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

For the Year Ended June 30, 2024

SCHOOL DISTRICT OF MILTON

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INDEPENDENT AUDITOR'S REPORT

To the School Board
School District of Milton
Milton, 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 School District of Milton ("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 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 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 the budgetary comparison schedules, District net OPEB liability schedules, District supplemental pension plan schedules, and Wisconsin Retirement System schedules 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.

Required Supplementary Information (Continued)

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 District’s basic financial statements. The combining non-major 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.

The combining non-major fund financial 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 non-major fund financial statements and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 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 9, 2024

SCHOOL DISTRICT OF MILTON
Management’s Discussion and Analysis (MD&A Statement)
June 30, 2024

The discussion and analysis of the School District of Milton (the “District”) financial information provides an overall review of financial activities for the fiscal year. 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

Total governmental assets of the District are \$104,420,489 and total deferred outflows of resources are \$18,389,710. Total governmental net position after deducting liabilities and deferred inflows of resources is \$51,392,657.

In terms of general fund operations, the District had an Excess of Revenues and Other Sources over Expenditures and Other Uses of \$914,164. This increased our fund balance from \$11,085,338 at the beginning of the year to \$11,999,502 at year-end. This fund balance is approximately 24% of our general fund 2023-2024 actual expenditures. The percentage of fund balance held can be viewed in the range of healthy, yet not excessive.

The general fund (Fund 10) reported an increase in fund balance of \$914,164 at the end of the fiscal year. The food service fund (Fund 50) experienced revenues that were more than expenditures by \$3,644 and increased the food service fund balance to \$867,524. The aforementioned numbers are before the full accrual basis adjustments. On a full accrual basis, revenues exceeded expenditures by \$263,619 and fund balance was increased to \$1,039,684.

OVERVIEW OF THE FINANCIAL STATEMENTS

This section of the financial report consists of three parts: management’s discussion and analysis, basic financial statements (district-wide and fund statements) including notes to the financial statements and other required supplementary information.

The basic financial statements consist of two kinds of statements that present different views of the District’s financial activities.

- The *Statement of Net Position* and *Statement of Activities* provide information on a district-wide basis. The statements present an aggregate view of the District’s finances. District-wide statements contain useful long-term information as well as information for the recently completed fiscal year.
- The remaining statements are *fund financial statements* that focus on individual parts of the District. Fund statements generally report operations in more detail than the district-wide statements.

SCHOOL DISTRICT OF MILTON
Management’s Discussion and Analysis (MD&A Statement)
June 30, 2024

Major Features of the District-wide and Fund Financial Statements

FIGURE A-2	District Wide Statements	Fund Financial Statements		
		Governmental	Proprietary	Fiduciary
Scope	Entire District (Except fiduciary funds).	The activities of the District that are not fiduciary, such as instructional, support services, and community services.	Activities the District operates similar to private business. The District’s food service program is its only proprietary fund.	Assets held by the District on behalf of someone else.
Required financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balance	Statement of Net Position Statement of Revenues, Expenses and Changes in Net Position	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	Accrual accounting Economic resources focus
Type of asset and liability information	All assets 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 and liabilities, both financial and capital; short-term and long-term.	All assets and liabilities, both financial and capital; short-term and long-term.
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 revenues and expenses during the year, regardless of when cash is received or paid.	All additions or deductions during the year, regardless of when cash is received or paid.

SCHOOL DISTRICT OF MILTON
Management’s Discussion and Analysis (MD&A Statement)
June 30, 2024

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The two district-wide statements report the District’s *Net Position* and how they have changed. Net Position, the difference between the District’s assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the District’s overall financial position.

- Increases or decreases in the District’s Net Position are one indicator of whether its financial position is improving or deteriorating, respectively.
- 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.

In the district-wide financial statements, the District’s activities are shown as governmental activities.

Most of the District’s basic services are included here, such as regular and special education, transportation, support services, community programs and administration. Property taxes and state formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District’s *funds*, focusing on its most significant or “major” funds – not the District as a whole. Funds are accounting devices the District uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (for example-paying its long-term debt), or to show that it is properly using certain revenues (for example-capital project funds).

The District has the following type of funds:

- *Governmental funds* – Most of the District’s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for funding future basic services. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Governmental fund information does not report on long-term commitments as they are reported on the district-wide statements. Therefore, an explanation of the differences between the governmental funds and the district-wide statements is included either at the bottom of the governmental funds statements or as a separate statement.

SCHOOL DISTRICT OF MILTON
Management’s Discussion and Analysis (MD&A Statement)
June 30, 2024

FINANCIAL ANALYSES

Statement of Net Position

Table 1 provides a summary of the District’s Net Position for the period ended June 30, 2024. The Food Service Net Position is restricted for food service operations. The calculation of Net Position uses historical costs for facilities that may not reflect the fair value. The facilities are in fair to good condition, as we have appropriated annually for preventative maintenance. However, dollars available for such appropriation have not met total identified needs and will require future investment.

Table 1						
Condensed Statement of Net Position						
(in millions of dollars)						
	Governmental		Business-type		Total	
	<u>Activities</u>		<u>Activities</u>		<u>School District</u>	
	2024	2023	2024	2023	2024	2023
Current & other assets	\$ 21.6	\$ 17.7	\$ 0.9	\$ 0.9	\$ 22.5	\$ 18.6
Capital assets	82.8	85.3	0.2	-	83.0	85.3
Total Assets	<u>\$ 104.4</u>	<u>\$ 103.0</u>	<u>\$ 1.1</u>	<u>\$ 0.9</u>	<u>\$ 105.5</u>	<u>\$ 103.9</u>
Deferred outflows	<u>\$ 18.4</u>	<u>\$ 27.6</u>	<u>\$ 0.3</u>	<u>\$ 0.4</u>	<u>\$ 18.7</u>	<u>\$ 28.0</u>
Long-term debt outstanding	\$ 45.5	\$ 48.8	\$ -	\$ -	\$ 45.5	\$ 48.8
Other liabilities	10.5	24.3	0.1	0.3	10.6	24.6
Total Liabilities	<u>\$ 56.0</u>	<u>\$ 73.1</u>	<u>\$ 0.1</u>	<u>\$ 0.3</u>	<u>\$ 56.1</u>	<u>\$ 73.4</u>
Deferred inflows	<u>\$ 15.4</u>	<u>\$ 17.7</u>	<u>\$ 0.2</u>	<u>\$ 0.2</u>	<u>\$ 15.6</u>	<u>\$ 17.9</u>
Net Investment in						
Capital Assets	\$ 34.1	\$ 35.9	\$ 0.2	\$ -	\$ 34.3	\$ 35.9
Restricted	6.1	0.7	-	-	6.1	0.7
Unrestricted (deficit)	11.2	3.2	0.9	0.8	12.1	4.0
Total Net Position	<u>\$ 51.4</u>	<u>\$ 39.8</u>	<u>\$ 1.1</u>	<u>\$ 0.8</u>	<u>\$ 52.5</u>	<u>\$ 40.6</u>

In governmental activities, the largest portion of the District’s Net Position is its investment in capital assets (e.g. land, buildings and equipment), less related outstanding debt used to acquire those assets. These assets are used to provide services to students and consequently are not available for future spending.

SCHOOL DISTRICT OF MILTON
Management's Discussion and Analysis (MD&A Statement)
June 30, 2024

Table 2 shows the changes in Net Position for the fiscal year ended June 30, 2024 from all governmental and business-type activities. As shown below, general revenues provide about 80% of the funding for governmental activities. The District relies on property taxes for 38% of its governmental activity revenue.

	Governmental Activities		Business-type Activities		Total School District	
	2024	2023	2024	2023	2024	2023
General Revenues:						
Property taxes	\$ 22.7	\$ 21.8	\$ -	\$ -	\$ 22.7	\$ 21.8
State formula aid	24.5	24.5	-	-	24.5	24.5
Other	0.6	0.5	-	-	0.6	0.5
Total general revenues	<u>47.8</u>	<u>46.8</u>	<u>-</u>	<u>-</u>	<u>47.8</u>	<u>46.8</u>
Program revenues:						
Charges for service	5.2	4.8	0.7	0.7	5.9	5.5
Operating Grants and Contributions	6.6	7.5	0.7	0.7	7.3	8.2
Capital Grants and Contributions	-	-	-	-	-	-
Total program revenues	<u>11.8</u>	<u>12.3</u>	<u>1.4</u>	<u>1.4</u>	<u>13.2</u>	<u>13.7</u>
Total revenues	<u>59.6</u>	<u>59.1</u>	<u>1.4</u>	<u>1.4</u>	<u>61.0</u>	<u>60.5</u>
Program Expenses:						
Instruction	21.9	27.6	-	-	21.9	27.6
Pupil & instructional services	4.2	5.1	-	-	4.2	5.1
Administration and business	3.0	4.5	-	-	3.0	4.5
Maintenance and operations	3.8	4.5	-	-	3.8	4.5
Transportation	2.3	2.2	-	-	2.3	2.2
Community service	0.1	0.2	-	-	0.1	0.2
Non-program services	4.6	4.4	-	-	4.6	4.4
Other	8.1	6.8	1.1	1.1	9.2	7.9
Total Expenses	<u>48.0</u>	<u>55.3</u>	<u>1.1</u>	<u>1.1</u>	<u>49.1</u>	<u>56.4</u>
Change in Net Position	11.6	3.8	0.3	0.3	11.9	4.1
Beginning Net Position, as restated	39.8	36.0	0.8	0.5	40.6	36.5
Ending Net Position	<u>\$ 51.4</u>	<u>\$ 39.8</u>	<u>\$ 1.1</u>	<u>\$ 0.8</u>	<u>\$ 52.5</u>	<u>\$ 40.6</u>

SCHOOL DISTRICT OF MILTON
Management’s Discussion and Analysis (MD&A Statement)
June 30, 2024

Capital Asset and Debt Administration

Capital Assets:

At the end of the 2024 fiscal year, the District had invested approximately \$126.6 million in a broad range of capital assets, including buildings, sites, library books, and equipment (see Table 3). Additional information about capital assets can be found in Note 4. Total accumulated depreciation on these assets was \$43.5 million for governmental activities and \$0.1 million for business-type activities.

- Asset acquisition for governmental activities totaled \$2,406,610 and \$159,697 for the food service program.
- The District recognized depreciation expense of \$4,895,050 for governmental activities and \$9,336 for the food service program during the fiscal year.
- Major capital asset additions for the year included: grandstand project, boiler project, and cooling system.

Table 3
Capital Assets
(in millions of dollars)

	<u>Governmental</u>		<u>Business-type</u>		<u>School District</u>	
	<u>Activities</u>		<u>Activities</u>			
	2024	2023	2024	2023	2024	2023
Land & improvements	\$ 5.7	\$ 5.6	\$ -	\$ -	\$ 5.7	\$ 5.6
Building & building improvements	111.2	110.0	-	-	111.2	110.0
Equipment & furniture	8.5	8.3	0.3	0.1	8.8	8.4
Construction work in progress	0.9	-	-	-	0.9	-
Accumulated depreciation	(43.5)	(38.6)	(0.1)	(0.1)	(43.6)	(38.7)
Total	\$ 82.8	\$ 85.3	\$ 0.2	\$ -	\$ 83.0	\$ 85.3

Long-Term Debt:

At year-end, the District had \$45,005,000 in general obligation bonds and \$590,512 in financed purchases outstanding. Additional information on long-term obligations can be found in Note 8.

Other Liabilities:

The Other Post-Employment Benefits (OPEB) Plan and Supplemental Pension Benefit Plan’s benefit terms were revised in 2023-2024 fiscal year, resulting in a decrease in the total OPEB liability and total Pension liability. These changes reflect significant modifications made by the District to plan provisions and eligibilities that impacted all classification. Additional information on the Supplemental Pension liabilities and the OPEB liabilities can be found in Note 10 and Note 11.

SCHOOL DISTRICT OF MILTON
Management's Discussion and Analysis (MD&A Statement)
June 30, 2024

FUND SUMMARY

General Fund

The General Fund, the main operating fund of the District remains in a financially stable condition. Revenues were greater than expenditures by \$914,164. The current general fund balance represents approximately 24% of expenditures.

Approximately 32% of revenues come from property taxes, which are guaranteed by the County of Rock and County of Jefferson. The Board of Education certifies taxes in November to the municipal clerks. The clerks pay the District's proportionate share of collections in January and February. The balance of the taxes is then paid to the County by July 31 and remitted to the School District of Milton in August. This year taxes receivable at year-end was \$5,880,341.

The District adopts an Interim Budget for the Annual Meeting of the electors in August. The Original Budget is adopted in October when the final revenue limit calculations are completed. The Final Budget is adopted after final adjustments are calculated at year-end. The Original 2023-2024 Budget levied at the maximum allowable amount under the revenue limit. The Board of Education approved general fund (fund 10 and fund 27) revenues at \$51,680,865 and expenditures at \$50,145,080 before operating transfers out which resulted in a balanced budget, the Original Budget had anticipated expenditures not to exceed revenues.

Debt Service Fund

The Debt Service Fund had a fund balance at year-end of \$2,392,613. This balance is used to pay debt service principal and interest payments due in the fall through December 31, which is prior to receiving our first property tax payment in January. Debt service payments come mainly from property taxes and any interest earned on those taxes. Any excess fund balance is the result of additional interest earnings over budget and will be used to lower the property tax levy in future years. The fund balance is restricted and can only be used for debt service payments.

