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Madison Metropolitan Sewerage District

Audit Exit Presentation
Year ended December 31, 2024

Agenda

- Audit scope and process
- Audit opinions and communications
- Industry insights and emerging issues



Audit Scope



Report on the
organization's
financial
statements



Internal control/
management letter



Required
governance
communications
letter

Audit Process

RISK-BASED APPROACH

Internal controls

Revenue recognition

Pension/OPEB

Debt and covenants

Capital assets





AUDIT OPINIONS

Financial statement

Financial statement audit opinion is **unmodified**.



AUDIT RESULTS

Financial statement

No material weaknesses noted.
No significant deficiency noted.



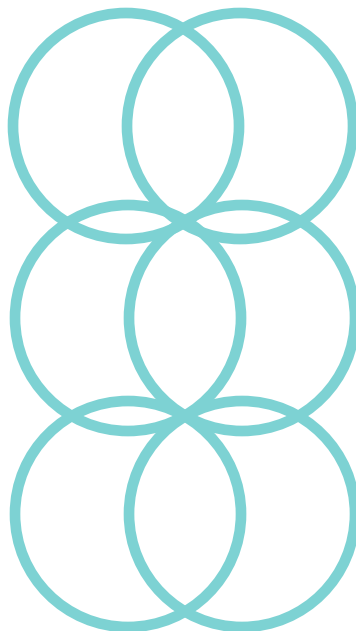
Governance Communications

Overall

- GASB Statement No 101 – *Compensated Absences* adopted in 2024 (restatement)
- Key policies identified in Note 1
- No significant transactions or adjustments
- No uncorrected misstatements

Difficulties

- None



Estimates

- Other Postemployment Benefits – Retiree Health Insurance

Other

- No consultations with other auditors
- No other matters to discuss

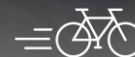
Financial Statement Highlights and Trends



