

School District of Tomahawk

Financial Statements
and Supplemental Information

Year Ended June 30, 2025

School District of Tomahawk

Financial Statements and Supplementary Financial Information

Year Ended June 30, 2025

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Independent Auditor's Report

Board of Education
School District of Tomahawk
Tomahawk, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the School District of Tomahawk (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above 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 School District of Tomahawk as of June 30, 2025, and 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*, issued by the Comptroller General of the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of School District of Tomahawk 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 (GAAP), 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 School District of Tomahawk's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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 School District of Tomahawk'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 School District of Tomahawk'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 budgetary comparison schedule - general fund, the schedules of the employer's proportionate share of the net pension liability (asset) and employer contributions - Wisconsin Retirement System, and the schedule of changes in employer's total OPEB liability and related ratios - District OPEB plan 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 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.

"Wipfli" is the brand name under which Wipfli LLP and Wipfli Advisory LLC and its respective subsidiary entities provide professional services. Wipfli LLP and Wipfli Advisory LLC (and its respective subsidiary entities) practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations, and professional standards. Wipfli LLP is a licensed independent CPA firm that provides attest services to its clients, and Wipfli Advisory LLC provides tax and business consulting services to its clients. Wipfli Advisory LLC and its subsidiary entities are not licensed CPA firms.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The balance sheet and statement of revenues, expenditures, and changes in fund balance - nonmajor governmental funds are presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 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 School District of Tomahawk's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

Eau Claire, Wisconsin
December 15, 2025

School District of Tomahawk

Statement of Net Position

June 30, 2025

<i>Assets and Deferred Outflows of Resources</i>	Governmental Activities
Current assets:	
Cash and investments	\$ 17,955,172
Receivables:	
Taxes	3,993,739
Accounts	164,584
Due from other governments	178,645
Prepaid expenses	3,938
Total current assets	22,296,078
Noncurrent assets:	
Capital assets:	
Capital assets not being depreciated	1,057,098
Capital assets being depreciated	32,579,238
Less - Accumulated depreciation	(20,658,846)
Subscription right of use assets	58,124
Less - Accumulated amortization	(21,400)
Total capital assets, net of accumulated depreciation/amortization	13,014,214
Total assets	35,310,292
Deferred outflows of resources:	
Related to pensions - WRS	3,820,782
Related to other postemployment benefits	259,891
Total deferred outflows of resources	4,080,673
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 39,390,965

School District of Tomahawk

Statement of Net Position (Continued)

June 30, 2025

<i>Liabilities, Deferred Inflows of Resources, and Net Position</i>	Governmental Activities
Liabilities:	
Current liabilities:	
Accounts payable	\$ 240,795
Accrued liabilities - Payroll, payroll taxes, and insurance	1,403,096
Unearned revenue	35,544
Current portion of long-term obligations	146,066
Total current liabilities	1,825,501
Noncurrent liabilities:	
Total other postemployment benefit liability	2,009,523
Net pension liability - WRS	701,782
Compensated absences	2,131,731
Total noncurrent liabilities	4,843,036
Total liabilities	6,668,537
Deferred inflows of resources:	
Related to pensions - WRS	2,048,458
Related to other postemployment benefits	556,758
Total deferred inflows of resources	2,605,216
Net position:	
Investment in capital assets	13,014,214
Restricted for:	
Capital projects	4,060,279
Food service	259,791
Donor-approved expenditures	840,387
Community pool	84,891
Unrestricted	11,857,650
Total net position	30,117,212
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 39,390,965

See accompanying notes to financial statements.

School District of Tomahawk

Statement of Activities

Year Ended June 30, 2025

	Program Revenues			Net (Expense)
	Operating		Changes in Net Position	
	Charges for Services	Grants and Contributions		
	Expenses		Governmental Activities	
Governmental activities:				
Instruction:				
Regular	\$ 7,077,490	\$ 609,574	\$ 1,920,205	\$ (4,547,711)
Vocational	640,678	-	27,692	(612,986)
Special education	2,354,002	-	1,079,337	(1,274,665)
Other	1,116,352	64,515	291,079	(760,758)
Total instruction	11,188,522	674,089	3,318,313	(7,196,120)
Support services:				
Pupil services	790,550	-	44,259	(746,291)
Instructional staff services	1,372,092	-	85,902	(1,286,190)
General administration services	516,378	-	-	(516,378)
Building administration services	949,196	-	-	(949,196)
Business services	301,859	-	-	(301,859)
Operations and maintenance	1,990,204	-	-	(1,990,204)
Pupil transportation services	1,250,234	-	228,683	(1,021,551)
Food service	757,031	273,747	427,878	(55,406)
Central services	64,316	-	-	(64,316)
Insurance	224,959	-	-	(224,959)
Community service	297,421	35,130	94,901	(167,390)
Other support services	758,934	-	-	(758,934)
Depreciation - Unallocated	503,880	-	-	(503,880)
Total support services	9,777,054	308,877	881,623	(8,586,554)
Nonprogram instructional services	126,543	-	-	(126,543)
Total governmental activities (carried forward)	\$ 21,092,119	\$ 982,966	\$ 4,199,936	(15,909,217)

School District of Tomahawk

Statement of Activities (Continued)

Year Ended June 30, 2025

	Program Revenues			Net (Expense) Revenues and Changes in Net Position
	Charges for Services	Operating	Capital	
		Grants and Contributions	Grants and Contributions	
	Expenses			Governmental Activities
Total governmental activities (brought forward)				\$ (15,909,217)
General revenues:				
Property taxes:				
General purposes				13,779,913
Community service				250,000
State and federal aids not restricted to specific functions				2,526,243
Interest and investment earnings				750,350
Miscellaneous				62,342
Gain on sale of assets				1,737
 Total general revenues				17,370,585
Change in net position				1,461,368
Net position - Beginning of year				28,655,844
 Net position - End of year				\$ 30,117,212

See accompanying notes to financial statements.

School District of Tomahawk

Balance Sheet - Governmental Funds

June 30, 2025

Assets	General Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Cash and investments	\$ 14,273,086	\$ 2,560,279	\$ 1,121,808	\$ 17,955,173
Receivables:				
Property taxes	3,993,739	-	-	3,993,739
Trade	55,615		108,969	164,584
Due from other governments	163,703	-	14,942	178,645
Due from other funds		1,500,000		1,500,000
Prepaid expenses	3,938	-		3,938
TOTAL ASSETS	\$ 18,490,081	\$ 4,060,279	\$ 1,245,719	\$ 23,796,079
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 209,039	\$ -	\$ 31,756	\$ 240,795
Payroll and related	1,388,878	-	-	1,388,878
Unearned revenue	6,650	-	28,894	35,544
Due to other funds	1,500,000	-	-	1,500,000
Total liabilities	3,104,567		60,650	3,165,217
Fund balances:				
Nonspendable:				
Prepaid expenses	3,938	-	-	3,938
Restricted:				
Capital projects	-	4,060,279	-	4,060,279
Food service	-	-	259,791	259,791
Donor-approved expenditures	-	-	840,387	840,387
Community pool	-	-	84,891	84,891
Committed:				
Future postemployment benefits	2,009,523	-	-	2,009,523
Unassigned - General fund	13,372,053	-	-	13,372,053
Total fund balances	15,385,514	4,060,279	1,185,069	20,630,862
TOTAL LIABILITIES AND FUND BALANCES	\$ 18,490,081	\$ 4,060,279	\$ 1,245,719	\$ 23,796,079

School District of Tomahawk

Balance Sheet - Governmental Funds (Continued)

June 30, 2025

Total fund balances - Governmental funds (from previous page)	\$ 20,630,862
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Amounts reported for governmental activities in the statement of net position are different because:

Capital, lease, and subscription 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	\$ 33,694,460
Governmental accumulated depreciation and amortization	(20,680,246) 13,014,214

The net pension liability - WRS, total OPEB liability, and the related deferred outflows of resources and deferred inflows of resources are only reported in the statement of net position

Net pension liability - WRS	(701,782)
Deferred outflows of resources related to pensions - WRS	3,820,782
Deferred inflows of resources related to pensions - WRS	(2,048,458)
Total OPEB liability	(2,009,523)
Deferred outflows of resources related to OPEB	259,891
Deferred inflows of resources related to OPEB	(556,758) (1,235,848)

Long-term liabilities are not due in the current year and, therefore, are not reported in the fund statements. All liabilities, both current and long-term, are reported in the statement of net position. Balances reported in the statement of net position that are not reported in the funds balance sheet are:

Compensated absences	(2,292,016)
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Net position - Governmental activities	\$ 30,117,212
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See accompanying notes to financial statements.

