAN

Financial Statement Findings

#2022-001 - Segregation of Duties - The Service is aware of the lack of segregation of duties caused by the limited size of its staff. Segregation of duties is enhanced whenever possible, and the Service Board assumes an active roll through monthly review of receipt and disbursement transactions and monthly financial statements. The executive director and Board review, approve, and sign bank reconciliations and adjusting journal entries prepared by the business manager as an additional compensating control.

Responsible Official - Marla Sepnafski, Executive Director

Anticipated Completion Date - This finding will not completely resolve itself given the cost/benefit basis the Service continues to make.

#2022-002 - Financial Reporting - The Service is aware that its staff does not have training to prepare financial statements and related notes in accordance with generally accepted accounting principles. The Service will rely on the assistance of the auditors for preparation of the financial statements and related notes. Management will continue to review and approve the audited financial statements by comparing them to internally generated financial reports and records.

Responsible Official - Marla Sepnafski, Executive Director

Anticipated Completion Date - This finding will not completely resolve itself given the cost/benefit basis the Service continues to make.

#2022-003 - Preparation of Schedule of Federal and State Awards - The Service is aware of the requirement and will attempt to compile the information necessary to assure its compliance with this in the future. The Service should assign an individual internally that is qualified to prepare these schedules.

Responsible Official - Marla Sepnafski, Executive Director

Anticipated Completion Date - This finding will not completely resolve itself given the cost/benefit basis the Service continues to make.

#2022-004 - Material Account Adjustments - The Service is aware of the reason for the material account adjustments and will continue to work with their auditors to prepare year-end adjustments.

Responsible Official - Marla Sepnafski, Executive Director

Anticipated Completion Date - This finding will not completely resolve itself given the cost/benefit basis the Service continues to make.

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