

**WAUSAU SCHOOL DISTRICT
WAUSAU, WISCONSIN**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2025

WAUSAU SCHOOL DISTRICT

TABLE OF CONTENTS

JUNE 30, 2025

Page

- 3-5 Independent Auditors' Report
- 6-17 Management's Discussion and Analysis

BASIC FINANCIAL STATEMENTS

District-Wide Financial Statements

- 18 Statement of Net Position
- 19 Statement of Activities

Fund Financial Statements

- 20 Balance Sheet - Governmental Funds
- 21 Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
- 22 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
- 23 Statement of Fiduciary Net Position - Fiduciary Funds
- 24 Statement of Changes in Fiduciary Net Position - Fiduciary Funds

25-49 Notes to the Basic Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION

- 50 Budgetary Comparison Schedule for the General Fund - Budget and Actual
- 51 Notes to Required Supplementary Information on Budgetary Accounting and Control
- 52-54 Wisconsin Retirement System Pension Schedules
- 55 Wisconsin Retirement System Local Retiree Life Insurance Fund Schedules
- 56 OPEB Healthcare Defined Benefit Plan Schedules

WAUSAU SCHOOL DISTRICT
TABLE OF CONTENTS - Continued
JUNE 30, 2025

<u>Page</u>	
	<u>SUPPLEMENTARY INFORMATION</u>
57	Combining Balance Sheet - Nonmajor Governmental Funds
58	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
59	Schedule of Charter School Authorizer Operating Costs
60	Schedule of Expenditures of Federal Awards
61	Schedule of State Financial Assistance
62	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
	<u>OTHER REPORTS</u>
63-64	Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>
65-67	Independent Auditors' Report on Compliance For Each Major Program and Report on Internal Control over Compliance in Accordance With the Uniform Guidance and <i>State Single Audit Guidelines</i>
68-69	Schedule of Findings and Questioned Costs
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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Wausau School District
Wausau, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wausau School District, Wisconsin, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Wausau School 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, each major fund, and the aggregate remaining fund information of the Wausau School District, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Wausau School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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 Wausau School District's ability to continue as a going concern for twelve months beyond the financial statement issuance date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Wausau School 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 Wausau School 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, budgetary comparison information, Wisconsin Retirement System pension schedules, Wisconsin Retirement System Local Retiree Life Insurance Fund schedules, and OPEB healthcare defined benefit plan schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wausau School District's basic financial statements. The combining and individual nonmajor fund financial statements, schedule of charter school authorizer operating costs, schedule of expenditures of federal awards, and the schedule of state financial assistance, 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 *State Single Audit Guidelines* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is 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 15, 2025 on our consideration of the Wausau School 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 Wausau School District's internal control over financial reporting and compliance.

HAWKINS ASH CPAS, LLP

Hawkins Ash CPAs, LLP

Manitowoc, Wisconsin
December 15, 2025

**WAUSAU SCHOOL DISTRICT
WAUSAU, WISCONSIN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2025**

This Discussion and Analysis of the Wausau School District's financial information provides an overall review of financial activities for the fiscal year. The analysis generally focuses on school district financial performance as a whole.

FINANCIAL HIGHLIGHTS

- The District's overall financial position, as reflected in total net assets, increased by \$4.6 million to \$159.8 million. The financial position includes the Wisconsin Retirement System (WRS) asset, deferred inflows of resources, and deferred outflows of resources. Some of the major items that affected the overall financial position are:
 - Long term liabilities decreased by 12.0 million. (Increase to net position)
 - Capital assets less depreciation increased 33.2 million. (Increase to net position)
 - Wisconsin Retirement System asset decreased 3.7 million (Decrease to net position)
 - Other Post Employment benefits inflows and outflows increased 2.2 million (Increase to net position)
 - Governmental Fund Balance decreased by 39.2 million. (Decrease to net position)
- **The District's total Governmental Fund balance Decreased \$39.2 million to \$71.8 million.**
 - General Fund balance decreased \$2.3 million to \$28.0 million which is 22.08% of 2024-25 expenditures. Major positive and negative impacts to fund balance can be attributed to the following:
 - Health Insurance claims were higher than expected. (Negative)
 - Other Insurances were less than expected. (Positive)
 - Salary expenses were less than expected. (Positive)
 - Transportation and fuel costs were less than expected. (Positive)
 - Open enrollment expenses were higher than expected. (Negative)
 - The transfer to Fund 27 was more than expected (Negative)
 - Open Enrollment revenues were higher than expected. (Positive)
 - Special Project Grants were less than expected (Negative)
 - Federal Aid State Agency, not DPI was less than expected. (Negative)
 - Debt Service fund balance increased \$0.1 million. Revenue from the debt service levy and interest income was more than the debt service payments.
 - Capital Projects fund balance decreased \$36.9 million.
 - Other Governmental Funds decreased \$0.1 million. Food Service Fund decreased, Non-Scholarship Donation Fund which now includes Fund 21 increased, Non- referendum debt decreased, Community Service Fund decreased and Long-term Capital Improvement Trust increased.
- **Long -Term liabilities decreased by \$12.0 million.**
 - General obligation debt and premium decreased \$20.6 million.
 - Accrued Interest decreased \$.2 million.
 - WRS net pension decreased \$.8 million.
 - Capital Leases decreased \$.2 million.
 - Net OPEB obligation decreased \$.2 million.
 - Compensated absences increased \$10.0 million.

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements are comprised of 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition, other information supplementary to the basic financial statements is provided.

District Wide Financial Statements

- The district-wide financial statements are the *statement of net assets* and *statement of activities*. These statements present an aggregate view of the district's finances in a manner similar to private-sector business. Both statements include functions that are supported principally by property and intergovernmental revenues, called *governmental activities*. Functions that are intended to recover all or a significant portion of costs through user fees and charges (*business type activities*) are not included because the district does not have any of these activities.
- The *statement of net assets* presents information on all of the district's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.
- The *statement of activities* presents information showing how the district's net assets changed during the year. This statement reports the cost of government functions and how those functions were financed for the fiscal year.
- The district-wide financial statements are shown on pages 18 and 19 of this report.

Fund Financial Statements

- The district also produces *fund financial statements*. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The district, like other state and local governments, uses fund accounting to demonstrate compliance with finance related legal requirements. Fund statements generally report operations in more detail than the district-wide statements and provide information that may be useful in evaluation of a district's near-term financing requirements.
- There are two fund financial statements, *the balance sheet* and *the statement of revenues, expenditures and changes in fund balances*. Generally, fund statements focus on near- term inflows and outflows of spendable resources and their impact on fund balance.
- Because the focus of fund financial statements is narrower than that of the district-wide statements it is useful to make comparison between the information presented. By doing so readers may better understand the long-term implication of the government's near-term financial decisions. A reconciliation to facilitate this comparison is provided either at the bottom of the governmental funds statement or as a separate statement.
- The district has two kinds of funds: *governmental*, and *fiduciary*. *Governmental funds* include the district's five permanent funds (general, special education, debt service, food service and Employee Benefit Trust Fund) and individual capital project funds as needed. The only *fiduciary funds* for the district serve as agency funds for student activity funds.

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2025**

- Financial information is presented separately on both the *balance sheet* and the *statement of revenues, expenditures and changes in fund balance* for the general fund, debt service fund and the capital projects fund as these are considered to be major funds. Data for non-major funds is combined and provided in a separate column. The governmental fund financial statements are on pages 20 and 21 of this report. A detailed balance sheet for nonmajor governmental funds is on page 57 of this report.
- The district serves as a trustee, or *fiduciary*, for student activity funds. The assets of these organizations do not directly benefit nor are under the direct control of the district. The district's responsibility is limited to ensuring the assets reported in these funds are used only for their intended purposes. *Fiduciary* activities are excluded from the district-wide financial statements because the district cannot use these assets to finance its operations. *Fiduciary* fund statements are presented on page 23 and 24.
 - The district adopts an annual appropriated budget for its general fund and special education fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget. The budgetary comparison statements are on page 50.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 25 to 49 of this report.

The major features of the district's financial statements, including the portion of the activities reported and the type of information contained is shown in the table below.

Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2025

	District-Wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire district (except fiduciary funds).	The activities of the district that are not fiduciary, such as instructional, and support services.	Assets held by the district on behalf of someone else. Student and other organizations that have funds on deposit with the district are reported here.
Required financial statements	Statement of net assets, and Statement of activities	Balance sheet, and Statement of revenues, expenditures and changes in fund balance.	Statement of fiduciary net assets, and Statement of changes in fiduciary net assets.
Basis of accounting and measurement focus	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial resources focus.	Accrual accounting. Economic resources focus.
Type of asset 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. These funds do not currently contain any capital assets, although they can.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability are due and payable.	All additions or deductions during the year, regardless of when cash is received and paid.

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2025**

FINANCIAL ANALYSIS

The District as a Whole

Net position. Table 1 below, provides a summary of the district's net position for the year ended June 30, 2025.

Table 1 Condensed Statement of Net Position June 30, 2025	
Current assets	\$ 87,903,452
Capital assets	203,161,057
Deferred outflows of resources	<u>35,535,332</u>
Total assets and deferred outflows of resources	326,599,841
 Current liabilities	 26,311,473
Noncurrent portion of long-term obligations	<u>116,407,145</u>
Total liabilities	142,718,618
 Deferred inflows of resources	
Wisconsin Retirement Systems pension	<u>24,124,154</u>
Total deferred inflows of resources	24,124,154
 Net position	
Invested in capital assets, net of related debt	137,864,443
Restricted	24,217,867
Unrestricted	<u>(2,325,241)</u>
Total net position	<u>\$ 159,757,069</u>
 Total liabilities and net position	 <u>\$ 326,599,841</u>

In governmental activities, total assets decreased \$19.9 million.

- Current Assets decreased \$39.0 million. Major positive and negative impacts to Current Assets can be attributed to the following:
 - Decrease in Cash and Investments \$35.7 million. (Negative)
 - Decrease in Due from Other Governments \$1.8 million. (Negative)
 - Other Assets decreased \$1.5 million (Negative)
- Capital Assets increased \$33.2 million due to additional assets, leases and SBITA software.
- Deferred Outflows of Resources decreased \$14.1 million.

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2025**

**Table 2
Change in Net Position
June 30, 2025**

Revenues

Program revenues

Charges for services	\$ 1,427,952
Operating grants & contributions	11,893,877
General revenues	
Property taxes	44,431,519
State formula aid	93,365,275
Other	<u>11,117,767</u>
Total revenues	<u>162,236,390</u>

Expenses

Instruction	73,585,246
Pupil & instructional services	15,875,133
General, building administration	7,897,970
Business administration, central services	43,726,212
Interest	3,762,868
Other support services	<u>3,002,255</u>
Total expenses	<u>147,849,684</u>

Change in net position from operations	\$ 14,386,706
Net position - beginning of year	\$ 155,185,338
Change in accounting principle	\$ (9,814,975)
Net position - end of year	\$ 159,757,069

As shown, general revenues provide about 91.79% of the funding for governmental activities. State aid alone, accounts for 57.55% of the funding for governmental activities, while property taxes account for 27.39%.

- Program revenues, in the form of charges for services and operating grants and contributions, accounted for \$13.3 million of the total revenues of \$162.2 million.
- General revenues for operations accounted for \$148.9 million. Local property taxes decreased, state aid increased and other revenues increased.

Through effective management of resources and a continued effort to secure additional funding sources the district improved its financial position.

- The district continued to apply for and receive competitive federal and state grants in 2025. These grants allow the district to maintain reduced class sizes and provide additional services to students during regular instruction and through after school programs.

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2025**

- The district summer school program continues to increase offerings to meet the needs of all students.
- The health insurance and wellness committees continue to research ways to reduce costs.
- The district implemented and maintains four charter schools.
- Cash-flow is monitored and investments with Board approved entities are made to maximize interest income when funds are available.
- The District has maintained an adequate fund balance. The fund balance has helped the District keep a higher bond rating and avoid short term borrowing.
- The district continues to run successful 4K and Early Childhood programs.