School District of Tomahawk

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

Year Ended June 30, 2025

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Local	\$ 14,498,735	\$ 135,804	\$ 955,113	\$ 15,589,652
Interdistrict	561,471	-	-	561,471
Intermediate	68,673	-	-	68,673
State	4,872,416	-	9,455	4,881,871
Federal	971,232	-	418,423	1,389,655
Other	21,153	-	39,274	60,427
Total revenues	20,993,680	135,804	1,422,265	22,551,749
Expenditures:				
Instruction:				
Regular	6,837,870	-	-	6,837,870
Vocational	626,443	-	24,643	651,086
Special education	2,306,536	-	-	2,306,536
Other	802,910	-	-	802,910
Total instruction	10,573,759	-	24,643	10,598,402
Support services:				
Pupil services	767,321	-	-	767,321
Instructional staff services	1,344,653	-	-	1,344,653
General administration services	503,610	-	-	503,610
Building administration services	916,224	-	-	916,224
Business services	301,823	-	-	301,823
Operations and maintenance	2,683,552	-	294,846	2,978,398
Instructional staff services	-	-	1,559	1,559
Operation	-	-	180	180
Facilities acquisition/remodeling	37,565	395,987	-	433,552
Pupil transportation	1,237,060	-	13,173	1,250,233
Food service	-	-	748,150	748,150
Central services	64,253	-	-	64,253
Insurance	224,959	-	-	224,959
Other support services	731,878	-	-	731,878
Community service	-	-	294,858	294,858
Total support services	8,812,898	395,987	1,352,766	10,561,651
Nonprogram instructional services	-	30,000	96,543	126,543
Total expenditures	19,386,657	425,987	1,473,952	21,286,596
Excess (deficiency) of revenues over expenditures	1,607,023	(290,183)	(51,687)	1,265,153
Other financing sources (uses):				
Transfers in	-	1,530,000	-	1,530,000
Transfers out	(1,530,000)	-	-	(1,530,000)
Proceeds on sale of capital assets	1,737	-	-	1,737
Total other financing sources (uses)	(1,528,263)	1,530,000	-	1,737
Net change in fund balances	78,760	1,239,817	(51,687)	1,266,890
Fund balances - Beginning of year	15,306,754	2,820,462	1,236,756	19,363,972
Total fund balances - End of year	\$ 15,385,514	\$ 4,060,279	\$ 1,185,069	\$ 20,630,862

See accompanying notes to financial statements.

School District of Tomahawk

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2025

Total net change in fund balances - Governmental funds (from previous page)	\$ 1,266,890
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Amounts reported for governmental activities in the statement of activities are different because:

The acquisition of capital assets (including lease and subscription assets) is 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 and amortization expense in the statement of activities.

Capital outlays reported in governmental fund statements	\$ 1,384,036
Depreciation and amortization expense reported in the statement of activities	(836,157)

Amount by which capital outlays are more than depreciation in the current year	547,879
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Some employee benefits reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Change in net pension liability/asset - WRS	(26,953)
Change in deferred outflows of resources related to pensions - WRS	(1,901,915)
Change in deferred inflows of resources related to pensions - WRS	1,557,835
Change in deferred outflows of resources related to OPEB	32,650
Change in deferred inflows of resources related to OPEB	(77,142)
Change in compensated absences	(176,445)
Change in total OPEB liability	238,569

Amounts paid are less than amounts earned	(353,401)
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The District disposed of outdated equipment resulting in a reduction of capital assets and recapture of prior year depreciation expense reported on the statement of net position as a net loss and has no effect on the governmental funds balance sheet.

The value of capital assets disposed of during the year	(55,575)
The amount of depreciation recapture for the year	55,575

Change in net position - Governmental activities	\$ 1,461,368
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See accompanying notes to financial statements.

School District of Tomahawk

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Introduction

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

Reporting Entity

The District is organized as a common school district. The District, governed by a nine-member elected school board, operates grades Pre-Kindergarten through 12 and is comprised of all or part of 11 taxing districts.

This report includes all of the activities of the District. The reporting entity for the District consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government 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 burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. This report does not contain any component units.

Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The fiduciary funds are only reported in the statements of fiduciary net position at the fund financial statement level.

School District of Tomahawk

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

The statement of net position and 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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents the degree to which the direct expenses of a given function are offset by program revenues. 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 for goods or services provided by a given program 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.

The District applies restricted resources first when an expense is incurred for a purpose for which both restricted and unrestricted net position are available. Depreciation expense which can be specifically identified by function is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the statement of activities.

Fund Financial Statements

The fund financial 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 governmental funds.

The District reports the following major governmental funds:

- *General Fund* - This is the District's primary operating fund. It accounts for all financial activity that is not accounted for and reported in another fund as well as educational programs for students with disabilities.
- *Capital Projects Fund* - This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition of capital facilities and other capital assets.

The District reports the following nonmajor governmental funds:

- *Food Service Fund* - Used to account for financial resources that are restricted to expenditure in the District's breakfast and lunch program.
- *Donations Fund* - Used to account for gifts and donations that have been restricted by private parties for specific purposes.
- *Community Service Fund* - This fund is used to account for financial resources that are restricted to expenditures for programs provided to the community as a whole.

School District of Tomahawk

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, assets, and liabilities resulting from exchange and exchange-type transactions are recognized when the exchange 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, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider 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 they become both measurable and available (susceptible to accrual). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the current fiscal year.

Expenditures are recognized 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 and SBITAs are reported as other financing sources.

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

Cash and Investments

The District's cash and investments are considered to be cash on hand, demand deposits, short-term investments with original maturities of three months or less, and shares in the local government investment pool. Cash and investment balances for individual funds are pooled unless maintained in segregated accounts. In addition, the trust and agency funds use separate and distinct accounts. All other funds share in common bank and investment accounts.

School District of Tomahawk

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Cash and Investments (Continued)

State Statutes permit the District to invest available cash balances, other than debt service funds, in time deposits (maturing in not more than three years) of authorized depositories, U.S. Treasury obligations, U.S. government agency issues, municipal obligations within Wisconsin, high-grade commercial paper, which matures in less than seven years, and the local government pooled investment fund administered by the State of Wisconsin Investment Board. Available balances in the debt service fund may be invested in obligations of the United States and the local government pooled investment fund administered by the State of Wisconsin Investment Board.

Donations to the District of securities or other property are considered trust funds and are invested as the donor specifies. In the absence of any specific directions, the District may invest the donated items in accordance with laws applicable to trust investments.

All investments are stated at fair market value. Determination of fair value for investment in the local government investment pool is reported at net amortized cost based on information provided by the State of Wisconsin Investment Board.

Receivables and Payables

All accounts receivable are shown at gross amounts and, where appropriate, are reduced by an allowance for uncollectible accounts. No allowance for uncollectible accounts has been provided, since it is believed that such allowance would not be material.

