

**WAUSAU SCHOOL DISTRICT
WAUSAU, WISCONSIN**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Wausau School District
Wausau, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wausau School District, (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Wausau School District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinions.

Opinions

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 District, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Wisconsin Retirement System pension schedules, Wisconsin Retirement System local retiree life insurance fund, and OPEB healthcare defined benefit plan, as stated in the table of contents, be presented to supplement the basic financial statements. Such 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. 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.

Other Information

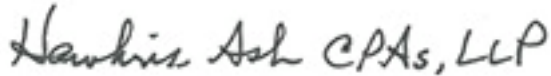
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of charter school authorizer operating costs are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis 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 *State Single Audit Guidelines*, and are also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2020, 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 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 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.

HAWKINS ASH CPAS, LLP

A handwritten signature in cursive script that reads "Hawkins Ash CPAs, LLP".

Manitowoc, Wisconsin
November 17, 2020

**WAUSAU SCHOOL DISTRICT
WAUSAU, WISCONSIN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

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

FINANCIAL HIGHLIGHTS

- The District's overall financial position, as reflected in total net assets, increased by \$13.7 million to \$90.4 million. The financial position includes the Wisconsin Retirement System (WRS) asset, deferred inflows of resources, and deferred outflows of resources. Some of the major items that affected the overall financial position are:
 - Long term liabilities decreased by 26.7 million. (Increase to net position)
 - Capital assets less depreciation decreased by 1.8 million. (Decrease to net position)
 - Wisconsin Retirement System asset decreased 12.6 million (Decrease to net position)
 - Other Post Employment benefits inflows and outflows increased .6 million (Decrease to net position)
 - Governmental Fund Balance increased by 2 million. (Increase to net position)

- **The District's total Governmental Fund Balance Increased \$2 million to \$35.9 million.**
 - General Fund balance increased \$3.7 million to \$31.7 million which is 30.0% of 2019-20 expenditures. Major positive and negative impacts to fund balance can be attributed to the following:
 - Insurance claims were less than expected. (Positive)
 - Insured incurred but not recorded was adjusted higher (Negative)
 - Medicaid revenue from prior years was received. (Positive)
 - Grant Expenses were less than expected (Positive)
 - Grant Revenue was less than expected (Negative)
 - Salary expenses were less than expected (Positive)
 - Benefit expenses were less than expected (Positive)
 - Transportation and fuel costs were less than expected. (Positive)
 - Open enrollment expenses were more than expected. (Negative)
 - Refunds of Prior Years Expenses was less than expected (Negative)
 - Debt Service fund balance decreased \$.2 million. Revenue from the debt service levy and interest income was slightly lower than the debt service payments.
 - Other Governmental Funds decreased \$1.5 million. Long-term Capital Improvement Trust Increased \$.5 million, Food Service Fund decreased \$.3 million, Non-Scholarship Donation Fund decreased \$.1 million, Capital Projects Fund decreased \$1.6 million, Non- referendum debt and Community Service Fund decreased slightly.

- **Long -Term liabilities decreased by \$26.7 million.**
 - General obligation debt decreased \$13.6 million.
 - Issuance premium decreased \$.4 Million
 - WRS net pension decreased \$11.5 Million.
 - Net OPEB obligation decreased \$.6 million.
 - Accrued Interest Payable decreased \$.2 million.
 - Capital Leases decreased \$.4 million

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS

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

District Wide Financial Statements

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

Fund Financial Statements

- The District also produces *fund financial statements*. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The District, like other state and local governments, uses fund accounting to demonstrate compliance with finance related legal requirements. Fund statements generally report operations in more detail than the District-wide statements and provide information that may be useful in evaluation of a District's near-term financing requirements.