The District's current Moody's Bond Rating is Aa3 (May 2021). The District's current debt limit is \$316,000,843 (6/30/2024) and current bonds payable principal amount outstanding is \$45,005,000, leaving a margin of indebtedness of \$270,995,843.

SCHOOL DISTRICT OF MILTON
Management's Discussion and Analysis (MD&A Statement)
June 30, 2024

Balance of Governmental Funds

The balance of the governmental funds is either funded in part by grants or reliant on the general fund for revenue sources. They are listed in the body of the audit statement.

Factors Bearing on District's Future

On November 3, 2020, the District passed a referendum to allow the District budget to exceed the revenue limit by \$2,500,000 per year for five years. The \$2,500,000 level amount asked for and supported by the electorate is used to sustain the district budget for the next five years. Inflationary components (wages, benefits, transportation, utilities, etc.), coupled with additional demands on the instructional and Building and Grounds budgets cause continued analysis in future years. The state 2021-2023 biennial budget provided \$0 per pupil increases in the revenue limit both years. This compounded the impact of inflationary adjustments and created additional challenges to resources not identified in the original referendum planning. The state 2023-25 biennial budget provided an update to the low revenue ceiling and a \$325 per pupil increase under the revenue limit, but future revenue forecasts continue to show that expenditures outpace the rate of state revenue growth. On November 6, 2024, the District passed a succeeding recurring referendum question for \$5,000,000, that will take effect during the 2026-27 school year. With this authority in place in the coming years, the district is better positioned to sustain current programming and will continue to be monitored as the next state budget cycle is debated in Madison this Spring.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and 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 the Director of Business Services, School District of Milton, 448 E. High Street, Milton, WI 53563 at (608) 868-9200.

**School District of Milton
Milton, Wisconsin**

**Statement of Net Position
June 30, 2024**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Investments	\$ 10,263,003	\$ 923,082	\$ 11,186,085
Restricted Cash and Investments	4,946,058	-	4,946,058
Receivables:			
Taxes	5,880,341	-	5,880,341
Accounts	3,864	9,728	13,592
Prepaid Expenses	42,802	110	42,912
Due from Other Governments	370,179	-	370,179
Inventories	-	8,754	8,754
Total Current Assets	<u>21,506,247</u>	<u>941,674</u>	<u>22,447,921</u>
Noncurrent Assets:			
Net SBITA Assets	134,336	-	134,336
Construction Work in Progress	909,282	-	909,282
Land and Land Improvements	5,680,907	-	5,680,907
Buildings and Building Improvements	111,185,754	-	111,185,754
Furniture and Equipment	8,542,018	318,389	8,860,407
Less: Accumulated Depreciation and Amortization	<u>(43,538,055)</u>	<u>(134,784)</u>	<u>(43,672,839)</u>
Net Capital Assets	<u>82,779,906</u>	<u>183,605</u>	<u>82,963,511</u>
Total Noncurrent Assets	<u>82,914,242</u>	<u>183,605</u>	<u>83,097,847</u>
Total Assets	<u>104,420,489</u>	<u>1,125,279</u>	<u>105,545,768</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred OPEB Outflows	2,316,833	32,472	2,349,305
Deferred Pension Outflows	15,939,963	236,778	16,176,741
Deferred Pension Stipend Outflows	132,914	-	132,914
Total Deferred Outflows of Resources	<u>18,389,710</u>	<u>269,250</u>	<u>18,658,960</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	691,695	-	691,695
Accrued Liabilities:			
Payroll and Related Items	1,649,376	-	1,649,376
Interest	544,354	-	544,354
Due to Fiduciary Funds	58,789	829	59,618
Due to Other Governments	340	-	340
Deposits Payable	2,593	73,320	75,913
Current Portion of SBITA Liability	54,166	-	54,166
Current Portion of Long-Term Obligations	<u>3,185,536</u>	<u>-</u>	<u>3,185,536</u>
Total Current Liabilities	<u>6,186,849</u>	<u>74,149</u>	<u>6,260,998</u>
Noncurrent Liabilities:			
Net Pension Liability	1,888,881	28,059	1,916,940
Noncurrent Portion of Long-Term Obligations	45,516,184	-	45,516,184
Supplemental Pension Liability	254,202	-	254,202
Net OPEB Liability	<u>2,200,127</u>	<u>30,836</u>	<u>2,230,963</u>
Total Noncurrent Liabilities	<u>49,859,394</u>	<u>58,895</u>	<u>49,918,289</u>
Total Liabilities	<u>56,046,243</u>	<u>133,044</u>	<u>56,179,287</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred OPEB Inflows	5,100,480	71,486	5,171,966
Deferred Pension Inflows	10,119,264	150,315	10,269,579
Deferred Pension Stipend Inflows	151,555	-	151,555
Total Deferred Inflows of Resources	<u>15,371,299</u>	<u>221,801</u>	<u>15,593,100</u>
NET POSITION			
Net Investment in Capital Assets	34,109,030	183,605	34,292,635
Restricted:			
Debt Service	1,850,466	-	1,850,466
Capital Projects	4,089,230	-	4,089,230
Other	193,562	-	193,562
Unrestricted	<u>11,150,369</u>	<u>856,079</u>	<u>12,006,448</u>
Total Net Position	<u>\$ 51,392,657</u>	<u>\$ 1,039,684</u>	<u>\$ 52,432,341</u>

See accompanying notes to the financial statements.

**School District of Milton
Milton, Wisconsin**
Statement of Activities
For the Year Ended June 30, 2024

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities						
Instruction						
Regular Instruction	\$ 13,697,975	\$ 3,943,119	\$ 2,825,986	\$ (6,928,870)	\$ -	\$ (6,928,870)
Vocational Instruction	1,331,458	13,230	76,913	(1,241,315)	-	(1,241,315)
Special Education Instruction	4,677,590	54	2,662,884	(2,014,652)	-	(2,014,652)
Other Instruction	2,213,461	741,666	-	(1,471,795)	-	(1,471,795)
Total Instruction	<u>21,920,484</u>	<u>4,698,069</u>	<u>5,565,783</u>	<u>(11,656,632)</u>	<u>-</u>	<u>(11,656,632)</u>
Support Services						
Pupil Services	1,805,087	30,532	370,022	(1,404,533)	-	(1,404,533)
Instructional Staff Services	2,429,437	-	410,108	(2,019,329)	-	(2,019,329)
General Administration Services	630,131	-	-	(630,131)	-	(630,131)
Building Administration Services	1,607,339	-	-	(1,607,339)	-	(1,607,339)
Business Services	789,453	145,476	56,758	(587,219)	-	(587,219)
Operations and Maintenance	3,785,373	6,966	648	(3,777,759)	-	(3,777,759)
Pupil Transportation	2,325,786	48,646	161,826	(2,115,314)	-	(2,115,314)
Central Services	420,600	-	1,351	(419,249)	-	(419,249)
Insurance	353,783	-	-	(353,783)	-	(353,783)
Interest and Fiscal Charges on Debt	1,511,655	-	-	(1,511,655)	-	(1,511,655)
Other Support Services	1,436,340	116,886	12,919	(1,306,535)	-	(1,306,535)
Community Services	131,041	128,991	-	(2,050)	-	(2,050)
Unallocated Depreciation and Amortization	4,288,287	-	-	(4,288,287)	-	(4,288,287)
Total Support Services	<u>21,514,312</u>	<u>477,497</u>	<u>1,013,632</u>	<u>(20,023,183)</u>	<u>-</u>	<u>(20,023,183)</u>
Purchased and Non-Program Services	4,601,599	-	34,062	(4,567,537)	-	(4,567,537)
Total Governmental Activities	<u>48,036,395</u>	<u>5,175,566</u>	<u>6,613,477</u>	<u>(36,247,352)</u>	<u>-</u>	<u>(36,247,352)</u>
Business-Type Activities						
Food Service Program	1,152,749	700,320	672,968	-	220,539	220,539
Total Business-Type Activities	<u>1,152,749</u>	<u>700,320</u>	<u>672,968</u>	<u>-</u>	<u>220,539</u>	<u>220,539</u>
Total Governmental and Business-Type Activities	<u>\$ 49,189,144</u>	<u>\$ 5,875,886</u>	<u>\$ 7,286,445</u>	<u>(36,247,352)</u>	<u>220,539</u>	<u>(36,026,813)</u>
General revenues:						
Taxes:						
Property Taxes, Levied for General Purposes				16,817,168	-	16,817,168
Property Taxes, Levied for Debt Service				5,445,100	-	5,445,100
Property Taxes, Levied for Community Services				404,384	-	404,384
Federal and State Aid not Restricted to Specific Purpose						
General				23,963,010	-	23,963,010
Other				491,200	-	491,200
Interest and Investment Earnings				476,843	43,357	520,200
Miscellaneous				145,804	9,759	155,563
Transfers				-	(10,036)	(10,036)
Total General Revenues and Transfers				<u>47,743,509</u>	<u>43,080</u>	<u>47,786,589</u>
Change in Net Position				<u>11,496,157</u>	<u>263,619</u>	<u>11,759,776</u>
Net Position - Beginning of Year				<u>39,896,500</u>	<u>776,065</u>	<u>40,672,565</u>
Net Position - End of Year				<u>\$ 51,392,657</u>	<u>\$ 1,039,684</u>	<u>\$ 52,432,341</u>

See accompanying notes to the financial statements.

**School District of Milton
Milton, Wisconsin**

**Balance Sheet
Governmental Funds
June 30, 2024**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Investments	\$ 9,642,985	\$ -	\$ -	\$ 620,018	\$ 10,263,003
Restricted Cash and Investments	-	2,553,445	2,392,613	-	4,946,058
Receivables:					
Taxes	5,880,341	-	-	-	5,880,341
Accounts	3,519	-	-	345	3,864
Prepaid Expenses	35,553	-	-	7,249	42,802
Due from Other Funds	3,601	1,535,785	-	-	1,539,386
Due from Other Governments	370,179	-	-	-	370,179
Total Assets	<u>\$ 15,936,178</u>	<u>\$ 4,089,230</u>	<u>\$ 2,392,613</u>	<u>\$ 627,612</u>	<u>\$ 23,045,633</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 690,066	\$ -	\$ -	\$ 1,629	\$ 691,695
Accrued Payroll and Related Items	1,649,376	-	-	-	1,649,376
Due to Other Funds	1,594,301	-	-	3,874	1,598,175
Due to Other Governments	340	-	-	-	340
Other Deposits Payable	2,593	-	-	-	2,593
Total Liabilities	<u>3,936,676</u>	<u>-</u>	<u>-</u>	<u>5,503</u>	<u>3,942,179</u>
Fund Balances:					
Nonspendable	35,553	-	-	7,249	42,802
Restricted	193,562	4,089,230	2,392,613	-	6,675,405
Committed	463,467	-	-	-	463,467
Assigned	-	-	-	614,860	614,860
Unassigned	11,306,920	-	-	-	11,306,920
Total Fund Balances	<u>11,999,502</u>	<u>4,089,230</u>	<u>2,392,613</u>	<u>622,109</u>	<u>19,103,454</u>
Total Liabilities and Fund Balances	<u>\$ 15,936,178</u>	<u>\$ 4,089,230</u>	<u>\$ 2,392,613</u>	<u>\$ 627,612</u>	<u>\$ 23,045,633</u>

See accompanying notes to the financial statements.

**School District of Milton
Milton, Wisconsin**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2024**

Total fund balance, governmental funds	\$	19,103,454
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 statements, but are reported in the governmental activities of the Statement of Net Position.		82,779,906
SBITA assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.		134,336
Pension and OPEB deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined pension plan and OPEB plans. 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 statements.		
Net deferred outflows and inflows of resources		3,018,411
Other items, including OPEB liability and pension liabilities are not due and payable in the current period and, therefore, are either deferred or not reported in the fund statements.		
Net pension liability		(1,888,881)
Net OPEB liability		(2,200,127)
Supplemental pension liability		(254,202)
Some liabilities, (such as Notes Payable, Financed Purchases, Long-term Compensated Absences, 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		(45,005,000)
Subscription-Based Information Technology Arrangement Liability		(54,166)
Premium on long-term debt		(3,075,364)
Financed Purchases		(590,512)
Accrued interest on long-term debt		(544,354)
Termination benefits liability		(30,844)
Net Position of Governmental Activities in the Statement of Net Position	\$	51,392,657

See accompanying notes to the financial statements.

