



**MOUNT HOREB AREA
SCHOOL DISTRICT**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

For the Year Ended June 30, 2024

MOUNT HOREB AREA SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the School Board
Mount Horeb Area School District
Mount Horeb, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mount Horeb Area School District ("District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mount Horeb Area School District, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof 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 (GAAS) and the standards applicable to the financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District 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.

Responsibilities of Management for the Financial Statements (Continued)

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 District'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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, 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 District'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 District'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 management's discussion and analysis and required supplementary information listed in the table of contents 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mount Horeb Area School District's basic financial statements. The combining general fund financial statements, combining nonmajor fund financial statements, and schedules of expenditures of federal and state awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State Single Audit Guidelines* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Combining statements and schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
December 10, 2024

**MOUNT HOREB AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

The discussion and analysis of the financial performance of the Mount Horeb Area School District (District) provides an overview of financial activities for the fiscal year ended June 30, 2024. The analysis focuses on school district financial performance as a whole. Efforts have been made to provide comparison to prior year data when such data is available. It should be read in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

The District's government-wide financial statements reflect the following:

- Total net position of the District increased to \$24,834,326 at June 30, 2024 from \$22,970,956 from the previous year. Total governmental activity revenues increased to \$41,647,548 in fiscal year 2024, up from \$37,985,630 in fiscal year 2023, an increase of approximately 9.64%. Total governmental activity expenses increased to \$39,622,323 in fiscal year 2024, up from \$37,219,487 in fiscal year 2023, an increase of 6.46%.
- Total business-type activity revenues decreased to \$1,347,972 in fiscal year 2024, down from \$1,414,946 in fiscal year 2023, a decrease of 4.73%. Total business-type expenses increased to \$1,509,826 in fiscal year 2024, up from \$1,385,129 in fiscal year 2023, an increase of 9%.

The District's governmental fund financial statements reflect the following:

- Total fund balances of the District's governmental funds increased \$2,400,197 in fiscal year 2024. This increase included a \$586,728 increase in the general fund, a \$1,514,561 increase in the debt service fund, and a \$298,908 increase in the nonmajor governmental funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the District's basic financial statements. Those basic financial statements are comprised of three components: 1) District-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains information supplementary to the basic financial statements.

District-Wide Financial Statements

District-wide financial statements report information about the District as a whole, using accounting methods similar to those used by private sector companies.

The *statement of net position* presents financial information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

**MOUNT HOREB AREA SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District’s property tax base and the condition of school buildings and other facilities should be considered.

The *statement of activities* includes all revenues and expenses of the District, irrespective of when cash is actually received or paid out. The intent of the district-wide statements is to provide a snapshot of the District’s net position and to provide an explanation of material changes that occurred since the prior year.

Both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activity). The governmental activities of the District include the general operations, special education, debt service, and capital projects. The District reports nutrition services as a business-type activity.

Fund Financial Statements

The *fund financial statements* provide detailed information about the District’s significant funds rather than the District as a whole. A fund is an accounting entity with a self-balancing set of accounts for recording assets, liabilities, revenues, and expenditures. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary and fiduciary. The table on the following page summarizes the various features of each of these funds.

- *Governmental Funds*—Most of the District’s basic services are included in governmental funds, which focus on (1) cash and other financial assets that can readily be converted to cash and (2) the balances remaining at year-end that are available for funding future basic services. Governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or less financial resources to finance the District’s programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information is provided that explains the relationship between them.

**MOUNT HOREB AREA SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

	Major Features of the District-wide and Fund Financial Statements		
	<u>District-wide Statements</u>	<u>Governmental</u>	<u>Fiduciary</u>
Scope	Entire District (except fiduciary funds)	The activities of the District that is not fiduciary, such as instruction, support services, debt service, capital projects, nutrition service and community services.	The District acts as trustee or custodian for another; e.g. other post-employment trusts.
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position. • Statement of Changes in Fiduciary Net Position.
Basis of accounting and measurement focus	Accrual accounting Economic resources focus	Modified accrual accounting Current financial resources focus	Accrual accounting Economic resources focus
Type of asset deferred inflows/outflows of resources and liability information	All assets deferred inflows/outflows of resources and liabilities; both financial and capital, short-term and long-term.	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included	All assets held in a trustee or custodial capacity for others and all liabilities.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year Expenditures when goods or services have been received and the related liability are due and payable	All additions or deductions during the year, regardless of when cash is received and paid

- *Proprietary Funds*—The District reports nutrition services as a proprietary fund. Proprietary funds provide the same type of information as the district-wide financial statements, only in more detail.
- *Fiduciary Funds*—The District is also responsible for other assets that can only be used for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. These activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

**MOUNT HOREB AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

DISTRICT-WIDE FINANCIAL STATEMENTS

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found on pages 13 - 49 of this report.

Other Information

Required supplementary information (RSI) includes a budget-to-actual comparison that provides readers with information about the accuracy with which management was able to project the District's revenues and expenditures. In addition, the RSI includes information concerning the District's pension and other post-employment (OPEB) benefits.

Statement of Net Position

The District ended its fiscal year with net position of \$24,834,326 of which \$20,449,284 was net investment in capital assets, \$2,028,433 was restricted for debt service, \$891,286 was restricted by donors, \$553,714 was restricted for food service, and an unrestricted amount of \$911,609. Unrestricted net position represents the amount of discretionary resources that can be used to fund general District operations.

**Table 1
Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total School District	
	2024	2023	2024	2023	2024	2023
Current & other assets	\$ 14,429,389	\$ 11,507,388	\$ 578,194	\$ 834,995	\$ 15,007,583	\$ 12,342,383
Capital assets	52,939,709	53,881,921	239,507	152,573	53,179,216	54,034,494
Total Assets	67,369,098	65,389,309	817,701	987,568	68,186,799	66,376,877
Deferred Outflows	13,470,595	20,045,106	267,505	349,799	13,738,100	20,394,905
Current Liabilities	4,129,393	3,139,463	63,931	68,006	4,193,324	3,207,469
Non-Current Liabilities	42,364,964	46,521,162	53,653	107,085	42,418,617	46,628,247
Total Liabilities	46,494,357	49,660,625	117,584	175,091	46,611,941	49,835,716
Deferred Inflows	10,304,231	13,757,909	174,401	207,201	10,478,632	13,965,110
Net Investment in						
Capital Assets	20,209,777	21,132,609	239,507	152,573	20,449,284	21,285,182
Restricted	2,919,719	1,140,087	553,714	802,502	3,473,433	1,942,589
Unrestricted (deficit)	911,609	(256,815)	-	-	911,609	(256,815)
Total Net Position	\$ 24,041,105	\$ 22,015,881	\$ 793,221	\$ 955,075	\$ 24,834,326	\$ 22,970,956

**MOUNT HOREB AREA SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

DISTRICT-WIDE FINANCIAL STATEMENTS (continued)

Changes in Net Position

Governmental Activities

Table 2 demonstrates that on a district-wide basis the District ended fiscal year 2024 with an increase in net position of \$2,025,224, compared to an increase of \$766,143 in fiscal year 2023.

The District received \$41,647,548 in revenue for the fiscal year 2024. The District relies primarily on property taxes (43.80% of total governmental revenues), and state equalization aid (36.23%) to fund governmental activities. The District received 14.5% in the form of specific use state grants, federal aid and direct fees for services. Individuals who directly participated or benefited from a program paid 3.89% of the cost. Book and activity fees, admission to athletic events, open enrollment tuition and other fees are included as charges for services. Federal and state governments subsidized certain programs with grants and awards of \$4,497,442. Operating grants include Title I, IDEA, Transportation Aid, and ESSER.

Business-Type Activities

Individuals who directly benefited from services paid 53.45% of the cost. Fees charged to students and adults for meals are included as charges for services. Federal and state governments subsidized certain programs with grants of \$489,518. Operating grants include State and National School Lunch Programs.

**MOUNT HOREB AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

DISTRICT-WIDE FINANCIAL STATEMENTS (continued)

**Table 2
Change in Net Position**

	Governmental Activities		Business-Type Activities		Total School District	
	2024	2023	2024	2023	2024	2023
General Revenues:						
Property taxes	\$ 15,620,046	\$ 9,599,025	\$ -	\$ -	\$ 15,620,046	\$ 9,599,025
Debt property taxes	2,618,618	5,361,903	-	-	2,618,618	5,361,903
Other taxes	-	178,902	-	-	-	178,902
Federal and state aid	16,962,399	16,417,063	-	-	16,962,399	16,417,063
Interest earnings	278,437	220,465	43,887	30,074	322,324	250,539
Miscellaneous	128,408	280,437	7,509	28,368	135,917	308,805
Total general revenues	35,607,908	32,057,795	51,396	58,442	35,659,304	32,116,237
Program Revenues:						
Charges for service	1,542,197	1,278,524	807,058	796,238	2,349,255	2,074,762
Operating grants and contributions	4,497,442	4,649,311	489,518	560,266	4,986,960	5,209,577
Total program revenues	6,039,639	5,927,835	1,296,576	1,356,504	7,336,215	7,284,339
Total revenues	41,647,547	37,985,630	1,347,972	1,414,946	42,995,519	39,400,576
Program Expenses:						
Instruction	19,109,786	18,433,751	-	-	19,109,786	18,433,751
Support	17,734,088	16,403,035	-	-	17,734,088	16,403,035
Non-program services	1,647,635	1,130,531	-	-	1,647,635	1,130,531
Interest Expense	1,130,814	1,225,334	-	-	1,130,814	1,225,334
(Gain) Loss on Sale of Assets	-	26,836	-	8,607	-	35,443
Food service program	-	-	1,509,826	1,376,522	1,509,826	1,376,522
Total Expenses	39,622,323	37,219,487	1,509,826	1,385,129	41,132,149	38,604,616
Change in Net Position	2,025,224	766,143	(161,854)	29,817	1,863,370	795,960
Beginning Net Position	22,015,881	21,249,738	955,075	925,258	22,970,956	22,174,996
Ending Net Position	\$ 24,041,105	\$ 22,015,881	\$ 793,221	\$ 955,075	\$ 24,834,326	\$ 22,970,956

**MOUNT HOREB AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

DISTRICT-WIDE FINANCIAL STATEMENTS (continued)

Table 3 presents the cost of governmental activities. The table reports each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost reflects the financial burden that was placed on the District's taxpayers by each of these functions.

The cost of all governmental activities this year was \$39,622,323. Individuals who directly participated or benefited from a program offering paid for \$1,542,197 of costs, federal and state governments subsidized certain programs with grants and contributions of \$4,497,442. The net cost of governmental activities of \$33,582,684 was financed by \$18,238,664 of property taxes and \$16,962,399 of federal and state unrestricted aid.

**Table 3
Net Cost of Governmental Activities**

	Total Cost of Services	Net Cost of Services
EXPENSES		
Instruction	\$ 19,109,786	\$ (13,900,588)
Pupil and instructional services	3,759,676	(3,049,331)
Administration and business	10,378,319	(10,281,813)
Interest on debt	1,130,814	(1,130,814)
Other	5,243,728	(5,220,138)
Total Expenses	<u>\$ 39,622,323</u>	<u>\$ (33,582,684)</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances in spendable resources. Such information is useful in assessing the District's financing requirements. Unassigned fund balances or lack thereof, may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The District completed the year with a total governmental fund balance of \$10,768,812, up from last year's ending fund balance of \$8,368,615. The District's unassigned fund balance, available for spending at the District's discretion to maintain operations was \$7,161,423. Unassigned fund balance as of June 30, 2024 was approximately 19.3% of the general fund total expenditures.

Proprietary Funds

The District's proprietary funds provide the same type of information found in the District-wide financial statements, but in more detail. The District completed the year with restricted net position of \$553,714, down from last year's ending restricted net position of \$802,502. Other factors concerning the finances of this fund have already been addressed in the discussion of the District's business-type activity.

**MOUNT HOREB AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

GENERAL FUND BUDGETARY HIGHLIGHTS

The District implemented its plan in fiscal year 2024 for its approved operating referendum. Through the generous support of the community, investments were made to include personnel, technology, curriculum and instruction, and maintenance. The overall increase in the general fund balance of \$586,728 included a planned assigned fund balance of \$290,000 to account for the purchase of two school buses that were budgeted for but not received as of June 30.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2024, the District had \$86,871,759 in capital assets for its governmental activity and \$437,956 in capital assets for business-type activity, including land, buildings, furniture and equipment. Total accumulated depreciation on these assets was \$33,932,050 for governmental activity and \$198,449 for business-type activity. Asset acquisitions for governmental activities totaled \$1,824,224. The District recognized depreciation expense of \$2,758,769 for governmental activities and \$35,645 for business-type activities. Detailed information about capital assets can be found in Footnote 7 to the financial statements.

**Table 4
Non-current (Capital) Assets**

	Governmental Activities		Business-Type Activities		Total School District	
	2024	2023	2024	2023	2024	2023
Land	\$ 1,157,734	\$ 1,157,734	\$ -	\$ -	\$ 1,157,734	\$ 1,157,734
Buildings	78,854,106	78,323,236	-	-	78,854,106	78,323,236
Equipment	6,532,222	6,629,784	437,957	315,377	6,970,179	6,945,161
Construction in progress	327,697	-	-	-	327,697	-
Depreciation	(33,932,050)	(32,228,833)	(198,449)	(162,804)	(34,130,499)	(32,391,637)
Total	\$ 52,939,709	\$ 53,881,921	\$ 239,508	\$ 152,573	\$ 53,179,217	\$ 54,034,494

Long-Term Obligations

At June 30, 2024, the District had \$32,500,000 in general obligation debt outstanding, which was no change from fiscal year 2023. Debt of the District is secured by a tax levy adopted by the Board of Education at the time of issuance. Wisconsin statutes require that the first property tax receipts be segregated for annual debt service payments. No new bonds were issued during the year ended June 30, 2024. Detailed information about the District's long-term obligations is presented in Note 8 to the financial statements.