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

- There are two fund financial statements, *the balance sheet* and *the statement of revenues, expenditures and changes in fund balances*. Generally, fund statements focus on near-term inflows and outflows of spendable resources and their impact on fund balance.
- Because the focus of fund financial statements is narrower than that of the District-wide statements it is useful to make comparison between the information presented. By doing so readers may better understand the long-term implication of the government's near-term financial decisions. A reconciliation to facilitate this comparison is provided either at the bottom of the governmental funds statement or as a separate statement.
- The District has two kinds of funds: *governmental*, and *fiduciary*. *Governmental funds* include the District's five permanent funds (general, special education, debt service, food service and Employee Benefit Trust Fund) and individual capital project funds as needed. The only *fiduciary funds* for the District serve as agency funds for student activity funds.
- Financial information is presented separately on both the *balance sheet* and the *statement of revenues, expenditures and changes in fund balance* for the general fund, debt service fund and the capital projects fund as these are considered to be major funds. Data for non-major funds is combined and provided in a separate column. The governmental fund financial statements are on pages 20 and 21 of this report. A detailed balance sheet for nonmajor governmental funds is on page 54 of this report.
- The District serves as a trustee, or *fiduciary*, for student activity funds. The assets of these organizations do not directly benefit nor are under the direct control of the District. The District's responsibility is limited to ensuring the assets reported in these funds are used only for their intended purposes. *Fiduciary* activities are excluded from the District-wide financial statements because the District cannot use these assets to finance its operations. *Fiduciary* fund statements are presented on page 23 and 24.
- The District adopts an annual appropriated budget for its general fund and special education fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget. The budgetary comparison statements are on page 49.

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found on pages 25 to 48 of this report.

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

	District-Wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire District (except fiduciary funds).	The activities of the District that are not fiduciary, such as instructional, and support services.	Assets held by the District on behalf of someone else. Student and other organizations that have funds on deposit with the District are reported here.
Required financial statements	Statement of net assets, and Statement of activities	Balance sheet, and Statement of revenues, expenditures and changes in fund balance.	Statement of fiduciary net assets, and Statement of changes in fiduciary net assets.
Basis of accounting and measurement focus	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial resources focus.	Accrual accounting. Economic resources focus.
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term.	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets and liabilities, both financial and capital, short-term and long-term. These funds do not currently contain any capital assets, although they can.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability are due and payable.	All additions or deductions during the year, regardless of when cash is received and paid.

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

FINANCIAL ANALYSIS

The District as a Whole

Net position. Table 1 below, provides a summary of the District's net position for the year ended June 30, 2020.

Table 1 Condensed Statement of Net Position June 30, 2020	
Current Assets	\$ 62,926,744
Capital Assets	125,921,837
Deferred Outflows of Resources	<u>30,303,295</u>
Total Assets and Deferred Outflows of Resources	219,151,876
Current Liabilities	18,792,000
Noncurrent portion of long-term obligations	<u>64,651,744</u>
Total Liabilities	83,443,744
Deferred Inflows of Resources	
Wisconsin Retirement System pension	<u>45,260,687</u>
Total Deferred Inflows of Resources	45,260,687
Net Position	
Invested in capital assets, net of related debt	83,711,171
Restricted	20,038,924
Unrestricted	<u>(13,302,650)</u>
Total Net Position	<u>\$ 90,447,445</u>
Total Liabilities and Net Position	<u>\$219,151,876</u>

In governmental activities, total assets decreased \$15.6 million.

- Current Assets increased \$14.2 million. Major positive and negative impacts to Current Assets can be attributed to the following:
 - Increase in Cash and Investments \$2.3 million. (Positive)
 - Increase in Wisconsin Retirement System Pension asset \$12.3 million. (Positive)
 - Decrease in Due from Other Governments \$1.0 million. (Negative)
- Capital Assets decreased \$1.8 million due to Governmental capital assets increasing for than depreciation.
- Deferred Outflows of Resources decreased \$28.0 million due to the following:
 - Decrease in Wisconsin Retirement System Pension \$30.0 million. (Positive)
 - Increase in OPEB healthcare \$.3 million. (Negative)
 - Increase in Wisconsin Retirement System LRLIF \$1.8 Million (Positive)

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

**Table 2
Change in Net Position
June 30, 2020**

<u>Revenues</u>	
Program revenues	
Charges for Services	\$ 1,261,480
Operating grants & contributions	8,302,990
General revenues	
Property taxes	46,145,414
State formula aid	72,914,858
Other	<u>1,165,327</u>
Total Revenues	<u>129,790,069</u>
<u>Expenses</u>	
Instruction	62,560,781
Pupil & instructional services	10,880,620
General, building administration	6,481,340
Business Administration, Central Services	32,212,945
Interest	1,836,637
Other support services	<u>2,094,456</u>
Total Expenses	<u>116,066,779</u>
Change in net position from Operations	\$ 13,723,290
Net position – Beginning of Year	<u>\$ 76,724,155</u>
Net position – End of Year	<u>\$ 90,447,445</u>

As shown, general revenues provide about 92.6% of the funding for governmental activities. State aid alone, accounts for 56.2% of the funding for governmental activities, while property taxes account for 35.6%.