**School District of Milton
Milton, Wisconsin**

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Property Taxes	\$ 16,817,168	\$ -	\$ 5,445,100	\$ 404,384	\$ 22,666,652
Other Local Sources	849,062	132,244	55,878	992,001	2,029,185
Inter-district Sources	3,653,433	-	-	-	3,653,433
Intermediate Sources	32,510	-	-	-	32,510
State Sources	29,075,645	-	-	-	29,075,645
Federal Sources	1,941,048	-	-	-	1,941,048
Other Sources	134,080	-	-	-	134,080
Total Revenues	<u>52,502,946</u>	<u>132,244</u>	<u>5,500,978</u>	<u>1,396,385</u>	<u>59,532,553</u>
EXPENDITURES					
Instruction:					
Regular Instruction	16,054,826	-	-	84,205	16,139,031
Vocational Instruction	1,526,320	-	-	-	1,526,320
Special Education Instruction	5,616,738	-	-	-	5,616,738
Other Instruction	1,987,777	-	-	454,386	2,442,163
Total Instruction	<u>25,185,661</u>	<u>-</u>	<u>-</u>	<u>538,591</u>	<u>25,724,252</u>
Support Services:					
Pupil Services	2,218,786	-	-	184	2,218,970
Instructional Staff Services	2,074,724	-	-	-	2,074,724
General Administration Services	534,211	-	-	-	534,211
Building Administration Services	2,837,718	-	-	-	2,837,718
Business Services	859,938	-	-	12,370	872,308
Operations and Maintenance	3,952,686	-	-	190,756	4,143,442
Pupil Transportation	2,207,357	-	-	84,785	2,292,142
Central Services	552,510	-	-	-	552,510
Insurance	353,783	-	-	-	353,783
Other Support Services	1,510,551	-	-	-	1,510,551
Community Services	-	-	-	202,697	202,697
Total Support Services	<u>17,102,264</u>	<u>-</u>	<u>-</u>	<u>490,792</u>	<u>17,593,056</u>
Debt Service:					
Principal	742,166	-	2,270,000	-	3,012,166
Interest and Fiscal Charges	10,307	-	1,776,625	-	1,786,932
Total Debt Service	<u>752,473</u>	<u>-</u>	<u>4,046,625</u>	<u>-</u>	<u>4,799,098</u>
Capital Outlay					
Purchased and Non-Program Services	2,486,007	-	-	96,949	2,582,956
	4,601,598	-	-	-	4,601,598
Total Expenditures	<u>50,128,003</u>	<u>-</u>	<u>4,046,625</u>	<u>1,126,332</u>	<u>55,300,960</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,374,943</u>	<u>132,244</u>	<u>1,454,353</u>	<u>270,053</u>	<u>4,231,593</u>
OTHER FINANCING SOURCES (USES)					
SBITA Proceeds	75,006	-	-	-	75,006
Transfer In	-	1,535,785	-	-	1,535,785
Transfer Out	(1,535,785)	-	-	-	(1,535,785)
Total Other Financing Sources and Uses	<u>(1,460,779)</u>	<u>1,535,785</u>	<u>-</u>	<u>-</u>	<u>75,006</u>
Net Change in Fund Balances	914,164	1,668,029	1,454,353	270,053	4,306,599
Fund Balances - Beginning of Year	11,085,338	2,421,201	938,260	352,056	14,796,855
Fund Balances - End of Year	<u>\$ 11,999,502</u>	<u>\$ 4,089,230</u>	<u>\$ 2,392,613</u>	<u>\$ 622,109</u>	<u>\$ 19,103,454</u>

See accompanying notes to the financial statements.

**School District of Milton
Milton, 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:	\$	4,306,599
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>		
<p>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.</p>		
This is the amount by which current year capital outlays (\$2,406,610) were less than depreciation (\$4,895,050) in the current period.		(2,488,440)
This is the amount by which current year SBITAs (\$105,804) were less than amortization (\$127,816) in the current period.		(22,012)
<p>Vested employee benefits are reported in the government funds when amounts are paid. The Statement of Activities reports the value of benefits earned/used during the year.</p>		
Net decrease (increase) in net OPEB Liability and deferred OPEB outflows (inflows) of resources		5,929,383
Net decrease (increase) in supplemental pension liability and deferred supplemental pension outflows (inflows) of resources		255,470
Net decrease (increase) in termination benefits		784
<p>Proceeds from SBITA liabilities are reported as revenue in the governmental funds but increase long-term liabilities in the Statement of Net Position.</p>		
		(75,006)
<p>Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the Statement of Net Position and does not affect the Statement of Activities.</p>		
The amount of long-term debt principal payments in the current year is:		2,270,000
The amount of financed purchases payments in the current year is:		612,383
The amount of debt premium amortized in the current year is:		205,024
The amount of SBITA liabilities in the current year is:		129,782
<p>In governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the Statement of Activities interest is reported as incurred.</p>		
Change in amount of accrued interest not reflected on Governmental Funds		70,254
<p>Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the Statement of Activities is actuarially determined by the defined benefit pension plan as the difference between the net pension liability (asset) from the prior year to the current year, with some adjustments.</p>		
Amount of current year required contributions into the defined benefit pension plan		1,590,049
Actuarially determined change in net pension liability (asset) between years, with adjustments		(1,288,113)
Change in net position of governmental activities	\$	<u><u>11,496,157</u></u>

See accompanying notes to the financial statements.

**School District of Milton
Milton, Wisconsin**

**Statement of Net Position
Proprietary Funds
June 30, 2024**

	Food Service
ASSETS	
Current Assets:	
Cash and Investments	\$ 923,082
Accounts Receivable	9,728
Inventories	8,754
Prepaid Expenses	110
Total Current Assets	941,674
Noncurrent Assets:	
Furniture and Equipment	318,389
Less Accumulated Depreciation	(134,784)
Net Noncurrent Assets	183,605
Total Assets	1,125,279
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Outflows	236,778
Deferred OPEB Outflows	32,472
Total Deferred Outflows of Resources	269,250
LIABILITIES	
Current Liabilities:	
Due to Other Funds	829
Food Service Deposits	73,320
Total Current Liabilities	74,149
Noncurrent Liabilities:	
Net Pension Liability	28,059
Net OPEB Liability	30,836
Total Noncurrent Liabilities	58,895
Total Liabilities	133,044
DEFERRED INFLOWS OF RESOURCES	
Deferred OPEB Inflows	71,486
Deferred Pension Inflows	150,315
Total Deferred Inflows of Resources	221,801
NET POSITION (DEFICIT)	
Net Investment in Capital Assets	183,605
Unrestricted (Deficit)	856,079
Total Net Position	\$ 1,039,684

See accompanying notes to the financial statements.

**School District of Milton
Milton, Wisconsin**

**Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2024**

	Food Service
OPERATING REVENUES	
Food Sales	\$ 700,320
State Sources	23,214
Federal Sources	536,973
Commodities	112,781
Miscellaneous Income	9,759
Total Operating Revenues	1,383,047
OPERATING EXPENSES	
Salaries and Fringes	484,859
Purchased Services	18,420
Food and Supplies	609,533
Depreciation	9,336
Other	30,601
Total Operating Expenses	1,152,749
Operating Income (Loss)	230,298
NON-OPERATING REVENUES	
Interest and Investment Revenue	43,357
Total Non-Operating Revenue	43,357
Transfers Out - Benefit Trust Payment	(10,036)
Change in Net Position	263,619
Total Net Position (Deficit) - Beginning of Year	776,065
Total Net Position (Deficit) - End of Year	\$ 1,039,684

See accompanying notes to the financial statements.

**School District of Milton
Milton, Wisconsin**

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024**

	Food Service
Cash Flows from Operating Activities:	
Cash received from user charges	\$ 697,453
Cash received from other governmental payments	560,187
Cash received from miscellaneous sources	9,759
Cash payments to employees for services	(605,359)
Cash payments to utilities and other purchased services	(18,420)
Cash payments to suppliers for goods and services	(528,905)
Net cash provided (used) by operating activities	114,715
Cash Flows from Capital and Related Financing Activities:	
Purchases of fixed assets	(159,697)
Net cash provided (used) by capital and related financing activities	(159,697)
Cash Flows from Investing Activities:	
Interest on investments	43,357
Net cash provided (used) by investing activities	43,357
Net increase (decrease) in cash and cash equivalents	(1,625)
Cash and equivalents- beginning of year	924,707
Cash and equivalents- end of year	\$ 923,082
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ 230,298
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	9,336
Payment to benefit trust	(10,036)
Pension expense	(5,900)
OPEB expense	(103,713)
Changes in assets and liabilities:	
Due to (from) other funds	(851)
Inventory	(1,452)
Prepaid Expenses	(100)
Accounts receivable	(1,751)
Food service deposits	(1,116)
Net cash provided (used) by operating activities	\$ 114,715
Noncash Noncapital Financing Activities:	
During the year the District received commodities from the U.S. Department of Agriculture in the amount of	\$ 112,781

See accompanying notes to the financial statements.

**School District of Milton
Milton, Wisconsin**

**Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2024**

	<u>Employee Benefit Trust</u>
ASSETS	
Cash and Cash Equivalents	\$ 4,776,838
Due from Other Funds	59,618
Total Assets	<u>4,836,456</u>
NET POSITION	
Restricted	4,836,456
Total Net Position	<u><u>\$ 4,836,456</u></u>

See accompanying notes to the financial statements.

**School District of Milton
Milton, Wisconsin**

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2024**

	Employee Benefit Trust
ADDITIONS	
Employer Contributions	\$ 1,159,282
Interest and Dividends	248,305
Employee Contributions	83,147
Total Additions	<u>1,490,734</u>
DEDUCTIONS	
Benefits Paid	<u>738,110</u>
Total Deductions	<u>738,110</u>
Change in Net Position	752,624
Net Position - Beginning	<u>4,083,832</u>
Net Position - Ending	<u><u>\$4,836,456</u></u>

See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

1. Summary of Significant Accounting Policies

A. Introduction

The School District of Milton (the “District”) is organized as a common school district. The District, governed by a seven-member elected school board, operates grades 4K through 12 and is comprised of all or parts of nine taxing districts. As required by accounting principles generally accepted in the United States of America, these financial statements present the District as the primary government.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described in the following sections.

B. Component Units

Accounting principles generally accepted in the United States of America require that these financial statements include the primary government and its component units. Component units are separate organizations that are included in the District’s reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the basic financial statements. The District has no component units.

C. District-Wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the District’s governmental and business-type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for business-type activities and for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented.

The emphasis of fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. All remaining funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal value. Non operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Fiduciary funds consist of pension (and other employee benefit) trust funds, private-purpose trust funds, investment trust funds, and custodial funds. Fiduciary funds should be used only to report resources held for individuals, private organizations, or other governments. A fund is presented as a fiduciary fund when all of the following criteria are met: a) The government controls the assets that finance the activity, b) Assets are not generated from the government's own-source revenues or from government-mandated or voluntary nonexchange transactions, c) Assets are administered through a qualifying trust or the government does not have administrative involvement and the assets are not generated from the government's delivery of goods or services to the beneficiaries, or the assets are for the benefit of entities that are not part of the government's reporting entity.

The District reports the following major governmental funds:

General Fund – The general fund is the operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in other funds. Under GASB 54, the General Fund includes the operations of the Special Education Fund.

Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary fund and trust funds).

Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental activities.

The District also has the following non-major funds:

- Special Revenue Trust
- Community Service Fund

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

The District operates one major enterprise fund, the Food Service Fund. This fund accounts for the activities of the District's food service programs.

The District reports its Employee Benefit Trust fund in the fiduciary fund. The benefit trust fund is used to fund and pay for retiree benefits.

The district-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. 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. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

E. Measurement Focus and Basis of Accounting

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures when paid. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under financed purchases are reported as other financing sources.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants, 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 grant resources to such programs, followed by general revenues.

Charges for services provided to other educational agencies and private parties are recognized as revenue when services are provided. Charges for special education services are not reduced by anticipated state special aid entitlements.

Interest income on temporary investments is recognized in the fiscal period earned.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments

The District's cash and equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

All funds share common (pooled) checking and investment accounts unless regulations require separate investment accounts.

State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, U.S. Treasury obligations, U.S. Agency issues, high-grade commercial paper, and the local government pooled-investment fund administered by the state investment board. Available balances in the debt service fund may be invested in municipal obligations, obligations of the United States, and the local government pooled-investment fund.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Investments in the Local Government Investment Pool (LGIP) are reported at amortized cost, based on information provided by the State of Wisconsin Investment Board. See Note 3 for additional information.

G. Receivables

Taxes

The aggregate District tax levy is apportioned and certified in November of the current fiscal year for the collection to comprising municipalities based on the immediate past October 1 full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes may be paid in full or two or more installments with the first installment payable the subsequent January 31, and the final payment no later than the following July 31. On or before January 15, and by the 20th of each subsequent month thereafter, the District is paid by the collecting municipalities proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the County Treasurer makes full settlement to the District for any remaining balance. The County assumes all responsibility for delinquent real property taxes.

Property taxes are recognized as revenue in the period for which the taxes are levied. All property taxes are considered due on January 1, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30 and are available to pay current liabilities.

Interfunds

The amounts reported on the Statement of Net Position for internal receivables and payables represents amounts due between different fund types (governmental activities, business-type activities and fiduciary funds). Eliminations have been made for these internal balances within the same fund type. Residual internal balances between governmental and business-type activities are further eliminated in the total primary government column.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

G. Receivables (Continued)

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.

H. Other Assets

Inventories are valued at cost using the FIFO (first-in/first-out) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased. Prepaid items represent payments made by the District for which benefits extend beyond June 30.

A reserve for these non-liquid assets (inventories and prepaid items) have been recognized to signify that a portion of fund balance is not available for other subsequent expenditures, except in cases where inventories are offset by deferred inflows.

I. Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to 1992. For assets acquired prior to 1992, estimated historical costs, based on appraisals conducted by an independent third-party professional appraisal firm, are used. Donated assets are reported at estimated acquisition value at the time received.