**Table 5
Outstanding Long-Term Obligations**

	2024	2023	% Change
General obligation debt	\$ 32,500,000	\$ 32,500,000	0.00%
Premium and discount on debt	229,932	249,312	-7.77%
Compensated Absences	938,302	934,155	0.44%
Total Long-Term Debt	\$ 33,668,234	\$ 33,683,467	-0.05%

**MOUNT HOREB AREA SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

FACTORS BEARING ON THE DISTRICT’S FUTURE

There are a few financial figures that reflect a sound financial position. First, the equalized valuations of property in the District continue to increase. In addition, the economy in the region has grown over time. Second, strong financial management has consistently provided stability to meet the growing changes and demands in education as noted in previous fiscal years.

Revenue limits in the State control the revenue that the District can receive in the form of general state aid and local property taxes. The District is receiving an increase in per-pupil funding for the upcoming school year due to the state's biennium budget for 2023-2025.

This District is proud to have a highly committed board of education, faculty and staff, and community that collectively work toward providing a sound education system for its students.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Scott DeYoung, Assistant Superintendent of Business & Finance at (608) 437-7030 or deyoungscott@mhasd.k12.wi.us.

Additional information about the District and its services can also be found on the District’s website at www.mhasd.k12.wi.us.

BASIC FINANCIAL STATEMENTS

MOUNT HOREB AREA SCHOOL DISTRICT
Mount Horeb, Wisconsin

STATEMENT OF NET POSITION
June 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Investments	\$ 8,531,733	\$ 578,194	\$ 9,109,927
Receivables:			
Taxes	4,849,424	-	4,849,424
Lease	24,498	-	24,498
Due from Other Governments	679,380	-	679,380
Total Current Assets	<u>14,085,035</u>	<u>578,194</u>	<u>14,663,229</u>
Noncurrent Assets:			
Lease Receivable	344,354	-	344,354
Total Noncurrent Assets	<u>344,354</u>	<u>-</u>	<u>344,354</u>
Capital Assets:			
Land	1,157,734	-	1,157,734
Construction Work in Progress	327,697	-	327,697
Capital Assets being Depreciated	85,386,328	437,956	85,824,284
Less: Accumulated Depreciation	<u>(33,932,050)</u>	<u>(198,449)</u>	<u>(34,130,499)</u>
Total Capital Assets	<u>52,939,709</u>	<u>239,507</u>	<u>53,179,216</u>
Total Assets	<u>67,369,098</u>	<u>817,701</u>	<u>68,186,799</u>
DEFERRED OUTFLOWS OF RESOURCES			
WRS Pension	11,908,829	259,178	12,168,007
OPEB - Local Retiree Life Insurance	379,021	8,327	387,348
OPEB - Health Insurance	530,456	-	530,456
Supplemental Pension	<u>652,289</u>	<u>-</u>	<u>652,289</u>
Total Deferred Outflows of Resources	<u>13,470,595</u>	<u>267,505</u>	<u>13,738,100</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 80,839,693</u></u>	<u><u>\$ 1,085,206</u></u>	<u><u>\$ 81,924,899</u></u>

See accompanying notes to the financial statements.

MOUNT HOREB AREA SCHOOL DISTRICT
Mount Horeb, Wisconsin

STATEMENT OF NET POSITION
June 30, 2024

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities:			
Due to Other Funds - Fiduciary Fund	\$ 242,940	\$ 1,696	\$ 244,636
Due to Other Governments	229	-	229
Accrued Liabilities	3,063,351	14,352	3,077,703
Accrued Interest - Due Within One Year	382,873	-	382,873
Other Liabilities - Lunch Deposits	-	47,883	47,883
Long-Term Obligations - Current Portion	440,000	-	440,000
Total Current Liabilities	<u>4,129,393</u>	<u>63,931</u>	<u>4,193,324</u>
Noncurrent Liabilities:			
Long-Term Obligations	32,289,932	-	32,289,932
WRS Pension Liability	1,396,036	30,383	1,426,419
OPEB - Local Retiree Life Insurance Liability	1,059,065	23,270	1,082,335
OPEB - Health Insurance Liability	216,227	-	216,227
Supplemental Pension Liability	6,465,402	-	6,465,402
Compensated Absences	938,302	-	938,302
Total Noncurrent Liabilities	<u>42,364,964</u>	<u>53,653</u>	<u>42,418,617</u>
Total Liabilities	<u>46,494,357</u>	<u>117,584</u>	<u>46,611,941</u>
DEFERRED INFLOWS OF RESOURCES			
WRS Pension	7,458,728	162,328	7,621,056
OPEB - Local Retiree Life Insurance	549,505	12,073	561,578
OPEB - Health Insurance	232,694	-	232,694
Supplemental Pension	1,709,249	-	1,709,249
Lease	354,055	-	354,055
Total Deferred Inflows of Resources	<u>10,304,231</u>	<u>174,401</u>	<u>10,478,632</u>
NET POSITION			
Net Investment in Capital Assets	20,209,777	239,507	20,449,284
Restricted For:			
Debt Service	2,028,433	-	2,028,433
Special Revenue	891,286	-	891,286
Food Service	-	553,714	553,714
Unrestricted	911,609	-	911,609
Total Net Position	<u>24,041,105</u>	<u>793,221</u>	<u>24,834,326</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 80,839,693</u>	<u>\$ 1,085,206</u>	<u>\$ 81,924,899</u>

See accompanying notes to the financial statements.

MOUNT HOREB AREA SCHOOL DISTRICT
Mount Horeb, Wisconsin

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities	Business-Type Activities	Total
Primary Government						
Governmental Activities						
Instruction:						
Regular Instruction	\$ 12,038,466	\$ 1,397,611	\$ 1,184,148	\$ (9,456,707)		\$ (9,456,707)
Special Education Instruction	4,213,236	-	2,417,567	(1,795,669)		(1,795,669)
Vocational Instruction	1,056,326	-	18,858	(1,037,468)		(1,037,468)
Other Instruction	1,801,758	124,106	66,908	(1,610,744)		(1,610,744)
Support Services:						
Pupil Services	1,746,323	-	80,343	(1,665,980)		(1,665,980)
Instructional Staff Services	2,013,353	-	630,002	(1,383,351)		(1,383,351)
General Administration Services	1,377,573	-	-	(1,377,573)		(1,377,573)
Building Administrative Services	2,969,399	-	-	(2,969,399)		(2,969,399)
Business Administrative Services	6,031,347	20,480	76,026	(5,934,841)		(5,934,841)
Central Services	349,847	-	1,828	(348,019)		(348,019)
Insurance and Judgements	314,221	-	-	(314,221)		(314,221)
Other Support Services	1,078,981	-	21,762	(1,057,219)		(1,057,219)
Unallocated Depreciation	1,853,044	-	-	(1,853,044)		(1,853,044)
Interest on Debt	1,130,814	-	-	(1,130,814)		(1,130,814)
Non-Program Services	1,647,635	-	-	(1,647,635)		(1,647,635)
Total Governmental Activities	<u>39,622,323</u>	<u>1,542,197</u>	<u>4,497,442</u>	<u>(33,582,684)</u>		<u>(33,582,684)</u>
Business-Type Activities						
Food Service Program	1,509,826	807,058	489,518	-	\$ (213,250)	(213,250)
Total Business-Type Activities	<u>1,509,826</u>	<u>807,058</u>	<u>489,518</u>	<u>-</u>	<u>(213,250)</u>	<u>(213,250)</u>
Total Primary Government	<u>\$ 41,132,149</u>	<u>\$ 2,349,255</u>	<u>\$ 4,986,960</u>	<u>(33,582,684)</u>	<u>(213,250)</u>	<u>(33,795,934)</u>
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes				15,620,046	-	15,620,046
Property Taxes, Levied for Debt Service				2,618,618	-	2,618,618
Federal and State Aid not Restricted to Specific Purpose				16,944,823	-	16,944,823
Other Sources				17,576	-	17,576
Interest and Investment Earnings				278,437	43,887	322,324
Miscellaneous				128,408	7,509	135,917
Total General Revenues				<u>35,607,908</u>	<u>51,396</u>	<u>35,659,304</u>
Changes in Net Position				<u>2,025,224</u>	<u>(161,854)</u>	<u>1,863,370</u>
Net Position - Beginning				22,015,881	955,075	22,970,956
Net Position - Ending				<u>\$ 24,041,105</u>	<u>\$ 793,221</u>	<u>\$ 24,834,326</u>

See accompanying notes to the financial statements.

MOUNT HOREB AREA SCHOOL DISTRICT
Mount Horeb, Wisconsin

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	General Fund	Debt Service	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 5,803,418	\$ 1,836,997	\$ 891,318	\$ 8,531,733
Receivables:				
Taxes	4,275,115	574,309	-	4,849,424
Lease	368,852	-	-	368,852
Due from Other Funds	27,349	-	-	27,349
Due from Other Governments	651,105	-	28,275	679,380
Total Assets	<u>\$ 11,125,839</u>	<u>\$ 2,411,306</u>	<u>\$ 919,593</u>	<u>\$ 14,456,738</u>
LIABILITIES				
Accrued Liabilities	\$ 1,028,142	\$ -	\$ 193	\$ 1,028,335
Accrued Wages Payable	2,034,252	-	765	2,035,017
Due to Other Funds	242,941	-	27,349	270,290
Due to Other Governments	229	-	-	229
Total Liabilities	<u>3,305,564</u>	<u>-</u>	<u>28,307</u>	<u>3,333,871</u>
DEFERRED INFLOWS OF RESOURCES				
Leases	354,055	-	-	354,055
Total Deferred Inflows of Resources	<u>354,055</u>	<u>-</u>	<u>-</u>	<u>354,055</u>
FUND BALANCES				
Nonspendable	14,797	-	-	14,797
Restricted	-	2,411,306	891,286	3,302,592
Assigned	290,000	-	-	290,000
Unassigned	7,161,423	-	-	7,161,423
Total Fund Balances	<u>7,466,220</u>	<u>2,411,306</u>	<u>891,286</u>	<u>10,768,812</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,125,839</u>	<u>\$ 2,411,306</u>	<u>\$ 919,593</u>	<u>\$ 14,456,738</u>

See accompanying notes to the financial statements.

MOUNT HOREB AREA SCHOOL DISTRICT
Mount Horeb, Wisconsin

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2024

Total fund balance, governmental funds	\$ 10,768,812
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	52,939,709
Other items, including net pension, OPEB liabilities, and supplemental pension benefit liabilities, are not due and payable in the current period and, therefore, are either deferred or not reported in the fund financial statements.	
Net WRS Pension Liability	(1,396,036)
Net OPEB Liability - Local Retiree Life Insurance	(1,059,065)
Net OPEB Liability - Retiree Health Insurance	(216,227)
Total Supplemental Pension Liability	(6,465,402)
Pension and other benefits deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plan and OPEB plan. These items are reflected in the Statement of Net Position and are being amortized with pension and OPEB expenses in the Statement of Activities. The deferred outflows of resources and deferred inflows of resources are not current financial resources or uses and, therefore, are not reported in the fund financial statements.	
Deferred Outflows of Resources	13,470,595
Deferred Inflows of Resources	(9,950,174)
Some long term liabilities (including notes and bonds payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	
General Obligation Debt	(32,500,000)
Unamortized Premium on Long-Term Obligations	(229,932)
Accrued Interest on Long-Term Debt	(382,873)
Compensated Absences	(938,302)
Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ 24,041,105</u></u>

See accompanying notes to the financial statements.

MOUNT HOREB AREA SCHOOL DISTRICT
Mount Horeb, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	General Fund	Debt Service	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 15,637,622	\$ 2,618,618	\$ -	\$ 18,256,240
Local	532,945	46,137	1,216,197	1,795,279
Interdistrict	1,205,713	-	9,417	1,215,130
Intermediate	6,886	-	-	6,886
State	18,636,329	-	-	18,636,329
Federal	1,591,305	-	18,858	1,610,163
Other	135,186	-	-	135,186
Total Revenues	<u>37,745,986</u>	<u>2,664,755</u>	<u>1,244,472</u>	<u>41,655,213</u>
EXPENDITURES				
Current				
Instruction:				
Regular	12,668,830	-	5,809	12,674,639
Vocational	1,034,489	-	18,624	1,053,113
Special	4,266,957	-	-	4,266,957
Other	1,751,857	-	58,629	1,810,486
Support Services:				
Pupil Services	1,753,636	-	3,057	1,756,693
Instructional Staff Services	2,096,653	-	901	2,097,554
General Administration Services	1,962,608	-	1,422	1,964,030
Building Administrative Services	2,474,235	-	878,999	3,353,234
Business Administrative Services	5,411,636	-	18,491	5,430,127
Central Services	352,818	-	-	352,818
Insurance and Judgements	351,841	-	-	351,841
Other Support Services	1,212,755	-	21,000	1,233,755
Non Program:				
Purchased Instructional Services	1,626,635	-	-	1,626,635
Capital Outlay	132,940	-	-	132,940
Debt Service:				
Interest and Fees	-	1,150,194	-	1,150,194
Total Expenditures	<u>37,097,890</u>	<u>1,150,194</u>	<u>1,006,932</u>	<u>39,255,016</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>648,096</u>	<u>1,514,561</u>	<u>237,540</u>	<u>2,400,197</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	61,368	61,368
Transfers Out	(61,368)	-	-	(61,368)
Total Other Financing Sources (Uses)	<u>(61,368)</u>	<u>-</u>	<u>61,368</u>	<u>-</u>
Net Change in Fund Balances	<u>586,728</u>	<u>1,514,561</u>	<u>298,908</u>	<u>2,400,197</u>
Fund Balances - Beginning	6,879,492	896,745	592,378	8,368,615
Fund Balances - Ending	<u>\$ 7,466,220</u>	<u>\$ 2,411,306</u>	<u>\$ 891,286</u>	<u>\$ 10,768,812</u>

See accompanying notes to the financial statements.