- Program revenues, in the form of charges for services and operating grants and contributions, accounted for \$9.6 million of the total revenues of \$129.8 million.
- General revenues for operations accounted for \$120.2 million. Local property taxes increased, state aid increased and other revenues decreased.

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

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

- The District continued to apply for and receive competitive federal and state grants in 2020. These grants allow the District to maintain reduced class sizes, and provide additional services to students during regular instruction and through after school programs.
- The District summer school program continues to provide offerings to meet the needs of all students.
- The health insurance and wellness committees continue to research ways to reduce costs.
- The District implemented and maintains the Wausau Area Montessori, Enrich Excel Achieve Learning Academy (EEA) and Wausau Area Virtual Education (WAVE) charter schools.
- Cash-flow is monitored and investments with Board approved entities are made to maximize interest income when funds are available.
- The District has maintained an adequate fund balance. The fund balance has helped the District keep a higher bond rating and avoid short-term borrowing.
- The District continues to run successful 4K and Early Childhood programs.

Governmental Activities

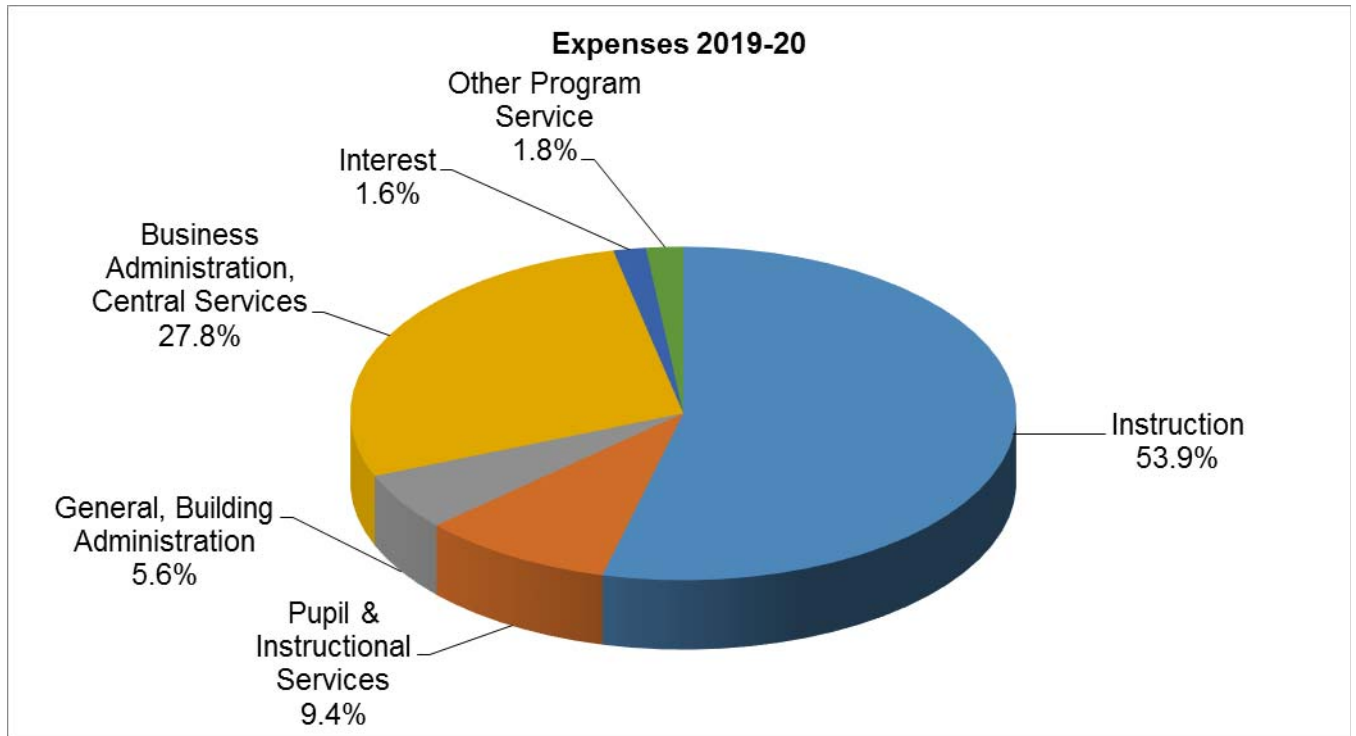
Net cost of governmental activities. Table 3 reports the cost of six major District activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