Governmental Activities

Net cost of governmental activities. Table 3 reports the cost of seven major district activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

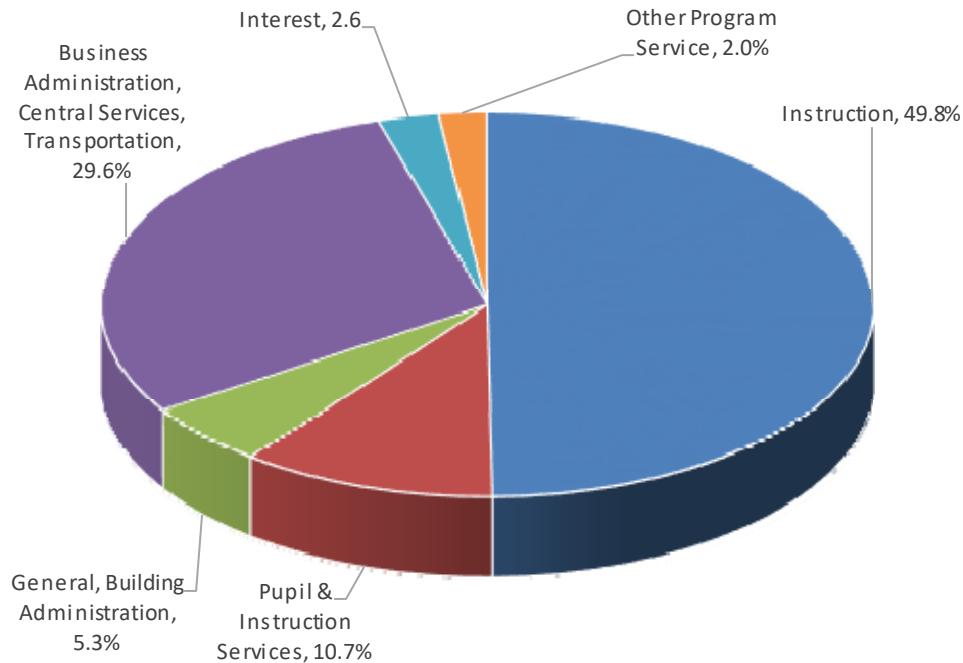
**Table 3
Net Cost of Governmental Activities
June 30, 2025**

	Total Costs of Services	Net Costs of Services
Instruction	\$ 73,585,246	\$ 66,067,923
Pupil & instructional services	15,875,133	15,279,505
General, building administration	7,897,970	7,897,970
Business administration, central services	43,726,212	38,517,334
Other support services	3,762,868	3,762,868
Interest	3,002,255	3,002,255
Total expenses	\$ 147,849,684	\$ 134,527,855

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2025**

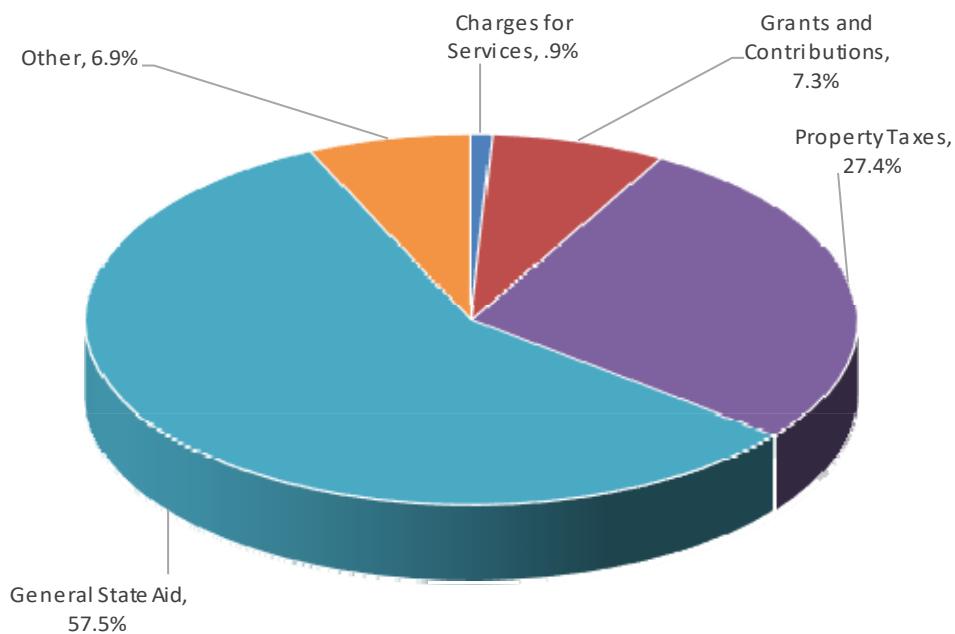
- Expenses by major function are illustrated below.

Expenses 2024-25



- The revenue graph below shows that General State Aid and Property Taxes account for the greatest portion of revenues for the district.

Revenues 2024-25



**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2025**

Governmental Funds

In governmental funds, total fund balance decreased by \$39.2 million.

- General Fund balance decreased \$2.3 million due to higher insurance costs, open enrollment expenses, transfer to fund 27, lower special project grants and federal aid state agency. The decreases were offset by lower salary, other insurances, and transportation expenses, and increased open enrollment revenue.
- Debt Service fund balance increased \$.1 million. The balance decreased due to the difference in the amount levied (calendar year) and the amount spent (fiscal year).
- Capital Projects Fund decreased \$36.9 million.
- Other Governmental Funds decreased \$.1 million.

Budget Variances

The Statement of Revenues, Expenditures and Changes in Fund Balances, found on page 50, shows variances between the final budget and actual revenues/expenditures. The variance between the final revenue budget and actual revenues was **-1.71%**. Significant items that caused this variance were as follows:

- State Sources – Special project grants and state tuition payments were less than budgeted.
- Federal Sources - Medicaid and forward health reimbursements were less than budgeted.

The variance between the final expenditure budget and actual expenditures was **-0.54%**.

Significant items that caused this variance were as follows:

- Regular Instruction – Increased grant expenditures were more than expected and were partially offset by open positions.
- Vocational Instruction – Salaries and benefits were more than expected.
- Instructional Staff Services – Federal grants expenditures were less than expected.
- General Administration Services – Consulting and referendum expenses more than expected.
- Insurance – Liability Insurance and Workers Compensation expenditures were less than expected.
- Other Support Services – WiFi access and technology hardware expenditures were under budget while district dues and fees were over budget.
- Transfer To/From Other Funds –Special Education Fund transfer was more than expected.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2025, the district had invested \$273.6 million in a broad range of capital assets, including buildings, sites, library books, and equipment. This amount represents a net increase of \$36.7 million over the prior fiscal year. Additional information about capital assets can be found in NOTE 3, page 31-33. Total accumulated depreciation on these assets is \$70.7 million resulting in capital assets, net of depreciation, of \$202.9 million.

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2025**

- Capital assets being depreciated increased due to equipment purchased, land improvements and building improvements.
- Accumulated depreciation increased by \$2.9 million. The District recognized depreciation expense and removed equipment that was disposed.

**Table 4
Capital Assets**

	<u>2024</u>	<u>2025</u>	<u>% Change</u>
Land	\$ 7,399,045	\$ 7,399,045	0%
Construction in progress	<u>58,937,721</u>	<u>95,142,116</u>	<u>61%</u>
Total capital assets not being depreciated	<u>\$ 66,336,766</u>	<u>\$ 102,541,161</u>	<u>55%</u>
 Land improvements	 \$ 3,120,845	 \$ 3,236,579	 4%
Buildings	\$ 149,881,973	\$ 149,898,987	0%
Equipment & furniture	\$ 17,540,231	\$ 17,876,241	2%
Accumulated depreciation	<u>\$ (67,765,041)</u>	<u>\$ (70,694,264)</u>	<u>4%</u>
 Total capital assets being depreciated less accumulated depreciation	 <u>\$ 102,778,008</u>	<u>\$ 100,317,543</u>	<u>-2%</u>
 Total	 <u>\$ 169,114,774</u>	<u>\$ 202,858,704</u>	<u>20%</u>

Long-Term Obligations

The District's long term obligations consist of long-term General Obligation Debt for buildings and sites and future obligations for post-employment benefits. At year-end, the district had \$125.4 million in long-term obligations. This is a decrease of \$21.7 million. The decrease is due to reduced capital Wisconsin Retirement System net pension of \$.8 million, general obligation debt of \$20.3 million, issuance premium of \$.3 million, OPEB obligation of \$.2 million, leases of \$.3 million and a decrease in compensated absences of \$.2 million

General Obligation/Refunding Bonds

This category represents long-term debt for building and site construction and renovations. Total General Obligation Debt as of June 30, 2025 was \$81.9 million. The legal debt limit in accordance with section 67.03(1)(b) of the Wisconsin statutes is \$618.5 million (10% of the 2024 equalized valuation of the District as certified by the Wisconsin Department of Revenue). More information on general obligation/refunding bonds can be found in Note 4 on pages 33-34.

In 2015 a referendum authorizing \$29,565,000 was passed. The 2015 referendum authorized construction of additions to G.D. Jones, Hawthorn Hills, Riverview, Thomas Jefferson, Wausau East High School, and Wausau West High School. Capital maintenance projects throughout the District were also authorized.

In 2022 a referendum authorizing \$119,800,000 was passed. The 2022 referendum authorized paying the cost of a school building project consisting of: district-wide safety and security, school updates, building infrastructure, capital maintenance and site improvements; remodeling at all middle and high

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2025**

schools; construction of additions at Horace Mann and John Muir Middle Schools, West and East High Schools and Grant, Riverview, South Mountain and Stettin Elementary Schools; construction of a new School Forest Environmental Learning Center; and acquisition of furnishings, fixtures and equipment.

The following table projects the future debt mill rate requirements based on existing obligations and assuming the equalized value will increase 10.12% in 2024 and increase 1% in future years.

Table 5 Future Debt Mill Rate (2025-2042) 8 Years Shown		
Levy Year	Current	
	Statutory Debt	Debt
Levy Year	Per Levy Year	Mill Rate
2025	\$ 18,924,508	2.80
2026	\$ 6,198,763	0.90
2027	\$ 7,267,038	1.04
2028	\$ 7,265,463	1.02
2029	\$ 7,268,088	1.00
2030	\$ 7,263,838	0.98
2031	\$ 7,268,025	0.96
2032	\$ 7,266,325	0.94

Post-Employment Benefits

The District's post-employment benefit program provides health and dental insurance to eligible retired employees. The net OPEB obligation account on June 30, 2025 was \$20,148,116. For the year ended June 30, 2025 the District recognized OPEB healthcare expense of \$125,380.

Factors Bearing on the District's Future

Currently known circumstances that may impact the District's financial status in the future are:

- The current economic conditions and uncertainties make it a challenge to plan for the future. Funding in future years, property values, retirements, and employees' salary and benefits are factors that are hard to predict. The District is continuing to work on compensation process for all employee groups.
- Prepaying debt through defeasance and prepayments is a strategy the District has used to maintain a stable tax rate while saving the District interest payments on callable debt issues. The continuation of this strategy along with the corresponding tax rate will be reconsidered prior to establishing the District tax levy in future years.
- Revenue limit increases have not kept pace with inflation. This causes the District budget reconciliation process to be more of a challenge.
- Shifting student demographics, building capacity, open enrollment fluctuations, expansion of voucher programs and associated funding issues.

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2025**

- A growing list of capital improvements including roofs, windows, and HVAC may be more than the current budget can accommodate. The District continues to consider a future bond referendum to fund some of these necessary capital improvements.

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 Josh Viegut, Assistant Superintendent of Operations or Noel Tordsen, Supervisor of Financial Services, Wausau School District, 415 Seymour Street, Wausau, WI 54402-0359.

**WAUSAU SCHOOL DISTRICT
WAUSAU, WISCONSIN**

**BASIC
FINANCIAL STATEMENTS**

**WAUSAU SCHOOL DISTRICT
WAUSAU, WISCONSIN**

**DISTRICT-WIDE
FINANCIAL STATEMENTS**

WAUSAU SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and investments	\$ 74,536,909
Receivables	
Accounts	14
Taxes	10,833,693
Interest	544
Due from other governments	2,532,292
Capital assets (net of accumulated depreciation/amortization)	
Capital assets not being depreciated	102,541,161
Capital assets being depreciated	100,317,543
Leased assets being amortized	179,584
SBITA assets being amortized	122,769
TOTAL ASSETS	<u>291,064,509</u>
DEFERRED OUTFLOWS OF RESOURCES	
Wisconsin Retirement System pension	30,030,639
Wisconsin Retirement System LRLIF	1,358,819
OPEB healthcare	4,145,874
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>35,535,332</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>326,599,841</u>
LIABILITIES	
Accounts payable	787,233
Self insurance claims payable	4,240,395
Accrued liabilities	
Payroll, payroll taxes, insurance	9,445,014
Interest	1,238,106
Payable to external parties	1,248,391
Deposits payable	345,028
Unearned revenue	10,686
Current portion of long-term obligations	8,996,620
Noncurrent portion of long-term obligations	116,407,145
TOTAL LIABILITIES	<u>142,718,618</u>
DEFERRED INFLOWS OF RESOURCES	
Wisconsin Retirement System pension	16,020,576
Wisconsin Retirement System LRLIF	3,280,367
OPEB healthcare	4,823,211
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>24,124,154</u>
NET POSITION	
Net investment in capital assets	137,864,443
Restricted for	
Special revenue	3,880,944
Capital projects	10,412,537
Debt service	8,614,753
Other activities	1,309,633
Unrestricted	(2,325,241)
TOTAL NET POSITION	<u>159,757,069</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 326,599,841</u>

The accompanying notes are an integral part of these statements.