MOUNT HOREB AREA SCHOOL DISTRICT
Mount Horeb, Wisconsin

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
For the Year Ended June 30, 2024

Net change in fund balances - total governmental funds: \$ 2,400,197

Amounts reported for Governmental Activities in the Statement of Activities are different because:

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

This is the amount by which current year capital outlays were less than depreciation in the current period.	1,824,223	
	<u>(2,758,769)</u>	(934,546)

The Statement of Activities reports losses arising from the disposal of capital assets. Losses on disposal do not appear in the governmental funds. This is the amount of loss on disposal of current year capital assets.		(7,667)
--	--	---------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.

Amortization of Debt Premium	19,382	
(Increase) Decrease in Compensated Absences	(4,147)	
(Increase) Decrease in WRS Pension	346,465	
(Increase) Decrease in OPEB - Local Retiree Life Insurance	(69,162)	
(Increase) Decrease in OPEB - Health Insurance	200,417	
(Increase) Decrease in Supplemental Pension	<u>74,285</u>	
		<u>567,240</u>

Change in net position of governmental activities		<u><u>\$ 2,025,224</u></u>
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MOUNT HOREB AREA SCHOOL DISTRICT
Mount Horeb, Wisconsin

STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2024

	<u>Food Service</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 578,194
Total Current Assets	<u>578,194</u>
Non Current Assets:	
Capital Assets	
Furniture and Equipment	437,956
Less Accumulated Depreciation	<u>(198,449)</u>
Net Capital Assets	<u>239,507</u>
Total Non Current Assets	<u>239,507</u>
Total Assets	<u>817,701</u>
DEFERRED OUTFLOWS OF RESOURCES	
WRS Pension	259,178
OPEB - Local Retiree Life Insurance	<u>8,327</u>
Total Deferred Outflows of Resources	<u>267,505</u>
 Total Assets and Deferred Outflows of Resources	 <u><u>\$ 1,085,206</u></u>
LIABILITIES	
Current Liabilities:	
Accrued Liabilities	\$ 11,841
Accrued Wages Payable	2,511
Due to Other Funds	1,696
Lunch Deposits	<u>47,883</u>
Total Current Liabilities	<u>63,931</u>
Noncurrent Liabilities:	
WRS Pension Liability	30,383
OPEB - Local Retiree Life Insurance Liability	<u>23,270</u>
Total Noncurrent Liabilities	<u>53,653</u>
Total Liabilities	<u>117,584</u>
DEFERRED INFLOWS OF RESOURCES	
WRS Pension	162,328
OPEB - Local Retiree Life Insurance	<u>12,073</u>
Total Deferred Inflows of Resources	<u>174,401</u>
NET POSITION	
Net Investment in Capital Assets	239,507
Restricted for:	
Food Service	<u>553,714</u>
Total Net Position	<u>793,221</u>
 Total Liabilities, Deferred Inflows of Resources and Net Position	 <u><u>\$ 1,085,206</u></u>

See accompanying notes to the financial statements.

MOUNT HOREB AREA SCHOOL DISTRICT
Mount Horeb, Wisconsin

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
For the Year Ended June 30, 2024

	<u>Food Service</u>
OPERATING REVENUES	
Food Sales	\$ 807,058
State Sources	13,621
Federal Sources	366,236
Commodities	109,661
Miscellaneous Income	7,509
Total Operating Revenues	<u>1,304,085</u>
OPERATING EXPENSES	
Salaries and Wages	517,155
Employer Paid Benefits	153,019
Purchased Services	45,292
Food, Supplies and Materials	750,911
Depreciation	35,645
Other	7,804
Total Operating Expenses	<u>1,509,826</u>
Operating Income (Loss)	<u>(205,741)</u>
NON-OPERATING REVENUES	
Interest and Investment Revenue	43,887
Total Non-Operating Revenue	<u>43,887</u>
Change in Net Position	<u>(161,854)</u>
Net Position - Beginning	<u>955,075</u>
Net Position - Ending	<u><u>\$ 793,221</u></u>

See accompanying notes to the financial statements.

MOUNT HOREB AREA SCHOOL DISTRICT
Mount Horeb, Wisconsin

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2024

	<u>Food Service</u>
Cash Flows from Operating Activities:	
Cash received from user charges	\$ 806,747
Cash received from other governmental payments	379,857
Cash received from other sources	7,509
Cash payments to and on behalf of employees	(677,874)
Cash payments to suppliers for goods and services	(694,346)
Net cash flows from operating activities	<u>(178,107)</u>
Cash Flows from Investing Activities:	
Purchase of capital assets	(122,581)
Interest on investments	43,887
Net cash flows from investing activities	<u>(78,694)</u>
Net change in cash and cash equivalents	(256,801)
Cash and cash equivalents - beginning of year	<u>834,995</u>
Cash and cash equivalents - end of year	<u><u>\$ 578,194</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (205,741)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	35,645
WRS Pension and OPEB Adjustments	(3,938)
Changes in assets and liabilities:	
Due to / from Other Funds	(89)
Accrued Liabilities	(2,297)
Accrued Wages Payable	(1,376)
Lunch Deposits	(311)
Net cash provided (used) by operating activities	<u><u>\$ (178,107)</u></u>
Noncash operating activities:	
Donated food commodities	<u><u>\$ 109,661</u></u>

See accompanying notes to the financial statements.

MOUNT HOREB AREA SCHOOL DISTRICT
Mount Horeb, Wisconsin

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2024

	Employee Benefit Trust
ASSETS	
Cash and Cash Equivalents	\$ 1,747,868
Due from Other Funds	<u>244,636</u>
Total Assets	<u><u>\$ 1,992,504</u></u>
LIABILITIES	
Due to Other Funds	<u>\$ -</u>
Total Liabilities	<u>-</u>
NET POSITION	
Restricted for Employee Benefits	<u>1,992,504</u>
Total Net Position	<u>1,992,504</u>
Total Liabilities and Net Position	<u><u>\$ 1,992,504</u></u>

See accompanying notes to the financial statements.

MOUNT HOREB AREA SCHOOL DISTRICT
Mount Horeb, Wisconsin

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Year Ended June 30, 2024

	Employee Benefit Trust
ADDITIONS	
Contributions	\$ 677,634
Interest	49,639
Total Additions	<u>727,273</u>
DEDUCTIONS	
Other Postemployment Benefits	<u>432,998</u>
Total Deductions	<u>432,998</u>
Change in Net Position	<u>294,275</u>
Net Position - Beginning	1,698,229
Net Position - Ending	<u><u>\$ 1,992,504</u></u>

See accompanying notes to the financial statements.

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

1. Summary of Significant Accounting Policies

A. Introduction

The financial statements of the Mount Horeb Area School District ("District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District operates as a common school district under Chapter 120 of the Wisconsin Statutes. The District is governed by a seven-member elected school board, provides elementary, secondary, vocational, and special education services for kindergarten through grade 12, and is comprised of all or parts of nine taxing districts.

As described in the detail below, the financial reporting entity consists of the primary government, and organizations for which the primary government is financially accountable. All of the accounts of the District comprise the primary government.

This report includes all of the funds of the District. The reporting entity for the District consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. If a primary government appoints a voting majority of an organization's officials or if the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or to impose specific financial burdens on, the primary government, the primary government is financially accountable for those organizations. An organization has a financial benefit or burden relationship with the primary government if, for example, any one of these conditions exists. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. The report does not contain any component units.

B. District-Wide Statements

The statement of net position and statement of activities present financial information about the District's governmental activities. They include all funds of the District, except for fiduciary funds. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from the business-type activity, which relies on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The District does not allocate indirect expenses.

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) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

C. Fund Financial Statements

The fund financial statements provide information about the District's funds, including the fiduciary funds. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the District-wide financial statements. The emphasis of fund financial statements is on the major governmental funds; each is displayed in a separate column. All remaining funds are aggregated and reported as nonmajor governmental funds. A fund is considered major if it is the primary operating fund of the District or meets the criteria of a major fund based on individual fund financial results in comparison to total financial results of all funds.

The District reports the following major governmental funds:

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

Debt Service Fund - The debt service fund is used to account for financial resources to be used for the payment of general long-term debt principal, interest, and related costs.

The District reports the following major proprietary fund:

School Nutrition Services Fund - The school nutrition services fund is used to account for the District's food service, generally, the school breakfast and lunch programs.

The District reports the following nonmajor governmental funds:

Special Revenue Funds - Special revenue funds are used to account and report the proceeds of specific revenue sources (other than major capital projects) that are restricted or committed to expenditures for specific purposes. The District reports the Special Revenue Gift Fund and the Package - Cooperative Program as special revenue funds.

Additionally, the District reports the following fund type – Fiduciary Fund:

Employee Benefit Trust Fund - The employee benefit trust fund is used to account for resources legally held in trust for the District's post-retirement health insurance benefits.

D. Measurement Focus and Basis of Accounting

The district-wide and fiduciary fund statements are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded at the time liabilities are incurred regardless of the timing of the related cash flows.

Non-exchange transactions in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the tax is levied. Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when 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.

The District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures, generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as, expenditures related to claims and judgments and compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principle ongoing operation. The principle operating revenue is charges to students for meals. Operating expenses for proprietary funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical funds, and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement resources to such programs, followed by general revenues.

E. Cash and Cash Equivalents

The District has pooled the cash resources of its funds in order to maximize investment opportunities. Each fund's portion of total cash and investments is reported as cash and cash equivalents/investments by the District's individual major funds and individual fiduciary funds.

For purposes of the statement of cash flows, all cash deposits and highly liquid investments with an original maturity of three months or less (including restricted assets) are considered to be cash equivalents.

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

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

See Footnote 3 for additional information.

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

F. Receivables and Other Assets

Taxes

Property taxes are recognized as revenues in the year for which they are budgeted. Under the Wisconsin Statutes, each County in the District's taxing jurisdiction purchases the outstanding property taxes of the District in August of each year. The statutory guarantee assures the District full collection of all property taxes within sixty days of its year-end, and hence, the availability of these funds to finance expenditures of the fiscal year for which the taxes were levied. Property taxes are levied in October on the assessed value as of the prior January 1, and are due in full by January 31, or in installments with the last payment due in July.

Interfunds

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. The current portion of lending/borrowing arrangements between funds is identified as "due to/from other funds." The noncurrent portion of outstanding balances between funds is reported as "advances to/from other funds." Advances between funds are offset by a fund balance reserve account to indicate that they are not available for appropriation and are not expendable available financial resources.

Accounts Receivable

All accounts receivable are shown as 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 such allowance is not material.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the District-wide and the fund financial statements.

Pension

The fiduciary net position of the Wisconsin Retirement System ("WRS") has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset)
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
- Pension Expense (Revenue)

Information about the fiduciary net position of the 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.

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

F. Receivables and Other Assets (Continued)

Leases

The District's lease receivables are measured at the present value of lease payments expected to be received during the lease term.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

A portion of fund balance is shown as nonspendable because it is not an available resource. It represents the year-end balance of the lease receivable in excess of the deferred inflow resources for the lease receivable, which is not a spendable resource.

G. Capital Assets

In the district-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their acquisition value at the date of donation.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives and capitalization thresholds by type of asset is as follows:

<u>Assets</u>	<u>Capitalization Threshold</u>	<u>Years</u>
Buildings	\$5,000	20-50
Site improvements	\$5,000	10-20
Furniture and Equipment	\$5,000	5-20
Computers and Technology	\$5,000	5-15

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

H. Other Obligations

Compensated Absences

The compensated absence liability reported on the government-wide financial statements consists of the District's estimate of payouts for sick leave upon retirement.

Vacation benefits are accrued as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid-time-off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees based on their contracts. The District's employees may carry over to the next fiscal year five vacation days with approval.

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

H. Other Obligations (Continued)

For governmental fund financial statements, the unpaid compensated absences are not expected to be paid using expendable available resources and, therefore, the liability is not reported.

The compensated absences liability is based on rates set by the District for each employee category.

Supplemental Pension

Administrative personnel, teachers and support staff that choose not to participate in the medical plan during their retirement will instead receive a cash benefit in lieu of such coverage. For purposes of measuring the net supplemental pension liability, deferred outflows of resources and deferred inflows of resources related to supplemental pensions, and supplemental pension expense, information about the fiduciary net position of the plan and additions to/deductions from the fiduciary net position have been determined by an actuarial valuation. 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.

Local Retiree Life Insurance Fund - 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 following:

- Net OPEB Liability (Asset),
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs, and
- OPEB Expense (Revenue).

Information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's 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.