Financial Position Summary

Net Position composition

Financial Activity Trends

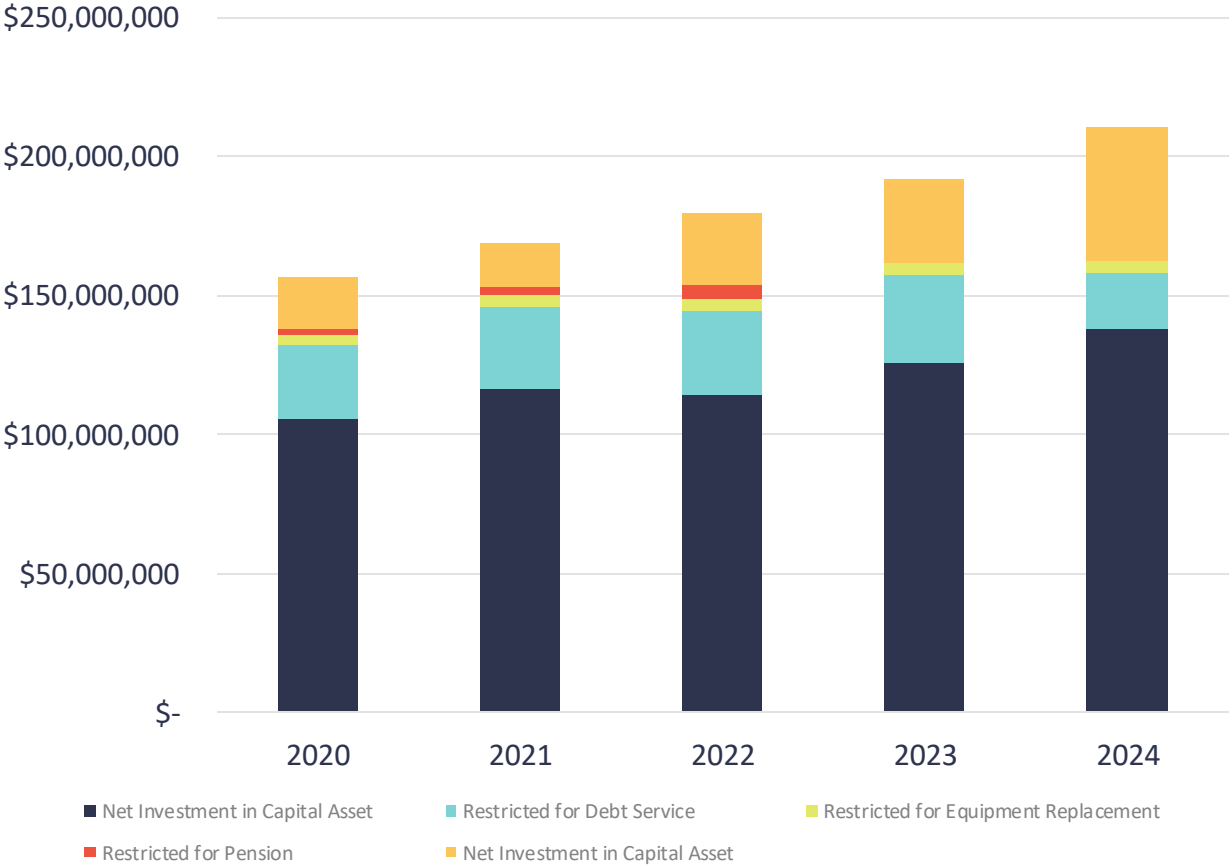


Financial Position Summary

	2024	2023
Assets		
Cash and Investments	\$ 66,860,454	\$ 62,873,790
Receivables and Other Assets	16,231,962	15,302,191
Interceptor connection charges	1,167,806	511,208
Capital Assets	<u>267,824,932</u>	<u>254,840,417</u>
Total Assets	<u>352,085,154</u>	<u>333,527,606</u>
Deferred Outflows		
Deferred pension amounts	7,905,101	11,728,501
Deferred OPEB amounts	<u>1,068,293</u>	<u>1,145,094</u>
Total Deferred Outflows	<u>8,973,394</u>	<u>12,873,595</u>
Current liabilities	19,168,108	16,810,639
Pension Liability	885,214	3,130,897
OPEB Liability	5,217,889	4,663,710
Debt and Other Long-term liabilities	<u>117,717,152</u>	<u>120,407,065</u>
Total Liabilities	<u>142,988,363</u>	<u>145,012,311</u>
Deferred Inflows		
Deferred interceptor connection charges amounts	14,192	12,878
Deferred pension amounts	4,761,601	6,599,895
Deferred OPEB amounts	<u>2,531,330</u>	<u>2,821,117</u>
Total Deferred Inflows	<u>7,307,123</u>	<u>9,433,890</u>
Net Position	<u>\$ 210,763,062</u>	<u>\$ 191,955,000</u>