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Prepaid Expenses

Prepaid expenses represent payments made by the District for which benefits extend beyond June 30.

Capital Assets

Capital assets, which include land, construction in progress, site improvements, buildings, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are recorded at historical cost, or estimated historical cost for assets where historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The District maintains a threshold level of a unit cost of \$5,000 or more for capitalizing assets.

School District of Tomahawk

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings and 5 to 15 years for equipment.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the assets useful life is not capitalized.

Capital assets not being depreciated include land and construction in progress.

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

Long-Term Obligations

In the government-wide financial statements, other long-term obligations are reported as liabilities in the statement of net position.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows of resources related to pensions for its proportionate share of collective deferred outflows of resources related to pensions and District contributions to the pension plan subsequent to the measurement date. The District also reports deferred outflows of resources related to its other postemployment benefit plan for changes in assumptions and contributions subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents the acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows of resources related to its proportionate share of the collective deferred inflows of resources related to pensions, deferred inflows of resources related to changes in assumptions and differences between expected and actual experience for its other postemployment benefit plan.

School District of Tomahawk

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

The District's policy allows employees to accumulate earned, but unused vacation and sick pay benefits. Accumulated sick leave, per negotiated contracts, is converted to a dollar amount at retirement that may be applied to postemployment health care benefits.

The nonvested sick leave has been accrued based on the District's prior experience with employees remaining with the District and receiving payments and the maximums allowed. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Pension Plan

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS), and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by 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.

Other Post-Employment Benefits ("OPEB") Obligations

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and to OPEB expense, information about the plan net position and additions to/deductions from the plan net position has been determined on the same basis as they are reported by the plan. For this purpose, OPEB payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

For government-wide reporting, net position is reported in three categories:

Net investment in capital assets: This category consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build, acquire, or improve those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the construction, acquisition, or improvement of those assets or the related debt are also included in this category. Unspent portions of capital-related debt proceeds are included in this category.

Restricted: This category consists of noncapital assets whose use is restricted reduced by liabilities and deferred inflows of resources related to those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

School District of Tomahawk

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position (Continued)

Unrestricted: This category consists of the remaining net position that does not meet the definition of the two preceding categories.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first.

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance: This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislations.

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board of Education - the District's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action that imposed the original commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance: This classification reflects the amounts constrained by the District's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board of Education and administrator have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources - committed, assigned, and unassigned - in order as needed.

School District of Tomahawk

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

It is the goal of the District to achieve and maintain an unassigned fund balance in the General Fund sufficient to mitigate the need for temporary borrowing to meet operational expenses in the next fiscal year. If the unassigned fund balance falls below this level, the District will review variations of increasing revenues and reducing expenditures of the current budget and succeeding budget to develop a short-term plan to bring the fund balance above the minimum threshold.

Property Tax Levy

Under Wisconsin law, personal property taxes and first installment real estate taxes are collected by city, town, and village treasurers or clerks who then make proportional settlement with the District and taxing entities treasurers for those taxes collected on their behalf. Second installment real estate taxes and delinquent taxes are collected by the county treasurer who then makes settlement with the taxing entities before retaining any for county purposes.

The aggregate District tax levy is apportioned and certified by November 6 of the current fiscal year for collection to comprising municipalities based on the immediate past October 1 full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes may be paid in full by two or more installments with the first installment payable the subsequent January 31 and a final payment no later than the following July 31. On or before January 15, and by the 20th of each subsequent month thereafter, the District may be paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance.

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.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

School District of Tomahawk

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Subscription Based Information Technology Arrangements

The District is a party to multiple noncancelable subscription based information technology arrangements (SBITAs). If the contract provides the District the right to use the present service capacity and the right to direct the use of the identified asset, it is considered to be or contain a SBITA. Subscription-based assets and liabilities are recognized at the agreement commencement date based on the present value of the future payments over the expected contract term. The SBITA asset is also adjusted for any prepayments made and capitalizable initial implementation costs as incurred.

The SBITA liability is initially and subsequently recognized based on the present value of its future payments. Variable payments are included in the present value when the underlying rate or index is fixed and predictable for the life of the lease. Variable costs that depend on an unpredictable index are accounted for as expenses as they are incurred. Increases (decreases) to variable payments due to subsequent changes in an index or rate are recorded as an adjustment to expense in the period in which they are incurred.

The discount rate used is the implicit rate in the SBITA contract, if it is readily determinable, or the District's incremental borrowing rate.

For all underlying classes of assets, the District does not recognize SBITA assets and liabilities for short-term agreements that have a contract term of 12 months or less at contract commencement. Contracts containing termination clauses in which either party may terminate without cause and the notice period is less than 12 months are deemed short-term agreements with costs included in expense.

New Accounting Pronouncement

Management has adopted new accounting guidance, GASB Statement No. 101, Compensated Absences. The District implemented this guidance as of July 1, 2024. The implementation of this guidance did not affect beginning net position for the year ended June 30, 2025.

Subsequent Events

Subsequent events have been evaluated through December 13, 2025, which is the date the financial statements were available to be issued.

School District of Tomahawk

Notes to Financial Statements

Note 2: Stewardship and Accountability

Limitation on School District Revenue

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

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

Note 3: Cash and Investments

Deposits

Custodial Credit Risk - Custodial credit risk 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. As of June 30, 2025, the District's bank balance of \$1,502,146 was not exposed to custodial credit risk.

Investments

The District's cash and investment balances at June 30, 2025, were as follows:

	Maturities	Fair Value
Investment - Local Government Investment Pool	< 30 days average	\$ 16,800,950
Cash deposits with financial institutions carrying amount		1,154,222
Cash and investments reported on the statement of net position		\$ 17,955,172

Interest Rate Risk - The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. State Statute limits the maturity of commercial paper and corporate bonds to not more than seven years.

Credit Risk - State Statute limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. Ratings are not required, or available, for the Wisconsin Local Government Investment Pool (LGIP). The District has no investment policy that would further limit its investment choices.

The District is a participant in the Local Government Investment Pool (LGIP) which is authorized in Wisconsin Statutes 25.14 and 25.17 under the oversight of the State of Wisconsin Investment Board. The LGIP is not registered with the U.S. Securities Exchange Commission as an investment company. The LGIP operates and reports to participants on the amortized cost basis. LGIP pool shares are bought and redeemed at \$1 based on the amortized cost of the investments in the LGIP. The investment in the LGIP is not subject to the fair value hierarchy disclosures.

School District of Tomahawk

Notes to Financial Statements

Note 4: Capital Assets

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

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Construction in progress	\$ 0	\$ 550,283	\$ 0	\$ 550,283
Land	\$ 476,785	\$ 30,030	\$ 0	\$ 506,815
Total capital assets not being depreciated	476,785	580,313		1,057,098
 Capital assets being depreciated:				
Land improvements	2,429,399	-	-	2,429,399
Buildings and building improvements	25,842,404	291,228	-	26,133,632
Furniture and equipment	3,402,696	512,495	55,575	3,859,616
Vehicles	156,591			156,591
Total capital assets being depreciated	31,831,090	803,723	55,575	32,579,238
 Less accumulated depreciation and amortization for:				
Site improvements	616,426	86,464	-	702,890
Buildings and building improvements	17,208,614	500,975	-	17,709,589
Furniture and equipment	1,967,039	218,447	55,575	2,129,911
Vehicles	105,560	10,896		116,456
Total accumulated depreciation	19,897,639	816,782	55,575	20,658,846
 Total capital assets being depreciated and amortized, net	11,933,451	(13,059)	-	11,920,392
 Right of use (ROU) assets, being amortized:				
Subscriptions ROU assets	58,124	-	-	58,124
 Accumulated amortization:				
Subscription ROU assets	2,025	19,375	-	21,400
 Total right of use assets being amortized, net	56,099	(19,375)	-	36,724
 Governmental activities capital assets, net	\$ 12,466,335	\$ 547,879	0	\$ 13,014,214

School District of Tomahawk

Notes to Financial Statements

Note 4: Capital Assets (Continued)

Depreciation and amortization expense was charged to functions/programs of the District as follows as of June 30, 2025:

Regular instruction	\$ 125,069
Vocational instruction	15,836
Special education instruction	685
Other instruction	7,991
Instructional staff services	780
Building administration services	180
Business services	728
Operations and maintenance	118,908
Food service	8,880
Other support services	49,689
Depreciation not charged to a specific function	507,411
Total depreciation and amortization expense, governmental activities	\$ 836,157

Note 5: Long-Term Obligations

Long-term liability activity for the year ended June 30, 2025, is as follows:

Governmental activities	Balance 6/30/2024	Additions	Reductions	Balance 6/30/2025	Amounts Due Within One Year
Compensated absences	\$ 2,115,571	\$ 332,125	\$ 169,900	\$ 2,277,796	\$ 146,066

Compensated absences will be liquidated by several of the governmental funds.