Capitalization thresholds (the dollar valued above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	Straight-line	50 years
Building improvements	5,000	Straight-line	20 years
Site improvements	5,000	Straight-line	10-25 years
Computer and related technology	5,000	Straight-line	5-20 years
Furniture and equipment	5,000	Straight-line	5-10 years
Library books	5,000	Straight line	5 years

J. Subscription-Based Information Technology Arrangements (SBITA)

The District recognizes these subscription-based information technology arrangements (SBITA) as a financing right to use an underlying asset. SBITA assets are determined at their fair value, while SBITA liabilities represent the present value of future lease payments over the lease term. This approach aligns with the principles of GASB No. 96 and ensures that the District accurately reflects the economic substance of its SBITA transactions. See Note 7 for additional information.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

K. Other Obligations

Accrued Vacation Benefits

Liabilities and the related expenses for vacation benefits are recognized when earned.

Sick Leave Benefits

Sick leave days accumulated up to 110 days do not vest and are recognized as expenses when paid. Teachers who accumulate sick leave days in excess of 110 days are compensated for the excess days in December of each year. The liability for days in excess of 110 days is accrued on the fund financial statements. Administrators are paid at retirement, a onetime payment for unused sick leave up to the number of days and at a rate agreed to in the administrator's contract. The current value of sick days payable upon retirement is \$30,844.

Vested Employee Benefits

Teachers, administrators and support staff, who have met age and years of service requirements, may elect retirement. The District pays the cost of health and long-term care insurance for a maximum of four to eight years, or Medicare eligibility, if earlier. A retirement stipend based on number of years of service is paid to administrators. The District funds this on a pay as you go basis.

Pensions

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, and
- 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.

Net Other Post-Employment Benefit Obligations (NOPEBO)

For purposes of measuring the NOPEBO, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with benefit terms. See Note 11 for additional information.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

L. 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.

M. Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The net position of the District can be significantly impacted by the combined effect of deferred outflows and inflows of resources from the pension and OPEB plans.

N. Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

O. Fund Balance

In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

Restricted – resources with 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 which are subject to limitation the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned – resources neither restricted nor committed for which a government has a stated intended use as established by the District Board or a body or official of which the District Board has delegated the authority to assign amounts for specific purposes.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

O. Fund Balance (Continued)

Unassigned – resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

When restricted and other fund balance resources are available for use, it is the District’s policy to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

P. Change in Accounting Principles

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.

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.

Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities

Differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities fall into one of three 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.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

3. Cash and Investments

The debt service funds account for their transactions through separate and distinct bank and investment accounts as required by State Statutes. In addition, the trust fund uses separate and distinct accounts. All other funds share in common bank and investment accounts.

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following: time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local governmental investment pool.

The carrying amount of the District's cash and investments, including the separate accounts noted above, totaled \$20,908,981 on June 30, 2024 as summarized below:

<u>Depository:</u>	<u>Carrying Amount</u>	<u>Associated Risk</u>
Deposits with financial institutions	\$ 2,427,430	Custodial credit risk
Petty cash funds	11,449	None
Money market fund	10,786	Custodial credit risk
Mutual funds	1,092,244	Credit risk
LGIP	<u>17,367,072</u>	Credit risk, interest rate risk
 Total June 30, 2024	 <u><u>\$ 20,908,981</u></u>	

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

Basic financial statements	
Cash and investments	\$ 11,186,085
Restricted cash and investments:	
Capital projects	2,553,445
Debt service	2,392,613
Fiduciary funds	
Employee-Benefit trust	<u>4,776,838</u>
Total	<u><u>\$ 20,908,981</u></u>

Restricted cash in the amount of \$2,392,613 in the Debt Service fund and \$2,553,445 in Capital Projects fund include amounts set aside for future payment of G.O. debt and capital projects. The restricted cash to pay for this future requirement is offset in the restricted fund balance of the respective funds.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

3. Cash and Investments (Continued)

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 <https://doa.wi.gov/Pages/StateFinances/LGIP.aspx>. 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 to the carrying value. Information on derivatives was not available to the District.

SWIB may invest in obligations of the U.S. Treasury and its agencies, Commercial Paper, Bank Time Deposits/Certificates of Deposit, Bankers' Acceptances, Asset Backed Securities and Repurchase Agreements secured by the U.S. Government or its agencies and other instruments authorized under State Investment Fund Investment guidelines.

Investment allocation in the local government investment pool as of June 30, 2024 was: 98% in U.S. Government Securities, 2% in Commercial Paper, Certificates of Deposit, and Time Deposits. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

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. 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. The LGIP investments have an average maturity of 13 days.

Investment Type	Fair Value	Less than 6 Months	6 Months to 1 Year	1 Year to 3 Years
Local Government Investment Pool	\$ 17,367,072	\$ 17,367,072	\$ -	\$ -
	\$ 17,367,072	\$ 17,367,072	\$ -	\$ -

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

3. Cash and Investments (Continued)

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 investments were rated as follows:

<u>Investment</u>	<u>Rating</u>	<u>Fair Value</u>
Mutual Funds	Morningstar - 1 Star	\$ 174,065
Mutual Funds	Morningstar - 2 Star	43,327
Mutual Funds	Morningstar - 3 Star	613,393
Mutual Funds	Morningstar - 4 Star	261,459
LGIP	Unrated	17,367,072
		<u>\$ 18,459,316</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 failure of the counterparty (e.g. broker-dealer) to a transaction, the District would not be able to recover the value of its investment of collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The District does not have an additional custodial credit policy.

Deposits in banks are insured by the FDIC in the amount of \$250,000 for demand accounts and \$250,000 for time and savings accounts. Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$1,000,000. 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 not be significant to individual municipalities.

As of June 30, 2024, \$2,037,365 of the District's deposits with financial institutions in excess of federal depository insurance limits were exposed to custodial credit risk as follows:

Collateralized in the District's Name	\$ 795,954
Insured by the State Deposit Guarantee Fund	<u>1,241,411</u>
	<u>\$ 2,037,365</u>

Fluctuating cash flows during the year due to tax collections, receipt of state aids and proceeds from borrowing may have resulted in temporary balances during the year exceeding uninsured amounts at the balance sheet date.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

3. Cash and Investments (Continued)

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 measurement 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.

	6/30/2024	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Mutual Funds	\$ 1,092,244	\$ 1,092,244	\$ -	\$ -
Total Investments by Fair Value Level	\$ 1,092,244	\$ 1,092,244	\$ -	\$ -

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

4. Capital Assets

	Balance 7/1/2023	Additions	Retirements	Balance 6/30/2024
Governmental Activities				
Construction in progress	\$ -	\$ 909,282	\$ -	\$ 909,282
Land and land improvements	5,634,399	46,508	-	5,680,907
Buildings and building improvements	109,966,180	1,219,574	-	111,185,754
Furniture and equipment	8,310,772	231,246	-	8,542,018
Total Government Activities	123,911,351	2,406,610	-	126,317,961
Less Accumulated Depreciation				
Land improvements	(2,071,278)	(181,039)	-	(2,252,317)
Buildings and building improvements	(31,715,444)	(3,930,403)	-	(35,645,847)
Furniture and equipment	(4,856,283)	(783,608)	-	(5,639,891)
Total Accumulated Depreciation	(38,643,005)	(4,895,050)	-	(43,538,055)
Net Governmental Activities Capital Assets	\$ 85,268,346	\$ (2,488,440)	\$ -	\$ 82,779,906
Business-Type Activities				
Furniture and equipment	\$ 158,692	\$ 159,697	\$ -	\$ 318,389
Less Accumulated Depreciation	(125,448)	(9,336)	-	(134,784)
Net Business-Type Capital Assets	\$ 33,244	\$ 150,361	\$ -	\$ 183,605

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 552,502
General administration services	129,499
Operations and maintenance of facilities	18,935
Pupil transportation	33,643
Depreciation not charged to a specific function	4,160,471
Total Depreciation for Governmental Activities	\$ 4,895,050

5. Short-term Obligation

The District had a taxable tax and revenue anticipation promissory note with a principal amount of \$400,000 with an interest rate of 4%, which matured on September 27, 2023. Additionally, the District has a taxable revolving line of credit with a maximum borrowing limit of \$1.9 million, bearing an interest rate of 6.98%. The line of credit matures on November 1, 2024. No draws were made on the line of credit during the 2023-2024 school year. Short-term obligation activity for the year ended June 30, 2024 was as follows:

	Balance 7/1/2023	Additions	Removals	Balance 6/30/2024
Tax and Revenue Anticipation				
Promissory Note	\$ 400,000	\$ -	\$ (400,000)	\$ -
Total	\$ 400,000	\$ -	\$ (400,000)	\$ -

Interest paid on draws against the tax and revenue anticipation promissory note totaled \$4,192.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

6. Financed Purchases

The District is obligated under certain leases that meet the criteria to be accounted for as financed purchases. Equipment capitalized with leases has an original cost of \$2,466,109 and accumulated depreciation of \$1,747,089.

Future minimum lease payments are as follows:

	2025		\$ 590,512
Total minimum lease payments			590,512
Present Value of net minimum lease payments			\$ 590,512

7. Subscription-Based Information Technology Arrangements (SBITA)

The District has entered into subscription-based information technology arrangements (SBITAs) involving:

- Various educational curriculum software subscriptions
- A web filter service license
- Camera software

The total costs of the District's subscription assets are as follows:

	Balance 7/1/2023	Additions	Retirements	Balance 6/30/2024	Amounts Due Within One Year
Lease Assets					
SBITA Assets	\$ 247,877	\$ 105,804	\$ (59,537)	\$ 294,144	
Less: Accumulated Amortization	(91,529)	(127,816)	59,537	(159,808)	
Total SBITA Assets, net	\$ 156,348	\$ (22,012)	\$ -	\$ 134,336	
 SBITA Liabilities	\$ 108,942	\$ 75,006	\$ (129,782)	\$ 54,166	\$ 54,166

The total SBITA costs for the year ended June 30, 2024 are as follows:

	Year Ended June 30, 2024
Lease expense	
Amortization expense by class of underlying asset	
SBITA - GASB 96	\$ 127,816
Total amortization expense	127,816
Interest on lease liabilities	2,708
Total	\$ 130,524

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

7. Subscription-Based Information Technology Arrangements (Continued)

The future subscription payments under SBITA agreements are as follows:

	Principal	Interest	Total Payments
2025	\$ 54,166	\$ 2,207	\$ 56,373
Total Future Payments	\$ 54,166	\$ 2,207	\$ 56,373

8. Long-term Obligations

Long-term obligations of the District are as follows:

	Balance 7/1/2023	Issued	Retired	Balance 6/30/2024	Amount Due Within One Year
<u>General obligation debt</u>					
Bonds payable	\$ 47,275,000	\$ -	\$ 2,270,000	\$ 45,005,000	\$ 2,390,000
Total GO Debt	47,275,000	-	2,270,000	45,005,000	2,390,000
Premium on debt	3,280,388	-	205,024	3,075,364	205,024
Financed purchases	1,202,895	-	612,383	590,512	590,512
Termination benefits	31,628	-	784	30,844	-
Total Long-Term Obligations	\$ 51,789,911	\$ -	\$ 3,088,191	\$ 48,701,720	\$ 3,185,536

The termination benefits liability attributed to governmental activities are typically being liquidated in the general fund.

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	Issue Date	Interest Rate	Date of Maturity	Balance	Amount Due Within One Year
GO Refunding Bonds	7/31/2019	3%-5%	3/1/2039	\$ 45,005,000	\$ 2,390,000
Total General Obligation Debt				\$ 45,005,000	\$ 2,390,000

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

8. Long-term Obligations (Continued)

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 2,390,000	\$ 1,618,350	\$ 4,008,350
2026	2,510,000	1,498,850	4,008,850
2027	2,640,000	1,373,350	4,013,350
2028	2,760,000	1,241,350	4,001,350
2029	2,875,000	1,130,950	4,005,950
2030-2034	16,075,000	3,934,450	20,009,450
2035-2039	15,755,000	1,272,600	17,027,600
Totals	<u>\$ 45,005,000</u>	<u>\$ 12,069,900</u>	<u>\$ 57,074,900</u>

Debt Limit

The 2023 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$3,160,008,430. 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:

Debt Limit (10% of \$3,160,008,430)	\$ 316,000,843
Deduct long-term debt applicable to debt margin	<u>45,005,000</u>
Margin of indebtedness	<u>\$ 270,995,843</u>

Defeasance of Bonds

On March 14, 2023, the District deposited cash into an irrevocable trust to purchase securities for the purpose of generating resources for future debt service payments of the 2019 general obligation bonds. As a result, a portion of the general obligation bonds are considered to be defeased and the liability has been removed from the governmental activities on the statement of net position. No economic gain resulted from the cash defeasance. The total of the defeased debt outstanding at June 30, 2024 is \$2,985,000, with a call date of March 1, 2027. The risk-free monetary assets of the trust cannot be replaced.

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 1200 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>.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

9. Defined Benefit Pension Plan (Continued)

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 occupation employees 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.