Health Insurance - OPEB

As provided in applicable negotiated contracts, certified District employees meeting a minimum age and length of service requirement may participate in the District's group health and insurance program. The District bears the cost of the employee's participation up to a maximum amount it pays for active employees. An estimate of the present value of future benefits is recognized as a long-term liability in the statement of net position and recognized as an expense when incurred. The District's postemployment benefits for administrators, teachers, and support staff are as follows:

Administrators - For the Director of Instruction, Director of Pupil Services, Intermediate Center Principal, Middle School Principal, High School Assistant Principal, High School Activities Director, and High School Principal, the District will contribute the same amount as is made on behalf of active administrators at the time of retirement on behalf of the retiree towards the retiree's medical premiums. The District's contributions will continue, frozen at this amount, for a period of 6 years. The District will also pay the full amount (100%) of the single dental premium on behalf of the retiree for a period of 6 years and will also pay the retiree's full life insurance premiums until such time that the retiree reaches age 65.

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

H. Other Obligations (Continued)

Health Insurance – OPEB (Continued)

For all other administrators not listed above, the District will pay the full amount (100%) of the medical and dental premium on behalf of the retiree for a period of 6 years. The District will also pay the retiree's full life insurance premiums until such time that the retiree reaches age 65.

Teachers - The District will contribute the same amount as is made on behalf of active teachers at the time of retirement on behalf of the retiree towards the retiree's medical premiums. The District's contributions will continue, frozen at this amount, for a period ranging from 3 to 6 years, as determined by date of hire. Should a retiree reach Medicare-eligibility prior to the exhaustion of the benefit, the District will decrease its contributions by 50% for any remaining duration.

Support Staff - The District will contribute the same amount as is made on behalf of active support staff at the time of retirement on behalf of the retiree towards the retiree's medical premiums. The District's contributions will continue, frozen at this amount, for a period of 3 years. Should a retiree reach Medicare-eligibility prior to the exhaustion of the benefit, the District will decrease its contributions by 50% for any remaining duration.

I. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure) until then. The District has multiple items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then. The District has multiple items that qualify for reporting in this category.

J. Long-Term Obligations

In the district-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

K. Use of Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

L. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditures for claims and judgments are only reported in the governmental funds if it has matured. Claims and judgments are recorded in the District-wide statements as expense when the related liabilities are incurred. There were no significant claims or judgments at year-end.

M. Net Position

In the district-wide financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets plus unspent proceeds.

Restricted Net Position - Consists of net position with constraints placed on use by 1) external groups, such as creditors, grantors, or contributors, or 2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position - All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

N. Fund Balance

Governmental fund equity is classified as fund balance. In the fund financial statements, fund balance is presented in five possible categories:

Nonspendable - Amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. This classification includes inventories, prepaid items, assets held for resale, and long-term receivables.

Restricted - Constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - Resources that can only be used for specific purposes as the result of a formal action of the District's highest level of decision-making authority. Any changes in the constraints imposed require the same formal action of the District that originally created the commitment. The Board of Education is the highest level of decision-making authority.

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

N. Fund Balance (Continued)

Assigned - Resources that are neither restricted nor committed for which the District has stated intended use as established by the Board of Education.

Unassigned - Resources that are available for any purpose. Unassigned amounts are only reported in the general fund.

O. District Fund Balance Policy

The District considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal constraints that prohibit doing this. Additionally, the District considers amounts to be spent first out of committed amounts, then assigned, and lastly unassigned amounts of fund balance when expenditures are made.

Minimum Fund Balance - It is the goal of the District to maintain a minimum of 15% of the total operating expenses in the General Fund Balance at the end of each fiscal year to meet operating needs.

P. Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1. D. for governmental funds.

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes. The budgeted amounts presented include amendments adopted during the year. Transfers between functions and changes to the overall budget must be approved and amended by Board of Education resolution. Appropriations lapse at year-end unless specifically carried over.

Q. Change in Accounting Principle

Effective July 1, 2023, the District adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*, GASB 100 was issued to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The District did not have any accounting changes or error corrections requiring disclosure in the financial statements.

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

2. Explanation of Certain Differences Between Governmental Fund Statements and District-Wide Statements

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

Differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the statement of activities fall into one of four broad categories:

1. Long-term revenue differences arise because governmental funds report revenues only when they are considered “available,” whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities.
2. Capital related differences include the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the statement of activities.
3. Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest expense is recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.
4. Payments to retired employees for postemployment benefits are recorded when paid in the fund financial statements. Expenses are recorded in the statement of activities when incurred. Payments to retired employees reduce the postemployment liabilities.

3. Cash and Investments

For all the District’s cash and investments shown below, the market value at the balance sheet date is substantially the same as the fair value. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit. At various times during the year, the District’s deposits were higher than the June 30, 2024 balances as detailed below. This means that the District’s risk and exposure could be higher at these times.

Depository:	Fair Value	Carrying Amount	Associated Risk
Local Financial Institutions	\$ 9,190,382	\$ 8,838,241	Custodial credit
WISC Investment Series Cooperative	81,306	81,306	Credit, interest rate
Mid America Trust	1,747,868	1,747,868	Credit, interest rate
Certificates of Deposit	182,989	182,989	Custodial credit, interest rate
Local Government Investment Pool	7,391	7,391	Credit, interest rate
Total June 30, 2024	<u>\$ 11,209,936</u>	<u>\$ 10,857,795</u>	

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

3. Cash and Investments (Continued)

A reconciliation of cash and investments as shown on the statements is as follows:

Statement of Net Position:	
Governmental Activities	\$ 8,531,733
Business-Type Activities	578,194
Statement of Fiduciary Net Position:	
Employee Benefit Trust	1,747,868
Total	<u><u>\$ 10,857,795</u></u>

Investments Authorized by Wisconsin State Statutes

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

- Time deposits in any credit union, bank, savings bank, trust company or savings and loan association.
- Bonds or securities of any county, city, drainage district, technical college, village, town, or school district of the state.
- Bonds or securities issued or guaranteed by the federal government.
- The local government investment pool.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open-end management company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.
- Bonds issued by a local football stadium district.
- Bonds issued by a local arts dealer.
- Bonds issued by the Wisconsin Aerospace Authority.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. As of June 30, 2024, the District's investment in the Wisconsin Local Government Investment Pool was not rated, the investments in the Mid America Trust account received an A rating from S&P, and the investments in the WISC Investment Series Cooperative received an AAAM rating from S&P.

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

3. Cash and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater sensitivity its fair value has to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The LGIP investments have an average maturity of 13 days. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity.

Investment Type	Fair Value	Less than 6 Months	6 Months to One Year	1 Year to 3 Years
WISC Investment Series Cooperative	\$ 81,306	\$ 81,306	\$ -	\$ -
Certificates of Deposit	182,989	182,989	-	-
Mid America Trust	1,747,868	1,747,868	-	-
Local Government Investment Pool	7,391	7,391	-	-
	<u>\$ 2,019,554</u>	<u>\$ 2,019,554</u>	<u>\$ -</u>	<u>\$ -</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District would not be able to recover the value of investments that are in the possession of another party. The District does not have a custodial credit risk policy for investments.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$1,000,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations. As of June 30, 2024, \$8,440,382 of the District's deposits with financial institutions in excess of FDIC and State Deposit Guarantee Fund coverage was covered by additional collateral issued in the District's name. The District does not have a custodial risk policy for deposits.

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

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

3. Cash and Investments (Continued)

Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2024, the fair value of the District's share of the LGIP's assets was substantially equal carrying amount.

Investment allocation in the LGIP as of June 30, 2024 was: 98% in U.S. Government Securities, and 2% in Certificates of Deposit, Bankers' Acceptances, Commercial Paper, and Corporate Notes. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

4. Fair Value Measurement

Financial assets required to be measured on a recurring basis are classified under a three-tier hierarchy for fair value investments. Fair value is the amount that would be received to sell an asset, or paid to settle a liability, in an orderly transaction between market participants at the measurements date.

The District uses the following hierarchical disclosure framework:

Level 1 – Measurement based upon quoted prices for identical assets in an active market as of the reporting date.

Level 2 – Measurement based upon marketplace inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Measurement based on the District's assumptions about a hypothetical marketplace because observable market inputs are not available as of the reporting date.

The District uses appropriate valuation techniques based on the available inputs to measure the fair values of its assets and liabilities. When available, the District measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs have the lowest priority.

Assets at Fair Value as of June 30, 2024		
	Fair Value	Level 1
Mid America Trust	\$ 1,747,868	\$ 1,747,868
Totals	\$ 1,747,868	\$ 1,747,868

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

5. Interfunds and Transfers

For the statement of net position, interfund balances which are owed within the governmental activities are netted and eliminated.

The following balance as of June 30, 2024, represent interfund balances expected to be settled in the following year between all funds:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Package Cooperative	\$ 27,349	Cash Shortfall
Total - Fund Financial Statements		<u>\$ 27,349</u>	
Employee Benefit Trust	General Fund	\$ 242,940	Benefit Contribution, Net of Implicit Rate Subsidy
Employee Benefit Trust	Food Service Fund	1,696	Benefit Contribution, Net of Implicit Rate Subsidy
		<u>\$ 244,636</u>	
Less: Fund Eliminations		(27,349)	
Total Government-Wide Statement of Net Position		<u>\$ 244,636</u>	

The following balance as of June 30, 2024, represent transfer in/out between all funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Package Cooperative	General	\$ 61,368	Support Operations
Totals - Fund Financial Statements		<u>61,368</u>	
Less: Fund Eliminations		(61,368)	
Total Government-Wide Statement of Activities		<u>\$ -</u>	

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

6. Leases

In 2002, the District entered into a lease arrangement where the District leases land for a communication tower. In the statement of activities, lease revenue for the year ended June 30, 2024 was as follows:

Lease-Related Revenues	Year Ending 6/30/2024
Lease Revenue	
Land	\$ 28,136
Total Lease Revenue	28,136
Interest Revenue	11,394
Total Lease-Related Revenues	<u>\$ 39,530</u>

Aggregate cash flows for the revenue generated by the lease receivable and interest at June 30, 2024 are as follows:

Year(s) Ended June 30,	Principal	Interest	Total
2025	\$ 24,498	\$ 10,731	\$ 35,229
2026	25,244	9,985	35,229
2027	26,011	9,218	35,229
2028	26,803	8,426	35,229
2029	27,618	7,611	35,229
2030-2034	151,212	24,933	176,145
2035-2038	87,466	3,542	91,008
Total	<u>\$ 368,852</u>	<u>\$ 74,446</u>	<u>\$ 443,298</u>

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

7. Capital Assets

Capital asset activity for the year ended June 30, 2024 was as follows:

	Balance 7/1/2023	Additions	Retirements	Balance 6/30/2024
Governmental Activities				
Non-Depreciable Capital Assets:				
Land	\$ 1,157,734	\$ -	\$ -	\$ 1,157,734
Construction in Progress	-	327,697	-	327,697
Total Non-Depreciable Capital Assets	<u>1,157,734</u>	<u>327,697</u>	<u>-</u>	<u>1,485,431</u>
Capital Assets Being Depreciated:				
Building and Improvements	78,323,236	540,965	10,095	78,854,106
Equipment	6,629,784	955,562	1,053,124	6,532,222
Total Capital Assets Being Depreciated	<u>84,953,020</u>	<u>1,496,527</u>	<u>1,063,219</u>	<u>85,386,328</u>
Total Capital Assets	86,110,754	1,824,224	1,063,219	86,871,759
Less Accumulated Depreciation	<u>(32,228,833)</u>	<u>(2,758,769)</u>	<u>1,055,552</u>	<u>(33,932,050)</u>
Net Governmental Capital Assets	<u>53,881,921</u>	<u>(934,545)</u>	<u>(7,667)</u>	<u>52,939,709</u>
Business-Type Activities				
Depreciable Capital Assets	315,377	122,579	-	437,956
Less Accumulated Depreciation	<u>(162,804)</u>	<u>(35,645)</u>	<u>-</u>	<u>(198,449)</u>
Net Business-Type Capital Assets	<u>152,573</u>	<u>86,934</u>	<u>-</u>	<u>239,507</u>
Total Non-Depreciable Capital Assets	1,157,734	327,697	-	1,485,431
Total Depreciable Capital Assets	85,268,397	1,619,106	1,063,219	85,824,284
Total Accumulated Depreciation	<u>(32,391,637)</u>	<u>(2,794,414)</u>	<u>1,055,552</u>	<u>(34,130,499)</u>
Total Capital Assets Net of Depreciation	<u>\$ 54,034,494</u>	<u>\$ (847,611)</u>	<u>\$ 2,118,771</u>	<u>\$ 53,179,216</u>

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

7. Capital Assets (Continued)

Depreciation expense for governmental activities for the year ended June 30, 2024 was charged to functions as follows:

Regular Instruction	\$ 10,637
Vocational Instruction	27,420
Pupil Service	7,007
Instructional Support Staff	15,602
General Administration Services	73,164
Building Administrative Services	4,337
Business Administrative Services	726,895
Central Services	850
Other Support Services	39,813
Unallocated	1,853,044
	<u>\$ 2,758,769</u>

8. Long-Term Obligations

Long-term obligations of the District are as follows:

	Balances 7/1/2023	Additions	Reductions	Balances 6/30/2024	Due within one year
Bonds and Leases					
General Obligation Bonds	\$ 32,500,000	\$ -	\$ -	\$ 32,500,000	\$ 440,000
Other Liabilities					
Unamortized Premium	249,312	-	(19,380)	229,932	-
Compensated Absences	934,155	4,147	-	938,302	-
Total Long-Term Liabilities	<u>\$ 33,683,467</u>	<u>\$ 4,147</u>	<u>\$ (19,380)</u>	<u>\$ 33,668,234</u>	<u>\$ 440,000</u>

The compensated absences liability is paid out of the General Fund.