General Obligation Debt

The 2024 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$2,537,373,131. The legal debt limit and margin of indebtedness as of June 30, 2025, in accordance with Section 67.03(1)(a) of the Wisconsin Statute is \$253,737,313. The District has no general obligation debt outstanding at June 30, 2025.

School District of Tomahawk

Notes to Financial Statements

Note 6: Employee Retirement Plans - Wisconsin Retirement Systems (WRS)

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

ETF issued 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>.

Plan Description (Continued) - Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

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

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

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

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

The WRS also provides death and disability benefits for employees.

School District of Tomahawk

Notes to Financial Statements

Note 6: Employee Retirement Plans - Wisconsin Retirement Systems (WRS) (Continued)

Post-Retirement Adjustments - The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement.

The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2015	2.9 %	2.0 %
2016	0.5 %	(5.0)%
2017	2.0 %	4.0 %
2018	2.4 %	17.0 %
2019	0.0 %	(10.0)%
2020	1.7 %	21.0 %
2021	5.1 %	13.0 %
2022	7.4 %	15.0 %
2023	1.6 %	(21.0)%
2024	3.6 %	15.0 %

Contributions - Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers and executives and elected officials. Starting on January 1, 2016, the executive 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 \$595,201 in contributions from the employer.

Contribution rates as of June 30, 2025 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.95 %	6.95 %

School District of Tomahawk

Notes to Financial Statements

Note 6: Employee Retirement Plans - Wisconsin Retirement Systems (WRS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2025, the District reported a liability of \$701,782 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability 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 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 0.04270918%, which was a decrease of 0.00267865% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$966,235.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,179,418	\$ 2,047,970
Net differences between projected and actual earnings on pension plan investments	1,066,396	
Changes in assumptions	208,232	
Changes in proportion and differences between employer contributions and proportionate share of contributions	60,366	488
Employer contributions subsequent to the measurement date	306,370	
Totals	\$ 3,820,782	\$ 2,048,458

School District of Tomahawk

Notes to Financial Statements

Note 6: Employee Retirement Plans - Wisconsin Retirement Systems (WRS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued) - The \$306,370 reported as Deferred Outflows of Resources 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 pensions will be recognized in pension expense as follows:

Year Ended June 30	Increase (Decrease) in Pension Expense
2026	\$ 448,064
2027	1,475,205
2028	(349,122)
2029	(108,193)

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
Actuarial Cost Method	Published November 19, 2024
Asset Valuation Method	Entry Age Normal
Long-Term Expected Rate of Return	Fair Value
Discount Rate	6.8 %
Salary Increases:	6.8 %
Inflation	3.0 %
Seniority/Merit	0.1% - 5.7%
Mortality	2020 WRS Experience Tables
Postretirement Adjustments*	1.7 %

**No postretirement 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 postretirement discount rate.*

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.

School District of Tomahawk

Notes to Financial Statements

Note 6: Employee Retirement Plans - Wisconsin Retirement Systems (WRS) (Continued)

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

Asset Allocation Targets and Expected Returns

As of December 31, 2024

Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return	Long-Term Expected Real Rate of Return
Core Fund			
Public equities	38.0 %	7.0 %	4.3 %
Public Fixed income	27.0 %	6.1 %	3.4 %
Inflation sensitive assets	19.0 %	4.8 %	2.1 %
Real estate	8.0 %	6.5 %	3.8 %
Private equity/debt	20.0 %	9.5 %	6.7 %
Leverage	(12.0)%	3.7 %	1.1 %
Total core fund	100.0 %	7.5 %	4.8 %
Variable Fund			
U.S. equities	70.0 %	6.5 %	3.8 %
International equities	30.0 %	7.4 %	4.7 %
Total variable fund	100.0 %	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 US 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%.

School District of Tomahawk

Notes to Financial Statements

Note 6: Employee Retirement Plans - Wisconsin Retirement Systems (WRS) (Continued)

Actuarial Assumptions (Continued) - Single Discount Rate: A single discount rate of 6.8% was used to measure the Total Pension Liability for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.8% 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 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 6.80%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	1% Decrease to Discount Rate (5.8%)	Current Discount Rate (6.8%)	1% Increase to Discount Rate (7.80%)
The District's proportionate share of the net pension liability (asset)	\$ 6,583,636	\$ 701,782	\$ (3,477,105)

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>.

School District of Tomahawk

Notes to Financial Statements

Note 7: Compensated Absences

The District employment contracts provide for other supplemental health insurance benefits based on the accumulation of sick leave as follows:

Teachers

- Teachers will be allowed ten days of sick leave per school year, with unused days accumulative to 120 days for retirement benefit purposes, but 130 days for maximum sick leave usage.
- Teachers with 10 or more years of teaching experience with the District at the end of the 2011-12 school year, and who meet the retirement eligibility criteria, will be provided the following upon retirement:

A credit balance equal to the amount of sick leave per diem as specified on the chart in Appendix A of the employee handbook that aligns with the number of years teaching experience in the District the teacher has at the end of the 2011-12 school year for each day of unused sick leave up to 120 days.

- Teachers with nine or fewer years of teaching experience with the District at the end of the 2011-12 school year, and any newly hired teachers beginning with those whose individual contracts begin with the 2012-13 school year, and who meet the retirement eligibility criteria will be provided the following upon retirement:

A credit balance equal to one hundred twenty dollars (\$120) for each day of unused sick leave up to 120 days.

Administrators

- Any administrator with at least 15 years of service with the District may, at normal retirement age, convert up to 144 days of unused sick leave to a credit balance from which the District will pay for medical and dental insurance premiums. The credit balance is determined by dividing the individual's average salary for the last three years by the average contract days for the last three years times the accumulated sick days. In addition, administrators are credited with 10 days for each year of employment, up to 60 days, in addition to the accumulated sick leave to apply towards health insurance. However, this benefit does not include the series of cash payments option.

Nonunion Support Staff

- Nonunion support staff with at least 15 years of service with the District may, at normal retirement age, convert up to 144 days of unused sick leave to a credit balance from which the District will pay for medical and dental insurance premiums. The credit balance is determined by multiplying the individual's last daily wage rate by the accumulated sick days.

School District of Tomahawk

Notes to Financial Statements

Note 7: Compensated Absences (Continued)

Union Support Staff

- Support staff that have attained the age of 55, with a minimum of 15 years of service in the District, may convert up to 100 days for school year employees and 120 days for 12 month employees to a credit balance from which the District will pay for medical and dental insurance premiums. For all employees hired before July 1, 2012, employees who have accumulated the maximum number of sick leave days allowed may convert one half of each accumulated sick leave day above the maximum to the credit balance.