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)

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

9. Defined Benefit Pension Plan (Continued)

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 \$1,613,668 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%

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 of \$1,916,940 for its proportionate share of the net pension liability. The net pension liability (asset) was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability 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 0.12893009%, which was a decrease of 0.00301927% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$1,317,346.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

9. Defined Benefit Pension Plan (Continued)

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	\$ 7,729,084	\$ (10,237,219)
Changes of assumptions	835,539	-
Net difference between projected and actual earnings on pension plan investments	6,680,225	-
Changes in proportion and difference between Employer contributions and proportionate share of contributions	30,067	(32,360)
Employer contributions subsequent to the measurement date	901,826	-
Total	\$ 16,176,741	\$ (10,269,579)

\$901,826 reported as deferred outflows related to pension resulting from the District'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	\$ 1,025,179
2026	1,080,886
2027	4,189,330
2028	(1,290,059)
Total	\$ 5,005,336

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

9. Defined Benefit Pension Plan (Continued)

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.

SCHOOL DISTRICT OF MILTON
Notes to 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	5.2	3.0
Private Equity/Debt	18	9.6	6.7
Leverage ³	(12)	3.7	1.0
Total Core Fund	<u>100</u>	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	<u>100</u>	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%.

SCHOOL DISTRICT OF MILTON
Notes to 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. The 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)	\$ 18,528,154	\$ 1,916,940	\$ (9,706,628)

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.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

10. Supplemental Pension (Stipend) Benefit

At June 30, 2024, The District’s total pension liability was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2023.

Changes in Benefit Terms. The District made significant modifications to the plan provisions. Beginning with the 2023/24 school year, the District implemented a tiered system based on years of service, planned retirement dates and hire dates. The new benefit provides eligible Tier 3 and new hire employees with annual 403(b) contribution. This is an actively-funded benefit and is not valued as part of the supplemental pension benefit. These changes decreased the supplemental pension stipend liability valuation.

Plan Description. The District provides eligible retirees with 403(b) contributions. The District also provides eligible Administrators, including the District Administrator, with a stipend benefit in retirement based upon a percentage of their exit salary. Since retirees receive a pension benefit from the Wisconsin Retirement System (WRS), these post-employment pension benefits (stipend and cash in lieu payments) are supplemental to the WRS benefit and therefore, we refer to them as a supplemental pension benefit. The supplemental pension plan description is identified below:

Teachers: WRS eligible

Tier 1a: Eligible to retire and retiring by June 30, 2027 (at least age 50 with 10 years of service)

Eligible retirees waiving coverage in the District’s group health plans will receive an annual cash benefit of \$2,375 in lieu of such participation for a period of 4 years.

Tier 1b: Eligible to retire and retiring after June 30, 2027 (at least 15 years of service)

For those not on the District’s health plan at retirement for required period, the District provides a 403(b) contribution of \$2,500/year for 4 years.

Tier 2: Those not eligible for Tier 1 and eligible to retire by June 30, 2037 (at least age 40 with one year of service)

For those not on the District’s health plan at retirement, the District provides a 403(b) contribution of \$2,500/year for 4 years.

Tier 3: Those not eligible for Tier 1 or 2 benefits employed as of June 30, 2023 and New Hires on/after July 1, 2023 (at least 15 years of service)

403(b) catch-up contributions will be received upon retirement based on benefits earned from date of hire through June 30, 2023 based upon the schedule below.

Years of Service	Amount / Year
1 – 10	\$ 500
11 – 20	\$1,000
21+	\$1,800

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

10. Supplemental Pension (Stipend) Benefit (Continued)

Administrators and Supervisors: WRS eligible with a minimum of 10 years of service

Tier 1a: Eligible to retire and retiring by June 30, 2027

Eligible retirees waiving coverage in the District’s group health plans will receive an annual cash benefit of \$2,375 in lieu of such participation for a period of 6 years.

Tier 1b: Eligible to retire and retiring after June 30, 2027

For those not on the District’s health plan at retirement for required period, the District provides a 403(b) contribution of \$3,000/year for 5 years.

Tier 2: Those not eligible for Tier 1 and eligible to retire between July 1, 2027 and June 30, 2037

For those not on the District’s health plan at retirement, the District provides a 403(b) contribution of \$3,000/year for 5 years.

Tier 3: Those not eligible for Tier 1 or 2 benefits employed as of June 30, 2023 and New Hires on/after July 1, 2023

403(b) catch-up contributions will be received upon retirement based on benefits earned from date of hire through June 30, 2023 based upon the schedule below.

Years of Service	Amount / Year
1 – 10	\$ 750
11 – 20	\$1,500
21+	\$2,700

District Administrators: At least age 55 with a minimum of 5 years of service and must apply for WRS benefits within 30 days of effective retirement (as of July 1, 2024):

Those eligible shall receive a retirement stipend based on the following scale and the exit salary compensation will be divided into four (4) equal installments and distributed to the retired Administrator in four (4) annual payments. Additionally, eligible retirees who waive the coverage in the District’s group medical plans will instead receive an annual cash benefit of \$3,000 in lieu of such participation for a period of 5 years.

Years of Service	Amount of Stipend
At least 5 but less than 6 years	35% of Administrators exit salary
At least 6 but less than 7 years	40% of Administrators exit salary
At least 7 but less than 8 years	45% of Administrators exit salary
At least 8 but less than 9 years	50% of Administrators exit salary
At least 9 but less than 10 years	55% of Administrators exit salary
At least 10 years	60% of Administrators exit salary

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

10. Supplemental Pension (Stipend) Benefit (Continued)

Support Staff: WRS eligible

Tier 1a: Eligible to retire and retiring by June 30, 2027 (at least age 50 with 10 years of service)

Eligible retirees waiving coverage in the District’s group health plans will receive an annual cash benefit of \$2,375 in lieu of such participation for a period of 4 years.

Tier 1b: Eligible to retire and retiring after June 30, 2027 (at least 15 years of service)

For those not on the District’s health plan at retirement for required period, the District provides a 403(b) contribution of \$2,500/year for 4 years.

Tier 2: Those not eligible for Tier 1 and eligible to retire by June 30, 2037 (at least age 40 with one year of service)

For those not on the District’s health plan at retirement, the District provides a 403(b) contribution of \$2,500/year for 4 years.

Tier 3: Those not eligible for Tier 1 or 2 benefits employed as of June 30, 2023 and New Hires on/after July 1, 2023 (at least 15 years of service)

403(b) catch-up contributions will be received upon retirement based on benefits earned from date of hire through June 30, 2023 based upon the schedule below.

Years of Service	Amount / Year
1 – 10	\$ 500
11 – 20	\$1,000
21+	\$1,800

Employees Covered by Benefit Terms. Employees participating in the supplemental pension (stipend) benefit consisted of the following at June 30, 2023, the date of the latest actuarial valuation:

Inactive employees or beneficiaries currently receiving benefit payments	11
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	239
	250
	250

Funding Policy and Progress. This is funded on a pay-as-you-go basis. There are no invested plan assets accumulated for payment of future benefits. The general fund is used for funding of all pension/retirement benefits. The employer makes all contributions.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

10. Supplemental Pension (Stipend) Benefit (Continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2024, the District recognized a supplemental pension income of \$198,664.

Total Supplemental Pension Liability:	
Beginning Balance	\$ 543,289
Changes for the Year	
Service Cost	57,121
Interest	21,410
Changes of Benefit Terms	(265,462)
Differences Between Expected and Actual Experience	(29,465)
Changes of Assumptions or Other Input	519
Benefit Payments	(73,210)
Net Changes	(289,087)
Ending Balance	\$ 254,202

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

Gain / Loss	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 47,275	\$ (63,137)
Changes of assumptions or other input	28,833	(88,418)
District contributions subsequent to the measurement date	56,806	-
Total	\$ 132,914	\$ (151,555)

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

10. Supplemental Pension (Stipend) Benefit (Continued)

\$56,806 reported as deferred outflows related to the supplemental pension benefit resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net supplemental 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 the supplemental pension benefit will be recognized in pension expense (revenue) as follows:

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2025	\$ (11,733)
2026	(11,733)
2027	(11,733)
2028	(11,733)
2029	(11,726)
Thereafter	(16,789)
Total	<u>\$ (75,447)</u>

Actuarial Assumptions. The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	June 30, 2023
Measurement Date of Total Pension Liability	June 30, 2023
Discount Rate:	4.13% - based upon all years of projected payments discounted at a municipal bond rate of 4.13%.

Mortality assumptions are based upon 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.

Actuarial assumptions are based upon an experience study conducted in 2021 using Wisconsin Retirement System (WRS) experience from 2018-2020.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

10. Supplemental Pension (Stipend) Benefit (Continued)

Single Discount Rate. A single discount rate of 4.13% (based upon all years of projected payments discounted at a municipal bond rate of 4.13%) was used in this valuation in calculating the supplemental pension liability. It was assumed that the District would continue to fund its retiree benefits out of its general fund assets on a pay-as-you-go basis.

Sensitivity of the District’s Total Pension Liability to Changes in the Discount Rate. The following presents the District’s total pension liability calculated using the discount rate of 4.13 percent, as well as what the District’s total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage point higher (5.13 percent) 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	\$268,342	\$254,202	\$240,637

11. Other Post-Employment Benefits (OPEB) Plan

At June 30, 2024, the District’s net OPEB liability 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, 2023.

Changes in Benefit Terms. The District made significant modifications to the plan provisions. Beginning with the 2023/24 school year, the District implemented a tiered system based on years of service, planned retirement dates and hire dates. The new benefit provides eligible Tier 3 and new hire employees with annual 403(b) contribution. This is an actively-funded benefit and is not valued as part of the OPEB benefit. These changes significantly decreased the OPEB liability valuation.

Plan Description. The District provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer defined benefit plan. A bi-annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The last actuarial valuation was made June 30, 2023. The post-retirement plan does not issue stand-alone financial reports.

Funding Policy. The District established the School District of Milton Post-Employment Benefits Trust in order to accumulate funds and finance the costs of OPEB.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

11. Other Post-Employment Benefits (OPEB) Plan (Continued)

Benefits Provided. The OPEB liability consists of several interdependent pieces arising from the rules of the plan. The amounts paid by the District for continued health care for all classification that are entitled to a benefit are briefly outlined below:

Administrators and Supervisors: WRS eligible with a minimum of 10 years of services:

Tier 1a: Eligible to retire and retiring by June 30, 2027

The District will make the same health premium contributions on behalf of the retiree as is made on behalf of active Administrators and Supervisors (currently 85%) for a period of up to 6 years not to exceed \$48,450 single/\$114,000 family. If a retiree becomes Medicare-eligible prior to the exhaustion of their benefit, a Medicare ‘carve-out’ plan will be instituted in lieu of regular coverage. Tier 1 employees may remain on the District’s health plan for up to 72 months following retirement, if retiring by June 30, 2027.

Tier 1b: Eligible to retire and retiring after June 30, 2027

If on the District’s health plan at retirement for consecutive 3 years prior to retirement, the District provides annual Post-Employment HRA contributions of 85% of premium frozen at retirement no to exceed \$9,690/year single and \$22,800/year family for 5 years following the date of retirement. Retirees may only stay on the District’s health plan for the COBRA election period.

Tier 2: Those not eligible for Tier 1 and eligible to retire between July 1, 2027 and June 30, 2037

If on the District’s health plan at retirement for consecutive 3 years prior to retirement, the District provides annual Post-Employment HRA contributions of \$8,364/year single and \$19,655/year family for 5 years following the date of retirement. Retirees may only stay on the District’s health plan for the COBRA election period.

Teachers: WRS eligible:

Tier 1a: Eligible to retire and retiring by June 30, 2027 (at least age 50 with 10 years of service)

The District will make the same health premium contributions on behalf of the retiree as is made on behalf of active Teachers (currently 85%) for a period of up to 4 years not to exceed \$32,300 single/\$76,000 family. If a retiree becomes Medicare-eligible prior to the exhaustion of their benefit, a Medicare ‘carve-out’ plan will be instituted in lieu of regular coverage. Tier 1 employees may remain on the District’s health plan for up to 48 months following retirement, if retiring by June 30, 2027.

Tier 1b: Eligible to retire and retiring after June 30, 2027 (at least 15 years of service)

If on the District’s health plan at retirement for consecutive 3 years prior to retirement, the District provides annual Post-Employment HRA contributions of 85% of premium frozen at retirement no to exceed \$8,075/year single and \$19,000/year family for 4 years following the date of retirement. Retirees may only stay on the District’s health plan for the COBRA election period.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

11. Other Post-Employment Benefits (OPEB) Plan (Continued)

Teachers (Continued)

Tier 2: Those not eligible for Tier 1 and eligible to retire between July 1, 2027 and June 30, 2037 (at least age 40 with 1 year of service)

If on the District’s health plan at retirement for consecutive 3 years prior to retirement, the District provides annual Post-Employment HRA contributions of \$6,970/year single and \$16,379/year family for 4 years following the date of retirement. Retirees may only stay on the District’s health plan for the COBRA election period.

District Administrators: At least age 55 with a minimum of 5 years of service and must apply for WRS benefits within 30 days of effective retirement (as of July 1, 2024):

If the Administrator is enrolled in the District’s health plan at retirement for consecutive 3 years prior to retirement, the District provides contributions of \$8,364/year single and \$19,655/year family depending on the coverage that the Administrator had during their last month of employment. The duration of the contributions are based on years of services as follows:

Years of Service	Duration of Health Benefit (commencing with the first month following retirement)
At least 5 but less than 6 years	3.5 years
At least 6 but less than 7 years	4 years
At least 7 but less than 8 years	4.5 years
At least 8 but less than 9 years	5 years
At least 9 but less than 10 years	5.5 years
At least 10 years	6 years

The Administrator may only stay on the District’s health plan for the COBRA election period.