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

8. Long-Term Obligations (Continued)

General Obligation Debt

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt at June 30, 2024 is comprised of the following individual issues:

Description	Date	Rate (%)	Maturity	Original Amounts	Balance 6/30/2024
G.O. Refunding Bonds	08/10/17	3.0% - 4.0%	3/1/2037	\$ 22,995,000	\$ 22,540,000
G.O. Refunding Bonds	03/05/18	3.0% - 4.0%	3/1/2038	\$ 9,960,000	9,960,000
Total General Obligation Debt					<u>\$ 32,500,000</u>

The 2023 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$2,341,981,722. The legal debt limit and margin of indebtedness as of June 30, 2024, in accordance with §67.03(1)(b) of the Wisconsin statutes follows:

2023/24 equalized valuation of the District:	<u>\$ 2,341,981,722</u>
Debt limit (10% of equalized valuation of district)	\$ 234,198,172
Less: long-term debt applicable to debt margin:	(32,500,000)
Margin of indebtedness:	<u>\$ 201,698,172</u>

Aggregate cash flow requirements for the retirement of long-term principal and interest as of June 30, 2024 are as follows:

Year(s) Ended June 30,	Principal	Interest	Total
2025	\$ 440,000	\$ 1,148,618	\$ 1,588,618
2026	475,000	1,148,618	1,623,618
2027	1,405,000	1,135,418	2,540,418
2028	1,955,000	1,116,418	3,071,418
2029	1,995,000	1,060,218	3,055,218
2030-2034	13,800,000	3,579,640	17,379,640
2035-2038	12,430,000	1,030,532	13,460,532
Total	<u>\$ 32,500,000</u>	<u>\$ 10,219,462</u>	<u>\$ 42,719,462</u>

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

9. Defined Benefit Pension Plan

Plan Description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, 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.

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 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

9. Defined Benefit Pension Plan (Continued)

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 (%)
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0
2023	1.6	(21.0)

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

During the reporting period, the WRS recognized \$1,272,126 in contributions from the employer.

Contribution rates as of June 30, 2024 are:

Employee Category	Employee	Employer
General (including teachers, executives and elected officials)	6.90%	6.90%
Protective with Social Security	6.90%	14.30%
Protective without Social Security	6.90%	19.10%

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

9. Defined Benefit Pension Plan (Continued)

Pension Liabilities (Assets), Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2024, the District reported a liability (asset) of \$1,426,419 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2022 rolled forward to December 31, 2023. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2023, the District's proportion was 0.09593848%, which was a decrease of 0.00086343% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the District recognized pension expense (revenue) of \$998,114.

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,751,307	\$ (7,617,642)
Net differences between projected and actual earnings on pension plan investments	4,970,839	-
Changes in assumptions	621,735	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	45,289	(3,414)
Employer contributions subsequent to the measurement date	778,837	-
Total	\$ 12,168,007	\$ (7,621,056)

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

9. Defined Benefit Pension Plan (Continued)

\$778,837 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense (revenue) as follows:

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2025	\$ 776,306
2026	817,077
2027	3,130,160
2028	(955,429)
2029	-
Total	<u>\$ 3,768,114</u>

Actuarial Assumptions. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2022
Measurement Date of Net Pension Liability (Asset):	December 31, 2023
	January 1, 2018 - December 31 2020
Experience Study:	Published November 19, 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:	
Wage 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. The Total Pension Liability for December 31, 2023 is based upon a roll-forward of the liability calculated from the December 31, 2022 actuarial valuation.

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

9. Defined Benefit Pension Plan (Continued)

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

Asset Allocation Targets and Expected Returns¹

As of December 31, 2023

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %²</u>
Public Equity	40	7.3	4.5
Public Fixed Income	27	5.8	3.0
Inflation Sensitive	19	4.4	1.7
Real Estate	8	5.8	3.0
Private Equity/Debt	18	9.6	6.7
Leverage ³	-12	3.7	1.0
Total Core Fund	100	7.4	4.6
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	6.8	4.0
International Equities	30	7.6	4.8
Total Variable Fund	100	7.3	4.5

¹Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations.

²New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.7%

³The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower volatility assets, such as fixed income securities. Currently, an asset allocation target of 12% policy leverage is used, subject to an allowable range of up to 20%.

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

9. Defined Benefit Pension Plan (Continued)

Single Discount Rate. A single discount rate of 6.8% was used to measure the Total Pension Liability for the current and prior year. This discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 3.77% (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, 2023. 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 District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80 percent, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (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%)
District's proportionate share of the net pension liability (asset)	\$ 13,787,029	\$ 1,426,419	\$ (7,222,822)

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>.

Allocation of Pension Plan. Pension amounts are allocated between the Governmental Activities and Business-Type Activities based on the percentage of required contributions of each opinion unit.

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

10. Other Postemployment Benefits – Multiple-Employer Life Insurance Plan

General Information about the Other Postemployment Benefits

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.

Benefits Provided. The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees 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 employee 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 employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of June 30, 2024 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post Retirement Coverage	40% of Member Contribution
25% Post Retirement Coverage	20% of Member Contribution

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

10. Other Postemployment Benefits – Multiple-Employer Life Insurance Plan (Continued)

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees 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, 2023 are as listed below:

Life Insurance Member Contribution Rates* For the year ended December 31, 2023		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

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

During the reporting period, the LRLIF recognized \$4,794 in contributions from the employer.

OPEB Liabilities, OPEB Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At June 30, 2024, the District reported a liability (asset) of \$1,082,335 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2023 rolled forward to December 31, 2023. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2023, the District's proportion was 0.235257%, which was a decrease of 0.007575% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the District recognized OPEB expense of \$85,452.

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

10. Other Postemployment Benefits – Multiple-Employer Life Insurance Plan (Continued)

At June 30, 2024, the District 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 experience	\$ -	\$ (95,789)
Net differences between projected and actual earnings on plan investments	14,622	-
Changes in actuarial assumptions	338,563	(426,200)
Changes in proportion and differences between employer contributions and proportionate share of contributions	34,163	(39,589)
Employer contributions subsequent to the measurement date	-	-
Totals	<u>\$ 387,348</u>	<u>\$ (561,578)</u>

Deferred outflows related to OPEB resulting from the District employer's contributions subsequent to the measurement date is immaterial and will not be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows:

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2025	\$ (6,772)
2026	5,589
2027	(35,854)
2028	(72,518)
2029	(72,393)
Thereafter	7,718
Total	<u>\$ (174,230)</u>

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

10. Other Postemployment Benefits – Multiple-Employer Life Insurance Plan (Continued)

Actuarial Assumptions. The total OPEB liability in the January 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2023
Measurement Date of Net OPEB Liability (Asset)	December 31, 2023
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*:	3.26%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	3.32%
Salary Increases	
Wage Inflation:	3.00%
Seniority/Merit:	0.10% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
*Based on the Bond Buyer GO 20-Bond Municipal Index	

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. The total OPEB liability for December 31, 2023 is based upon a roll-forward of the liability calculated from the January 1, 2023 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.

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2023

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Intermediate Credit Bonds	Bloomberg US Interm Credit	40%	2.32%
US Mortgages	Bloomberg US MBS	60%	2.52%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

10. Other Postemployment Benefits – Multiple-Employer Life Insurance Plan (Continued)

Single Discount Rate. A single discount rate of 3.32% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 3.76% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 3.72% as of December 31, 2022 to 3.26% as of December 31, 2023. 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 District's proportionate share of the net OPEB liability (asset) to changes in the discount rate. The following presents the District's proportionate share of the Net OPEB Liability (Asset) calculated using the discount rate of 3.32 percent, as well as what the District's proportionate share of the Net OPEB Liability (Asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.32 percent) or 1-percentage-point higher (4.32 percent) than the current rate:

	1% Decrease to Discount Rate (2.32%)	Current Discount Rate (3.32%)	1% Increase to Discount Rate (4.32%)
District's proportionate share of the net OPEB liability (asset)	\$ 1,454,269	\$ 1,082,335	\$ 798,431

Allocation of OPEB Liability. OPEB amounts are allocated between the Governmental Activities and Business-Type Activities based on the percentage of required contributions of each opinion unit.

11. Supplemental Pension Plan

The District follows GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, which allows the District to report its liability for supplemental pension benefits and to reflect an actuarially determined liability for the present value of projected future benefits for employees on the financial statements.

At June 30, 2024, the District's total pension liability was actuarially valued as of June 30, 2022 and measured as of June 30, 2023.

Plan Description. Qualifying administrators and teachers are provided with a stipend/supplemental pension. The stipend is a single-employer defined benefit pension plan administered by the District. There are no assets accumulated in a trust.

Plan Membership. At June 30, 2022, the date of the last actuarial valuation, there were 244 active plan members and 36 inactive (retirees) eligible for this benefit.

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

11. Supplemental Pension Plan (Continued)

Benefits Provided. A teacher with 15 years of service with the District and who has reached age 55 by the date at which the benefits become effective, may apply for the health severance benefit. Upon retirement, a teacher or professional employee may elect to receive cash in lieu of health insurance coverage for up to six years or until death of the retiree and his/her spouse, whichever comes first. Once an employee reaches Medicare eligibility, the above benefits will decrease by 50% for any remaining benefit years.

Contributions. The District does not have invested plan assets accumulated for payment of future benefits. The District's policy is to fund the supplemental pension benefits on a pay-as-you-go basis.

Changes in Total Supplemental Pension Liability

Beginning Balance	<u>\$ 6,298,910</u>
Changes for the Year	
Service Costs	401,694
Interest	251,194
Differences Between Expected and Actual Experiences	(1,035)
Changes of Assumptions or Other Inputs	(45,533)
Benefit Payments	<u>(439,828)</u>
Net Changes	<u>166,492</u>
Ending Balance	<u><u>\$ 6,465,402</u></u>

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2024, the District reported a net pension liability of \$6,465,402. The net pension liability was measured as of June 30, 2023, and the total pension liability is based upon the liability calculated from the June 30, 2022 actuarial valuation. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date.

For the year ended June 30, 2024, the District recognized pension expense of \$413,662. At June 30, 2024, the District reported deferred outflows or inflows of resources related to the supplemental pension as follows:

<u>Gain / Loss</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ -	\$ (1,230,048)
Changes of assumptions or other inputs	164,342	(479,201)
District contributions subsequent to the measurement date	487,947	-
Total	<u><u>\$ 652,289</u></u>	<u><u>\$ (1,709,249)</u></u>

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

11. Supplemental Pension Plan (Continued)

\$487,947 in deferred outflows of resources related to supplementary pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to supplemental pension will be recognized in supplemental pension expense as follows:

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2025	\$ (239,226)
2026	(239,226)
2027	(239,226)
2028	(239,229)
2029	(220,784)
Thereafter	(367,216)
Total	<u>\$ (1,544,907)</u>

Actuarial Assumptions. The actuarial assumptions are based upon an experience study conducted in 2021 using Wisconsin Retirement System (WRS) experience from 2018-2020. The projection of cash flows used to determine the single discount rate assumed that the plan would continue to be funded on a pay-as-you-go basis. Based on these assumptions, a 20-year AA municipal bond rate index was applied to all periods of projected benefit payments to determine the total pension liability. The assumptions are detailed as follows:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Reporting Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal (level percent of salary)
Discount Rate*	4.13% (based upon all years of projected payments discounted at a municipal bond rate of 4.13%)
Municipal Bond Rate Source	S&P Municipal Bond 20 Year High Grade Index
Actuarial Assumptions	Based on an experience study conducted in 2021 using Wisconsin Retirement System (WRS) experience from 2018- 2020.
Mortality Assumptions	2020 WRS Experience Tables for Active Employees and Healthy Retirees projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.

*Implicit in this rate is an assumed rate of inflation of 2.50%

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

11. Supplemental Pension Plan (Continued)

Single Discount Rate. A discount rate of 4.13% was used in calculating the District's Pension liabilities (based upon all projected payments discounted at a municipal bond rate of 4.13%). The discount rate is based on the S&P Municipal Bond 20 Year High Grade Index published by the Federal Reserve as of the week of the measurement date.

Sensitivity of the District's Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the District's net pension liability calculated using the discount rate of 4.13%, as well as, what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13%) or 1-percentage-point higher (5.13%) than the current rate:

	1% Decrease to Discount Rate (3.13%)	Current Discount Rate (4.13%)	1% Increase to Discount Rate (5.13%)
Total Supplemental Pension Liability	<u>\$ 6,821,080</u>	<u>\$ 6,465,402</u>	<u>\$ 6,122,872</u>

12. Other Postemployment Benefits – Single Employer Health Insurance

The District follows GASB Statement No. 75, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, which allows the District to report its liability for other postemployment benefits consistent with newly established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements.

At June 30, 2024, the District's net OPEB liability was measured as of June 30, 2023, and the total pension liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022.

Plan Administration. The District provides other postemployment benefits (OPEB) for its employees through a single-employer retiree benefit plan that provides postemployment health and life insurance benefits to eligible employees and their spouses. Benefits and eligibility are established and amended by the governing body.