The District has recorded the estimated liability for future payments to be made under these agreements in the statement of net position.

Note 8: Other Postemployment Benefits

The District administers a single-employer defined benefit health care plan. The plan provides medical insurance benefits to eligible retirees and their spouses through the District's group medical insurance plan, which covers both active and retired members. Benefit provisions are established through collective bargaining agreements. The eligibility requirements are based on the retiree's position, years of service, and age at retirement. If eligible, the retiree may receive medical insurance benefits until they are eligible for Medicare. The plan does not issue a stand-alone report. The plan has no assets.

An implicit rate subsidy exists when an employer's retirees and current employees are covered together as a group wherein the premium rate or premium equivalent rate paid by the retirees may be lower than they would be if the retirees were rated separately.

Benefits Provided - Benefits provided to retirees are as follows:

Teachers

- Full-time teachers with at least 10 years of service with the district by the end of the 2011-12 school year who retire at age 55 or older with at least 15 years of service with the District will have a specified amount applied to the cost of group health and group dental insurance. The amount is determined based on a scale included in the employee handbook which is calculated based on years of service.
- Full-time teachers with less than 10 years of service by the end of the 2011-12 school year and all new teachers who retire at age 55 or older with at least 15 years of service with the District will receive an amount equal to \$1,400 per year of service with the District contributed to a health insurance fund upon retirement.

School District of Tomahawk

Notes to Financial Statements

Note 8: Other Postemployment Benefits (Continued)

Administrators

- Administrators who retire at age 55 or older with a minimum of 15 years of service with the District will receive a contribution to a health insurance fund calculated at 10 days for each year of service (maximum 60 days) times their average per diem rate during their last three years of service with the District upon retirement.

Nonunion Support Staff

- Certain nonunion support staff who retire with at least 15 years of service with the District will have \$45,000 applied to the cost of group health and group dental insurance.

Employees Covered by the Benefit Terms - At June 30, 2024, the date of the most recent actuarial study, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	62
Active employees	165
Total employees	227

Total OPEB Liability - The District's total OPEB liability at June 30, 2025, was \$2,009,523. The total OPEB liability was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions - The Total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:.

Inflation	2.50%
Actuarial cost method	Entry Age Normal (level percent of salary)
Discount rate	4.21
Healthcare cost trend rate	7.00% decreasing to 6.50%, then decreasing by 0.10% per year down to 4.50%, and level thereafter
Mortality	2020 WRS Experience Table for Active Employees and Healthy Retirees projected with the mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010) Based on an experience study conducted in 2021 using Wisconsin Retirement System (WRS) experience from 2018-20.
Actuarial Assumptions	

The discount rate is based on the S&P Municipal Bond 20 Year High Grade Index.

School District of Tomahawk

Notes to Financial Statements

Note 8: Other Postemployment Benefits (Continued)

Changes in Total OPEB Liability - OPEB liability activity for the year ended June 30, 2025, was as follows:

Balance at July 1, 2024	\$ 2,248,092
Service cost	76,712
Interest	90,131
Differences between expected and actual experience	(123,810)
Changes of assumptions or other input	(73,405)
Benefit payments	(208,197)
Balance at June 30, 2025	\$ 2,009,523

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

	1% Decrease to Discount Rate 3.21%	Current Discount Rate 4.21%	1% Increase to Discount Rate 5.21%
Total OPEB liability	\$ 2,117,548	\$ 2,009,523	\$ 1,908,215

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the District's Total OPEB liability calculated using the healthcare cost trend rate of 7.0% decreasing to 4.5%, as well as what the District's total OPEB liability would be if it were calculated using the healthcare cost trend rate that is 1-percentage-point lower (6.0% decreasing to 3.5%) or 1-percentage-point higher (8.0% decreasing to 5.5%) than the current rate:

	1% Decrease (6.0% Decreasing to 3.5%)	Current (7.0% Decreasing to 4.5%)	1% increase (8.0% Decreasing to 5.5%)
Total OPEB liability	\$ 1,989,595	\$ 2,009,523	\$ 2,027,655

School District of Tomahawk

Notes to Financial Statements

Note 8: Other Postemployment Benefits (Continued)

OPEB Expense and Deferred Outflows of Resources - For the year ended June 30, 2025, the District recognized OPEB expense of \$51,531. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 319,036
Changes in assumptions	14,283	237,722
Employer contributions subsequent to the measurement date	245,608	
Total	\$ 259,891	\$ 556,758

The \$245,608 reported as deferred outflows of resources related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

2026	\$ (115,312)
2027	(107,932)
2028	(71,180)
2029	(75,941)
2030	(75,941)
Thereafter	(96,169)

Note 9: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health claims; unemployment compensation claims; and natural disasters. The District insures through commercial insurance companies for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There was no significant reduction in the District's insurance coverage in fiscal year 2025.

School District of Tomahawk

Notes to Financial Statements

Note 10: Jointly Governed Organization

The District is served by Cooperative Education Service Agency No. 9 (CESA). CESA is a regional service entity organized to serve the educational needs of 22 school districts in all or parts of Fond du Lac, Langlade, Lincoln, Marathon, Oneida, Price, Shawano, Taylor, and Vilas Counties. CESA is governed by an 11-member board of control elected from a delegate assembly, which consists of one school board member from each of the school districts in the CESA region, with special provisions made for areas served by union high/K-8 districts. Participating school districts have neither an ongoing financial interest nor responsibility. The District purchased \$242,568 of education services during the fiscal year.

Note 11: Interfund Transfers

Interfund transfers in the fund financial statements at June 30, 2025, were as follows:

Fund Transferred to	Fund Transferred From	Amount
Capital Projects Fund	General Fund	\$ 1,530,000

The purpose of the above transfer was to provide funding for future capital improvements.

Interfund receivable and payable balances in the fund financial statements at June 30, 2025, were as follows:

Due To:	Due From
	General Fund
Capital Projects Fund	\$ 1,500,000

The interfund receivable and payable balance to the capital projects fund represents the end of year authorized transfer from the general fund to pay for future capital projects.

In the statement of net positions, amounts reported in fund balance sheets as interfund balances have been eliminated within the governmental activities columns.

Required Supplementary Information

School District of Tomahawk

Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2025

	<u>Budgeted Amounts</u> Original and Final	<u>Actual on</u> <u>Budgetary Basis</u>	<u>Variance With</u> <u>Final Budget -</u>
			Positive (Negative)
Revenues:			
Local	\$ 14,299,044	\$ 14,498,734	\$ 199,690
Interdistrict	600,000	561,471	(38,529)
Intermediate	8,957	32,007	23,050
State	3,987,855	4,153,203	165,348
Federal	608,786	606,370	(2,416)
Other	15,000	21,153	6,153
Total revenues	19,519,642	19,872,938	353,296
Expenditures:			
Instruction:			
Regular	6,664,563	6,837,870	(173,307)
Vocational	629,007	626,443	2,564
Special education	31,305	32,285	(980)
Other	814,128	802,910	11,218
Total instruction	8,139,003	8,299,508	(160,505)
Support services:			
Pupil services	658,841	516,146	142,695
Instructional staff services	1,105,060	1,113,613	(8,553)
General administration services	558,541	503,610	54,931
Building administration services	763,618	916,224	(152,606)
Business services	259,120	296,687	(37,567)
Operations and maintenance	2,179,407	2,721,117	(541,710)
Pupil transportation	1,011,422	1,086,818	(75,396)
Central services	73,425	60,360	13,065
Insurance	242,172	224,959	17,213
Other support services	764,355	731,878	32,477
Total support services	7,615,961	8,171,412	(555,451)
Total expenditures	15,754,964	16,470,920	(715,956)
Excess of revenues over expenditures	3,764,678	3,402,018	(362,660)
Other financing sources (uses):			
Transfers out	(1,780,922)	(3,324,995)	(1,544,073)
Proceeds from sale of capital assets	-	1,737	1,737
Net other financing uses	(1,780,922)	(3,323,258)	(1,542,336)
Net change in fund balance	1,983,756	78,760	(1,904,996)
Fund balance - Beginning of year	15,306,754	15,306,754	-
Fund balance - End of year	\$ 17,290,510	\$ 15,385,514	\$ (1,904,996)

See Independent Auditor's Report.