WAUSAU SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
GOVERNMENTAL ACTIVITIES				
Instruction				
Regular instruction	\$ 50,555,403	\$ -	\$ -	\$ (50,555,403)
Vocational instruction	3,074,467	-	-	(3,074,467)
Special instruction	14,882,587	-	7,454,299	(7,428,288)
Other instruction	5,072,789	63,024	-	(5,009,765)
Total instruction	<u>73,585,246</u>	<u>63,024</u>	<u>7,454,299</u>	<u>(66,067,923)</u>
Support services				
Pupil services	9,328,899	-	-	(9,328,899)
Instructional staff services	6,546,234	-	595,628	(5,950,606)
General administration services	1,336,263	-	-	(1,336,263)
Building administration services	6,561,707	-	-	(6,561,707)
Business services	31,775,765	1,364,928	3,843,950	(26,566,887)
Central services	1,251,228	-	-	(1,251,228)
Insurance	1,030,721	-	-	(1,030,721)
Interest	3,762,868	-	-	(3,762,868)
Other support services	3,002,255	-	-	(3,002,255)
Total support services	<u>64,595,940</u>	<u>1,364,928</u>	<u>4,439,578</u>	<u>(58,791,434)</u>
Non-program transactions	<u>9,668,498</u>	<u>-</u>	<u>-</u>	<u>(9,668,498)</u>
TOTAL GOVERNMENTAL ACTIVITIES	\$ 147,849,684	\$ 1,427,952	\$ 11,893,877	\$ (134,527,855)
General revenues				
Taxes				
Property taxes, levied for general purposes				19,265,755
Property taxes, levied for debt services				24,373,764
Property taxes, levied for community services				792,000
State and federal aids not restricted to specific functions				93,365,275
Interest and investment earnings				4,266,709
Miscellaneous				6,812,185
Net gain on disposal of capital assets				38,873
Total general revenues				<u>148,914,561</u>
CHANGE IN NET POSITION				<u>14,386,706</u>
NET POSITION - BEGINNING OF YEAR, AS PREVIOUSLY REPORTED				<u>155,185,338</u>
CHANGE IN ACCOUNTING PRINCIPLE				<u>(9,814,975)</u>
NET POSITION - BEGINNING OF YEAR, AS RESTATED				<u>145,370,363</u>
NET POSITION - END OF YEAR	\$ 159,757,069			

The accompanying notes are an integral part of these statements.

**WAUSAU SCHOOL DISTRICT
WAUSAU, WISCONSIN**

**FUND
FINANCIAL STATEMENTS**

WAUSAU SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	GENERAL FUND	DEBT SERVICE	OTHER CAPITAL	TOTAL NONMAJOR	TOTAL
		REFERENDUM APPROVED	PROJECTS FUND	GOVERNMENTAL FUNDS	GOVERNMENTAL FUNDS
ASSETS					
Cash and investments	\$ 30,460,554	\$ 8,537,242	\$ 28,373,069	\$ 7,166,044	\$ 74,536,909
Receivables					
Accounts	14	-	-	-	14
Taxes	10,833,693	-	-	-	10,833,693
Interest	544	-	-	-	544
Due from other governments	2,383,407	-	-	148,885	2,532,292
TOTAL ASSETS	43,678,212	8,537,242	28,373,069	7,314,929	87,903,452
LIABILITIES					
Accounts payable	481,616	-	-	305,617	787,233
Self insurance claims payable	4,240,395	-	-	-	4,240,395
Accrued payroll liabilities	9,362,377	-	-	82,637	9,445,014
Due to other funds	1,248,391	-	-	-	1,248,391
Deposits payable	343,871	-	-	1,157	345,028
Unearned revenue	10,686	-	-	-	10,686
TOTAL LIABILITIES	15,687,336	-	-	389,411	16,076,747
FUND BALANCES					
Restricted	1,309,633	8,537,242	28,373,069	6,441,665	44,661,609
Committed	-	-	-	483,853	483,853
Assigned	26,681,243	-	-	-	26,681,243
TOTAL FUND BALANCES	27,990,876	8,537,242	28,373,069	6,925,518	71,826,705
TOTAL LIABILITIES AND FUND BALANCES	\$ 43,678,212	\$ 8,537,242	\$ 28,373,069	\$ 7,314,929	

Total net position reported for governmental activities in the statement of net position is different from the amount reported above as total governmental funds fund balance because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position are:

Governmental capital assets	\$ 273,552,968	
Governmental accumulated depreciation	(70,694,264)	202,858,704
Governmental capital lease	\$ 291,219	
Governmental accumulated amortization	(111,635)	179,584
Governmental SBITA assets	\$ 605,324	
Governmental accumulated amortization	(482,555)	122,769

Wisconsin Retirement System asset, deferred inflows of resources, and deferred outflows of resources are not current financial resources and are not reported in fund statements: 12,088,515

Other post employment benefits deferred inflows of resources and deferred outflows of resources are not current financial resources and are not reported in fund statements: (677,337)

Long-term liabilities are not due in the current period and therefore are not reported in the fund statements. Long-term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:

General obligation debt	\$ (81,895,000)	
Premium	(3,648,184)	
Capital leases	(197,172)	
Accrued interest	(1,238,106)	
Compensated absences	(10,019,351)	
WRS liability	(9,495,942)	
Net OPEB obligation	(20,148,116)	(126,641,871)

Total net position - governmental activities \$ 159,757,069

The accompanying notes are an integral part of these statements.

WAUSAU SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2025

	GENERAL FUND	DEBT SERVICE REFERENDUM APPROVED	OTHER CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL
					GOVERNMENTAL FUNDS
REVENUES					
Property taxes	\$ 19,265,755	\$ 22,275,000	\$ -	\$ 2,890,764	\$ 44,431,519
Other local sources	785,929	454,500	3,230,340	5,366,146	9,836,915
Interdistrict sources	2,413,714	-	-	-	2,413,714
Intermediate sources	9,432	-	-	-	9,432
State sources	94,373,205	-	-	61,052	94,434,257
Federal sources	7,207,755	-	-	3,607,708	10,815,463
Other sources	504,438	-	135,565	-	640,003
TOTAL REVENUES	124,560,228	22,729,500	3,365,905	11,925,670	162,581,303
EXPENDITURES					
Current					
Instruction					
Regular instruction	47,181,100	-	-	3,130,707	50,311,807
Vocational instruction	3,043,313	-	-	57,483	3,100,796
Special instruction	14,748,449	-	-	-	14,748,449
Other instruction	5,016,529	-	-	14,850	5,031,379
Total instruction	69,989,391	-	-	3,203,040	73,192,431
Support services					
Pupil services	9,221,956	-	-	27,658	9,249,614
Instructional staff services	6,460,611	-	-	6,155	6,466,766
General administration services	831,747	-	-	503,372	1,335,119
Building administration services	6,513,047	-	-	-	6,513,047
Business services	18,866,104	-	40,127,570	6,002,971	64,996,645
Central services	1,208,301	-	-	2,791	1,211,092
Insurance	995,221	-	35,500	-	1,030,721
Other support services	2,775,505	-	-	194,860	2,970,365
Total support services	46,872,492	-	40,163,070	6,737,807	93,773,369
Non-program transactions					
Debt service					
Principal	292,810	2,800,000	-	2,115,000	5,207,810
Interest	32,918	3,745,256	-	98,585	3,876,759
Other	-	383,786	-	-	383,786
Total debt service	325,728	6,929,042	-	2,213,585	9,468,355
TOTAL EXPENDITURES	126,769,419	6,929,042	40,249,760	12,154,432	186,102,653
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,209,191)	15,800,458	(36,883,855)	(228,762)	(23,521,350)
OTHER FINANCING SOURCES (USES)					
Net transfer (to) from other funds	(88,545)	-	-	88,545	-
Sale of capital assets	38,473	-	-	400	38,873
Payment to debt escrow agent	-	(15,733,519)	-	-	(15,733,519)
TOTAL OTHER FINANCING SOURCES (USES)	(50,072)	(15,733,519)	-	88,945	(15,694,646)
NET CHANGE IN FUND BALANCE	(2,259,263)	66,939	(36,883,855)	(139,817)	(39,215,996)
FUND BALANCE - BEGINNING OF YEAR	30,250,139	8,470,303	65,256,924	7,065,335	111,042,701
FUND BALANCE - END OF YEAR	\$ 27,990,876	\$ 8,537,242	\$ 28,373,069	\$ 6,925,518	\$ 71,826,705

The accompanying notes are an integral part of these statements.

WAUSAU SCHOOL DISTRICT

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2025

Net change in fund balances - total governmental funds \$ (39,215,996)

Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay reported as other expenses in fund statements	\$ 36,673,153
Depreciation expense reported in the statement of activities	(2,929,223)
Amortization expense of leased assets in the statement of activities	(281,684)
Amortization expense of SBITA assets in the statement of activities	<u>(214,063)</u>
Amount by which capital outlays are greater than depreciation in the current period:	33,248,183

Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.

This year the accrual of these benefits increased by:	(204,376)
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Wisconsin Retirement System pension asset, deferred outflows of resources, liability, and deferred inflows of resources changes: (2,780,013)

Wisconsin Retirement System LRLIF, deferred outflows of resources, liability, and deferred inflows of resources changes: (133,560)

OPEB healthcare deferred outflows of resources, liability, and deferred inflows of resources changes: 2,417,248

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.

Amount of long-term debt principal payments in the current year is:	20,582,810
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In governmental funds interest payments and other debt costs on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as it accrues.

Amount of interest and other debt costs paid during the current period is	\$ 4,619,064
Amount of interest and other debt costs accrued during the current period is	<u>(4,146,654)</u>
Interest paid is greater than interest accrued by:	<u>472,410</u>

Change in net position - governmental activities **\$ 14,386,706**

WAUSAU SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	PRIVATE PURPOSE TRUST FUND	PENSION (OTHER EMPLOYEE BENEFIT) TRUST FUND
	<u>SCHOLARSHIPS</u>	<u>EMPLOYEE BENEFIT</u>
ASSETS		
Cash and investments	\$ 402,212	\$ 3,896,267
Accounts receivable	-	157,924
Due from other funds	-	1,248,391
TOTAL ASSETS	<u>402,212</u>	<u>5,302,582</u>
LIABILITIES		
Deposits payable	-	65,101
NET POSITION		
Restricted for		
Postemployment benefits other than pensions	-	5,237,481
Individuals and organizations	<u>402,212</u>	-
TOTAL NET POSITION	<u>402,212</u>	<u>5,237,481</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 402,212</u>	<u>\$ 5,302,582</u>

The accompanying notes are an integral part of these statements.

WAUSAU SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2025

	PRIVATE PURPOSE TRUST FUND	PENSION (OTHER EMPLOYEE BENEFIT) TRUST FUND
	<u>SCHOLARSHIPS</u>	<u>EMPLOYEE BENEFIT</u>
ADDITIONS		
Investment income	\$ 15,182	\$ 469,938
Contributions	<u>25,078</u>	<u>3,536,132</u>
TOTAL ADDITIONS	<u>40,260</u>	<u>4,006,070</u>
DEDUCTIONS		
Disbursements	<u>29,200</u>	<u>3,492,380</u>
CHANGE IN NET POSITION	11,060	513,690
NET POSITION - BEGINNING OF YEAR	<u>391,152</u>	<u>4,723,791</u>
NET POSITION - END OF YEAR	<u>\$ 402,212</u>	<u>\$ 5,237,481</u>

The accompanying notes are an integral part of these statements.

**WAUSAU SCHOOL DISTRICT
WAUSAU, WISCONSIN**

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - Summary of Significant Accounting Policies

The financial statements of the Wausau School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) 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 below.

Reporting Entity - The District is organized as a common school district governed by an elected nine-member school board. The District operates grades kindergarten through grade 12. The District is comprised of all or parts of nine taxing districts.

The District's basic financial statements do not include any component units, as defined in GASB 14 and amended by GASB 39 and GASB 61, as there are no organizations which meet the criterion. The criterion for including a legally separate organization as a component unit is the degree of financial accountability the District has with the organization. A financial benefit or burden relationship needs to be present between the primary government and that organization for it to be included in the reporting entity as a component unit.

The following circumstances set forth the District's financial accountability for a legally separate organization: the District is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District. The District may be financially accountable if an organization is fiscally dependent on the District regardless of whether the organization has (1) a separately-elected governing body, (2) a governing body appointed by a higher level of government, or (3) a jointly-appointed governing body. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading.

Basis of Presentation

District-Wide Statements

The statement of net position and the statement of activities present financial information about the District's governmental 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 nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues 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.

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2025

NOTE 1 - Summary of Significant Accounting Policies - Continued

Fund Financial Statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds; each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

General Fund - is used for all financial activity that is not required to be accounted for in another fund. This is the District's primary operating fund.

Referendum Approved Debt Service Fund - is used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest.

Other Capital Projects Fund - are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District has two fiduciary funds which account for an employee benefit trust and a private purpose trust.

Measurement Focus and Basis of Accounting

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

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. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty 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 to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases 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 assets 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.

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2025

NOTE 1 - Summary of Significant Accounting Policies - Continued

Cash and Investments - The District's cash and cash equivalents consist of 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, such as the debt service fund.

Investments are stated at fair value, if applicable, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average investment balances.