Support Staff: WRS eligible:

Tier 1a: Eligible to retire and retiring by June 30, 2027 (at least age 50 with 10 years of service)

The District will make the same health premium contributions on behalf of the retiree as is made on behalf of active Support Staff (currently 90%) for a period of up to 4 years not to exceed \$32,300 single/\$76,000 family. If a retiree becomes Medicare-eligible prior to the exhaustion of their benefit, a Medicare ‘carve-out’ plan will be instituted in lieu of regular coverage. Tier 1 employees may remain on the District’s health plan for up to 48 months following retirement, if retiring by June 30, 2027.

Tier 1b: Eligible to retire and retiring after June 30, 2027 (at least 15 years of service)

If on the District’s health plan at retirement for consecutive 3 years prior to retirement, the District provides annual Post-Employment HRA contributions of 90% of premium frozen at retirement no to exceed \$8,075/year single and \$19,000/year family for 4 years following the date of retirement. Retirees may only stay on the District’s health plan for the COBRA election period.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

11. Other Post-Employment Benefits (OPEB) Plan (Continued)

Support Staff (Continued)

Tier 2: Those not eligible for Tier 1 and eligible to retire between July 1, 2027 and June 30, 2037 (at least age 40 with 1 year of service)

If on the District’s health plan at retirement for consecutive 3 years prior to retirement, the District provides annual Post-Employment HRA contributions of \$6,970/year single and \$16,379/year family for 4 years following the date of retirement. Retirees may only stay on the District’s health plan for the COBRA election period.

All Retirees Participating in the District’s Group Medical Plan (Inclusive of COBRA Participants):

Upon retirement:

From 7/1/2013 to 6/30/2014 the District implemented a Section 105 Health Reimbursement Arrangement wherein a portion of the prescription drug copay expenses and office visits are covered by the HRA through a TPA. While there is no individual cap, the District has a total dollar cap per plan year.

Effective 7/1/2014, the above benefit ended and the District implemented a HRA Benefit for reimbursement of a portion of the medical plan deductible, which is applicable to retirees for reimbursable expenses. It is assumed that the District will provide reimbursement for up to \$1,900 for those retirees with single coverage and \$3,800 for those retirees with family coverage.

Notes: This benefit is available for active employees as well as retirees participating in the District’s Group Medical Plan. COBRA participants must pay an additional cost to receive the HRA deductible reimbursements. Retirees may be reimbursed for prescription medication through the HRA for Tier 2 and Tier 3 levels but only up to 50% for each tier. Unused HRA funds are forfeited each year.

Employees Covered by Benefit Terms. Employees participating in the OPEB benefit consisted of the following at June 30, 2023, the date of the latest actuarial valuation:

Inactive employees or beneficiaries currently receiving benefit payments	38
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	348
	386
	386

Net OPEB Liability. The District’s net OPEB liability of \$2,230,963 was measured at June 30, 2023, and was determined by an actuarial valuation as of June 30, 2023.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

11. Other Post-Employment Benefits (OPEB) Plan (Continued)

Actuarial Assumptions and Other Inputs. The net OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.00 percent, average, including inflation
Discount rate	2.25 percent
Healthcare cost trend rates	7.0% decreasing to 6.5%, then decreasing by 0.10% per year down to 4.50%, and level thereafter

Mortality assumptions were based on 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.

The actuarial assumptions were based on an experience study conducted in 2021 using the Wisconsin Retirement System (WRS) experience from 2018-20.

Discount Rate. The discount rate used to measure the total net OPEB liability was 2.25%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. 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 net OPEB liability. The long-term expected rate of return is equal to the discount rate.

The discount rate is based upon all years of projected payments discounted at a 2.25% long-term expected rate of return.

Assets Allocation. The current assets allocation of the District's OPEB plan's asset classes as of June 30, 2024 was as follows:

- 39% deposited in Financial Institution earning an interest rate of 0.5%
- 38% invested in LGIP, the average interest for the year ended June 30, 2024 was 5.36%
- 23% invested in mutual funds.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

11. Other Post-Employment Benefits (OPEB) Plan (Continued)

Changes in the Net OPEB Liability.

	Increase (Decrease)		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at 6/30/2022	\$ 13,726,349	\$ 3,227,063	\$ 10,499,286
Changes for the year:			
Service cost	1,251,083	-	1,251,083
Interest	317,364	-	317,364
Changes of benefit terms	(5,987,240)	-	(5,987,240)
Differences between expected and actual experience	(2,585,099)	-	(2,585,099)
Changes in assumptions or other inputs	86,023	-	86,023
Contributions - employer	-	1,283,940	(1,283,940)
Net investment income	-	66,514	(66,514)
Benefit payments	(493,685)	(493,685)	-
Net Changes	<u>(7,411,554)</u>	<u>856,769</u>	<u>(8,268,323)</u>
Balance at 6/30/2023	<u>\$ 6,314,795</u>	<u>\$ 4,083,832</u>	<u>\$ 2,230,963</u>

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 total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current discount rate:

	1% Decrease 1.25%	Current Discount Rate 2.25%	1% Increase 3.25%
	Net OPEB Liability	<u>\$ 2,473,050</u>	<u>\$ 2,230,963</u>

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates. The following represents 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 percent, then decreasing to 3.5 percent) or 1-percentage-point higher (8.0 percent, then decreasing to 5.5 percent) 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>\$ 2,168,483</u>	<u>\$ 2,230,963</u>

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

11. Other Post-Employment Benefits (OPEB) Plan (Continued)

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 income of \$4,873,814. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources:

<u>Gain / Loss</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 29,397	\$ (4,916,111)
Changes of assumptions or other inputs	1,075,399	(255,855)
Net difference between projected and actual earnings on OPEB plan investments	85,227	-
District contributions subsequent to the measurement date	1,159,282	-
Total	<u>\$ 2,349,305</u>	<u>\$ (5,171,966)</u>

\$1,159,282 reported as deferred outflows related to OPEB resulting from the District contributions subsequent to the measurement date will 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 pension expense (revenue) as follows:

<u>Year Ended June 30:</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2025	\$ (385,697)
2026	(399,351)
2027	(410,914)
2028	(423,067)
2029	(426,061)
Thereafter	(1,936,853)
Total	<u>\$ (3,981,943)</u>

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

12. Interfund Activities

Due to/Due from Other Funds

Individual fund interfund receivable and payable balances on June 30, 2024 are as follows:

Due To	Due From	Amount	Purpose
Employee Benefit Trust	General Fund	\$ 58,516	OPEB Contribution
Capital Projects Fund	General Fund	1,535,785	Transfer for Capital Improvement
Employee Benefit Trust	Community Service Fund	273	OPEB Contribution
General Fund	Community Service Fund	3,601	Reimbursement
Employee Benefit Trust	Food Service Fund	829	OPEB Contribution
Total Fund Financial Statements		<u>1,599,004</u>	
Less: Fund Eliminations		<u>(1,539,386)</u>	
Total District-Wide Statement of Net Position - Due to Fiduciary Funds		<u><u>\$ 59,618</u></u>	

Transfers

The District had the following interfund transfers:

Receiving Fund	Paying Fund	Amount	Purpose
Capital Projects Fund	General Fund	\$ 1,535,785	Capital Improvement Trust Fund Transfer
Total Governmental Activities		<u>1,535,785</u>	
Employee Benefit Trust	Food Service	10,036	OPEB Contribution
Total Business-type Activities		<u>10,036</u>	
Less: Fund Eliminations		<u>(1,535,785)</u>	
Total District-Wide Statement of Activities		<u><u>\$ 10,036</u></u>	

On the district-wide Statement of Activities, a transfer of \$10,036 was recorded to show the amount paid by the food service fund to the Employee Benefit Trust so that it is reflected in the business-type activities.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

13. Fund Balances

The following is a detailed schedule of ending fund balances as reported in the fund financial statements by category:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Community Service Fund</u>	<u>Special Revenue Trust</u>	<u>Total</u>
Fund balances:						
<u>Nonspendable:</u>						
Prepays	\$ 35,553	\$ -	\$ -	\$ -	\$ 7,249	\$ 42,802
<u>Restricted for:</u>						
Unspent Common School Fund	13,647	-	-	-	-	13,647
Debt Service Retirement	-	2,392,613	-	-	-	2,392,613
Capital Projects	-	-	4,089,230	-	-	4,089,230
CTE Grant	55,062	-	-	-	-	55,062
Mental Health Grant	124,853	-	-	-	-	124,853
<u>Committed for:</u>						
Applied Fund Balance	463,467	-	-	-	-	463,467
<u>Assigned for:</u>						
Programs	-	-	-	218,615	396,245	614,860
<u>Unassigned</u>	11,306,920	-	-	-	-	11,306,920
Total Fund Balances	<u>\$ 11,999,502</u>	<u>\$ 2,392,613</u>	<u>\$ 4,089,230</u>	<u>\$ 218,615</u>	<u>\$ 403,494</u>	<u>\$ 19,103,454</u>

14. 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.

15. Contingencies

The District is exposed to the risk of loss in several areas, including personal injury, wrongful actions, and fire and other casualties. Management has chosen to obtain insurance covering such losses in amounts believed to be sufficient to eliminate the possibility of a material loss in excess of insurance coverage.

SCHOOL DISTRICT OF MILTON
Notes to Financial Statements
For the Year Ended June 30, 2024

16. Effect of New Accounting Standards on Current Financial Statements

The Governmental Accounting Standards Board (GASB) has adopted GASB Statement No. 101, Compensated Absences, effective for periods beginning after December 15, 2023. When this becomes effective, application of this standard may restate portions of these financial statements.

17. Construction Commitments

The District has the following contract commitments related to construction projects as of June 30, 2024:

	Estimated Total Contract	Expenditures through June 30, 2024	Estimated Remaining Commitment
Grandstand Renovation Project	\$ 1,543,294	\$ 834,215	\$ 709,079
	\$ 1,543,294	\$ 834,215	\$ 709,079

18. Subsequent Events

In August 2024, the Board approved a contract for the High School Baseball Field Lighting Project in the amount of \$342,000.

In October 2024, the Board approved a contract for the cooling system replacement project at Northside Intermediate School in the amount of \$399,096.

In November 2024, the District passed a referendum to exceed the revenue limit on a recurring basis for \$5,000,000 beginning in the 2026-27 school year for the purpose of sustaining educational programming and staffing.

REQUIRED SUPPLEMENTARY INFORMATION

**School District of Milton
Milton, Wisconsin**

**Budgetary Comparison Schedule for the
General Fund - Budget and Actual
For the Year Ended June 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes	\$ 16,817,168	\$ 16,817,168	\$ 16,817,168	\$ -
Other Local Sources	619,025	803,118	849,062	45,944
Inter-District Sources	3,826,227	3,837,412	3,653,433	(183,979)
Intermediate Sources	5,000	5,563	32,510	26,947
State Sources	26,798,895	26,996,413	27,038,592	42,179
Federal Sources	732,873	890,494	1,078,841	188,347
Other Sources	-	10,238	134,080	123,842
Total Revenues	<u>48,799,188</u>	<u>49,360,406</u>	<u>49,603,686</u>	<u>243,280</u>
EXPENDITURES				
Instruction:				
Regular Instruction	16,776,487	16,526,552	16,054,826	471,726
Vocational Instruction	1,590,614	1,595,162	1,526,320	68,842
Special Instruction	614,150	637,888	586,392	51,496
Other Instruction	1,987,392	2,030,772	1,987,777	42,995
Total Instruction	<u>20,968,643</u>	<u>20,790,374</u>	<u>20,155,315</u>	<u>635,059</u>
Support Services:				
Pupil Services	1,253,326	1,264,838	1,254,618	10,220
Instructional Staff Services	1,728,966	1,831,228	1,751,769	79,459
General Administration Services	607,106	607,106	534,211	72,895
Building Administration Services	2,676,250	2,786,181	2,837,718	(51,537)
Business Services	793,558	866,430	847,140	19,290
Operations and Maintenance	3,998,734	4,075,224	3,952,037	123,187
Pupil Transportation	1,703,107	1,702,900	1,706,674	(3,774)
Central Services	546,782	566,410	551,159	15,251
Insurance	388,273	388,273	353,783	34,490
Other Support Services	1,705,328	1,555,190	1,510,551	44,639
Total Support Services	<u>15,401,430</u>	<u>15,643,780</u>	<u>15,299,660</u>	<u>344,120</u>
Debt Service	673,559	673,559	752,473	(78,914)
Capital Outlay	1,497,500	2,467,600	2,429,249	38,351
Purchased and Non-Program Services	4,444,791	4,455,800	4,382,268	73,532
Total Expenditures	<u>42,985,923</u>	<u>44,031,113</u>	<u>43,018,965</u>	<u>1,012,148</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>5,813,265</u>	<u>5,329,293</u>	<u>6,584,721</u>	<u>1,255,428</u>
OTHER FINANCING SOURCES (USES)				
Transfer to Special Education Fund	(4,277,480)	(4,293,508)	(4,209,778)	83,730
Transfer to Other Funds	(1,535,785)	(1,035,785)	(1,535,785)	(500,000)
Capital Lease Proceeds	-	-	75,006	75,006
Total Other Financing Sources and Uses	<u>(5,813,265)</u>	<u>(5,329,293)</u>	<u>(5,670,557)</u>	<u>(341,264)</u>
Net Change in Fund Balance	-	-	914,164	914,164
Fund Balance - Beginning of Year	11,085,338	11,085,338	11,085,338	-
Fund Balance - End of Year	<u>\$ 11,085,338</u>	<u>\$ 11,085,338</u>	<u>\$ 11,999,502</u>	<u>\$ 914,164</u>

See accompanying notes to the required supplementary information.