See accompanying notes to Budgetary Comparison Schedule - General Fund.

School District of Tomahawk

Notes to Budgetary Comparison Schedule - General Fund

Note 1: Budgetary Accounting

Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. The legally adopted budget and budgetary expenditure control is exercised at the two-digit subfunction level in the general fund and all other funds.

Reported budget amounts are as originally adopted or as amended by School Board resolution.

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

- Based upon requests from District staff, District administration recommends budget proposals to the School Board.
- 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.
- 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.
- Pursuant to the public budget hearing, the School Board may make alterations to the proposed budget.
- Once 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.

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 assigned or committed fund balance.

School District of Tomahawk

Notes to Budgetary Comparison Schedule - General Fund

Note 2: Budgetary Comparisons

GAAP requires a budgetary comparison for the general fund and each major special revenue fund.

Required comparisons are between the final budget and actual on a budgetary basis. The "original budget" represents the budget as approved by the School Board after it sets the tax to be levied for the fiscal year. The "final budget" is the "original budget" adjusted for any budget amendments approved by the School Board during the fiscal year and up to the time the financial statements are ready to be issued. The "actual on a budgetary basis" excludes the revenues, expenditures, and other financing sources (uses) of the special education fund and community service fund which are treated as special revenue funds for budgetary purposes. The following schedule reconciles the "budgetary basis" revenues and expenditures of the budgetary comparison schedule - general fund to the governmental funds - statement of revenues, expenditures, and changes in fund balances.

	General Fund Actual on Budgetary Basis	General Fund Special Education Fund	General Fund Actual on GAAP Basis
Revenues	\$ 19,872,938	\$ 1,120,742	\$ 20,993,680
Expenditures	(16,470,920)	(2,915,737)	(19,386,657)
Other financing sources (uses)	(3,323,258)	1,794,995	(1,528,263)
Net change in fund balance	\$ 78,760	\$ 0	\$ 78,760

Note 3: Excess of Expenditures Over Appropriations

The General Fund incurred expenditures, by function, in excess of appropriations:

	Budget	Actual	Actual Over Budget
Instruction:			
Regular curriculum	\$ 6,664,563	\$ 6,837,870	\$ 173,307
Special education	31,305	32,285	980
Support services:			
Instructional staff services	1,105,060	1,113,613	8,553
Business services	259,120	296,687	37,567
Building administration services	763,618	916,224	152,606
Operations and maintenance	2,179,407	2,721,117	541,710
Pupil transportation	1,011,422	1,086,818	75,396

School District of Tomahawk

Schedule of Changes in the Employer's Total OPEB Liability and Related Ratios - District OPEB Plan Last Ten Fiscal Years*

	2025	2024	2023	2022
Measurement date	6/30/2024	6/30/2023	6/30/2022	6/30/2021
Total OPEB liability				
Service cost	\$ 76,712	\$ 75,099	\$ 117,719	\$ 115,129
Interest on the total OPEB liability	90,131	89,349	56,631	57,218
Differences between expected and actual experience	(123,810)	(5,194)	(75,327)	
Changes of assumptions or other input	(73,405)	(12,458)	(163,260)	
Benefit payments	(208,197)	(189,770)	(205,517)	(194,003)
Net change in total OPEB liability	(238,569)	(42,974)	(269,754)	(21,656)
Total OPEB liability - Beginning	2,248,092	2,291,066	2,560,820	2,582,476
Total OPEB liability - Ending	\$ 2,009,523	\$ 2,248,092	\$ 2,291,066	\$ 2,560,820
Covered payroll	\$ 8,035,797	\$ 8,006,727	\$ 8,006,727	\$ 8,008,559
District's total OPEB liability as a percentage of covered payroll	25.01 %	28.08 %	28.61 %	31.98 %
	2021	2020	2019	2018
Measurement date	6/30/2020	6/30/2019	6/30/2018	6/30/2017
<i>6/30/2016</i>				
Total OPEB liability				
Service cost	\$ 101,420	\$ 94,412	\$ 103,729	\$ 111,698
Interest on the total OPEB liability	96,513	99,621	103,181	91,238
Differences between expected and actual experience	(212,042)		(219,168)	-
Changes of assumptions or other input	(43,528)	42,849	(111,608)	(66,411)
Benefit payments	(133,354)	(145,537)	(180,357)	(271,182)
Net change in total OPEB liability	(190,991)	91,345	(304,223)	(134,657)
Total OPEB liability - Beginning	2,773,467	2,682,122	2,986,345	3,121,002
Total OPEB liability - Ending	\$ 2,582,476	\$ 2,773,467	\$ 2,682,122	\$ 2,986,345
Covered payroll	\$ 8,008,559	\$ 7,951,405	\$ 7,951,405	\$ 6,484,692
District's total OPEB liability as a percentage of covered payroll	32.25 %	34.88 %	33.73 %	46.05 %
48.13 %				

Notes to Schedule

Funding: No assets are being accumulated in an irrevocable trust to pay other postemployment benefits.

Changes of benefit terms: In 2025, there were no changes in benefit terms.

Changes of assumptions: In 2025, the discount rate was changed to 4.21% to be reflective of the 20-year AA municipal bond rate.

*This schedule is intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

School District of Tomahawk

Schedules of Employer's Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions - Wisconsin Retirement System

Last Ten Years

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

Last 10 Calendar Years

Measurement Date	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of it's Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
December 31, 2024	0.04270918 %	\$ 701,782	\$ 8,606,314	8.15 %	98.79 %
2023	0.04538783	674,829	8,397,346	8.04	98.85
2022	0.04816911	2,551,856	8,126,590	31.40	95.72
2021	0.05067858	(4,084,786)	8,358,950	(48.87)	106.02
2020	0.05190735	(3,240,647)	8,577,575	(37.78)	105.26
2019	0.05215784	(1,681,806)	8,371,757	(20.09)	102.96
2018	0.05174646	1,840,976	7,990,907	23.04	96.45
2017	0.05124529	(1,521,533)	7,733,673	(19.67)	102.93
2016	0.05095892	420,023	7,393,742	5.68	99.12
2015	0.05219167	848,105	7,170,667	11.83	98.20

Fiscal Year June 30,	Contractually Required Contributions for the Fiscal Period	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll for the Fiscal Year	Contributions as a Percentage of Covered Payroll
2025	\$ 595,201	\$ (595,201)	- \$	8,594,163	% 6.93
2024	590,096	(590,096)	-	8,612,875	6.85
2023	546,452	(546,452)	-	8,212,840	6.65
2022	540,295	(540,295)	-	8,156,491	6.62
2021	574,863	(574,863)	-	8,516,491	6.75
2020	571,636	(571,636)	-	8,593,414	6.65
2019	537,023	(537,023)	-	8,108,443	6.62
2018	531,279	(531,279)	-	7,872,408	6.75
2017	509,133	(509,133)	-	7,595,770	6.70
2016	483,978	(483,978)	-	7,226,257	6.70

School District of Tomahawk

Notes to Schedules

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

Changes of assumptions:

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

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

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 30, 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 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

See Independent Auditor's Report.