Property Tax Levy - Under Wisconsin law, personal property taxes and first and second installment real estate taxes are collected by municipal treasurers who then make proportional settlement with the District and county treasurer for those taxes collected on their behalf. Third installment real estate taxes and delinquent taxes are collected by the county treasurer who then makes settlement with the city, town, village, and the District before retaining any for county purposes. Taxes collected by the township are made in two installments, the first by the town, and the second by the county treasurer.

The District's property taxes are levied on or before November 1 on the equalized property valuation certified by the Department of Revenue. As permitted by a collecting municipality's ordinance, taxes may be paid in full or in two or more installments with the first installment payable the subsequent January 31, and a final payment no later than the following July 31. The District is paid by the collecting municipality its proportionate share of tax collections received through the last day of the preceding month on or before January 15, and by the 20 of each subsequent month thereafter. 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 estate property taxes.

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2024 tax levy is used to finance operations of the District's fiscal year ended June 30, 2025. 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.

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

Due to/Due from Other Funds - During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as due to and from other funds. The amounts reported on the statement of net position for receivable/payable from external parties represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type.

Interfund Transactions - Non-exchange transactions which are not borrowing/lending (will not be repaid) are recorded as transfers, and exchange transactions are recorded as revenues and expenses.

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2025

NOTE 1 - Summary of Significant Accounting Policies - Continued

Capital Assets - Capital assets are reported at actual cost or estimated historical costs, based on appraisals conducted by an independent third-party professional appraisal firm. Donated assets are reported at estimated acquisition value at the date of donation.

Capitalization thresholds (the dollar value 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 are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land improvements	\$ 5,000	Straight-line	10-20 years
Buildings	\$ 5,000	Straight-line	75 years
Equipment	\$ 5,000	Straight-line	5-20 years

Leases - The District is a lessee because it leases capital assets from other entities. The lease liability is measured using the present value of payments to be made during the lease term. The corresponding intangible right-to-use capital asset is amortized over the shorter of the lease term or the useful life.

Subscription-Based Information Technology Arrangements (SBITA) - The SBITA liability is measured using the present value of payments to be made during the subscription term. The corresponding intangible right-to-use capital asset is amortized over the shorter of the term or the useful life.

Debt Premiums and Discounts - In the government-wide financial statements, debt premiums and discounts are amortized over the life of the debt. Long-term debt is reported net of the applicable debt premium or discount.

In the fund financial statements, premiums and discounts are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

Compensated Absences - Vacation and sick leave policies provide paid time off in varying amounts. Benefits considered more likely than not to be used or settled at separation are recognized as a liability. The liability is reported in the government-wide financial statements. A liability for these amounts is reported in the government funds only if the liability has matured as a result of employee terminations, resignations or retirements. The liability includes salary related benefits where applicable.

Pension - The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the net pension liability (asset), deferred outflows or 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.

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2025

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

Deferred Outflows and Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The District has three items that qualify for reporting in this category. They are the Wisconsin Retirement System pension, Wisconsin Retirement System LRLIF, and OPEB healthcare reported in the government-wide statement of net position. The Wisconsin Retirement System pension, Wisconsin Retirement System LRLIF, and OPEB healthcare result from changes in their actuarial studies and are amortized over the average of the expected remaining service lives of participants.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The District has three types of items, Wisconsin Retirement System pension, Wisconsin Retirement System LRLIF, and OPEB healthcare which qualify for reporting in this category. The Wisconsin Retirement System pension, Wisconsin Retirement System LRLIF, and OPEB healthcare result from changes in their actuarial studies and are amortized over the average of the expected remaining service lives of participants.

Estimates - The preparation of the financial statements in conformity with generally accepted accounting principles 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.

Net Position Classifications - Net position represents the difference between the total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Net investment in capital assets 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.

Fund Balance Classifications - The District classifies its fund equity as follows: 1) nonspendable fund balance consists of equity not in a spendable form or is legally or contractually required to be maintained intact, 2) restricted fund balance consists of equity constrained to specific purposes by their providers, externally imposed by creditors, constitutional provisions or by enabling legislation, 3) committed fund balance consists of equity constrained to specific purposes by the District itself, using its highest level of decision making authority - Board of Education policies, 4) assigned fund balance consists of equity the governing body intends to use for a specific purpose, intent can be expressed by

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2025

NOTE 1 - Summary of Significant Accounting Policies - Continued

the governing body. The Board of Education has authorized the Supervisor of Financial Services to assign fund balances through its financial management policy and 5) unassigned fund balance consists of equity available for any purpose.

When net losses occur, it is the District's policy to record the net loss against unassigned fund balance, then assigned fund balance, then committed fund balance and lastly to restricted fund balance. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

NOTE 2 - Cash and Investments

State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, state obligations, U.S. Treasury obligations, U.S. agency issues, repurchase agreements and other investments secured by federal securities, 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. No significant violations of these restrictions occurred during the year.

As of June 30, 2025, the District had the following investments:

<u>Investment</u>	<u>Weighted average maturities</u>	<u>Fair value</u>
Midwest Institutional Trust Company	Less than one year	\$ 3,896,267
State of Wisconsin Investment Pool	Less than one year	6,839
Wisconsin Investment Trust	Less than one year	747,497
Wisconsin Investment Series Cooperative	Less than one year	34,393,049
Certificates of deposit	Less than one year	723,068
Total		<u>\$39,766,720</u>

Investment Pool Information - Participation in the State of Wisconsin Local Government Investment Pool is voluntary. The Pool's regulatory oversight is provided by state statutes and its investment board. The fair value of the District's position in the Pool is the same as the value of the Pool shares. At June 30, 2025, the Pool's fair value was 100 percent of book value.

Determining Fair Value - The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurements:

- 1) Midwest Institutional Trust Company values are determined based on published market quotations (level 2 inputs).
- 2) State of Wisconsin Local Government Investment Pool fair value is determined monthly by the Pool's investment board based on published market quotations (level 2 inputs).
- 3) Wisconsin Investment Trust is determined based on published market quotations (level 1 inputs).
- 4) Wisconsin Investment Series Cooperative is determined based on published market quotations (level 1 inputs).

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2025

NOTE 2 - Cash and Investments - Continued

Income Allocation - Interest income is generally allocated to the fund that owns the certificate of deposit, money market account, savings account, and investment. Interest income from the food service fund is reported in the general fund.

Interest Rate Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to mature or may be tendered for purchase at the option of the holder within not more than 7 years of the date acquired. The District does not have a formal investment policy that would further limit investment maturities as a means of further managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investment policy that would further limit its investment choices. The Midwest Institutional Trust Company, State of Wisconsin Investment Pool, Wisconsin Investment Trust, and Wisconsin Investment Series Cooperative are not rated.

Custodial Credit Risk - Deposits - Custodial credit is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. The State of Wisconsin's Public Deposit Guarantee Fund created under Chapter 34 of the Wisconsin Statutes protects the District's designated public depositories against any losses of public funds up to \$1,000,000 subject to the total amount of the Guarantee Fund available. As of June 30, 2025, \$37,477,808 of the District's bank balance of \$40,509,003 was exposed to custodial credit risk as uninsured, pledged collateral, collateralized by U.S. Government of municipal securities held by the bank in the bank's name and a letter of credit. There were zero deposits that were uninsured and uncollateralized.

NOTE 3 - Capital Assets

Capital asset balances and activity for the year ended June 30, 2025 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 7,399,045	\$ -	\$ -	\$ 7,399,045
Construction in progress	58,937,721	36,204,395	-	95,142,116
Total capital assets not being depreciated	66,336,766	36,204,395	-	102,541,161
 Capital assets being depreciated:				
Land improvements	3,120,845	115,734	-	3,236,579
Buildings and improvements	149,881,973	17,014	-	149,898,987
Equipment	17,540,231	336,010	-	17,876,241
Total capital assets being depreciated	170,543,049	468,758	-	171,011,807

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2025

NOTE 3 - Capital Assets - Continued

Less accumulated depreciation for:

Land improvements	(1,734,345)	(117,634)	-	(1,851,979)
Buildings and improvements	(51,449,202)	(2,311,619)	-	(53,760,821)
Equipment	(14,581,494)	(499,970)	-	(15,081,464)
Total accumulated depreciation	(67,765,041)	(2,929,223)	-	(70,694,264)
Total capital assets being depreciated, net of accumulated depreciation	102,778,008	(2,460,465)	-	100,317,543
Capital assets, net of accumulated depreciation	<u>\$ 169,114,774</u>	<u>\$33,743,930</u>	<u>\$</u>	<u>\$202,858,704</u>

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 21,446
Vocational instruction	8,699
Special education instruction	2,954
Other instruction	1,957
Pupil services	154
Instructional staff services	2,204
General administration services	136
Building administration services	2,533
Business services	2,865,626
Central services	23,514
Total	<u>\$ 2,929,223</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being amortized:				
Leased equipment	\$ 1,408,419	\$ -	\$ (1,117,200)	\$ 291,219
SBITA asset	764,957	-	(159,633)	605,324
Total capital assets being amortized	<u>2,173,376</u>	<u>-</u>	<u>(1,276,833)</u>	<u>896,543</u>
Less accumulated amortization for:				
Leased equipment	(947,151)	(281,684)	1,117,200	(111,635)
SBITA asset	(428,125)	(214,063)	159,633	(482,555)
Total accumulated amortization	<u>(1,375,276)</u>	<u>(495,747)</u>	<u>1,276,833</u>	<u>(594,190)</u>
Total capital assets being amortized, net of accumulated amortization	798,100	(495,747)	-	302,353
Capital assets, net of accumulated amortization	<u>\$ 798,100</u>	<u>\$ (495,747)</u>	<u>\$</u>	<u>\$ 302,353</u>

The District leases copiers, computers, and contracts with various vendors for the right to use their IT software. Amortization expense was charged to the following:

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2025

NOTE 3 - Capital Assets - Continued

Regular instruction	\$ 339,604
Special education instruction	44,688
Pupil services	53,211
Business services	58,244
Total	<u>\$ 495,747</u>

NOTE 4 - Long-Term Liabilities

Long-term obligations are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds payable	\$ 97,825,000	\$ -	\$ (18,175,000)	\$ 79,650,000	\$ 2,945,000
Notes payable - direct placement	4,360,000	-	(2,115,000)	2,245,000	1,110,000
Leases	442,801	-	(245,629)	197,172	57,107
SBITA	47,181	-	(47,181)	-	-
Premium	3,957,646	-	(309,462)	3,648,184	271,683
Compensated absences - vacation	525,022	223,962	(548,346)	200,638	200,638
Compensated absences - sick pay	9,289,953	2,454,690	(1,925,930)	9,818,713	1,869,564
Wisconsin Retirement System					
Net pension liability	5,202,492	287,314	-	5,489,806	-
LRLIF	5,084,855	-	(1,078,719)	4,006,136	-
OPEB healthcare	20,367,258	2,002,443	(2,221,585)	20,148,116	2,542,628
Total	<u>\$ 147,102,208</u>	<u>\$ 4,968,409</u>	<u>\$ (26,666,852)</u>	<u>\$ 125,403,765</u>	<u>\$ 8,996,620</u>

Interest costs incurred during the year totaled \$3,762,868. Total interest paid during the year aggregated \$4,235,278 including \$30,996 for capital leases and \$1,922 for SBITAs.

General Obligation Debt - All long-term debt is secured by the full faith and credit and unlimited taxing powers of the District. The long-term debt is expected to be repaid with general property taxes. Long-term debt at June 30, 2025 is comprised of the following individual issues:

<u>Issue Description</u>	<u>Issue Dates</u>	<u>Interest Rates (%)</u>	<u>Dates of Maturity</u>	<u>Balance</u>
Bonds	8/4/15	2-5%	3/1/32	\$ 2,235,000
Bonds	3/1/16	2.5-2.75%	3/1/35	10,000,000
Notes - direct placement	7/6/17	2-2.1%	3/1/27	2,245,000
Bonds	7/6/22	4-5%	3/1/40	<u>67,415,000</u>
Total General Obligation Debt				<u>\$ 81,895,000</u>

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2025

NOTE 4 - Long-Term Liabilities - Continued

General Obligation Debt - The 2024 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$6,185,345,156. The legal debt limit and margin of indebtedness as of June 30, 2025 in accordance with section 67.03(1)(b) of the Wisconsin Statutes, follows:

Debt limit (10% of \$6,185,345,156)	\$ 618,534,516
Amount available in debt service fund	8,614,753
Deduct long-term debt applicable to debt margin	<u>(81,895,000)</u>
Margin of indebtedness	<u>\$ 545,254,269</u>

Maturities of Long-Term Obligations - Aggregate cash flow requirements for the retirement of long-term principal and interest are as follows:

Year Ending June 30	Bonds		Notes Payable - Direct Borrowing and Placement		
	Principal	Interest	Principal	Interest	Total
2026	\$ 2,945,000	\$ 3,265,438	\$ 1,110,000	\$ 46,035	\$ 7,366,473
2027	3,090,000	3,114,938	1,135,000	23,835	7,363,773
2028	4,325,000	2,964,638	-	-	7,289,638
2029	4,530,000	2,735,863	-	-	7,265,863
2030	4,765,000	2,503,488	-	-	7,268,488
2031-2035	27,225,000	9,239,788	-	-	36,464,788
2036-2040	32,770,000	3,365,800	-	-	36,135,800
	<u>\$ 79,650,000</u>	<u>\$ 27,189,953</u>	<u>\$ 2,245,000</u>	<u>\$ 69,870</u>	<u>\$ 109,154,823</u>

Year Ending June 30	Leases		
	Principal	Interest	Total
2026	\$ 57,107	\$ 18,064	\$ 75,171
2027	63,421	11,750	75,171
2028	70,434	4,737	75,171
2029	6,210	55	6,265
	<u>\$ 197,172</u>	<u>\$ 34,606</u>	<u>\$ 231,778</u>

Cash Defeasance - The District defeased \$15,375,000 of outstanding 2022 GO bonds. The transaction resulted in an economic gain of \$24,466,567 and a reduction of \$25,512,494 in future debt service payments.