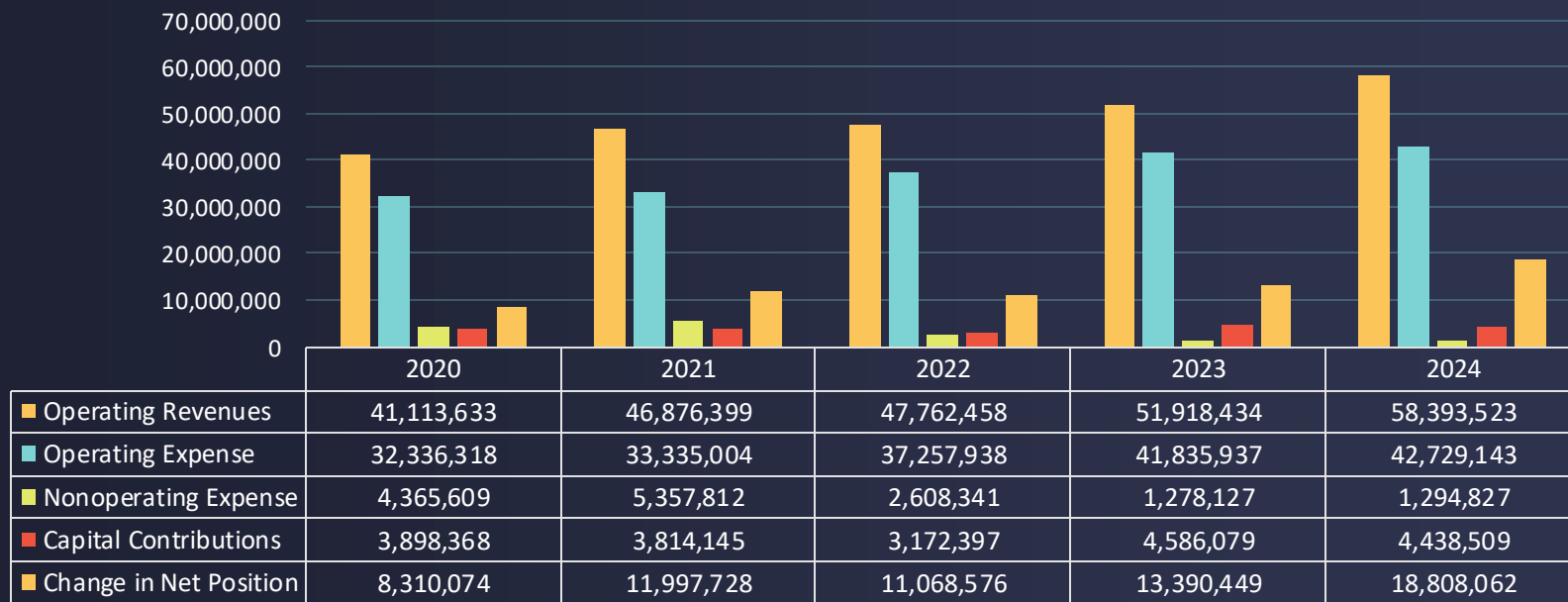


Net Position Composition



Total Revenue and Expenses

Financial Activity Trends





GASB Standards



GASB 102 Certain Risk Disclosures

CLA can help by
assisting with or
evaluating financial
statement
disclosure updates



Effective date
June 30, 2025



Increased footnote disclosures surrounding risk:

- Limitations on raising revenues
- Concentrations related to tax revenue or vendors
- Debt or mandated spending — especially unfunded mandates
- Impact of major employer leaving the community
- Collective bargaining agreements



GASB 103 Financial Reporting Module

CLA can help by
assisting with or
evaluating financial
statement
disclosure updates



Effective date
June 30, 2026



Impacts financial statement presentation

Updated disclosure guidance for:

- MD&A consistency
- Clearer definition of unusual or infrequent items
- Presentation of proprietary fund statements
- Major component unit information
- Budgetary comparison information



GASB 104 – Disclosure of Certain Capital Assets



Likely effective date
June 30, 2026



Will clarify how capital assets are disclosed in financials:

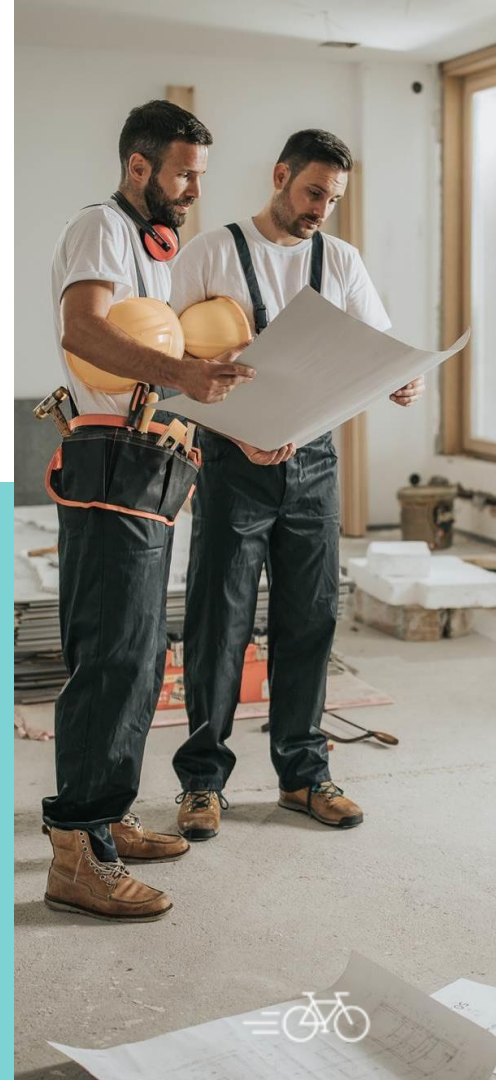
- Capital assets held for sale and related pledged debt
- Leased assets
- Subscription assets
- Right to use PPP assets
- Other intangible assets



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disclosure updates



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A low-angle, upward-looking photograph of several people's arms and hands reaching up and hugging each other in a celebratory gesture. The background is bright and out of focus, suggesting an indoor space with large windows.

Questions and Feedback

We appreciate the opportunity to serve you
and welcome any feedback relative to our
performance and to the engagement.





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