**Table 3
Net Cost of Governmental Activities
June 30, 2020**

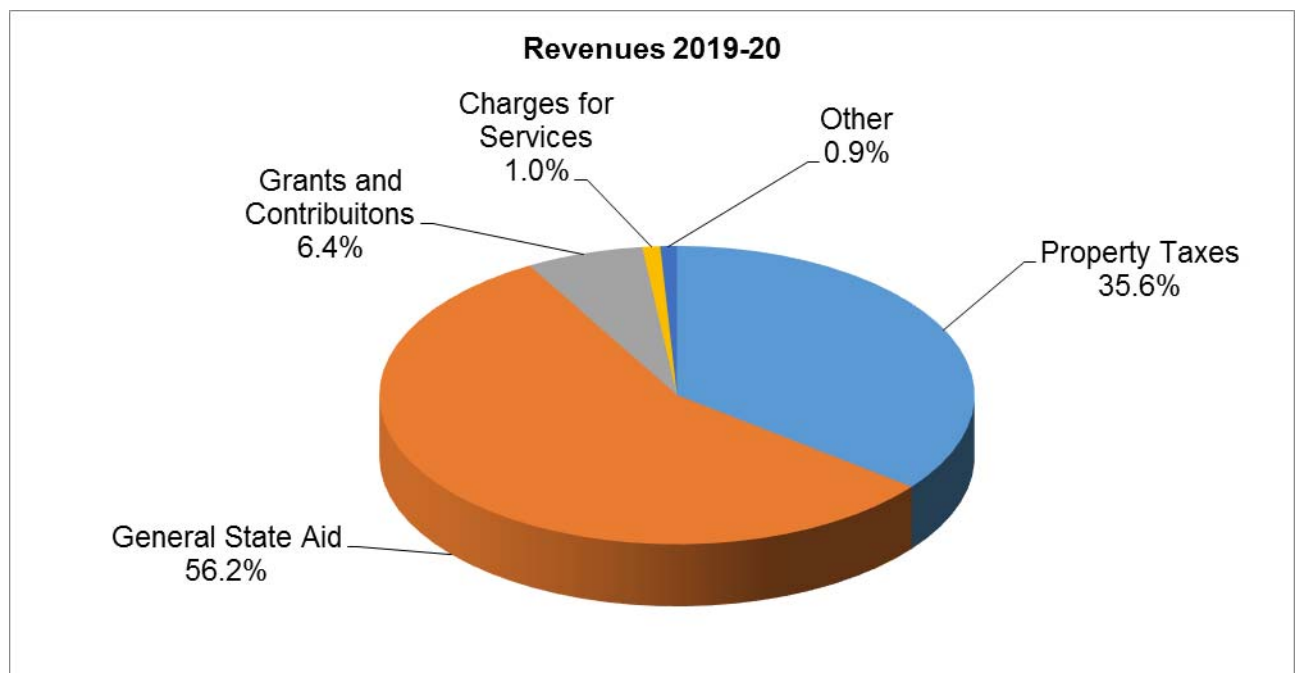
	Total Costs of Services	Net Costs of Services
Instruction	\$ 62,560,781	\$ 57,340,089
Pupil & instructional services	10,880,620	10,505,838
General, building administration	6,481,340	6,481,340
Business administration, central services	32,212,945	28,243,949
Other support services	2,094,456	2,094,456
Interest	1,836,637	1,836,637
Total Expenses	<u>\$116,066,779</u>	<u>\$106,502,309</u>

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

- Expenses by major function are illustrated below.



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



**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

Governmental Funds

In governmental funds, total fund balance increased by \$2 million.