Defeased Debt - The District defeased general obligation debt by depositing money in an irrevocable trust account for future debt service payments of the old debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the District's financial statements. At June 30, 2025, \$27,755,000 of defeased debt remains outstanding.

NOTE 5 - Wisconsin Retirement System

General Information about the Pension Plan

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2025

NOTE 5 - Wisconsin Retirement System - Continued

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, and expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

Vesting - For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits Provided - Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

Vested participants may retire at age 55 (50 for protective occupations) and receive an actuarial-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:

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2025

NOTE 5 - Wisconsin Retirement System - Continued

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2015	2.9	2
2016	.5	(5)
2017	2	4
2018	2.4	17
2019	-	(10)
2020	1.7	21
2021	5.1	13
2022	7.4	15
2023	1.6	(21)
2024	3.6	15

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 \$4,663,112 in contributions from the employer.

Contribution rates as of December 31, 2024 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.9%	6.9%
Protective with Social Security	6.9%	14.3%
Protective without Social Security	6.9%	19.1%
Act 4 Protective County Jailers	14.3%	6.9%

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

At June 30, 2025, the District reported a liability (asset) of \$5,489,806 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2023 rolled forward to December 31, 2024. 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, 2024, the District's proportion was 0.33409946%, which was a decrease of 0.01581116% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the District recognized pension expense (revenue) of \$7,450,444.

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2025

NOTE 5 - Wisconsin Retirement System - Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 17,048,856	\$ 16,020,576
Net differences between projected and actual earnings on pension plan investments	8,342,051	-
Changes in assumptions	1,628,932	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	175,496	-
Employer contributions subsequent to the measurement date	2,835,304	-
Total	\$ 30,030,639	\$ 16,020,576

\$2,835,304 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2026. 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 ending June 30	Deferred Outflows and (Inflows) of Resources
2026	\$ 3,379,459
2027	11,432,838
2028	(2,778,468)
2029	(859,070)
Thereafter	-

Actuarial Assumptions - The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2023
Measurement Date of Net Pension Liability (Asset):	December 31, 2024
Experience Study:	January 1, 2021 - December 31, 2023. Published November 19, 2024
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%
Seniority/Merit	.1% - 5.7%
Mortality:	2020 WRS Experience Mortality Table
Post-retirement Adjustments*	1.7%

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2025

NOTE 5 - Wisconsin Retirement System - Continued

** 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. Includes the impact of known Market Recognition Account deferred gains/losses on the liability for dividend payments.*

Actuarial assumptions are based upon an experience study conducted in 2024 that covered a three-year period from January 1, 2021 to December 31, 2023. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from prior year, including seniority (merit) and separation rates. The total pension liability for December 31, 2024 is based upon a roll-forward of the liability calculated from the December 31, 2023 actuarial valuation.

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

Asset Allocation Targets and Expected Returns
As of December 31, 2024

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Public Equity	38	7	4.3
Public Fixed Income	27	6.1	3.4
Private Equity/Debt	20	9.5	6.7
Inflation Sensitive	19	4.8	2.1
Real Estate	8	6.5	3.8
Leverage	(12)	3.7	1.1
Total Core Fund	100	7.5	4.8
Variable Fund Asset Class			
U.S. Equities	70	6.5	3.8
International Equities	30	7.4	4.7
Total Variable Fund	100	6.9	4.2

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.
New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast 2.6%.

The 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%.

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 6.8% and a municipal bond rate of 4.08% (Source: "20-Bond Go Index" is the Bond Buyer Index, general obligation, 20 years to maturity, mixed quality as of December 31, 2024. In describing this index, the Bond Buyer notes that the bonds' average quality is roughly equivalent to

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2025

NOTE 5 - Wisconsin Retirement System - Continued

Moody's Investors Service's Aa2 rating and Standard and Poor's Corp.'s AA.). 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 6.8%, 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 one percentage point lower (5.8%) or one percentage point higher (7.8%) than the current discount rate:

	1% Decrease to Discount Rate (5.8%)	Current Discount Rate (6.8%)	1% Increase to Discount Rate (7.8%)
District's proportionate share of the net pension liability (asset)	\$ 51,501,558	\$ 5,489,806	\$ (27,200,222)

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Payables to the Pension Plan - The District reported a payable of \$1,193,786 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2025.

NOTE 6 - Wisconsin Retirement System Local Retirement Life Insurance Fund

General Information about the Other Post Employment Benefits

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

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

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

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

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2025

NOTE 6 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued

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

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

Contribution rates as of December 31, 2024 are:

Coverage Type	Employer Contribution
50% post-retirement coverage	40% of employee contribution
25% post-retirement coverage	20% of employee contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2024 are as listed below:

Attained Age	Basic	Supplemental
Under 30	\$.05	\$.05
30-34	.06	.06
35-39	.07	.07
40-44	.08	.08
45-49	.12	.12
50-54	.22	.22
55-59	.39	.39
60-64	.49	.49
65-69	.57	.57

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

During the reporting period, the LRLIF recognized \$24,205 in contributions from the employer.

OPEB Liabilities, OPEB Expense (Revenue), Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEBs

At June 30, 2025, the District reported a liability (asset) of \$4,006,136 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2024, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2024 rolled forward to December 31, 2024. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2024, the District's proportion was 1.023996%, which was a decrease of 0.08125% from its proportion measured as of December 31, 2023.

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2025

NOTE 6 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued

For the year ended June 30, 2025, the District recognized OPEB expense (revenue) of \$157,173.

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 416,778
Net differences between projected and actual earnings on OPEB plan investments	55,015	-
Changes in assumptions	982,992	2,246,957
Changes in proportion and differences between employer contributions and proportionate share of contributions	307,732	616,632
Employer contributions subsequent to the measurement date	13,080	-
Total	\$ 1,358,819	\$ 3,280,367

\$13,080 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows:

Year Ending June 30	Deferred Outflows and (Inflows) of Resources
2026	\$ (183,457)
2027	(404,518)
2028	(477,996)
2029	(491,381)
Thereafter	(377,276)

Actuarial Assumptions - The total OPEB liability in the January 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2025

NOTE 6 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued

Actuarial Valuation Date:	January 1, 2024
Measurement Date of Net OPEB Liability (Asset):	December 31, 2024
WRS Experience Study:	January 1, 2021 - December 31, 2023. Published November 19, 2024
Actuarial Cost Method:	Entry Age Normal
20 Year Tax Exempt Municipal Bond Yield:	4.08%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	4.09%
Salary Increases:	
Wage Inflation	3%
Seniority/Merit	.1% - 5.7%
Mortality:	2020 WRS Experience Mortality Table

* Based on the Bond Buyer GO 20-Bond Municipal index.

Actuarial assumptions are based upon an experience study conducted in 2024 that covered a three-year period from January 1, 2021 to December 31, 2023. The total OPEB liability for December 31, 2024 is based upon a roll-forward of the liability calculated from the January 1, 2024 actuarial valuation.

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

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2024

Asset Class	Index	Target Allocation %	Long-Term Expected Geometric Real Rate of Return %
US Intermediate Credit Bonds	Bloomberg US Interim Credit	40	2.41
US Mortgages	Bloomberg US MBS	60	2.71
Inflation			2.3
Long-term Expected Rate of Return			4.25

Single Discount Rate - A single discount rate of 4.09% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 3.32% for the prior year. The change in the discount rate was primarily caused by the increase in the municipal bond rate from 3.26% as of December 31, 2023 to 4.08% as of December 31, 2024. The plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2025

NOTE 6 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued

employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2037.

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

Sensitivity of the District's proportionate share of the Net OPEB Liability (Asset) to changes in the discount rate - The following presents the District's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 4.09 percent, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.09 percent) or 1-percentage-point higher (5.09 percent) than the current rate:

	1% Decrease to Discount Rate (3.09%)	Current Discount Rate (4.09%)	1% Increase to Discount Rate (5.09%)
District's proportionate share of the net OPEB liability (asset)	\$ 5,354,762	\$ 4,006,136	\$ 2,966,898

Payables to the Pension Plan - The District reported a payable of zero for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2025.

NOTE 7 - Interfund Balances and Activity

Interfund receivable and payable balances on June 30, 2025, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Employee benefit trust	General	\$ 1,248,391

The above balances resulted from the timing differences between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. All amounts are due within one year. For the statement of net position, interfund balances which are owed within the governmental activities are netted and eliminated.

Interfund transfers at June 30, 2025 were as follows:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General	Non-referendum debt service	\$ 88,545

Generally, transfers are used to move revenue from the fund that collects them to the fund that the budget requires to expend them and use unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2025

NOTE 8 - Post Employment Benefits Other Than Pensions

General Information about the Post Employment Benefits Other Than Pensions

Plan Description - The other post employment benefits (OPEB) other than pensions is a single-employer defined benefit OPEB plan. Benefit terms are established by employee handbooks and may be modified by the Board of Education. The plan is administered by the District and included in the District's financial statements.

Benefits Provided - Administrators at least age 55 on or before December 31 with no less than 10 years of service as an Administrator or 5 years of service as an Administrator and 7 years of service as a Teacher will receive contributions that are 100% of the monthly medical, dental and life insurance premiums of the retiree. The District's contributions towards the retiree's medical and dental benefits shall continue for a period of 10 years; whereas, its contributions towards a retiree's life insurance shall not exceed a period of 5 years or age 65.

Administrators retired prior to July 1, 2005 will have the District pay the full amount of the medical premiums until both the retiree and their spouse reach age 65 which may exceed a 10 year duration.

Teachers hired prior to January 1, 2011, at least age 55 with 10 years of service and whose age was less than 15 years below WRS age eligibility as of December 31, 2005 or at least age 55 with 15 years of service will receive contributions towards their medical premiums. Contributions will be \$400 per month for retirees with single medical coverage and \$980 per month for retirees with family coverage. The District's contributions will continue, frozen at these amounts, for a period of 120 months but not to exceed Medicare eligibility.

In lieu of the District provided post employment benefit described above, teachers hired on or after January 1, 2011 will receive an annual benefit that will be funded during active service. In the event that two teachers employed by the District are married to each other, their benefit may be combined.

Employees Covered - As of the June 30, 2024 measurement date, the following employees were covered by the benefit terms. The plan is not closed to new entrants.

Inactive employees or beneficiaries currently receiving benefits	117
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>1,267</u>
Total	<u>1,384</u>

Contributions - The Board of Education has the authority to establish the contribution requirements for the plan. The Board establishes contribution rates based on premiums and an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the unfunded accrued liability. For the year ended June 30, 2025, contribution rates for Plan members were \$0 - \$1,240 per participant per month and \$400 - \$2,490 from the District, depending on the type of retiree plan. Plan members receiving benefits contributed \$577,945 and the District contributed \$2,542,584 to the plan.

Actuarial Assumptions - The net OPEB healthcare liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2025

NOTE 8 - Post Employment Benefits Other Than Pensions - Continued

Actuarial Valuation Date:	June 30, 2023
Measurement Date:	June 30, 2024
Actuarial Cost Method:	Entry Age Normal - Level %
Amortization Period:	30 years
Long-Term Expected Rate of Return:	4.13%
Discount Rate:	4.21%
Salary Increases:	3%
Mortality:	2020 WRS Experience Tables
Medical Care Cost Trend:	7% decreasing to 6.5%, then decreasing by 0.1% per year down to 4.5%, and level thereafter
Dental Care Cost Trend:	5%

The actuarial valuation was based upon the data provided by the District and utilized the premium rate history of the District's medical plans as well as the trends used in the prior valuation and projected a stream of expected premium rates for each year in the future based on the data as of June 30, 2023. Actuarial assumptions are based upon an experience study conducted in 2021 using Wisconsin Retirement System experience from 2018 - 2020.

The OPEB liability for June 30, 2025 is based upon an update of the liability calculated from the June 30, 2023 actuarial valuation. There were no material changes in assumptions or benefit terms which occurred between the actuarial valuation date and the measurement date.