School District of Tomahawk

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

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

	2024	2023	2022	2021	2020
Valuation Date:	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Actuarial Cost Method:	Frozen Entry Age				
Amortization Method:	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)				
Net Investment Rate of Return:	5.4%	5.4%	5.4%	5.4%	5.5%
Pre-retirement:	6.8%	6.8%	7.0%	7.0%	7.0%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Wage Inflation:	3.0%	3.0%	3.0%	3.0%	3.2%
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%

School District of Tomahawk

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

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

	2024	2023	2022	2021	2020
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 mortalityimprovements 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 mortalityimprovements 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 mortalityimprovements 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 mortalityimprovements 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 mortalityimprovements 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.

School District of Tomahawk

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

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

	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				
Amortization Method:	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)				
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%

School District of Tomahawk

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

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

	2019	2018	2017	2016	2015
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 2009 - 2011.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience 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.

Supplementary Financial Information

School District of Tomahawk

Balance Sheet - Nonmajor Governmental Funds

June 30, 2025

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Donations Fund	Food Service Fund	Community Service Fund	
Assets:				
Cash and investments	\$ 856,067	\$ 164,774	\$ 100,967	\$ 1,121,808
Accounts receivable	-	108,969	-	108,969
Due from other governments	-	14,942	-	14,942
TOTAL ASSETS	\$ 856,067	\$ 288,685	\$ 100,967	\$ 1,245,719
Liabilities:				
Accounts payable	\$ 15,680	\$ -	\$ 16,076	\$ 31,756
Unearned revenue	-	28,894	-	28,894
Total liabilities	15,680	28,894	16,076	60,650
Fund balances:				
Restricted:				
Food service	-	259,791	-	259,791
Donor-approved expenditures	840,387	-	-	840,387
Community pool	-	-	84,891	84,891
Total fund balances	840,387	259,791	84,891	1,185,069
TOTAL LIABILITIES AND FUND BALANCES	\$ 856,067	\$ 288,685	\$ 100,967	\$ 1,245,719

See Independent Auditor's Report.

School District of Tomahawk

Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds

Year Ended June 30, 2025

	Special Revenue Funds			Total Nonmajor Governmental Funds	
	Community				
	Donations Fund	Food Service Fund	Service Fund		
Revenues:					
Local	\$ 396,239	\$ 273,747	\$ 285,130	\$ 955,116	
State	-	9,455	-	9,455	
Federal	-	418,423	-	418,423	
Other sources	-	39,273	-	39,273	
 Total revenues	 396,239	 740,898	 285,130	 1,422,267	
Expenditures:					
Instruction:					
Vocational	24,643	-	-	24,643	
 Total instruction	 24,643	 -	 -	 24,643	
Support services:					
Operations and maintenance	294,846	-	-	294,846	
Instructional staff services	1,559	-	-	1,559	
Operation	180	-	-	180	
Pupil transportation	-	-	13,173	13,173	
Food service	-	748,150	-	748,150	
Community services	-	-	294,858	294,858	
 Total support services	 296,585	 748,150	 308,031	 1,352,766	
Nonprogram instructional services	96,543	-	-	96,543	
 Total expenditures	 417,771	 748,150	 308,031	 1,473,952	
Excess (deficiency) of revenues over expenditures	(21,532)	(7,252)	(22,901)	(51,685)	
Net change in fund balances	(21,532)	(7,252)	(22,901)	(51,685)	
Fund balances - Beginning of year	861,921	267,043	107,792	1,236,756	
 Fund balances - End of year	 \$ 840,389	 \$ 259,791	 \$ 84,891	 \$ 1,185,071	

See Independent Auditor's Report.

School District of Tomahawk

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Accrued (Deferred) Revenue 6/30/2024	Cash Received	Federal Expenditures	Accrued (Deferred) Revenue 6/30/2025	Amount Provided to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE							
Wisconsin Department of Public Instruction							
Child Nutrition Cluster:							
School Breakfast Program	10.553	2025-355754-DPI-SB-546	\$ 932	\$ 93,943	\$ 96,539	\$ 3,528	\$ -
July 1, 2024-June 30, 2025							
Food Distribution - Commodities	10.555	2025-355754-DPI-NSL-547		58,664	58,664		
July 1, 2024 to June 30, 2025							
National School Lunch Program	10.555	2025-355754-DPI-NSL-547	3,988	255,794	263,220	11,414	
July 1, 2024 to June 30, 2025							
TOTAL 10.555			3,988	314,458	321,884	11,414	\$ -
TOTAL CHILD NUTRITION CLUSTER			4,920	408,401	418,423	14,942	\$ -
TOTAL U.S. DEPARTMENT OF AGRICULTURE			4,920	408,401	418,423	14,942	\$ -
U.S. DEPARTMENT OF EDUCATION							
Wisconsin Department of Public Instruction							
Special Education Cluster							
Special Education Grants to State	84.027	2025-355754-DPI-FLOW-341	\$ 135,747	\$ 339,403	\$ 248,981	\$ 45,325	\$ -
July 1, 2024-June 30, 2025							
Special Education Preschool Grants	84.173	2025-355754-DPI-PRESCH-335	4,717	16,509	16,211	4,419	
July 1, 2024-June 30, 2025							
Total Special Education Cluster (IDEA)			140,464	355,912	265,192	49,744	\$ -

School District of Tomahawk

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Accrued (Deferred) Revenue 6/30/2024	Cash Received	Federal Expenditures	Accrued (Deferred) Revenue 6/30/2025	Amount Provided to Subrecipients
U.S. DEPARTMENT OF EDUCATION							
Wisconsin Department of Public Instruction							
Education Stabilization Fund							
Homeless Children and Youth July 1, 2024-June 30, 2025	84.425U	N/A	-	7,593	7,593	-	-
COVID-19 Elementary and Secondary Emergency Relief Fund III July 1, 2024-June 30, 2025	84.425U	N/A	519,946	683,025	163,079	-	-
COVID-19 Elementary and Secondary Emergency Relief Fund III - Summer School July 1, 2024-June 30, 2025	84.425U	2025-355754-DPI-ESF-Summer-165	252,153	440,954	188,801	-	-
Total Education Stabilization Fund			772,099	1,131,572	359,473	-	-
Title I Grants to Local Educational Agencies							
July 1, 2024-June 30, 2025	84.010	2025-355754-DPI-TI-A-141	\$ 82,800	\$ 214,237	\$ 208,167	\$ 76,730	\$ -
Title II Improving Teacher Quality State Grants July 1, 2024-June 30, 2025	84.367	2025-355754-DPI-TIIA-365	17,877	34,420	29,598	13,055	-
Student Support and Academic Enrichment Grants July 1, 2024-June 30, 2025	84.424	2025-355754-DPI-TIVA-381	3,846	8,022	9,133	4,957	-
CESA #9							
Carl Perkins July 1, 2024-June 30, 2025	84.048	2025-355754-CTE-400	-	8,957	8,957	-	-
TOTAL U.S. DEPARTMENT OF EDUCATION			1,017,086	1,753,120	880,520	144,486	-

School District of Tomahawk

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Accrued (Deferred) Revenue 6/30/2024	Cash Received	Federal Expenditures	Accrued (Deferred) Revenue 6/30/2025	Amount Provided to Subrecipients
U.S DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Wisconsin Department of Health Services							
Medicaid Cluster:							
Medical Assistance Program	93.778						
July 1, 2024-June 30, 2025		N/A	\$ 11,162	\$ 97,338	\$ 99,671	\$ 13,495	\$ -
CESA #9							
Public Health Crisis Response	93.354						
July 1, 2024-June 30, 2025		N/A		- 2,600	2,600		
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			11,162	97,338	102,271	13,495	
TOTAL FEDERAL AWARDS			\$ 1,033,168	\$ 2,261,459	\$ 1,401,214	\$ 172,923	\$ -

See Independent Auditor's Report.

See accompanying notes to the Schedule of Expenditures of Federal Awards and State Assistance.