Plan Membership. At June 30, 2022, the date of the latest actuarial valuation, there were the following members in the plan:

Retirees	22
Active employees	<u>202</u>
	<u>224</u>

Contributions. There is no requirement for any employee or employer contributions for funding of the plan. The employer makes all contributions, and for the year ended June 30, 2023, the measurement date, the District contributed \$550,355 to the District's Postemployment Benefits Trust.

Net OPEB Liability. The District's net OPEB liability of \$216,227 was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022.

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

12. Other Postemployment Benefits – Single Employer Health Insurance (Continued)

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Discount rate	2.25 percent
Healthcare cost trend rates	7.00 percent decreasing to 6.50%, then decreasing .10% per year down to 4.50%, then level

The actuarial assumptions are based upon an experience study conducted in 2021 using Wisconsin Retirement System (WRS) experience from 2018-2020. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

The Long-Term Expected Rate of Return on OPEB Plan Investments. The long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Discount Rate. The discount rate of 2.25% was used in calculating the District's OPEB liabilities. This rate is based upon all years of projected payments discounted at 2.25% long-term expected rate of return. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The current investment allocation of the District's OPEB plan's assets in the Trust as of September 30, 2024 was: 53% in Corporate Bonds, 15% in Mortgage and Asset-backed Securities, and 32% in Other.

Changes in the Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
Balance at 6/30/2022	<u>\$ 1,816,687</u>	<u>\$ 1,224,243</u>	<u>\$ 592,444</u>
Changes for the year:			
Service cost	152,176	-	152,176
Interest	41,460	-	41,460
Differences between expected and actual experience	4,318	-	4,318
Changes in assumptions or other inputs	-	-	-
Contributions - employer	-	550,355	(550,355)
Net investment income	-	23,816	(23,816)
Benefit payments	(100,186)	(100,186)	-
Net Changes	<u>97,768</u>	<u>473,985</u>	<u>(376,217)</u>
Balance at 6/30/2023	<u><u>\$ 1,914,455</u></u>	<u><u>\$ 1,698,228</u></u>	<u><u>\$ 216,227</u></u>

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

12. Other Postemployment Benefits – Single Employer Health Insurance (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.25%) or 1-percentage-point higher (3.25%) than the current discount rate:

	1% Decrease 1.25%	Current Discount Rate 2.25%	1% Increase 3.25%
Net OPEB Liability	<u>\$ 332,040</u>	<u>\$ 216,227</u>	<u>\$ 104,867</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability of the District, as well as, what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.0% decreasing to 3.5%) or 1-percentage-point higher (8.0% decreasing to 5.5%) than the current healthcare cost trend rates:

	1% Decrease (6.0% decreasing to 3.5%)	Healthcare Cost Trend Rates (7.0% decreasing to 4.5%)	1% Increase (8.0% decreasing to 5.5%)
Net OPEB Liability	<u>\$ 18,265</u>	<u>\$ 216,227</u>	<u>\$ 444,755</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2024, the District recognized OPEB expense of \$151,020. At June 30, 2024, the District reported deferred outflows of resources related to OPEB from the following sources:

Gain / Loss	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 141,935	\$ (120,275)
Changes of assumptions or other inputs	17,741	(112,419)
Net difference between projected and actual earnings on OPEB plan investments	19,343	-
District contributions subsequent to the measurement date	351,437	-
Total	<u>\$ 530,456</u>	<u>\$ (232,694)</u>

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

12. Other Postemployment Benefits – Single Employer Health Insurance (Continued)

\$351,437 reported as deferred outflows related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2025	\$ (10,378)
2026	(10,900)
2027	(12,350)
2028	(15,314)
2029	9,040
Thereafter	(13,773)
	<u>\$ (53,675)</u>

13. Net Position

Governmental activities net position reported on the government-wide statement of net position at June 30, 2024 includes the following:

	Governmental Activities
Capital Assets, Net of Depreciation	\$ 52,939,709
Less: Related Outstanding Debt	(32,500,000)
Less: Unamortized Premium	(229,932)
Total Net Investment in Capital Assets	<u>\$ 20,209,777</u>

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

14. Fund Balances

Governmental fund balances reported on the financial statements as of June 30, 2024 include the following:

Nonspendable	
General Fund	
Lease	\$ 14,797
Total Nonspendable	<u>14,797</u>
Restricted	
Debt Service Fund	2,411,306
Special Revenue Fund	<u>891,286</u>
Total Restricted	<u>3,302,592</u>
Assigned	
General Fund	
Vehicle Purchases	<u>290,000</u>
Total Assigned	<u>290,000</u>
Unassigned	<u>7,161,423</u>
Total Governmental Fund Balance	<u><u>\$ 10,768,812</u></u>

15. Limitation on School District Revenues

Wisconsin statutes limit the amount of revenues school districts may derive from general school aids and property taxes unless a higher amount is approved by a referendum. This limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

- A resolution of the school board or by a referendum prior to August 12, 1993.
- A referendum on or after August 12, 1993.

16. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers' compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. There has been no reduction in insurance coverage in the prior year. Settled claims have not exceeded the commercial coverage in any of the past three years.

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

17. Commitments and Contingencies

General

From time to time, the District is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the District's legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the District's financial position or results of operations.

Grant Funding

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

18. Subsequent Events

In November of 2024, the District passed a referendum authorizing the issuance of \$34,000,000 in general obligation bonds. The proceeds of the bonds will be used to finance the construction of a school building and remodeling and improvements to existing facilities.

In November of 2024, the District approved the purchase of an electric school bus for approximately \$435,000.

19. Effect of New Accounting Standards on Current Period Financial Statements

The Governmental Accounting Standards Board (GASB) has adopted GASB Statement No. 101, *Compensated Absences*, effective for periods beginning after December 15, 2023, GASB Statement No. 102, *Certain Risk Disclosures*, effective for periods beginning after June 15, 2024 and GASB Statement No. 103, *Financial Reporting Model Improvements*, effective for periods beginning after June 15, 2025. When this becomes effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

MOUNT HOREB AREA SCHOOL DISTRICT
Mount Horeb, Wisconsin

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 13,414,277	\$ 15,636,046	\$ 15,637,622	\$ 1,576
Local	384,800	488,700	532,945	44,245
Interdistrict	980,000	1,205,713	1,205,713	-
Intermediate	3,088	5,998	6,012	14
State	17,339,698	17,206,613	17,319,625	113,012
Federal	1,101,112	1,120,265	860,715	(259,550)
Other	56,000	138,000	135,186	(2,814)
Total Revenues	<u>33,278,975</u>	<u>35,801,335</u>	<u>35,697,818</u>	<u>(103,517)</u>
EXPENDITURES				
Current				
Instruction:				
Regular	12,230,089	12,917,443	12,668,830	248,613
Vocational	1,039,756	1,029,305	1,034,489	(5,184)
Other	1,849,240	1,801,555	1,751,857	49,698
Support Services:				
Pupil Services	1,045,417	1,055,054	1,029,109	25,945
Instructional Staff Services	1,591,043	1,680,294	1,670,755	9,539
General Administration Services	1,259,800	1,882,812	1,962,608	(79,796)
Building Administrative Services	2,409,024	2,458,197	2,474,235	(16,038)
Business Administrative Services	5,493,544	5,543,884	5,297,019	246,865
Central Services	378,127	352,218	352,818	(600)
Insurance and Judgements	345,633	345,633	351,841	(6,208)
Other Support Services	1,105,087	1,113,233	1,212,755	(99,522)
Non Program:				
Purchased Instructional Services	756,500	1,170,906	1,133,565	37,341
Capital Outlay	381,000	432,900	132,940	299,960
Total Expenditures	<u>29,884,260</u>	<u>31,783,434</u>	<u>31,072,821</u>	<u>710,613</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,394,715</u>	<u>4,017,901</u>	<u>4,624,997</u>	<u>607,096</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(3,394,715)	(4,017,901)	(4,038,269)	(20,368)
Total Other Financing Sources and Uses	<u>(3,394,715)</u>	<u>(4,017,901)</u>	<u>(4,038,269)</u>	<u>(20,368)</u>
Net Change in Fund Balance	-	-	586,728	586,728
Fund Balance - Beginning	6,879,492	6,879,492	6,879,492	-
Fund Balance - Ending	<u>\$ 6,879,492</u>	<u>\$ 6,879,492</u>	<u>\$ 7,466,220</u>	<u>\$ 586,728</u>

See accompanying notes to the required supplementary information.

MOUNT HOREB AREA SCHOOL DISTRICT
Mount Horeb, Wisconsin

BUDGETARY COMPARISON SCHEDULE
SPECIAL EDUCATION FUND
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intermediate	\$ -	\$ 1,000	\$ 874	\$ (126)
State	2,959,339	1,302,260	1,316,704	14,444
Federal	563,028	786,983	730,590	(56,393)
Total Revenues	<u>3,522,367</u>	<u>2,090,243</u>	<u>2,048,168</u>	<u>(42,075)</u>
EXPENDITURES				
Current				
Instruction:				
Special	4,168,599	4,270,442	4,266,957	3,485
Support Services:				
Pupil Services	726,789	729,834	724,527	5,307
Instructional Staff Services	377,245	443,907	425,898	18,009
Business Administrative Services	85,440	104,507	114,617	(10,110)
Non Program:				
Purchased Instructional Services	125,161	483,424	493,070	(9,646)
Total Expenditures	<u>5,483,234</u>	<u>6,032,114</u>	<u>6,025,069</u>	<u>7,045</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,960,867)</u>	<u>(3,941,871)</u>	<u>(3,976,901)</u>	<u>(35,030)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	522,374	3,941,871	3,976,901	35,030
Total Other Financing Sources and Uses	<u>522,374</u>	<u>3,941,871</u>	<u>3,976,901</u>	<u>35,030</u>
Net Change in Fund Balance	(1,438,493)	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ (1,438,493)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the required supplementary information.

MOUNT HOREB AREA SCHOOL DISTRICT
Mount Horeb, Wisconsin

**RECONCILIATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND
OUTFLOWS AND GAAP REVENUES AND EXPENDITURES**
For the Year Ended June 30, 2024

	<u>General Fund</u>	<u>Special Education Fund</u>
A) Sources/Inflows of Resources:		
Actual amounts "total revenues"		
from the budgetary comparison schedules	\$ 35,697,818	\$ 2,048,168
Reclassification:		
Special education fund revenues are reclassified to		
the general fund, required for GAAP reporting	<u>2,048,168</u>	<u>(2,048,168)</u>
The general fund revenues as reported on the Statement		
of Revenues, Expenditures and Changes in Fund Balances		
- governmental funds	<u>\$ 37,745,986</u>	<u>\$ -</u>
B) Uses/Outflows of Resources:		
Actual amounts "total expenditures"		
from the budgetary comparison schedules	\$ 31,072,821	\$ 6,025,069
Reclassification:		
Special education fund expenditures are reclassified to		
the general fund, required for GAAP reporting	<u>6,025,069</u>	<u>(6,025,069)</u>
The general fund expenditures as reported on the Statement		
of Revenues, Expenditures and Changes in Fund Balances		
- governmental funds	<u>\$ 37,097,890</u>	<u>\$ -</u>

See accompanying notes to the required supplementary information.

**MOUNT HOREB AREA SCHOOL DISTRICT
WISCONSIN RETIREMENT SYSTEM SCHEDULES
June 30, 2024**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
AS OF THE MEASUREMENT DATE
Last 10 Calendar Years***

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Collective net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2023	0.09593848%	\$ 1,426,419	\$ 18,707,723	7.62%	98.85%
2022	0.09680191%	5,128,278	17,344,101	29.57%	95.72%
2021	(0.09862462%)	(7,949,325)	16,544,805	(48.05%)	(106.02%)
2020	(0.10022925%)	(6,257,451)	16,517,332	(37.88%)	(105.26%)
2019	(0.1006367%)	(3,244,985)	16,226,365	(20.00%)	(102.96%)
2018	0.09989100%	3,553,817	15,455,340	22.99%	96.45%
2017	(0.0986110%)	(2,927,873)	14,852,312	(19.71%)	(102.93%)
2016	0.09727500%	801,781	14,322,898	5.60%	99.12%
2015	0.09671500%	1,571,531	13,735,591	11.44%	98.20%
2014	(0.0976490%)	(2,398,531)	13,382,645	(17.92%)	(102.74%)

* The proportionate share of the net pension liability (asset) and other amounts presented above for each year were determined as of the calendar year-end that occurred 6 months prior to the financial reporting period.

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS
FOR THE YEAR ENDED
Last 10 Fiscal Years****

Year ended June 30,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2024	\$ 1,321,288	\$ (1,321,288)	\$ -	\$ 19,208,566	6.88%
2023	1,145,753	(1,145,753)	-	17,138,158	6.69%
2022	1,034,370	(1,034,370)	-	15,668,150	6.60%
2021	1,114,838	(1,114,838)	-	15,473,931	7.20%
2020	1,062,828	(1,062,828)	-	15,933,560	6.67%
2019	1,035,434	(1,035,434)	-	15,400,886	6.72%
2018	1,009,957	(1,009,957)	-	14,639,502	6.90%
2017	945,311	(945,311)	-	14,321,169	6.60%
2016	934,020	(934,020)	-	13,782,174	6.78%
2015	941,559	(941,559)	-	12,719,078	7.40%

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

**MOUNT HOREB AREA SCHOOL DISTRICT
LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES
June 30, 2024**

**Schedule of District's Proportionate Share of the Net OPEB Liability (Asset)
As of the Measurement Date
Last 10 Calendar Years***

Year ended December 31,	Proportion of the net OPEB liability (asset)	Proportionate share of the net OPEB liability (asset)	Covered- employee payroll	Collective net OPEB liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2023	0.23525700%	\$ 1,082,335	\$ 11,320,000	9.56%	33.90%
2022	0.24283200%	925,148	11,191,000	8.27%	38.81%
2021	0.24351800%	1,439,281	11,205,000	12.84%	29.57%
2020	0.23501500%	1,292,752	11,234,000	11.51%	31.36%
2019	0.22663600%	965,060	10,854,000	8.89%	37.58%
2018	0.23240000%	599,670	10,325,000	5.81%	48.69%
2017	0.22593400%	679,741	9,501,171	7.15%	44.81%

* The proportionate share of the OPEB liability (asset) and other amounts presented above for each year were determined as of the calendar year-end that occurred 6 months prior to the financial reporting period.