Long-Term Expected Return on Plan Assets - The long-term expected rate of return on plan investments was determined by expected future real rates of return (expected returns, net of plan investment expense and inflation) developed for each major asset class. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Real Rate of Return	Target Allocation
Fixed Income	2.50%	61%
Cash	-%	7%
Equity	2.16%	32%

Discount Rate - A discount rate of 4.21% was used to measure the total OPEB healthcare liability. The discount rate was based on a 20 year municipal bond rate. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB healthcare liability.

Changes in the Net OPEB Healthcare Liability

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2025

NOTE 8 - Post Employment Benefits Other Than Pensions - Continued

	Increase (Decrease)		
	Total OPEB Healthcare Liability (a)	Fiduciary Net Position (b)	Net OPEB Healthcare Liability (a) - (b)
Beginning balance	\$ 24,680,448	\$ 4,313,190	\$ 20,367,258
Changes for the year:			
Service cost	971,278	-	971,278
Interest	1,015,758	-	1,015,758
Differences between expected and actual experience	(535,321)	-	(535,321)
Changes of assumptions or other input	(117,316)	-	(117,316)
Contributions - employer	-	1,230,491	(1,230,491)
Net investment income	-	338,457	(338,457)
Benefit payments	(1,142,940)	(1,142,940)	-
Administrative expense	-	(15,407)	15,407
Net changes	191,459	410,601	(219,142)
Ending balance	<u>\$ 24,871,907</u>	<u>\$ 4,723,791</u>	<u>\$ 20,148,116</u>

Sensitivity of the Net OPEB Healthcare Liability to Changes in the Healthcare Cost Trend Rate - The following presents the net OPEB healthcare liability calculated using the healthcare cost trend rate of 7 percent decreasing to 4.5 percent, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (6 percent decreasing to 3.5 percent) or 1-percentage-point higher (8 percent decreasing to 5.5 percent) than the current rate:

	1% Decrease (6% decreasing to 3.5%)	Healthcare Cost Trend Rates (7% decreasing to 4.5%)	1% Increase (8% decreasing to 5.5%)
Net OPEB healthcare liability	\$ 18,414,106	\$ 20,148,116	\$ 22,119,913

Sensitivity of the Net OPEB Healthcare Liability to Changes in the Discount Rate - The following presents the net OPEB healthcare liability calculated using the discount rate of 4.21 percent, as well as what the net OPEB healthcare liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.21 percent) or 1-percentage-point higher (5.21 percent) than the current rate:

	1% Decrease (3.21%)	Current Discount Rate (4.21%)	1% Increase (5.21%)
Net OPEB healthcare liability	\$ 21,649,527	\$ 20,148,116	\$ 18,718,574

Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB Healthcare

For the year ended June 30, 2025, the District recognized OPEB healthcare expense of \$125,380.

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB healthcare from the following sources:

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2025

NOTE 8 - Post Employment Benefits Other Than Pensions - Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 197,586	\$ 2,616,358
Changes of assumptions or other input	1,396,045	2,206,853
Net difference between projected and actual earnings on OPEB plan investments	9,615	-
Employer contributions subsequent to the measurement date	2,542,628	-
Total	\$ 4,145,874	\$ 4,823,211

\$2,542,628 reported as deferred outflows related to OPEB healthcare resulting from contributions subsequent to the measurement date will be recognized as a reduction on the net OPEB healthcare liability (asset) in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB healthcare will be recognized in expense as follows:

Year ending June 30	Deferred Outflows and (Inflows) of Resources
2026	\$ (519,632)
2027	(361,268)
2028	(490,148)
2029	(363,457)
Thereafter	(1,485,460)

Payables to the OPEB Healthcare Plan - The District reported a payable of zero for the outstanding amount of contributions to the OPEB healthcare plan required for the year ended June 30, 2025.

NOTE 9 - Fund Balance and Net Position

Portions of fund balances and net position are not available for current appropriation or expenditure as follows:

<u>Governmental Fund</u>	<u>Purpose</u>	<u>Amount</u>
Restricted		
General	Self-insurance	\$ 1,285,398
General	Common School Fund	\$ 24,235
Referendum approved debt service	Principal and interest	\$ 8,537,242
Other capital projects	DPI regulation	\$ 28,373,069
Non-scholarship donation	Specific donor expenses	\$ 1,794,740
Food service	DPI regulation	\$ 2,086,204
Non-referendum debt service	Principal and interest	\$ 77,511
Long-term capital improvement trust	DPI regulation	\$ 2,483,210

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2025

NOTE 9 - Fund Balance and Net Position - Continued

Committed		
Community service	Specific expenses	\$ 483,853
Assigned		
General	Specific expenses	\$ 26,681,243
Governmental Activities	Purpose	Amount
Restricted		
Special revenue	DPI regulation	\$ 3,880,944
Capital projects	DPI regulation	\$ 10,412,537
Debt service	Principal and interest	\$ 8,614,753
Other activities	Self-insurance	\$ 1,285,398
Other activities	Common School Fund	\$ 24,235

NOTE 10 - Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters. The District manages these risks through the purchase of various forms of commercial insurance except for self-insured health and dental benefits as described in Note 13. Settled claims have not exceeded commercial coverage in any of the past three years and there has been no significant reduction in insurance coverage from coverage in the prior year.

NOTE 11 - Commitments and Contingent Liabilities

The District has a service agreement with Cooperative Education Service Agency #9 for services to be provided to the District in 2025-2026. Expected costs are \$257,349.

The District has a transportation agreement for the following school years:

2025-2026	\$ 2,625,252
2026-2027	2,743,388
2027-2028	2,866,841
2028-2029	2,995,849
2029-2030	3,130,662
	<u>\$ 14,361,992</u>

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

NOTE 12 - Limitation of School District Revenue

Wisconsin statutes limit the amount of revenue school districts may derive from general school aids and property taxes. This limitation does not apply to revenue needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following (a) a resolution of the school board or by a referendum prior to August 12, 1993 and (b) a referendum on or after August 12, 1993.

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2025

NOTE 13 - Self-Funded Insurance Program

The District established a self-funded health and dental benefit plan for its employees. The plan administrators are responsible for the approval, processing, and payment of claims, after which they bill the District for reimbursement. The District is also responsible for an administrative fee. The plan reports on a fiscal year ending June 30, 2025.

Accounting and budgeting requirements for the plan are established by the Wisconsin Department of Public Instruction. Currently, the plan is accounted for in the general fund and other funds of the District.

The District has no stop-loss coverage for health and dental care coverage of the plan.

The District has reported a liability of \$4,240,395, which represents reported and unreported claims which were incurred on or before June 30, 2025, but were not paid by the District as of that date. Changes in the claims liability for the years ended June 30, 2025 and June 30, 2024 are as follows:

	<u>Year Ended June 30, 2025</u>	<u>Year Ended June 30, 2024</u>
Beginning liability balance	\$ 4,955,237	\$ 5,021,358
Claims and changes in estimates	23,831,577	23,523,777
Claim payments	<u>(24,546,419)</u>	<u>(23,589,898)</u>
Ending liability balance	<u>\$ 4,240,395</u>	<u>\$ 4,955,237</u>

Claim payments are principally funded through charges to employees, which are paid through payroll deductions, and employer contributions to the health and dental plan.

The District premium rates were calculated by a third-party administrator for the self-insured health and dental plan. The District did not receive an actuarial certification related to the adequacy of reserves or financial soundness of the plan.

NOTE 14 - Change in Accounting Principle

The change in accounting principle adjustment of \$9,814,975 on the statement of activities is due to the adoption of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*.

<u>Reporting Units Affected by Adjustments to and Restatements of Beginning Balances</u>		
	<u>Government-Wide</u>	
June 30, 2024, as previously reported	\$	155,185,338
Change in accounting principle		(9,814,975)
June 30, 2024, as restated	<u>\$</u>	<u>145,370,363</u>

**WAUSAU SCHOOL DISTRICT
WAUSAU, WISCONSIN**

**REQUIRED
SUPPLEMENTARY INFORMATION**

WAUSAU SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
 BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2025

	ORIGINAL BUDGETED AMOUNTS			FINAL BUDGETED AMOUNTS			ACTUAL AMOUNTS			VARIANCE WITH	
										FINAL BUDGET	
	GENERAL	SPECIAL EDUCATION	TOTAL	GENERAL	SPECIAL EDUCATION	TOTAL	GENERAL	SPECIAL EDUCATION	TOTAL	POSITIVE	(NEGATIVE)
REVENUES											
Property taxes	\$ 19,249,507	\$ -	\$ 19,249,507	\$ 19,249,507	\$ -	\$ 19,249,507	\$ 19,265,755	\$ -	\$ 19,265,755	\$ 16,248	
Other local sources	790,500		790,500	790,500		790,500	785,929		785,929	(4,571)	
Interdistrict sources	2,214,407	35,000	2,249,407	2,214,407	35,000	2,249,407	2,413,714		2,413,714	164,307	
Intermediate sources							3,032	6,400	9,432	9,432	
State sources	88,986,456	5,649,540	94,635,996	88,986,456	5,649,540	94,635,996	88,985,763	5,387,442	94,373,205	(262,791)	
Federal sources	6,656,919	2,588,336	9,245,255	6,656,919	2,588,336	9,245,255	5,147,298	2,060,457	7,207,755	(2,037,500)	
Other sources	550,000		550,000	550,000		550,000	482,840	21,598	504,438	(45,562)	
TOTAL REVENUES	118,447,789	8,272,876	126,720,665	118,447,789	8,272,876	126,720,665	117,084,331	7,475,897	124,560,228	(2,160,437)	
EXPENDITURES											
Current											
Instruction											
Regular instruction	48,529,424	(1)	48,529,423	48,529,424	(1)	48,529,423	47,181,100		47,181,100	1,348,323	
Vocational instruction	2,858,000		2,858,000	2,858,000		2,858,000	3,043,313		3,043,313	(185,313)	
Special instruction		14,932,165	14,932,165		14,932,165	14,932,165		14,748,449	14,748,449	183,716	
Other instruction	4,880,648		4,880,648	4,880,648		4,880,648	5,016,529		5,016,529	(135,881)	
Total instruction	56,268,072		14,932,164	71,200,236		56,268,072	14,932,164		55,240,942	14,748,449	69,989,391
Support services											
Pupil services	6,356,201	2,726,025	9,082,226	6,356,201	2,726,025	9,082,226	6,092,673	3,129,283	9,221,956	(139,730)	
Instructional staff services	6,160,356	637,856	6,798,212	6,160,356	637,856	6,798,212	5,993,991	466,620	6,460,611	337,601	
General administration services	562,780		562,780	562,780		562,780	831,747		831,747	(268,967)	
Building administration services	6,923,226		6,923,226	6,923,226		6,923,226	6,513,047		6,513,047	410,179	
Business services	17,541,136	1,183,113	18,724,249	17,541,136	1,183,113	18,724,249	17,848,953	1,017,151	18,866,104	(141,855)	
Central services	1,181,244	5,168	1,186,412	1,181,244	5,168	1,186,412	1,192,822	15,479	1,208,301	(21,889)	
Insurance	937,703		937,703	937,703		937,703	995,221		995,221	(57,518)	
Other support services	2,875,775	52,078	2,927,853	2,875,775	52,078	2,927,853	2,744,355	31,150	2,775,505	152,348	
Total support services	42,538,421	4,604,240	47,142,661	42,538,421	4,604,240	47,142,661	42,212,809	4,659,683	46,872,492	270,169	
Non-program transactions	8,717,146	151,236	8,868,382	8,717,146		8,868,382	9,054,137		9,27,671	9,581,808	(713,426)
Debt service											
Principal	245,840		245,840	245,840		245,840	292,810		292,810	(46,970)	
Interest							32,918		32,918	(32,918)	
Total debt service	245,840		245,840	245,840		245,840	325,728		325,728	(79,888)	
TOTAL EXPENDITURES	107,769,479	19,687,640	127,457,119	107,769,479	19,687,640	127,457,119	106,833,616	19,935,803	126,769,419	687,700	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	10,678,310	(11,414,764)	(736,454)	10,678,310	(11,414,764)	(736,454)	10,250,715	(12,459,906)	(2,209,191)	(1,472,737)	
OTHER FINANCING SOURCES (USES)											
Transfer (to) / from other funds	(11,503,309)	11,414,764	(88,545)	(11,503,309)	11,414,764	(88,545)	(12,548,451)	12,459,906	(88,545)	-	
Sale of capital assets	50,000		50,000	50,000		50,000	38,473		38,473	(11,527)	
TOTAL OTHER FINANCING SOURCES (USES)	(11,453,309)	11,414,764	(38,545)	(11,453,309)	11,414,764	(38,545)	(12,509,978)	12,459,906	(50,072)	(11,527)	
NET CHANGE IN FUND BALANCE	(774,999)	-	(774,999)	(774,999)	-	(774,999)	(2,259,263)	-	(2,259,263)	(1,484,264)	
FUND BALANCE - BEGINNING OF YEAR	30,250,139	-	30,250,139	30,250,139	-	30,250,139	30,250,139	-	30,250,139	-	
FUND BALANCE - END OF YEAR	\$ 29,475,140	\$ -	\$ 29,475,140	\$ 29,475,140	\$ -	\$ 29,475,140	\$ 27,990,876	\$ -	\$ 27,990,876	\$ (1,484,264)	

The accompanying notes are an integral part of these statements.