- General Fund balance increased \$3.7 million due to lower insurance claims, grant expenses, salary expenses, benefit expenses, transportation fuel costs, and increased Medicaid revenue from prior years. The positives were offset by the insured but not recorded adjustment, lower grant revenues, smaller refunds of prior years' expenses and higher open enrollment expenses.
- Debt Service fund balance decreased \$.2 million. The balance decreased due to the difference in the amount levied (calendar year) and the amount spent (fiscal year).
- Other Governmental Funds decreased \$1.5 million. Long-term Capital Improvement Trust Increased \$.5 million, Food Service Fund decreased \$.3 million, Non-Scholarship Donation Fund decreased \$.1 million, Capital Projects Fund decreased \$1.6 million, Non-referendum debt and Community Service Fund decreased slightly.

Budget Variances

The Statement of Revenues, Expenditures and Changes in Fund Balances, found on page 49, shows variances between the final budget and actual revenues/expenditures. The variance between the final revenue budget and actual revenues was **1.8%**. Significant items that caused this variance were as follows:

- Property Taxes – Mobile Home Tax was lower than expected.
- Other Local Sources – Interest on investments, building rental, and transportation fees were lower than expected.
- Intermediate Sources – Non-open enrollment general tuition was more than expected.
- State Sources – Grant revenues were lower and carryover increased.
- Federal Sources – Grant revenues were lower and carryover increased.
- Other Sources – Refund of prior year expenses and miscellaneous revenues decreased. Scoreboard revenue increased.

The variance between the final expenditure budget and actual expenditures was **5.1%**. Significant items that caused this variance were as follows:

- Instructional Staff Services – Non-Capital hardware was lower and professional salaries were down
- General Administrative Services – Personal Services and Administrative travel were down from the prior year.
- Business Services – Cleaning Services, gas for heat, general supplies, non-capital equipment, maintenance services, vehicle fuel, pupil transportation, and custodial overtime were all less than expected.
- Non-program transactions – Non-Governmental educational services, payments to Wisconsin school Districts, payment to state, payments to the Wisconsin Technical College System (WTCS), and refund receipt (Non-Aidable) were all more than budgeted.

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2020, the District had invested \$182.5 million in a broad range of capital assets, including buildings, sites, library books, and equipment. This amount represents a net decrease of \$3.0 million over the prior fiscal year. Additional information about capital assets can be found in NOTE 3, page 31-32. Total accumulated depreciation on these assets is \$56,540,491 resulting in capital assets, net of depreciation, of \$125,921,837.

- Capital assets not being depreciated increased due to remaining construction in progress outpacing decreases in land and construction in progress.
- Accumulated depreciation decreased by \$1.2 million. The District recognized depreciation expense of \$3.0 million and removed \$4.2 million of equipment that was disposed.

Table 4 Capital Assets			
	<u>2019</u>	<u>2020</u>	<u>% Change</u>
Land	\$ 7,270,037	\$ 7,399,045	2%
Construction in Progress	<u>6,603,721</u>	<u>6,757,282</u>	<u>2%</u>
Total capital assets not being depreciated	<u>\$ 13,873,758</u>	<u>\$ 14,156,327</u>	<u>2%</u>
Land Improvements	\$ 2,383,384	\$ 2,595,965	9%
Buildings	148,389,238	148,720,343	0%
Equipment & Furniture	20,807,648	16,989,693	(18)%
Accumulated Depreciation	<u>(57,766,081)</u>	<u>(56,540,491)</u>	<u>2%</u>
Total capital assets being depreciated less Accumulated Depreciation	<u>\$ 113,814,189</u>	<u>\$111,765,510</u>	<u>(4)%</u>
Total	<u>\$ 127,687,947</u>	<u>\$125,921,837</u>	<u>(3)%</u>

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

Long-Term Obligations

The District's long term obligations consist of long-term General Obligation Debt for buildings and sites and future obligations for post-employment benefits. At year-end, the District had \$68.3 million in long-term obligations. This is a decrease of \$26.5 million. The decrease is due to reduced general obligation debt of \$13.6 million, Wisconsin Retirement system of \$11.5 million, OPEB healthcare of .6 million, leases of \$.4 million and issuance premium of \$.4 million.

General Obligation/Refunding Bonds

This category represents long-term debt for building and site construction and renovations. Total General Obligation Debt as of June 30, 2020 was \$40.2 million. The legal debt limit in accordance with section 67.03(1)(b) of the Wisconsin statutes is \$427.5 million (10% of the 2020 equalized valuation of the District as certified by the Wisconsin Department of Revenue). More information on general obligation/refunding bonds can be found in NOTE 4 on page 32-33.