**School District of Milton
Milton, Wisconsin**

**Budgetary Comparison Schedule for the
Special Education Fund - Budget and Actual
For the Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
	REVENUES			
State	\$ 2,006,161	\$ 2,006,161	\$ 2,037,053	\$ 30,892
Federal	875,516	922,046	862,207	(59,839)
Total Revenues	<u>2,881,677</u>	<u>2,928,207</u>	<u>2,899,260</u>	<u>(28,947)</u>
EXPENDITURES				
Instruction				
Special Instruction	<u>5,153,501</u>	<u>5,201,613</u>	<u>5,030,346</u>	<u>171,267</u>
Total Instruction	<u>5,153,501</u>	<u>5,201,613</u>	<u>5,030,346</u>	<u>171,267</u>
Support Services				
Pupil Services	974,538	977,111	964,168	12,943
Instructional Staff Services	324,243	333,644	322,955	10,689
Business Services	10,000	12,800	12,798	2
Operations and Maintenance	700	989	649	340
Pupil Transportation	458,600	476,554	500,683	(24,129)
Central Services	<u>8,000</u>	<u>6,000</u>	<u>1,351</u>	<u>4,649</u>
Total Support Services	<u>1,776,081</u>	<u>1,807,098</u>	<u>1,802,604</u>	<u>4,494</u>
Capital Outlay	50,575	57,685	56,758	927
Non-Program Services	<u>179,000</u>	<u>155,319</u>	<u>219,330</u>	<u>(64,011)</u>
Total Expenditures	<u>7,159,157</u>	<u>7,221,715</u>	<u>7,109,038</u>	<u>112,677</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,277,480)</u>	<u>(4,293,508)</u>	<u>(4,209,778)</u>	<u>83,730</u>
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	<u>4,277,480</u>	<u>4,293,508</u>	<u>4,209,778</u>	<u>(83,730)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the required supplementary information.

**School District of Milton
Milton, Wisconsin**

**Explanation of Differences Between Budgetary Inflows and Outflows
and GAAP Revenues and Expenditures
For the Year Ended June 30, 2024**

	General Fund	Special Education Fund
A) Sources/Inflows of Resources:		
Actual amounts "total revenues" from the budgetary comparison schedules	\$ 49,603,686	\$ 2,899,260
Reclassification: Special education fund revenues are reclassified to the general fund, required for GAAP reporting	2,899,260	(2,899,260)
The general fund revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	\$ 52,502,946	\$ -
B) Uses/Outflows of Resources:		
Actual amounts "total expenditures" from the budgetary comparison schedules	\$ 43,018,965	\$ 7,109,038
Reclassification: Special education fund expenditures are reclassified to the general fund, required for GAAP reporting	7,109,038	(7,109,038)
The general fund expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	\$ 50,128,003	\$ -

See accompanying notes to the required supplementary information.

**School District of Milton
Milton, Wisconsin**

**District Net OPEB Liability Schedules
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>	<u>2016</u>
Total OPEB Liability								
Service costs	\$ 1,251,083	\$ 1,223,553	\$ 1,327,253	\$ 1,080,587	\$ 1,086,076	\$ 1,127,086	\$ 895,916	\$ 895,916
Interest	317,364	295,501	336,379	440,481	513,091	454,932	364,044	358,710
Changes of benefit terms	(5,987,240)	-	(1,239,739)	-	(6,211)	-	-	-
Difference between expected and actual experience	(2,585,099)	(83,759)	(1,537,991)	-	(2,268,245)	-	70,550	-
Changes in assumptions or other inputs	86,023	-	(186,306)	1,188,399	135,842	(232,257)	300,085	-
Benefit payments	(493,685)	(461,068)	(468,039)	(467,563)	(642,554)	(647,254)	(1,118,553)	(1,035,132)
Net change in total OPEB	(7,411,554)	974,227	(1,768,443)	2,241,904	(1,182,001)	702,507	512,042	219,494
Total OPEB Liability-Beginning	13,726,349	12,752,122	14,520,565	12,278,661	13,460,662	12,758,155	12,246,113	12,026,619
Total OPEB Liability-Ending (a)	<u>\$ 6,314,795</u>	<u>\$ 13,726,349</u>	<u>\$ 12,752,122</u>	<u>\$ 14,520,565</u>	<u>\$ 12,278,661</u>	<u>\$ 13,460,662</u>	<u>\$ 12,758,155</u>	<u>\$ 12,246,113</u>
Fiduciary Net Position								
Contributions - employer	\$ 1,283,940	\$ 499,008	\$ 856,424	\$ 496,238	\$ 846,354	\$ 1,037,011	\$ 1,097,980	\$ 1,096,681
Net investment income	66,514	11,174	9,109	27,582	36,105	17,971	8,068	4,466
Benefit payments	(493,685)	(461,068)	(468,039)	(467,563)	(642,554)	(647,254)	(1,118,553)	(1,035,132)
Other adjustment	-	-	-	-	-	-	20,503	-
Net change in fiduciary net position	856,769	49,114	397,494	56,257	239,905	407,728	7,998	66,015
Fiduciary Net Position-Beginning	3,227,063	3,177,949	2,780,455	2,724,198	2,484,293	2,076,565	2,068,567	2,002,552
Fiduciary Net Position-Ending (b)	<u>\$ 4,083,832</u>	<u>\$ 3,227,063</u>	<u>\$ 3,177,949</u>	<u>\$ 2,780,455</u>	<u>\$ 2,724,198</u>	<u>\$ 2,484,293</u>	<u>\$ 2,076,565</u>	<u>\$ 2,068,567</u>
Net OPEB Liability								
Net OPEB Liability - ending (a) - (b)	<u>\$ 2,230,963</u>	<u>\$ 10,499,286</u>	<u>\$ 9,574,173</u>	<u>\$ 11,740,110</u>	<u>\$ 9,554,463</u>	<u>\$ 10,976,369</u>	<u>\$ 10,681,590</u>	<u>\$ 10,177,546</u>
Fiduciary net position as a percentage of the Total OPEB Liability	64.67%	23.51%	24.92%	19.15%	22.19%	18.46%	16.28%	16.89%
Covered Employee Payroll	\$ 22,338,177	\$ 21,701,110	\$ 21,701,110	\$ 20,417,295	\$ 20,417,295	\$ 19,204,027	\$ 19,204,027	\$ 17,426,758
Total OPEB Liability as a percentage of covered-employee payroll	9.99%	48.38%	44.12%	57.50%	46.80%	57.16%	55.62%	58.40%

**Schedule of District Contributions
Last 10 Fiscal 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>
Actuarially Determined Contribution (ADC)	\$ 1,590,326	\$ 1,544,006	\$ 1,515,855	\$ 1,471,704	\$ 1,608,353	\$ 1,561,508	\$ 1,266,953	\$ 1,266,953
Contributions in Relation to the ADC	1,283,940	499,008	856,424	496,238	846,354	1,037,011	1,097,980	1,096,681
Contribution Deficiency/(Excess)	<u>\$ 306,386</u>	<u>\$ 1,044,998</u>	<u>\$ 659,431</u>	<u>\$ 975,466</u>	<u>\$ 761,999</u>	<u>\$ 524,497</u>	<u>\$ 168,973</u>	<u>\$ 170,272</u>
Covered-Employee Payroll	\$ 22,338,177	\$ 21,701,110	\$ 21,701,110	\$ 20,417,295	\$ 20,417,295	\$ 19,204,027	\$ 19,204,027	\$ 17,426,758
Contributions as a Percentage of Covered-Employee Payroll	5.75%	2.30%	3.95%	2.43%	4.15%	5.40%	5.72%	6.29%

Data presented as of the measurement date.

See accompanying notes to the required supplementary information.

**School District of Milton
Milton, Wisconsin**

**District Supplemental Pension Plan Schedules
As of the Measurement Date
June 30, 2024**

Schedule of Changes in Total Pension Liability and Related Ratios

Last 10 Years*

Changes for the Year	2023	2022	2021	2020	2019	2018	2017	2016
Service Costs	\$ 57,121	\$ 66,669	\$ 53,610	\$ 44,913	\$ 27,896	\$ 28,800	\$ 37,027	\$ 37,027
Interest	21,410	13,116	12,249	16,869	12,280	11,907	15,381	15,952
Changes of Benefit Terms	(265,462)	-	-	-	100,267	-	-	-
Differences Between Expected and Actual Experiences	(29,465)	-	20,032	-	55,285	-	(85,532)	-
Changes of Assumptions or Other Inputs	519	(58,722)	-	42,525	(6,065)	(5,588)	(79,569)	-
Benefit Payments	(73,210)	(54,721)	(53,063)	(39,412)	(47,937)	(46,848)	(64,551)	(79,443)
Net Change in Total Pension Liability	(289,087)	(33,658)	32,828	64,895	141,726	(11,729)	(177,244)	(26,464)
Total Pension Liability - Beginning	543,289	576,947	544,119	479,224	337,498	349,227	526,471	552,935
Total Pension Liability - Ending	<u>\$ 254,202</u>	<u>\$ 543,289</u>	<u>\$ 576,947</u>	<u>\$ 544,119</u>	<u>\$ 479,224</u>	<u>\$ 337,498</u>	<u>\$ 349,227</u>	<u>\$ 526,471</u>
Covered Payroll	\$ 22,338,177	\$ 6,094,568	\$ 6,094,568	\$ 5,438,073	\$ 5,438,073	\$ 4,819,713	\$ 4,819,713	\$ 4,850,579
Total Pension Liability as a Percentage of Covered Payroll	1.14%	8.91%	9.47%	10.01%	8.81%	7.00%	7.25%	10.85%

* Data presented as of the measurement date

See accompanying notes to the required supplementary information.

**School District of Milton
Milton, Wisconsin**

**Wisconsin Retirement System
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	0.12893009%	\$ 1,916,940	\$ 23,645,064	8.11%	98.85%
2022	0.13194936%	6,990,286	24,097,570	29.01%	95.72%
2021	(0.13250556%)	(10,680,191)	22,708,269	(47.03%)	106.02%
2020	(0.13380206%)	(8,353,448)	21,729,975	(38.44%)	105.26%
2019	(0.13672538%)	(4,408,650)	21,583,969	(20.43%)	102.96%
2018	0.13598820%	4,838,033	21,024,884	23.01%	96.45%
2017	(0.13159675%)	(3,907,263)	20,585,052	(18.98%)	102.93%
2016	0.12609521%	1,039,326	19,129,270	5.43%	99.12%
2015	0.12496407%	2,030,642	17,510,893	11.60%	98.20%
2014	(0.12622806%)	(3,099,654)	17,159,106	(18.06%)	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	\$ 1,617,437	\$ (1,617,437)	\$ -	\$ 23,587,235	6.86%
2023	1,573,639	(1,573,639)	-	23,607,726	6.67%
2022	1,500,367	(1,500,367)	-	23,078,933	6.50%
2021	1,462,928	(1,462,928)	-	22,152,113	6.60%
2020	1,464,667	(1,464,667)	-	21,927,739	6.68%
2019	1,417,633	(1,417,633)	-	21,345,777	6.64%
2018	1,403,713	(1,403,713)	-	20,725,101	6.77%
2017	1,326,930	(1,326,930)	-	19,735,337	6.72%
2016	1,260,224	(1,260,224)	-	18,873,608	6.68%
2015	1,221,588	(1,221,588)	-	17,743,469	6.88%

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

SCHOOL DISTRICT OF MILTON
Notes to Required Supplementary Information
For the Year Ended June 30, 2024

1. Budgetary Information

Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. The legally adopted budget and budgetary expenditure control is exercised at the two-digit sub function level in the General Fund and the function level in all other funds. Reported budget amounts are as originally adopted or as amended by the School Board.

Excess of Expenditures Over Appropriations

The General Fund incurred expenditures, by function, in excess of appropriations by \$10,000 or more as follows:

Fund	Function	Variance Amount
General	Building Administration Services	\$ 51,537
General	Debt Service	78,914
Special	Pupil Transportation	24,129
Special	Non-Program Services	64,011

Total expenditures were \$1,012,148 under budget for the General Fund and \$112,677 under budget for the Special Education Fund.

2. District Net OPEB Liability Schedules

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 2 preceding years.

Actuarial assumptions

Key methods and assumptions used to calculate actuarially determined contributions (ADC) were as follows:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value
Amortization Method	30 year Level %
Discount Rate	2.25%
Inflation	2.50%

Changes of benefit terms

The Plan's benefit terms have changed since the prior valuation, therefore a change in benefit terms was calculated causing a decrease in the Total Pension liability. Specifically, the District made some significant modifications to the plan provisions and eligibilities that impacted all classification, see Note 11.

Change of assumptions

Changes included updated WRS decrement assumptions and assumed health care trend.

SCHOOL DISTRICT OF MILTON
Notes to Required Supplementary Information
For the Year Ended June 30, 2024

3. District Supplemental Pension Plan Schedules

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

Changes of benefit terms

The Plan's benefit terms have changed since the prior valuation, therefore a change in benefit terms was calculated causing a decrease in the Total Pension liability. Specifically, the District made some significant modifications to the plan provisions and eligibilities that impacted all classification, see Note 10.