WAUSAU SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
JUNE 30, 2025

NOTE 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, which is in accordance with generally accepted accounting principles. The legally adopted budget and budgetary expenditure control is exercised at the two-digit sub-function level in the General Fund and at the function level for all other funds. Reported budget amounts are as originally adopted or as amended by the School Board resolution.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Based upon requests from District staff, District administration recommends budget proposals to the School Board.
2. The School Board prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
3. A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
4. Pursuant to the public budget hearing, the School Board may alter the proposed budget.
5. After the School Board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire School Board.
6. Appropriations lapse at year-end unless authorized as a carryover by the School Board. The portion of fund balance representing carryover appropriations is reported as a reserve of fund balance.
7. Encumbrance accounting is used by the District.
8. Budgets are adopted on a basis consistent with generally accepted accounting principles.

NOTE 2 - Excess of Actual Expenditure Over Budget - The following expenditure classifications were in excess of \$1,000 over budget.

General/Special Education	Vocational instruction	\$ 185,313
General/Special Education	Other instruction	135,881
General/Special Education	Pupil services	139,730
General/Special Education	General administration services	268,967
General/Special Education	Business services	141,855
General/Special Education	Central services	21,889
General/Special Education	Insurance	57,518
General/Special Education	Non-program transactions	713,426
General/Special Education	Principal	46,970
General/Special Education	Interest	32,918

WAUSAU SCHOOL DISTRICT
WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES
YEAR ENDED JUNE 30, 2025

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
Last 10 Fiscal Years *

Plan Fiscal Year	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2024	0.33409946%	\$ 5,489,806	\$ 67,448,652	8.14%	98.79%
2023	0.34991062%	5,202,492	64,540,552	8.06%	98.85%
2022	0.36287089%	19,223,824	64,590,612	29.76%	95.72%
2021	0.36706933%	(29,586,463)	62,650,851	-47.22%	106.02%
2020	0.37394335%	(23,345,802)	61,563,422	-37.92%	105.26%
2019	0.38171293%	(12,308,167)	59,187,190	-20.80%	102.96%
2018	0.38559986%	13,718,434	59,035,595	23.24%	96.45%
2017	0.39691836%	(11,784,977)	58,188,507	-20.25%	102.93%
2016	0.40199573%	3,313,405	55,026,320	6.02%	99.12%
2015	0.41264480%	6,705,398	59,416,959	11.29%	98.20%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

District Fiscal Year End	Contributions in Relation to the			Contributions as a Percentage of Covered Payroll	
	Contractually Required Contributions	Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Covered Payroll
2025	\$ 4,663,112	\$ (4,663,112)	\$ -	\$ 67,285,708	6.93%
2024	4,638,400	(4,638,400)	-	67,609,579	6.86%
2023	4,438,219	(4,438,219)	-	66,531,662	6.67%
2022	4,232,906	(4,232,906)	-	62,650,851	6.76%
2021	4,155,531	(4,155,531)	-	61,563,422	6.75%
2020	3,876,767	(3,876,767)	-	59,187,190	6.55%
2019	3,955,399	(3,955,399)	-	59,035,595	6.70%
2018	3,957,255	(3,957,255)	-	58,188,507	6.80%
2017	3,632,045	(3,632,045)	-	55,026,320	6.60%
2016	4,040,371	(4,040,371)	-	59,416,959	6.80%

* The amounts presented for each fiscal year were determined as of the calendar year end which occurred within the fiscal year.

Notes to Required Supplementary Information for the Year Ended June 30, 2025

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

Change 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 ended December 31, 2021, including the following:

- * Lowering the long-term expected rate of return from 7% to 6.8%
- * Lowering the discount rate from 7% 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-end December 31, 2018, including the following:

- * Lowering the long-term expected rate of return from 7.2% to 7%
- * Lowering the discount rate from 7.2% to 7%
- * Lowering the wage inflation rate from 3.2% to 3%
- * 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.

WAUSAU SCHOOL DISTRICT
WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES - Continued
YEAR ENDED JUNE 30, 2025

Notes to Required Supplementary Information for the Year Ended June 30, 2025 - Continued

SIGNIFICANT METHODS AND ASSUMPTIONS USED IN CALCULATING WISCONSIN RETIREMENT SYSTEM ACTUARILY DETERMINED CONTRIBUTIONS:

	2024	2023	2022	2021	2020
Valuation Date:	December 31, 2021	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
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 Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	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%	5.4%
Weighted based on assumed rate for:					
Pre-retirement:	6.8%	6.8%	7.0%	7.0%	7.0%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.0%	3.0%	3.0%
Seniority/Merit:	0.1% - 5.7%	0.1% - 5.6%	0.1% - 5.6%	0.1% - 5.6%	0.1% - 5.6%
Post Retirement Benefit Adjustments	1.7%	1.7%	1.9%	1.9%	1.9%
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 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.
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.	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%).

* 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.

WAUSAU SCHOOL DISTRICT
WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES - Continued
YEAR ENDED JUNE 30, 2025

Notes to Required Supplementary Information for the Year Ended June 30, 2025 - Continued

SIGNIFICANT METHODS AND ASSUMPTIONS USED IN CALCULATING WISCONSIN RETIREMENT SYSTEM ACTUARILY DETERMINED CONTRIBUTIONS:

	2019	2018	2017	2016	2015
Valuation Date:	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
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 Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.5%	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.2%	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.2%	3.2%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1% - 5.6%	0.1% - 5.6%	0.1% - 5.6%	0.1% - 5.6%	0.1% - 5.6%
Post Retirement Benefit Adjustments	2.1%	2.1%	2.1%	2.1%	2.1%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 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 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.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.

* 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.

WAUSAU SCHOOL DISTRICT
WISCONSIN RETIREMENT SYSTEM LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES
YEAR ENDED JUNE 30, 2025

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
Last 10 Fiscal Years *

OPEB Plan Fiscal Year	Proportionate			Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
	Proportion of the Net OPEB Liability (Asset)	Share of the Net OPEB Liability (Asset)	Covered Payroll		
2024	1.02399600%	\$ 4,006,136	\$ 56,864,000	7.05%	37.20%
2023	1.10524600%	5,084,855	57,301,000	8.87%	33.90%
2022	1.12942700%	4,302,921	56,947,000	7.56%	38.81%
2021	1.06946400%	6,320,928	57,982,000	10.90%	29.57%
2020	1.00330100%	5,518,880	52,906,000	10.43%	31.36%
2019	1.17355700%	4,997,234	52,872,000	9.45%	37.58%
2018	1.08617300%	2,802,693	52,113,000	5.38%	48.69%
2017	1.09493800%	3,294,209	46,045,275	7.15%	44.81%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

District Fiscal Year End	Contributions in Relation to the			Contributions as a Percentage of Covered Payroll
	Contractually Required Contributions	Contractually Required Contributions	Contribution Deficiency (Excess)	
2025	\$ 24,205	\$ (24,205)	\$ -	\$ 60,972,523 0.04%
2024	21,904	(21,904)	-	58,148,000 0.04%
2023	23,166	(23,166)	-	56,630,436 0.04%
2022	33,811	(33,811)	-	57,982,000 0.06%
2021	20,006	(20,006)	-	52,906,000 0.04%
2020	21,215	(21,215)	-	52,872,000 0.04%
2019	20,926	(20,926)	-	52,113,000 0.04%
2018	20,793	(20,793)	-	46,045,275 0.05%

* The amounts presented for each fiscal year were determined as of the calendar year end which occurred within the fiscal year.

The District implemented the Government Accounting Standards Board Statement No. 75 for the year ended June 30, 2018. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the proceeding years.

Notes to Required Supplementary Information for the Year Ended June 30, 2025

Changes of benefit terms - there were no recent changes in benefit terms.

Changes of assumptions - in addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

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

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

- * Lowering the long-term expected rate of return from 5% to 4.25%
- * Lowering the wage inflation rate from 3.2% to 3%
- * Lowering the price inflation rate from 2.7% to 2.5%
- * Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality table.

WAUSAU SCHOOL DISTRICT
OPEB HEALTHCARE DEFINED BENEFIT PLAN SCHEDULES
YEAR ENDED JUNE 30, 2025

SCHEDULE OF CHANGES IN THE NET OPEB HEALTHCARE LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Healthcare Liability								
Service cost	\$ 971,278	\$ 1,019,364	\$ 1,316,423	\$ 1,387,899	\$ 1,109,438	\$ 1,157,754	\$ 1,206,085	\$ 1,731,945
Interest	1,015,758	943,971	592,741	629,383	864,125	925,940	847,749	958,552
Differences between expected and actual experience	(535,321)	241,727	6,008	(2,601,788)	-	(1,720,487)	-	(5,887,663)
Changes of assumptions or other input	(117,316)	265,565	(2,930,002)	177,526	1,958,998	619,230	(402,122)	(3,213,549)
Benefit payments	(1,142,940)	(1,759,521)	(1,403,280)	(968,422)	(608,571)	(1,312,872)	(1,001,554)	(1,111,777)
Net Changes in Total OPEB Healthcare Liability	191,459	711,106	(2,418,110)	(1,375,402)	3,323,990	(330,435)	650,158	(7,522,492)
Total OPEB Healthcare Liability - Beginning	24,680,448	23,969,342	26,387,452	27,762,854	24,438,864	24,769,299	24,119,141	31,641,633
Total OPEB Healthcare Liability - Ending (a)	\$ 24,871,907	\$ 24,680,448	\$ 23,969,342	\$ 26,387,452	\$ 27,762,854	\$ 24,438,864	\$ 24,769,299	\$ 24,119,141
Plan Fiduciary Net Position								
Contributions - employer	\$ 1,230,491	\$ 1,920,195	\$ 1,506,160	\$ 1,048,249	\$ 671,841	\$ 1,412,609	\$ 1,083,806	\$ 1,203,237
Net investment income	338,457	183,879	(543,514)	625,661	320,148	202,548	(15,470)	(8,715)
Benefit payments	(1,142,940)	(1,759,521)	(1,403,280)	(968,422)	(608,571)	(1,312,872)	(1,001,554)	(1,111,777)
Administrative expense	(15,407)	(14,019)	(18,672)	(18,420)	(13,651)	(18,175)	(18,423)	(22,996)
Net Changes in Plan Fiduciary Net Position	410,601	330,534	(459,306)	687,068	369,767	284,110	48,359	59,749
Plan Fiduciary Net Position - Beginning	4,313,190	3,982,656	4,441,962	3,754,894	3,385,127	3,101,017	3,052,658	2,992,909
Plan Fiduciary Net Position - Ending (b)	\$ 4,723,791	\$ 4,313,190	\$ 3,982,656	\$ 4,441,962	\$ 3,754,894	\$ 3,385,127	\$ 3,101,017	\$ 3,052,658
Net OPEB Healthcare Liability - Ending (a) - (b)	\$ 20,148,116	\$ 20,367,258	\$ 19,986,686	\$ 21,945,490	\$ 24,007,960	\$ 21,053,737	\$ 21,668,282	\$ 21,066,483
Plan fiduciary net position as a percentage of the total OPEB Healthcare Liability	18.99%	17.48%	16.62%	16.83%	13.52%	13.85%	12.52%	12.66%
Covered payroll	\$ 63,364,092	\$ 63,364,092	\$ 59,321,446	\$ 59,321,446	\$ 56,290,841	\$ 56,290,841	\$ 27,692,237	\$ 27,692,237
Net OPEB Healthcare Liability as a percentage of covered payroll	31.80%	32.14%	33.69%	36.99%	42.65%	37.40%	78.25%	76.07%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contributions	\$ 2,207,894	\$ 2,359,910	\$ 2,359,910	\$ 2,292,988	\$ 2,292,988	\$ 2,393,711	\$ 2,393,711	\$ 2,955,715
Contributions in relation to the actuarially determined contributions	(1,230,491)	(1,920,195)	(1,506,160)	(1,048,249)	(671,841)	(1,412,609)	(1,083,806)	(1,203,237)
Contribution deficiency (excess)	\$ 977,403	\$ 439,715	\$ 853,750	\$ 1,244,739	\$ 1,621,147	\$ 981,102	\$ 1,309,905	\$ 1,752,478
Covered payroll	\$ 63,364,092	\$ 63,364,092	\$ 59,321,446	\$ 59,321,446	\$ 56,290,841	\$ 56,290,841	\$ 27,692,237	\$ 27,692,237
Contributions as a percentage of covered payroll	1.94%	3.03%	2.54%	1.77%	1.19%	2.51%	3.91%	4.35%
Actuarial valuation date	6/30/2023	6/30/2023	6/30/2021	6/30/2021	6/30/2019	6/30/2019	6/30/2018	6/30/2017
Measurement date	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/3/2020	6/30/2019	6/30/2018	6/30/2017

The District implemented the Government Accounting Standards Board Statement No. 75 for the year ended June 30, 2018. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the proceeding years.