In 1999 a referendum authorizing \$65,383,000 was passed. The 1999 Referendum authorized construction of a new Wausau East High School, a new Stettin Elementary School, and, additions and remodeling at Wausau West High School, Riverview, Maine, Grant, and John Marshall Elementary schools.

In 2015 a referendum authorizing \$29,565,000 was passed. The 2015 referendum authorized construction of additions to G.D. Jones, Hawthorn Hills, Riverview, Thomas Jefferson, Wausau East High School, and Wausau West High School. Capital maintenance projects throughout the District were also authorized. The following table projects the future debt mill rate requirements based on existing obligations and assuming the equalized value will increase 9.05% in 2020 and increase 1% in 2020-35.

**Table 5
Future Debt Mill Rate
(2020-2027)**

Levy Year	Current Statutory Debt Per Levy Year	Debt Mill Rate
2020	\$13,982,057	3.27
2021	\$14,587,180	3.13
2022	\$ 524,413	.11
2023	\$ 524,413	.11
2024	\$ 2,357,413	.49
2025	\$ 2,356,038	.49
2026	\$ 565,663	.12
2027	\$ 565,913	.11

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

Post-Employment Benefits

The District's post-employment benefit program provides health and dental insurance to eligible retired employees. The net OPEB obligation account on June 30, 2020 was \$21,053,737. For the year ended June 30, 2020 the District recognized OPEB healthcare expense of \$1,412,609.

Factors Bearing on the District's Future

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

- The current economic conditions and uncertainties make it difficult to plan for the future. Funding in future years, property values, retirements, and employees' salary and benefits are factors that are hard to predict. The District is continuing to work on compensation process for all employee groups.
- Prepaying debt through defeasance is a strategy the District has used to maintain a stable tax rate while saving the District interest payments on callable debt issues. The use of this strategy along with the associated tax rate will be reconsidered prior to establishing the District tax levy in future years.
- Shifting student demographics, building capacity, boundary change discussions, open enrollment fluctuations, declining enrollment, expansion of voucher programs and associated funding issues.
- A growing list of capital improvements including roofs, windows, and HVAC may be more than the current budget can accommodate. The District continues to take advantage of a revenue limit exemption for energy efficiency projects.
- Strategic planning initiatives, including the completion of a District-wide master facilities plan, may impact the use of current facilities and/or construction of new square footage.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Robert Tess, Chief Finance and Business Services Officer or Noel Tordsen, Supervisor of Financial Services and Data Processing, Wausau School District, 415 Seymour Street, Wausau, WI 54402-0359.

**WAUSAU SCHOOL DISTRICT
WAUSAU, WISCONSIN**

**BASIC
FINANCIAL STATEMENTS**

**WAUSAU SCHOOL DISTRICT
WAUSAU, WISCONSIN**

**DISTRICT-WIDE
FINANCIAL STATEMENTS**

WAUSAU SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and investments	\$ 34,961,204
Prepays	417,086
Taxes receivable	11,745,063
Accounts receivable	24,904
Receivable from external parties	731,230
Due from other governments	2,739,090
Wisconsin Retirement System net pension	12,308,167
Capital assets (net of accumulated depreciation)	
Capital assets not being depreciated	14,156,327
Capital assets being depreciated	111,765,510
TOTAL ASSETS	188,848,581
DEFERRED OUTFLOWS OF RESOURCES	
Wisconsin Retirement System pension	26,874,799
Wisconsin Retirement System LRLIF	2,160,144
OPEB healthcare	1,268,352
TOTAL DEFERRED OUTFLOWS OF RESOURCES	30,303,295
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	219,151,876
LIABILITIES	
Accounts payable	993,556
Accrued liabilities	
Payroll, payroll taxes, insurance	13,757,605
Interest	430,946
Current portion of long-term obligations	3,609,893
Noncurrent portion of long-term obligations	64,651,744
TOTAL LIABILITIES	83,443,744
DEFERRED INFLOWS OF RESOURCES	
Wisconsin Retirement System pension	36,939,383
Wisconsin Retirement System LRLIF	802,134
OPEB healthcare	7,519,170
TOTAL DEFERRED INFLOWS OF RESOURCES	45,260,687
NET POSITION	
Net investment in capital assets	83,711,171
Restricted for	
General	3,480,832
Special revenue	1,623,638
Capital projects	779,779
Debt service	1,802,040
Other activities	12,352,635
Unrestricted	(13,302,650)
TOTAL NET POSITION	90,447,445
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 219,151,876

The accompanying notes are an integral part of these statements.