School District of Tomahawk

Schedule of State Financial Assistance

Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	State Identification Number	Pass-Through Entity Identifying Number	Accrued (Deferred) Revenue 6/30/2024	Cash Received	State Expenditures	Accrued (Deferred) Revenue 6/30/2025
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION						
District Programs	255.101	355754-100	\$ -	\$ 714,475	\$ 714,475	\$ -
Participant in Package Program CESA #9	255.101	N/A	-	36,666	36,666	-
Total Special Education and School Age Parents			-	751,141	751,141	-
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION						
State School Lunch Aid	255.102	355754-107	-	5,626	5,626	-
Common School Fund Library Aid	255.103	355754-104	-	85,152	85,152	-
Pupil Transportation Aid	255.107	355754-102	-	60,891	60,891	-
Early College Credit	255.445	355754-178	275	219	329	385
Equalization Aid	255.201	355754-116	-	625,423	625,423	-
Special Adjustment Aid	255.203		-	1,375,927	1,375,927	-
Student Achievement Guarantee in Ed	255.504	355754-160	-	423,792	423,792	-
Educator Effectiveness Grants	255.940	355754-154	-	8,516	8,516	-
School Based Mental Health	255.297		(114)	34,924	35,038	-
Career and Technical Ed Incentive Grant	255.950	355754-171	-	18,735	18,735	-
Per Pupil Adjustment Aid	255.945	355754-113	-	831,782	831,782	-
High Cost Transportation Aid	255.947	355754-114	-	163,054	163,054	-
School Breakfast Program	255.344	355754-108	-	3,829	3,829	-
Aid for Special Ed Transition Grants	255.960	355754-168	-	4,738	4,738	-
TOTAL WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION			161	4,393,749	4,393,973	385
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT						
CESA #9						
Attract and Retain Staff		N/A	\$ -	\$ 750	\$ 750	\$ -
Youth Apprenticeship Grant	445.107	N/A	\$ -	\$ 19,700	\$ 19,700	\$ -
TOTAL WISCONSIN DEPARTMENT OF JUSTICE			-	20,450	20,450	-
TOTAL STATE FINANCIAL ASSISTANCE			\$ 161	\$ 4,414,199	\$ 4,414,423	\$ 385

See Independent Auditor's Report.

See accompanying notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance.

School District of Tomahawk

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

Note 1: Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance (the "Schedules") include the federal and state award activity of the District under programs of the federal and state government for the year ended June 30, 2025. The information in these Schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and the *State of Wisconsin Single Audit Guidelines*. Because the Schedules present only a selected portion of the operations of the District, it is not intended to, and does not, present the financial position or changes in net position of the District.

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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where applicable.

Note 3: Indirect Cost

The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Other Reports

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Education
School District of Tomahawk
Tomahawk, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of School District of Tomahawk, as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the School District of Tomahawk'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 School District of Tomahawk'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 an unmodified opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of School District of Tomahawk's internal control. Accordingly, we do not express an opinion on the effectiveness of School District of Tomahawk'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 reasonable possibility that a material misstatement of School District of Tomahawk's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether School District of Tomahawk'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*.

School District of Tomahawk's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School District of Tomahawk's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

Wipfli LLP

Wipfli LLP

Eau Claire, Wisconsin
December 15, 2025

Independent Auditor's Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Guidelines

Board of Education
School District of Tomahawk
Tomahawk, Wisconsin

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

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

In our opinion, School District of Tomahawk complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal and state program 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of School District of Tomahawk 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 School District of Tomahawk'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 School District of Tomahawk's federal and state program.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on School District of Tomahawk'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 *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration and the Uniform Guidance 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 School District of Tomahawk'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*, *State Single Audit Guidelines*, and the Uniform Guidance, 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 School District of Tomahawk'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 School District of Tomahawk'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, but not for the purpose of expressing an opinion on the effectiveness of School District of Tomahawk's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Wipfli LLP

Wipfli LLP

Eau Claire, Wisconsin
December 15, 2025

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School District of Tomahawk

Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? No

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance [2CFR 200.156(a)]? No

Identification of major federal programs:

<u>AL Number</u>	<u>Name of Federal Program or Cluster</u>
------------------	---

10.555, 10.553	Child Nutrition Cluster
----------------	-------------------------

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

School District of Tomahawk

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2025

Section I - Summary of Auditor's Results (Continued)

State Financial Assistance

Internal control over major state programs

 Material weakness(es) identified? No

 Significant deficiency(ies) identified? No

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with *State of Wisconsin Single Audit Guidelines*?

No

Identification of major state programs:

State I.D. Number

255.101

Special Education and School Age Parents

255.203

Special Adjustment Aid

Dollar threshold used to distinguish between Type A and Type B programs

\$250,000

Auditee qualified as low-risk auditee?

Yes

School District of Tomahawk

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2025

Section II - Financial Statement Findings

2025-001 Segregation of Duties

Criteria - No one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Condition - The size of the office staff responsible for the accounting, reporting, payroll, and other functions indicates a lack of segregation of duties in various financial areas. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. The Board should continue to be aware of this condition and to realize the concentration of duties and responsibilities in a limited number of individuals is not desirable for an effective system of internal control. Under these conditions, the most effective controls lie in the Board's knowledge of matters relating to the District's operations and their involvement in the review of the financial records and statements. We noted the following deficiency:

- Payroll preparation duties are performed by one employee. The employee has the ability to add new employees, change pay rates, and processes the payroll.
- The bookkeeper has the ability to add new vendors, processes disbursements, and reconciles accounts payable.

Effect - Without adequate segregation of duties, the likelihood that unauthorized or false transactions will be prevented or detected in a timely fashion is significantly diminished which may result in misstated financial statements.

Recommendation - We recommend that the same individual does not process payroll change wage rates and add or delete employees. We also recommend that the same employee does not process accounts payable checks and add new vendors.

Management's Response - The District does not have the resources available to increase staff size and eliminate the internal control deficiency. The Board and management are aware of the incompatible duties and will continue to provide oversight and monitor the District's operations. In addition, the Board reviews monthly cash disbursements for oversight.

School District of Tomahawk

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2025

2025-002 Financial Accounting and Reporting

Criteria - The District is responsible for reporting financial data reliably in accordance with accounting principles generally accepted in the United States (GAAP).

Condition - As part of our professional services for the year ended June 30, 2025, we were requested to draft the financial statements and accompanying notes to the financial statements.

Cause - The District does not expect, nor does is require, its financial staff to have the ability to prepare GAAP financial statements.

Effect - As a result of not having an individual trained in the preparation of GAAP basis financial statements, the completeness of the financial statement disclosures and the accuracy of the financial statement presentation is negatively impacted as outside auditors do not have the same comprehensive understanding of the District as its own management.

Recommendation - We recommend that management and those charged with governance continue to evaluate whether to accept the degree of risk associated with this condition because of cost or other considerations.

Management's Response - The District does not have the resources and staff to prepare the financial statements and notes but will continue to oversee the auditor's services and review and approve the financial statement and notes.

School District of Tomahawk

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2025

Section III - Federal Awards Findings and Questioned Costs

There were no findings for federal awards

Section IV - State Awards Findings and Questioned Costs

There were no findings for state awards.

Section V - Other Issues

Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern?

No

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

Department of Public Instruction

No

Department of Workforce Development

No

Department of Health Services

No

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

Yes

Name and Signature of Partner



Rob Ganschow, CPA, CFE

Date

December 15, 2025

School District of Tomahawk

Schedule of Prior Audit Findings

Year Ended June 30,2024

Financial Statement Findings

2024-001: Segregation of Duties - See finding 2025-001

2024-002: Financial Accounting and Reporting - See finding 2025-002

Federal Awards and State Financial Assistance Findings and Questioned Costs

None.