Notes to Required Supplementary Information for the Year Ended June 30, 2025

Methods and assumptions used to determine actuarial calculations - entry age normal cost, level % open amortization, fair market value asset valuation, 4.21% discount rate, 2.5% inflation, 3% salary increases, 2020 WRS experience table.

Changes of benefit terms - there were no changes of benefit terms.

Changes of assumptions - the discount rate increased to 4.21%.

**WAUSAU SCHOOL DISTRICT
WAUSAU, WISCONSIN**

SUPPLEMENTARY INFORMATION

WAUSAU SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2025

SPECIAL REVENUE FUNDS						
	NON-SCHOLARSHIP DONATION FUND	FOOD SERVICE FUND	COMMUNITY SERVICES	DEBT SERVICE NON-REFERENDUM	LONG-TERM CAPITAL IMPROVEMENT TRUST	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS						
Cash and investments	\$ 1,795,401	\$ 2,016,179	\$ 793,743	\$ 77,511	\$ 2,483,210	\$ 7,166,044
Due from other governments	-	148,885	-	-	-	148,885
TOTAL ASSETS	<u>1,795,401</u>	<u>2,165,064</u>	<u>793,743</u>	<u>77,511</u>	<u>2,483,210</u>	<u>7,314,929</u>
LIABILITIES						
Accounts payable	661	28,646	276,310	-	-	305,617
Accrued payroll liabilities	-	49,437	33,200	-	-	82,637
Deposits payable	-	777	380	-	-	1,157
TOTAL LIABILITIES	<u>661</u>	<u>78,860</u>	<u>309,890</u>	<u>-</u>	<u>-</u>	<u>389,411</u>
FUND BALANCES						
Restricted	1,794,740	2,086,204	-	77,511	2,483,210	6,441,665
Committed	-	-	483,853	-	-	483,853
TOTAL FUND BALANCES	<u>1,794,740</u>	<u>2,086,204</u>	<u>483,853</u>	<u>77,511</u>	<u>2,483,210</u>	<u>6,925,518</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,795,401</u>	<u>\$ 2,165,064</u>	<u>\$ 793,743</u>	<u>\$ 77,511</u>	<u>\$ 2,483,210</u>	<u>\$ 7,314,929</u>

WAUSAU SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2025

SPECIAL REVENUE FUNDS						
	NON-SCHOLARSHIP DONATION FUND	FOOD SERVICE FUND	COMMUNITY SERVICES	DEBT SERVICE NON-REFERENDUM	LONG-TERM CAPITAL IMPROVEMENT TRUST	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES						
Property taxes	\$ -	\$ -	\$ 792,000	\$ 2,098,764	\$ -	\$ 2,890,764
Other local sources	3,878,209	1,357,024	-	19,450	111,463	5,366,146
State sources	-	61,052	-	-	-	61,052
Federal sources	-	3,607,708	-	-	-	3,607,708
TOTAL REVENUES	3,878,209	5,025,784	792,000	2,118,214	111,463	11,925,670
EXPENDITURES						
Current						
Instruction						
Regular instruction	3,130,707	-	-	-	-	3,130,707
Vocational instruction	57,483	-	-	-	-	57,483
Other instruction	14,850	-	-	-	-	14,850
Total instruction	3,203,040	-	-	-	-	3,203,040
Support services						
Pupil services	27,658	-	-	-	-	27,658
Instructional staff services	6,155	-	-	-	-	6,155
General administration services	2,134	-	501,238	-	-	503,372
Business services	284,885	5,423,633	294,453	-	-	6,002,971
Central services	7	2,509	275	-	-	2,791
Other support services	194,860	-	-	-	-	194,860
Total support services	515,699	5,426,142	795,966	-	-	6,737,807
Debt service						
Principal	-	-	-	2,115,000	-	2,115,000
Interest	-	-	-	98,585	-	98,585
Total debt service	-	-	-	2,213,585	-	2,213,585
TOTAL EXPENDITURES	3,718,739	5,426,142	795,966	2,213,585	-	12,154,432
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	159,470	(400,358)	(3,966)	(95,371)	111,463	(228,762)
OTHER FINANCING (USES) SOURCES						
Net transfer (to) from other funds	-	-	-	88,545	-	88,545
Sale of capital assets	-	400	-	-	-	400
TOTAL OTHER FINANCING (USES) SOURCES	-	400	-	88,545	-	88,945
NET CHANGE IN FUND BALANCE						
FUND BALANCE - BEGINNING OF YEAR	1,635,270	2,486,162	487,819	84,337	2,371,747	7,065,335
FUND BALANCE - END OF YEAR	\$ 1,794,740	\$ 2,086,204	\$ 483,853	\$ 77,511	\$ 2,483,210	\$ 6,925,518

WAUSAU SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOL AUTHORIZER OPERATING COSTS
YEAR ENDED JUNE 30, 2025

OPERATING ACTIVITY	WUFAR OBJECT CODE	EEA COST	Montessori COST	WAVE COST	Red Granite COST
Employee salary	100	\$ -	\$ -	\$ -	\$ -
Employee benefits	200	-	-	-	-
Purchased services	300	-	-	-	-
Non-capital objects	400	-	-	-	-
Capital objects	500	-	-	-	-
Insurance and judgements	700	-	-	-	-
Pupil dues and fees	900	-	-	-	-
Employee dues and fees	900	-	-	-	-
District dues and fees	900	-	-	-	-
Total		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WAUSAU SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2025

AWARDING AGENCY PASS-THROUGH AGENCY AWARD DESCRIPTION	PASS-THROUGH ENTITY IDENTIFYING NUMBER	STATE I.D. NUMBER	RECEIVABLE		RECEIVABLE		SUBRECIPIENT REVENUE)	PASS-THROUGH EXPENDITURES
			(UNEARNED REVENUE)	REVENUE GRANTOR	REIMBURSEMENTS	EXPENDITURES		
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION								
Wisconsin Department of Public Instruction								
Special Education and School Age Parents	376223-100	255.101	\$ -	\$ 5,272,747	\$ 5,272,747	\$ -	\$ -	\$ -
Transit of aids to Edgar School District	None	255.101	-	(2,745)	(2,745)	-	-	-
Transit of aids to D.C. Everest Area School District	None	255.101	-	(1,819)	(1,819)	-	-	-
Participant in program at CESA #9	None	255.101	-	6,400	6,400	-	-	-
State School Lunch Aid	376223-107	255.102	-	40,850	40,850	-	-	-
Common School Fund Library Aid	376223-104	255.103	-	595,628	595,628	-	-	-
Bilingual/Bicultural Aid	376223-111	255.106	-	313,686	313,686	-	-	-
General Transportation Aid	376223-102	255.107	-	175,190	175,190	-	-	-
General Aids Cluster								
Equalization Aid	376223-116	255.201	-	77,977,610	77,977,610	-	-	-
High Cost Special Education Aid	376223-119	255.210	-	94,795	94,795	-	-	-
Aid for School Mental Health Programs	376223-176	255.227	-	171,811	171,811	-	-	-
School Based Mental Health Services Grant	376223-177	255.297	-	248,051	248,051	-	-	-
School Breakfast Program	376223-108	255.344	-	20,202	20,202	-	-	-
Tuition Payments by State	376223-157	255.401	-	80,725	80,725	-	-	-
Early College Credit Program	376223-178	255.445	-	1,249	1,249	-	-	-
Achievement Gap Reduction	376223-160	255.504	-	1,682,071	1,682,071	-	-	-
Per Pupil Aid	376223-113	255.945	-	5,888,512	5,888,512	-	-	-
Career and Technical Education Incentive	376223-152	255.950	-	74,941	74,941	-	-	-
Assessments of Reading Readiness	376223-166	255.956	-	(10,686)	(10,686)	(10,686)	-	-
Aid for Special Education Transition	376223-168	255.960	-	19,900	19,900	-	-	-
TOTAL WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION			-	92,659,804	92,649,118	(10,686)	-	-
WISCONSIN DEPARTMENT OF NATURAL RESOURCES								
Payment in Lieu of Taxes	None	None	-	19	19	-	-	-
TOTAL WISCONSIN DEPARTMENT OF NATURAL RESOURCES			-	19	19	-	-	-
WISCONSIN DEPARTMENT OF REVENUE								
Exempt Computer Aid	None	None	564,122	564,122	564,122	564,122	-	-
Exempt Personal Property Aid	None	None	-	1,105,348	1,105,348	-	-	-
TOTAL WISCONSIN DEPARTMENT OF REVENUE			564,122	1,669,470	1,669,470	564,122	-	-
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT								
North Central Technical College								
Youth Apprenticeship Grant	None	445.107	(34,000)	22,800	56,800	-	-	-
TOTAL WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT			(34,000)	22,800	56,800	-	-	-
WISCONSIN DEPARTMENT OF JUSTICE								
School Safety Initiative	None	445.206	-	50,000	50,000	-	-	-
TOTAL WISCONSIN DEPARTMENT OF JUSTICE			-	50,000	50,000	-	-	-
TOTAL STATE FINANCIAL ASSISTANCE			\$ 530,122	\$ 94,402,093	\$ 94,425,407	\$ 553,436	\$ -	-

WAUSAU SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2025

NOTE 1 - Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the Wausau School District. The information in these schedules is presented in accordance with the requirements of Uniform Guidance and *State Single Audit Guidelines*. Therefore, some amounts presented in these schedules may differ from amounts presented in or used in the preparation of the financial statements.

NOTE 2 - Summary of Significant Accounting Policies

Expenditures reported on the schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable and are limited as to reimbursement.

NOTE 3 - Special Education and School Age Parents Program

2024-2025 eligible costs under the State Special Education Program are \$17,638,699.

NOTE 4 - Food Distribution Program

Non-monetary assistance is reported in the schedule of federal awards at the fair market value of the commodities received and used.

NOTE 5 - 10% De Minimis Cost Rate

Elected not to use.

**WAUSAU SCHOOL DISTRICT
WAUSAU, WISCONSIN**

OTHER REPORTS



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

To the Board of Education
Wausau School District
Wausau, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wausau School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Wausau School District's basic financial statements, and have issued our report thereon dated December 15, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Wausau School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an

opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

HAWKINS ASH CPAS, LLP

Hawkins Ash CPAs, LLP

Manitowoc, Wisconsin
December 15, 2025



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
THE UNIFORM GUIDANCE AND STATE SINGLE AUDIT GUIDELINES**

To the Board of Education
Wausau School District
Wausau, Wisconsin

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Wausau School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and *State Single Audit Guidelines* that could have a direct and material effect on each of Wausau School District's major federal and state programs for the year ended June 30, 2025. Wausau School District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Wausau School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2025.

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 (*Government Auditing Standards*); 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 *State Single Audit Guidelines*. Our responsibilities under those standards and the *Uniform Guidance* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Wausau School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and *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 Wausau School District'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 *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 Wausau School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Wausau School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of Wausau School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

HAWKINS ASH CPAS, LLP

Hawkins Ash CPAs, LLP

Manitowoc, Wisconsin

December 15, 2025

WAUSAU SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025

Section I - Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued:	Unmodified
2. Internal control over financial reporting:	
a. Material weakness identified?	No
b. Significant deficiency(ies) identified not considered to be material weaknesses?	No
c. Noncompliance material to the financial statements?	No

Federal Awards

3. Internal control over financial reporting:	
a. Material weakness identified?	No
b. Significant deficiency(ies) identified not considered to be material weaknesses?	No
4. Type of auditors' report issued on compliance for major programs:	Unmodified
5. Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No

6. Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173	Special Education Cluster
84.425U/84.425W	Education Stabilization Fund

State Assistance

7. Internal control over financial reporting:	
a. Material weakness identified?	No
b. Significant deficiency(ies) identified not considered to be material weaknesses?	No
8. Type of auditors' report issued on compliance for major programs:	Unmodified
9. Any audit findings disclosed that are required to be reported in accordance with the <i>State Single Audit Guidelines</i> ?	No

10. Identification of major state programs:

<u>State ID Number</u>	<u>Name of State Program or Cluster</u>
255.101	Special Education and School Age Parents
255.201	Equalization Aid

11. Dollar threshold used to distinguish between:

Type A and Type B federal programs:	\$750,000
Type A and Type B state programs:	\$1,000,000

12. Auditee qualified as low-risk auditee?

Yes

Section II - Financial Statement Findings and Questioned Costs

None

WAUSAU SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
JUNE 30, 2025

Section III - Federal and State Award Findings and Questioned Costs

None

Section IV - Other Issues

1. Does the auditors' report or the notes to the financial statements include a disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? No
2. Does the auditors' report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weaknesses, or significant deficiencies) related to state awards with pass-through entities that require audits to be conducted in accordance with the *State Single Audit Guidelines*:
Wisconsin Department of Justice No
Wisconsin Department of Natural Resources No
Wisconsin Department of Public Instruction No
Wisconsin Department of Revenue No
Wisconsin Department of Workforce Development No
3. Was a management letter or other document conveying audit comments issued as a result of this audit? Yes
4. Name and signature of partner

Kevin Behnke, CPA

Kevin Behnke, Partner