WAUSAU SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
GOVERNMENTAL ACTIVITIES				
Instruction				
Regular instruction	\$ 43,709,692	\$ -	\$ -	\$ (43,709,692)
Vocational instruction	2,327,902	-	-	(2,327,902)
Special instruction	12,026,432	-	5,220,692	(6,805,740)
Other instruction	4,496,755	-	-	(4,496,755)
Total instruction	<u>62,560,781</u>	<u>-</u>	<u>5,220,692</u>	<u>(57,340,089)</u>
Support services				
Pupil services	5,200,380	-	-	(5,200,380)
Instructional staff services	5,680,240	-	374,782	(5,305,458)
General administration services	900,850	-	-	(900,850)
Building administration services	5,580,490	-	-	(5,580,490)
Business services	24,106,017	1,261,480	2,707,516	(20,137,021)
Central services	1,077,782	-	-	(1,077,782)
Insurance	891,047	-	-	(891,047)
Interest	1,836,637	-	-	(1,836,637)
Other support services	2,094,456	-	-	(2,094,456)
Total support services	<u>47,367,899</u>	<u>1,261,480</u>	<u>3,082,298</u>	<u>(43,024,121)</u>
Non-program transactions	6,138,099	-	-	(6,138,099)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 116,066,779</u>	<u>\$ 1,261,480</u>	<u>\$ 8,302,990</u>	<u>(106,502,309)</u>
General revenues				
Taxes				
				29,883,521
Property taxes, levied for general purposes				15,634,693
Property taxes, levied for debt services				627,200
Property taxes, levied for community services				72,914,858
State and federal aids not restricted to specific functions				328,516
Interest and investment earnings				771,226
Miscellaneous				65,585
Net gain on disposal of capital assets				<u>120,225,599</u>
Total general revenues				
CHANGE IN NET POSITION				13,723,290
NET POSITION - BEGINNING OF YEAR				<u>76,724,155</u>
NET POSITION - END OF YEAR				<u>\$ 90,447,445</u>

The accompanying notes are an integral part of these statements.

**WAUSAU SCHOOL DISTRICT
WAUSAU, WISCONSIN**

**FUND
FINANCIAL STATEMENTS**

WAUSAU SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	GENERAL FUND	REFERENDUM APPROVED DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash and investments	\$ 30,834,685	\$ 1,625,980	\$ 2,500,539	\$ 34,961,204
Prepays	417,086	-	-	417,086
Taxes receivable	11,745,063	-	-	11,745,063
Accounts receivable	24,889	-	15	24,904
Due from other funds	731,230	-	48,024	779,254
Due from other governments	2,656,018	-	83,072	2,739,090
TOTAL ASSETS	46,408,971	1,625,980	2,631,650	50,666,601
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	986,841	-	6,715	993,556
Due to other funds	48,024	-	-	48,024
Accrued liabilities				
Payroll, payroll taxes, insurance	13,712,147	-	45,458	13,757,605
TOTAL LIABILITIES	14,747,012	-	52,173	14,799,185
FUND BALANCES				
Restricted	3,480,832	1,625,980	2,579,477	7,686,289
Committed	-	-	-	-
Assigned	27,764,041	-	-	27,764,041
TOTAL FUND BALANCES	31,661,959	1,625,980	2,579,477	35,867,416
TOTAL LIABILITIES AND FUND BALANCES	\$ 46,408,971	\$ 1,625,980	\$ 2,631,650	

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

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

Governmental capital asset	\$ 182,462,328	
Governmental accumulated depreciation	(56,540,491)	125,921,837

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

3,601,593

Other post employment benefits deferred inflows of resources and deferred outflows of resources are not current financial resources and are not reported in fund statements:

(6,250,818)

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

General obligation debt	\$ (40,180,000)	
Premium	(1,759,014)	
Capital leases	(271,652)	
Accrued interest	(430,946)	
WRS liability	(4,997,234)	
Net OPEB obligation	(21,053,737)	(68,692,583)

Total net position - governmental activities **\$ 90,447,445**

The accompanying notes are an integral part of these statements.