**Schedule of District's Contributions
Last 10 Fiscal Years****

Year ended June 30,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
2024	\$ 4,816	(4,816)	-	\$ 20,411,782	0.02%
2023	4,756	(4,756)	-	17,705,931	0.03%
2022	3,624	(3,624)	-	16,691,869	0.02%
2021	3,480	(3,480)	-	15,527,136	0.02%
2020	3,300	(3,300)	-	15,722,832	0.02%

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

See accompanying notes to the required supplementary information.

**MOUNT HOREB AREA SCHOOL DISTRICT
DISTRICT SUPPLEMENTAL PENSION PLAN SCHEDULES
June 30, 2024**

**SCHEDULE OF RELATED RATIOS AND CHANGES IN SUPPLEMENTAL PENSION LIABILITY
AS OF THE MEASUREMENT DATE
Last 10 Years***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Schedule of Related Ratios</u>								
District's Total Supplemental Pension Liability	\$ 6,465,402	\$ 6,298,910	\$ 7,086,008	\$ 6,787,484	\$ 6,234,314	\$ 5,713,930	\$ 6,894,723	\$ 6,726,220
District's Covered Payroll	\$ 13,737,638	\$ 13,737,638	\$ 13,261,010	\$ 13,261,010	\$ 12,403,640	\$ 12,403,640	\$ 10,766,851	\$ 10,766,851
Total Pension Liability as a Percent of Covered Payrol	47.06%	45.85%	53.43%	51.18%	50.26%	46.07%	64.04%	62.47%
<u>Schedule of Changes in Supplemental Pension Liability</u>								
Beginning Balance	\$ 6,298,910	\$ 7,086,008	\$ 6,787,484	\$ 6,234,314	\$ 5,713,930	\$ 6,894,723	\$ 6,726,220	\$ 6,326,759
Changes for the Year								
Service Costs	401,694	516,019	504,664	417,435	388,529	413,647	445,509	445,509
Interest	251,194	160,849	154,340	221,468	218,266	243,178	204,294	192,901
Differences Between Expected and Actual Experiences	(1,035)	(669,229)	-	(28,617)	-	(1,457,449)	-	-
Changes of Assumptions or Other Inputs	(45,533)	(404,360)	-	173,605	89,110	(72,976)	(202,931)	-
Benefit Payments	(439,828)	(390,377)	(360,480)	(230,721)	(175,521)	(307,193)	(278,369)	(238,949)
Net Changes	166,492	(787,098)	298,524	553,170	520,384	(1,180,793)	168,503	399,461
Ending Balance	<u>\$ 6,465,402</u>	<u>\$ 6,298,910</u>	<u>\$ 7,086,008</u>	<u>\$ 6,787,484</u>	<u>\$ 6,234,314</u>	<u>\$ 5,713,930</u>	<u>\$ 6,894,723</u>	<u>\$ 6,726,220</u>

*Data presented as of the measurement date

See accompanying notes to the required supplementary information.

MOUNT HOREB AREA SCHOOL DISTRICT
DISTRICT NET OPEB LIABILITY SCHEDULES - HEALTH INSURANCE
For the Year Ended June 30, 2024

SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
AS OF THE MEASUREMENT DATE

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability							
Service costs	\$ 152,176	\$ 156,054	\$ 152,620	\$ 127,666	\$ 119,107	\$ 140,433	\$ 140,433
Interest	41,460	43,143	41,653	53,847	53,167	55,025	53,657
Difference between expected and actual experience	4,318	(127,430)	-	216,870	-	(40,033)	-
Changes in assumptions or other inputs	-	(29,305)	-	10,014	22,737	(221,108)	-
Benefit payments	(100,186)	(130,459)	(129,021)	(87,253)	(69,919)	(86,068)	(223,948)
Net change in total OPEB	97,768	(87,997)	65,252	321,144	125,092	(151,751)	(29,858)
Total OPEB Liability-Beginning	1,816,687	1,904,684	1,839,432	1,518,288	1,393,196	1,544,947	1,574,805
Total OPEB Liability-Ending (a)	<u>\$ 1,914,455</u>	<u>\$ 1,816,687</u>	<u>\$ 1,904,684</u>	<u>\$ 1,839,432</u>	<u>\$ 1,518,288</u>	<u>\$ 1,393,196</u>	<u>\$ 1,544,947</u>
Fiduciary Net Position							
Contributions - employer	\$ 550,355	\$ 718,381	\$ 638,268	\$ 119,732	\$ 82,776	\$ 158,563	\$ -
Net investment income	23,816	5,991	1,180	982	1,090	-	-
Benefit payments	(100,186)	(130,459)	(129,021)	(87,253)	(69,919)	(86,068)	-
Net change in fiduciary net position	473,985	593,913	510,427	33,461	13,947	72,495	-
Fiduciary Net Position-Beginning	1,224,243	630,330	119,903	86,442	72,495	-	-
Fiduciary Net Position-Ending (b)	<u>\$ 1,698,228</u>	<u>\$ 1,224,243</u>	<u>\$ 630,330</u>	<u>\$ 119,903</u>	<u>\$ 86,442</u>	<u>\$ 72,495</u>	<u>\$ -</u>
Net OPEB Liability							
Net OPEB Liability - ending (a) - (b)	<u>\$ 216,227</u>	<u>\$ 592,444</u>	<u>\$ 1,274,354</u>	<u>\$ 1,719,529</u>	<u>\$ 1,431,846</u>	<u>\$ 1,320,701</u>	<u>\$ 1,544,947</u>
Fiduciary net position as a percentage of the Total OPEB Liability	88.71%	67.39%	33.09%	6.52%	5.69%	5.20%	0.00%
Covered Employee Payroll	\$ 15,334,632	\$ 15,334,632	\$ 14,790,962	\$ 14,790,962	\$ 13,960,799	\$ 13,960,799	\$ 8,157,977
Net OPEB Liability as a percentage of covered-employee payroll	1.41%	3.86%	8.62%	11.63%	10.26%	9.46%	18.94%

See accompanying notes to the required supplementary information.

MOUNT HOREB AREA SCHOOL DISTRICT
DISTRICT NET OPEB LIABILITY SCHEDULES - HEALTH INSURANCE
CONTINUED
For the Year Ended June 30, 2024

SCHEDULE OF DISTRICT CONTRIBUTIONS
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ 461,857	\$ 610,386	\$ 610,386	\$ 197,648	\$ 197,648	\$ 238,002
Contributions in Relation to the ADC	550,355	718,381	638,268	119,732	82,776	158,563
Contribution Deficiency/(Excess)	<u>\$ (88,498)</u>	<u>\$ (107,995)</u>	<u>\$ (27,882)</u>	<u>\$ 77,916</u>	<u>\$ 114,872</u>	<u>\$ 79,439</u>
Covered-Employee Payroll	\$ 15,334,632	\$ 15,334,632	\$ 14,790,962	\$ 14,790,962	\$ 13,960,799	\$ 13,960,799
Contributions as a Percentage of Covered-Employee Payroll	3.59%	4.68%	4.32%	0.81%	0.59%	1.14%

See accompanying notes to the required supplementary information.

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Required Supplementary Information
For the Year Ended June 30, 2024

1. Budgetary Information

The District's budget is adopted in accordance with Chapter 65 of the Wisconsin Statutes. Changes to appropriations authorized in the adopted budget generally require a vote of two-thirds of the entire membership of the governing body. Budgetary expenditure control is exercised at the department level.

Budget amounts include appropriations authorized in the original budget, any Board approved amendments, appropriations of restricted resources received for funding specific expenditures and designated portions of the beginning balance of the General Fund's equity expected to finance expenditures of the current fiscal year. Unused appropriations lapse at year-end unless specifically carried over for financing subsequent year expenditures.

2. Excess of Actual Expenditures over Budget

The District's General Fund reported functions that had an excess of actual expenditures over budget of \$5,000 or more for the year ended June 30, 2024 as follows:

<u>Fund</u>	<u>Function</u>	<u>Amount</u>
General	Vocational Instruction	\$ 5,184
General	General Administration Services	79,796
General	Building Administrative Services	16,038
General	Insurance and Judgements	6,208
General	Other Support Services	99,522
Special Education	Buisness Administrative Services	10,110
Special Education	Purchased Instructional Services	9,646

In total, General Fund expenditures were \$607,096 under budget and Special Education Fund expenditures were \$35,030 over budget.

3. District Net OPEB Liability Schedules – Health Insurance

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively, therefore, the schedules do not present similar information for the 3 preceding years.

Actuarial Assumptions. Methods and assumptions used to determine OPEB ADC are as follows:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value
Amortization Method	4 year Level \$
Discount Rate	2.25%
Inflation	2.50%

Changes in Benefit Terms. There were no changes in benefit terms.

Changes of Assumptions. There were no changes in assumptions or other inputs.

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Required Supplementary Information
For the Year Ended June 30, 2024

4. District Supplemental Pension Plan Schedules

Governmental Accounting Standards Board Statement No. 73 requirements have been implemented prospectively, therefore, the schedules do not present similar information for the 2 preceding years.

Changes of Benefit Terms. There were no changes in benefit terms.

Changes of Assumptions. Changes of assumptions or other inputs include a change in the discount rate from 4.00% to 4.13% due a change in the municipal bond rate used to calculate the discount rate.

5. Wisconsin Retirement System Schedules

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 postretirement 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.

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Required Supplementary Information
For the Year Ended June 30, 2024

5. Wisconsin Retirement System Schedules (Continued)

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:

	2023	2022	2021	2020	2019
Valuation Date:	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed
Amortization Period:	Amortization Period 30 Year closed from date of participation in WRS	Amortization Period 30 Year closed from date of participation in WRS	Amortization Period 30 Year closed from date of participation in WRS	Amortization Period 30 Year closed from date of participation in WRS	Amortization Period 30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.4%	5.4%	5.4%	5.4%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	6.8%	7.0%	7.0%	7.0%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.0%	3.0%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	1.7%	1.9%	1.9%	1.9%	2.1%
Retirement Age:	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2021 valuation pursuant to an experience study of the period 2018-2020.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015 - 2017.	Experience -based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.
Mortality:	2020 WRS Experience Tables. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2021 fully generational improvement scale from a base year of 2010.	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).

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

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Required Supplementary Information
For the Year Ended June 30, 2024

5. Wisconsin Retirement System Schedules (Continued)

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:

	2018	2017	2016	2015	2014
Valuation Date:	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed
Amortization Period:	Amortization Period 30 Year closed from date of participation in WRS	Amortization Period 30 Year closed from date of participation in WRS	Amortization Period 30 Year closed from date of participation in WRS	Amortization Period 30 Year closed from date of participation in WRS	Amortization Period 30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.5%	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.2%	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.2%	3.2%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	2.1%	2.1%	2.1%	2.1%	2.1%
Retirement Age:	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.

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

MOUNT HOREB AREA SCHOOL DISTRICT
Notes to Required Supplementary Information
For the Year Ended June 30, 2024

6. Local Retiree Life Insurance Schedule

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 3 preceding years.

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.