Changes of assumptions

Changes included updated WRS decrement assumptions and assumed discount rate.

Assets

There are no assets accumulated in a trust that meet the criteria in governmental accounting standards to pay related benefits.

4. 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 post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

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.

SCHOOL DISTRICT OF MILTON
Notes to Required Supplementary Information
For the Year Ended June 30, 2024

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:	3.8%	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.

SCHOOL DISTRICT OF MILTON
Notes to Required Supplementary Information
For the Year Ended June 30, 2024

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					
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	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale	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.

OTHER SUPPLEMENTAL INFORMATION

**School District of Milton
Milton, Wisconsin**

**Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2024**

	Special Revenue Trust	Community Service Fund	Total Non- Major Governmental Funds
ASSETS			
Cash and Investments	\$ 397,529	\$ 222,489	\$ 620,018
Accounts Receivable	345	-	345
Prepaid Expenses	7,249	-	7,249
Total Assets	\$ 405,123	\$ 222,489	\$ 627,612
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 1,629	\$ -	\$ 1,629
Due to Other Funds	-	3,874	3,874
Total Liabilities	1,629	3,874	5,503
 Fund Balances:			
Nonspendable	7,249	-	7,249
Assigned	396,245	218,615	614,860
Total Fund Balances	403,494	218,615	622,109
Total Liabilities and Fund Balances	\$ 405,123	\$ 222,489	\$ 627,612

**School District of Milton
Milton, Wisconsin**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2024**

	<u>Special Revenue Trust</u>	<u>Community Service Fund</u>	<u>Total Non- Major Governmental Funds</u>
REVENUES			
Property Taxes	\$ -	\$ 404,384	\$ 404,384
Other Local Sources	846,083	145,918	992,001
Total Revenues	846,083	550,302	1,396,385
 EXPENDITURES			
Instruction:			
Regular instruction	84,205	-	84,205
Other Instruction	454,386	-	454,386
Total Instruction	538,591	-	538,591
 Support Services:			
Pupil Services	184	-	184
Business Services	9,756	2,614	12,370
Operations and Maintenance	14,544	176,212	190,756
Pupil transportation	84,785	-	84,785
Community Services	-	202,697	202,697
Total Support Services	109,269	381,523	490,792
Capital Outlay	15,587	81,362	96,949
Total Expenditures	663,447	462,885	1,126,332
Excess (Deficiency) of Revenues Over Expenditures	182,636	87,417	270,053
Net Change in Fund Balances	182,636	87,417	270,053
Fund Balances - Beginning of Year	220,858	131,198	352,056
Fund Balances - End of Year	\$ 403,494	\$ 218,615	\$ 622,109

OTHER REPORTS

SCHOOL DISTRICT OF MILTON
Schedule of Expenditures of State Awards
For the Year Ended June 30, 2024

Awarding Agency Pass-Through Agency Award Description	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:						
<u>Child Nutrition Cluster</u>						
Donated Commodities	10.555	Not Available	\$ -	\$ 112,781	\$ 112,781	\$ -
Food Service Aid School Breakfast	10.553	2024-533612-DPI-SB-546	-	57,878	57,878	-
Food Service Aid School Breakfast Severe	10.553	2024-533612-DPI-SB-SEVERE-546	-	15,882	15,882	-
National School Lunch Program	10.555	2024-533612-DPI-NSL-547	-	463,212	463,212	-
Total Child Nutrition Cluster			-	649,753	649,753	-
Total U.S. Department of Agriculture			-	649,753	649,753	-
U.S. Department of Education						
Passed through Wisconsin Department of Public Instruction:						
COVID-19 American Rescue Plan Elementary and Secondary Schools Emergency Relief Fund - Homeless Children and Youth	84.425W	2022-533612-DPI-ARPHCYII-173	7,028	7,028	-	-
COVID-19 Elementary and Secondary School Emergency Relief II	84.425D	2022-533612-DPI-ESSERFII-163	469,725	469,725	-	-
COVID-19 Elementary and Secondary School Emergency Relief III	84.425U	2022-533612-DPI-ESSERFIII-165	-	491,200	491,200	-
COVID-19 ARPA-General Education	84.425U	2022-533612-DPI-EBIS-165	-	33,487	33,487	-
COVID-19 ARPA-LETRS	84.425U	2024-533612-DPI-LETRS-165	-	-	1,500	1,500
Total Elementary and Secondary School Emergency Relief			476,753	1,001,440	526,187	1,500
ESEA Title II-A Supporting Effective Instruction State Grants	84.367A	2024-533612-DPI-TIIA-365	11,485	55,638	52,441	8,288
Title IV-A Student Support and Academic Enrichment Program	84.424A	2024-533612-DPI-TIVA-381	805	11,376	10,571	-
ESEA Title I-A Basic Grant	84.010A	2024-533612-DPI-TI-A-141	47,975	204,579	220,351	63,747
<u>Special Education Cluster (IDEA)</u>						
IDEA Flow Through	84.027A	2024-533612-DPI-FLOW-341	241,307	766,171	730,102	205,238
IDEA Preschool Entitlement	84.173A	2024-533612-DPI-PRESCH-347	7,776	33,835	26,779	720
IDEA Early Learning Inclusion LEA Mini-Grants	84.173A	2024-533612-DPI-ELIMG-348	-	-	8,336	8,336
COVID-19 ARPA - IDEA Preschool Entitlement	84.173X	2022-533612-DPI-ARPAIDEAPS-346	1,465	1,465	-	-
Total Special Education Cluster (IDEA)			250,548	801,471	765,217	214,294
<u>Career and Technical Education Basic Grants</u>						
Passed through School District of Edgerton:						
Carl Perkins CTE	84.048	2024-533612-DPI-CTE-400	-	-	7,299	7,299
Total Career and Technical Education Basic Grants			-	-	7,299	7,299
Passed through CESA 2:						
ESEA III-A English Language Acquis	84.365A	2024-533612-DPI-TIIIA-391	-	3,767	3,767	-
Total U.S. Department of Education			787,566	2,078,271	1,585,833	295,128
U.S. Department of Health and Human Services						
Passed through Wisconsin Department of Health Services:						
<u>Medicaid Cluster:</u>						
Medical Assistance Program	93.778	Not Available	16,768	331,877	344,544	29,435
Passed through CESA 2:						
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response.	93.354	Not Available	-	28,743	28,743	-
Total U.S. Department of Health and Human Services			16,768	360,620	373,287	29,435
Total Federal Awards			\$ 804,334	\$ 3,088,644	\$ 2,608,873	\$ 324,563

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

SCHOOL DISTRICT OF MILTON
Schedule of Expenditures of State Awards
For the Year Ended June 30, 2024

Awarding Agency Pass-through Agency <u>Award Description</u>	State ID <u>Number</u>	Pass-through Entity <u>ID Number</u>	Receivable <u>July 1, 2023</u>	Receipts	Expenditures	Receivable <u>June 30, 2024</u>
Wisconsin Department of Public Instruction:						
Entitlement Programs:						
Special Education and School Age Parents						
Direct State Payments	255.101	533612-100	\$ -	\$ 1,923,466	\$ 1,923,466	\$ -
Subtotal Special Education and School Age Parents			-	1,923,466	1,923,466	-
Common School Fund Library Aid	255.103	533612-104	-	266,625	266,625	-
Pupil Transportation	255.107	533612-102	-	72,473	72,473	-
Equalization	255.201	533612-116	-	23,875,136	23,875,136	-
Per Pupil Aid	255.945	533612-113	-	2,513,154	2,513,154	-
High Cost of Special Education	255.210	533612-119	-	83,931	83,931	-
School Based Mental Health Services Grant	255.297	533612-177	-	111,776	111,436	(340)
Cost Reimbursement Programs:						
State School Lunch	255.102	533612-107	-	11,210	11,210	-
WI School Day Milk Program	255.115	533612-109	-	8,693	8,693	-
AODA Grant	255.306	533612-143	25,000	25,000	-	-
School Breakfast Program	255.344	533612-108	-	3,311	3,311	-
Early College Credit Program	255.445	533612-178	-	1,020	1,020	-
Educator Effective Evaluation System Grant	255.940	533612-154	26,000	47,920	21,920	-
Career and Technical Education Incentive Grants	255.950	533612-152	-	54,956	54,956	-
Assessments of Reading Readiness	255.956	533612-166	-	33,791	33,791	-
Special Education Transition Incentive Grants	255.960	533612-168	-	29,656	29,656	-
Passed Through District of Jefferson						
Peer Review and Mentoring	255.301	533612-141	-	11,185	11,185	-
Subtotal Wisconsin Department of Public Instruction			51,000	29,073,303	29,021,963	(340)
Wisconsin Department of Workforce Development:						
Passed Through District of Edgerton						
School - to - Work Partnership Youth Grant	445.107	Not Available	-	7,120	21,737	14,617
Total State Awards			\$ 51,000	\$ 29,080,423	\$ 29,043,700	\$ 14,277

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

SCHOOL DISTRICT OF MILTON
Notes to the 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 School District of Milton.

Note 2 Basis of Presentation

The accounting records for the grant programs 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 these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*.

Note 3 Food Distribution

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed (\$112,781).

Note 4 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 5 De Minimis Cost Rate

The District did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 6 Subrecipients

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



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

To the School Board
School District of Milton
Milton, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School District of Milton, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District of Milton’s basic financial statements, and have issued our report thereon dated December 9, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District of Milton’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 School District of Milton’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School District of Milton’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 School District of Milton’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 School District of Milton’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

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District of Milton’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District of Milton’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
December 9, 2024



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH THE UNIFORM GUIDANCE
AND THE STATE SINGLE AUDIT GUIDELINES**

To the School Board
School District of Milton
Milton, Wisconsin

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the School District of Milton’s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of the School District of Milton’s major federal and state programs for the year ended June 30, 2024. The School District of Milton’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 School District of Milton complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and 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 and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School District of Milton 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 School District of Milton’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 School District of Milton'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 School District of Milton'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 School District of Milton's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *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 School District of Milton'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 School District of Milton'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 School District of Milton'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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and the *State Single Audit Guidelines* and which are described in the accompanying schedule of findings and questioned costs as item 2024-001. Our opinion on each major federal program is not modified with respect to these matters. *Government Auditing Standards* requires the auditor to perform limited procedures on the School District of Milton's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The School District of Milton's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 9, 2024

SCHOOL DISTRICT OF MILTON
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 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

Internal control over major programs:

- * Material weakness identified? No
- * Significant deficiency(ies) identified? None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Program or Cluster</u>
93.778	Medical Assistance Program
84.425U	Elementary Secondary School Emergency Relief
10.553/10.555	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? No

State Awards

Internal control over major programs:

- * Material weakness identified? No
- * Significant deficiency(ies) identified? None Reported

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

Any audit findings disclosed that are required to be reported in accordance *State Single Audit Guidelines* or Wisconsin Public School District Audit Manual? Yes

SCHOOL DISTRICT OF MILTON
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
255.101	Special Education and School Age Parents

Dollar threshold for distinguishing Types A and B programs: \$871,311

Section II – Financial Statement Finding

None

Section III – Federal and State Awards Findings and Questioned Costs

*Finding #2024-001: #93.778 Medical Assistance Program – SBS Medicaid
Department of Health Services Audit Guide – 3.9.3.1 Activities Allowed and
Disallowed*

Federal Grantor: U.S. Department of Health and Human Services

Pass-through Entity: Wisconsin Department of Health Services

Criteria: All services billed (SBS) must be identified in the students' IEP. Cost reimbursement is disallowed for Medicaid-coverable services not specified in the student's IEP.

Condition: Two students from the auditor's sample were billed for nursing services that were not included in the students' IEPs.

Cause: The District billed for services that were not listed on the students' IEPs.

Effect: Billing for services not listed on the IEP is not allowed and may result in improper use of federal funds.

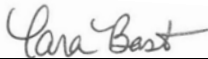
Questioned Costs: \$1,670

Recommendation: The District should review procedures with the third party billing service to ensure there is proper communication regarding the allowed services being billed under IEPs. Additionally, the District should implement regular review of billed services to verify compliance with Medicaid requirements and ensure that all billed services are properly documented with students' IEPs.

Response: The District will implement a process to verify all billed services are documented in the IEPs and provide training to staff to prevent future occurrences.

SCHOOL DISTRICT OF MILTON
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section IV – Other Issues

- | | | |
|------|---|--|
| 1. | Does the auditor have substantial doubt as to the auditee’s ability to continue as a going concern? | No |
|
 | | |
| 2. | Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the <i>State Single Audit Guidelines</i> : | |
| | Department of Health Services | Yes |
| | Department of Workforce Development | No |
| | Department of Public Instruction | No |
|
 | | |
| 3. | Was a Management Letter or other document conveying audit comments issued as a result of this audit? | Yes
An Audit
Communication
Letter was submitted
to the oversight body |
|
 | | |
| 4. | Name and signature of partner | 

Tara Bast, CPA |
|
 | | |
| 5. | Date of report: | December 9, 2024 |

SCHOOL DISTRICT OF MILTON
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2024

Prior Year Financial Statement Finding

None

Prior Year Federal and State Awards Findings and Questioned Costs

None