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

OTHER SUPPLEMENTARY INFORMATION

MOUNT HOREB AREA SCHOOL DISTRICT
Mount Horeb, Wisconsin

COMBINING BALANCE SHEET
GENERAL FUND
June 30, 2024

	<u>General Fund</u>	<u>Special Education Fund</u>	<u>Total General Fund</u>
ASSETS			
Cash and Investments	\$ 5,439,324	\$ 364,094	\$ 5,803,418
Receivables:			
Taxes	4,275,115	-	4,275,115
Lease	368,852	-	368,852
Due from Other Funds	27,349	-	27,349
Due from Other Governments	465,412	185,693	651,105
Total Assets	<u>\$ 10,576,052</u>	<u>\$ 549,787</u>	<u>\$ 11,125,839</u>
LIABILITIES			
Accrued Liabilities	\$ 831,001	\$ 197,141	\$ 1,028,142
Accrued Wages Payable	1,698,077	336,175	2,034,252
Due to Other Funds	226,470	16,471	242,941
Due to Other Governments	229	-	229
Total Liabilities	<u>2,755,777</u>	<u>549,787</u>	<u>3,305,564</u>
DEFERRED INFLOWS OF RESOURCES			
Leases	354,055	-	354,055
Total Deferred Inflows of Resources	<u>354,055</u>	<u>-</u>	<u>354,055</u>
FUND BALANCES			
Nonspendable	14,797	-	14,797
Assigned	290,000	-	290,000
Unassigned	7,161,423	-	7,161,423
Total Fund Balances	<u>7,466,220</u>	<u>-</u>	<u>7,466,220</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 10,576,052</u>	<u>\$ 549,787</u>	<u>\$ 11,125,839</u>

MOUNT HOREB AREA SCHOOL DISTRICT
Mount Horeb, Wisconsin

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND
For the Year Ended June 30, 2024

	General Fund	Special Education Fund	Total General Fund
REVENUES			
Taxes	\$ 15,637,622	\$ -	\$ 15,637,622
Local	532,945	-	532,945
Interdistrict	1,205,713	-	1,205,713
Intermediate	6,012	874	6,886
State	17,319,625	1,316,704	18,636,329
Federal	860,715	730,590	1,591,305
Other	135,186	-	135,186
Total Revenues	<u>35,697,818</u>	<u>2,048,168</u>	<u>37,745,986</u>
EXPENDITURES			
Current			
Instruction:			
Regular	12,668,830	-	12,668,830
Vocational	1,034,489	-	1,034,489
Special	-	4,266,957	4,266,957
Other	1,751,857	-	1,751,857
Support Services:			
Pupil Services	1,029,109	724,527	1,753,636
Instructional Staff Services	1,670,755	425,898	2,096,653
General Administration Services	1,962,608	-	1,962,608
Building Administrative Services	2,474,235	-	2,474,235
Business Administrative Services	5,297,019	114,617	5,411,636
Central Services	352,818	-	352,818
Insurance and Judgements	351,841	-	351,841
Other Support Services	1,212,755	-	1,212,755
Non Program:			
Purchased Instructional Services	1,133,565	493,070	1,626,635
Capital Outlay	132,940	-	132,940
Total Expenditures	<u>31,072,821</u>	<u>6,025,069</u>	<u>37,097,890</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,624,997</u>	<u>(3,976,901)</u>	<u>648,096</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	3,976,901	3,976,901
Transfers Out	(4,038,269)	-	(4,038,269)
Total Other Financing Sources and Uses	<u>(4,038,269)</u>	<u>3,976,901</u>	<u>(61,368)</u>
Net Change in Fund Balances	586,728	-	586,728
Fund Balances - Beginning	6,879,492	-	6,879,492
Fund Balances - Ending	<u>\$ 7,466,220</u>	<u>\$ -</u>	<u>\$ 7,466,220</u>

MOUNT HOREB AREA SCHOOL DISTRICT
Mount Horeb, Wisconsin

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2024

	Special Revenue Funds		Total Non-Major Governmental Funds
	Special Revenue Gift Fund	Package Cooperative	
ASSETS			
Cash and Investments	\$ 891,318	\$ -	\$ 891,318
Due from Other Governments	-	28,275	28,275
Total Assets	<u>\$ 891,318</u>	<u>\$ 28,275</u>	<u>\$ 919,593</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accrued Liabilities	\$ 32	\$ 161	\$ 193
Accrued Wages Payable	-	765	765
Due to Other Funds	-	27,349	27,349
Total Liabilities	<u>32</u>	<u>28,275</u>	<u>28,307</u>
 Fund Balances:			
Restricted	<u>891,286</u>	<u>-</u>	<u>891,286</u>
Total Fund Balances	<u>891,286</u>	<u>-</u>	<u>891,286</u>
Total Liabilities and Fund Balances	<u>\$ 891,318</u>	<u>\$ 28,275</u>	<u>\$ 919,593</u>

MOUNT HOREB AREA SCHOOL DISTRICT
Mount Horeb, Wisconsin

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	Special Revenue Funds		Total Non-Major Governmental Funds
	Special Revenue Gift Fund	Package Cooperative	
REVENUES			
Local	\$ 1,216,197	\$ -	\$ 1,216,197
Interdistrict	-	9,417	9,417
Federal	-	18,858	18,858
Total Revenues	<u>1,216,197</u>	<u>28,275</u>	<u>1,244,472</u>
EXPENDITURES			
Current			
Instruction:			
Regular	5,809	-	5,809
Vocational	667	17,957	18,624
Other	-	58,629	58,629
Support Services:			
Pupil Services	3,057	-	3,057
Instructional Staff Services	-	901	901
General Administration Services	1,422	-	1,422
Building Administrative Services	878,999	-	878,999
Business Administrative Services	6,335	12,156	18,491
Other Support Services	21,000	-	21,000
Total Expenditures	<u>917,289</u>	<u>89,643</u>	<u>1,006,932</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>298,908</u>	<u>(61,368)</u>	<u>237,540</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	61,368	61,368
Total Other Financing Sources and Uses	<u>-</u>	<u>61,368</u>	<u>61,368</u>
Net Change in Fund Balances	<u>298,908</u>	<u>-</u>	<u>298,908</u>
Fund Balances - Beginning	592,378	-	592,378
Fund Balances - Ending	<u>\$ 891,286</u>	<u>\$ -</u>	<u>\$ 891,286</u>

SINGLE AUDIT



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education
Mount Horeb Area School District
Mount Horeb, Wisconsin

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mount Horeb Area School District (District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Mount Horeb Area School District's basic financial statements, and have issued our report thereon dated December 10, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

This 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
December 10, 2024



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE *STATE SINGLE AUDIT GUIDELINES*

To the Board of Education
Mount Horeb Area School District
Mount Horeb, Wisconsin

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

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

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

Basis for Opinion on Each Major Federal and State Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the *State Single Audit Guidelines* we:

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

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

Report on Internal Control Over Compliance

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

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

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

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

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
December 10, 2024

MOUNT HOREB AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Awarding Agency Pass-Through Agency <u>Award Description</u>	Federal Assistance Listing Number	Pass-Through Entity ID Number	Receivable July 1, 2023	Receipts	Expenditures	Receivable June 30, 2024
U.S. Department of Agriculture						
Passed through Wisconsin Department of Public Instruction:						
Local Food for Schools	10.185	Not Available	\$ -	\$ 10,000	\$ 10,000	\$ -
Child Nutrition Cluster						
Food Service Aid - Breakfast	10.553	2024-133794-DPI-SB-546	-	31,818	31,818	-
National School Lunch Program	10.555	2024-133794-DPI-NSL-547	-	300,011	300,011	-
Donated Commodities	10.555	Not Available	-	109,661	109,661	-
Food Service Aid - Special Milk Program	10.556	2024-133794-DPI-SMP-548	-	265	265	-
Total Child Nutrition Cluster			-	441,755	441,755	-
Passed through Action for Healthy Kids						
Child Nutrition Discretionary Grants	10.579	Not Available	-	24,142	24,142	-
Total U.S. Department of Agriculture			-	475,897	475,897	-
U.S. Department of Education						
Passed through Wisconsin Department of Public Instruction:						
ESEA Title I-A Basic Grant	84.010A	2024-133794-DPI-TI-A-141	78,004	97,931	142,565	122,638
Special Education Cluster (IDEA)						
IDEA Flow Through	84.027A	2024-133794-DPI-FLOW-341	191,440	553,250	502,109	140,299
IDEA Preschool Entitlement	84.173A	2024-133794-DPI-PRESCH-347, 2024-133794-DPI-ELIMG-348	6,561	13,482	17,782	10,861
Total Special Education Cluster (IDEA)			198,001	566,732	519,891	151,160
Carl Perkins Act Formula Allocation	84.048	2024-133794-DPI-CTE-400	20,986	20,986	18,858	18,858
Education for Homeless Children and Youth	84.196A	2024-133794-DPI-EHCY-C-335	-	-	10,337	10,337
ESEA Title II-A Teacher/Principal Training	84.367A	2024-133794-DPI-TIIA-365	36,230	45,731	38,322	28,821
Student Support and Academic Enrichment Program	84.424A	2024-133794-DPI-TIVA-381	10,000	10,000	4,967	4,967
ESSER						
Elementary and Secondary School Emergency Relief - COVID 19	84.425D	2022-133794-DPI-ESSERFII-163	116,745	203,636	86,891	-
Elementary and Secondary School Emergency Relief - COVID 19	84.425U	2022-133794-DPI-ESSERFIII-165, 2022-133794-DPI-EBIS-165, and 2024- 133794-DPI-LETRS-165	380,268	717,763	619,452	281,957
Total ESSER			497,013	921,399	706,343	281,957
Passed through CESA 2:						
Title III, Part A English Language Acquisition	84.365	2024-133794-DPI-TIIIA-391	-	3,102	3,102	-
Total U.S. Department of Education			840,234	1,665,881	1,444,385	618,738
U.S. Department of Health and Human Services						
Passed through Wisconsin Department of Health Services:						
Medical Assistance Program	93.778	Not Available	-	168,880	168,880	-
Total Federal Awards			\$ 840,234	\$ 2,310,658	\$ 2,089,162	\$ 618,738

See accompanying notes to the schedules of expenditures of federal and state awards

MOUNT HOREB AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended June 30, 2024

Awarding Agency Award Description	State ID Number	Entity ID Number	Receivable 7/1/2023	Receipts	Expenditures	Receivable 6/30/2024
Wisconsin Department of Public Instruction:						
Entitlement Programs:						
Special Education and School Age Parents	255.101	133794-100	\$ -	\$ 1,292,260	\$ 1,292,260	\$ -
Participant in Package Program at CESA #5	255.101	133794-100	-	873	873	-
Total Special Education and School Age Parents			-	1,293,133	1,293,133	-
Common School Fund Library Aid	255.103	133794-104	-	170,338	170,338	-
Pupil Transportation	255.107	133794-102	-	54,654	54,654	-
Equalization Aid	255.201	133794-116	-	15,087,208	15,087,208	-
High Cost Special Education	255.210	133794-119	-	13,660	13,660	-
Per Pupil Adjustment Aid	255.945	133794-113	-	1,691,760	1,691,760	-
Aid for Special Education Transition Grants	255.960	133794-168	-	10,784	10,784	-
School Mental Health Programs	255.227	133794-176	-	91,422	91,422	-
Cost Reimbursement Programs:						
State School Lunch	255.102	133794-107	-	11,521	11,521	-
School Based Mental Health Services	255.297	133794-177	142,028	217,042	75,014	-
Peer Review and Mentoring	255.301	133794-141	25,000	25,000	23,054	23,054
Alcohol & Other Drug Abuse	255.306	133794-143	700	700	-	-
School Breakfast Program	255.344	133794-108	-	2,100	2,100	-
Early College Credit Program	255.445	133794-178	-	204	204	-
Educator Effective Evaluation System Grants	255.940	133794-154	-	-	16,240	16,240
Career and Technical Education Incentive Grants	255.950	133794-152	-	27,120	27,120	-
Assessments of Reading Readiness	255.956	133794-166	-	3,263	3,263	-
Total Wisconsin Department of Public Instruction			167,728	18,699,909	18,571,475	39,294
Wisconsin Department of Justice:						
Cost Reimbursement Programs:						
Speak Up Speak Out	455.206	Not Available	-	-	4,915	4,915
Digital Mapping of School Buildings	455.206	Not Available	21,988	21,988	-	-
Total Wisconsin Department of Justice			21,988	21,988	4,915	4,915
Total State Awards			\$ 189,716	\$ 18,721,897	\$ 18,576,390	\$ 44,209

See accompanying notes to the schedules of expenditures of federal and state awards

Mount Horeb Area School District
Notes to Schedules of Expenditures of Federal and State Awards
For the Year Ended June 30, 2024

Note 1 Reporting Entity

The accompanying schedules of expenditures of Federal and State Awards include the federal and state grant activity of the Mount Horeb Area School District.

Note 2 Basis of Presentation

The accounting records for the grant program are maintained on the accrual or modified accrual basis of accounting, depending on the fund type the federal and state awards are recorded in. The information in the schedules are presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*.

Note 3 Medical Assistance

Expenditures presented for the Medicaid SBS Benefit represent only the federal funds for the program that the District receives from DHS. District records should be consulted to determine the total amount expended for this program.

Note 4 Food Distribution

Nonmonetary assistance is reported in the schedule at fair value of the commodities received and disbursed (\$109,661).

Note 5 Subrecipients

The District did not pass-through any federal or state awards to subrecipients.

Note 6 De Minimis Cost Rate

The District did not elect to use the 10% de minimis indirect cost rate.

**Mount Horeb Area School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024**

Section I – Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

* Material weakness identified? No

* Significant deficiency(ies) identified None reported

Noncompliance material to financial statements noted? No

Federal Awards

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

Internal control over major programs:

* Material weakness identified? No

* Significant deficiency(ies) identified None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? No

Identification of major federal programs:

Assistance Listing Number

84.425D, 84.425U

93.778

Name of Program or Cluster

Elementary Secondary School Emergency Relief Fund

Medical Assistance Program

Dollar threshold for distinguishing Types A and B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

State Awards

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

Internal control over major programs:

* Material weakness identified? No

* Significant deficiency(ies) identified None reported

Any audit findings disclosed that are required to be reported in accordance with *State Single Audit Guidelines*? No

**Mount Horeb Area School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024**

Section I – Summary of Auditor’s Results (Continued)

Identification of major state programs:

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

Dollar threshold for distinguishing Types A and B programs: \$250,000

Section II – Financial Statement Findings

None.

Section III – Federal and State Award Findings and Questioned Costs

None.

Section IV – Other Issues

Does the auditor’s report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee’s ability to continue as a going concern? No

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

Department of Public Instruction	No
Department of Health Services	No
Department of Administration	No
Department of Justice	No

Was a Management Letter or other document conveying audit comments issued as a result of this audit? No

Name and Signature of Partner


Brett Hofmeister, CPA

Date of Report

December 10, 2024

**Mount Horeb Area School District
Summary Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2024**

Financial Statement Findings

None.

Federal and State Award Findings and Questioned Costs

None.