WAUSAU SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	GENERAL FUND	REFERENDUM APPROVED DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Property taxes	\$ 29,883,521	\$ 13,557,057	\$ 2,704,836	\$ 46,145,414
Other local sources	550,504	74,015	1,371,760	1,996,279
Interdistrict sources	2,334,883	-	-	2,334,883
Intermediate sources	17,421	-	-	17,421
State sources	71,907,983	-	71,120	71,979,103
Federal sources	4,112,857	-	2,773,584	6,886,441
Other sources	364,943	-	-	364,943
TOTAL REVENUES	109,172,112	13,631,072	6,921,300	129,724,484
EXPENDITURES				
Current				
Instruction				
Regular instruction	42,654,447	-	193,995	42,848,442
Vocational instruction	2,282,880	-	16,062	2,298,942
Special instruction	11,968,174	-	887	11,969,061
Other instruction	4,419,843	-	-	4,419,843
Total instruction	61,325,344	-	210,944	61,536,288
Support services				
Pupil services	5,233,280	-	58,053	5,291,333
Instructional staff services	5,430,907	-	66,876	5,497,783
General administration services	527,324	-	451,702	979,026
Building administration services	5,755,544	-	-	5,755,544
Business services	15,966,899	-	5,819,920	21,786,819
Central services	1,030,498	-	21,418	1,051,916
Insurance	891,047	-	-	891,047
Other support services	2,013,167	-	-	2,013,167
Total support services	36,848,666	-	6,417,969	43,266,635
Non-program transactions	6,138,099	-	-	6,138,099
Debt service				
Principal	409,129	11,830,000	1,790,000	14,029,129
Interest	27,725	1,512,125	357,885	1,897,735
Other	-	473,096	-	473,096
Total debt service	436,854	13,815,221	2,147,885	16,399,960
Capital outlay	394,801	-	6,551	401,352
TOTAL EXPENDITURES	105,143,764	13,815,221	8,783,349	127,742,334
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,028,348	(184,149)	(1,862,049)	1,982,150
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	65,585	-	-	65,585
Transfer (to) from other funds	(398,932)	-	398,932	-
TOTAL OTHER FINANCING SOURCES (USES)	(333,347)	-	398,932	65,585
NET CHANGE IN FUND BALANCE	3,695,001	(184,149)	(1,463,117)	2,047,735
FUND BALANCE - BEGINNING OF YEAR	27,966,958	1,810,129	4,042,594	33,819,681
FUND BALANCE - END OF YEAR	\$ 31,661,959	\$ 1,625,980	\$ 2,579,477	\$ 35,867,416

The accompanying notes are an integral part of these statements.

WAUSAU SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds \$ 2,047,735

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

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

Capital outlay reported in fund statements	\$ 401,352	
Capital outlay reported as other expenses in fund statements	1,028,805	
Depreciation expense reported in the statement of activities	(3,023,007)	
Net book value of capital assets disposed	<u>(173,260)</u>	
Amount by which capital outlays are less than depreciation in the current period:		(1,766,110)

Wisconsin Retirement System pension asset, deferred outflows of resources, liability, and deferred inflows of resources changes: (705,304)

Wisconsin Retirement System LRLIF asset, deferred outflows of resources, liability, and deferred inflows of resources changes: (386,776)

OPEB healthcare deferred outflows of resources, liability, and deferred inflows of resources changes: (29,578)

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.

Amount of long-term debt principal payments in the current year is: 14,029,129

In governmental funds interest payments and other debt costs on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as it accrues.

Amount of interest and other debt costs paid during the current period is	\$ 2,370,831	
Amount of interest and other debt costs accrued during the current period is	<u>(1,836,637)</u>	
Interest paid is greater than interest accrued by:		<u>534,194</u>

Change in net position - governmental activities \$ 13,723,290

WAUSAU SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	AGENCY FUND STUDENT ACTIVITY	TRUST FUNDS	
		SCHOLARSHIP	EMPLOYEE BENEFIT
<u>ASSETS</u>			
Cash and investments	\$ 1,135,437	\$ 446,678	\$ 4,454,821
Accounts receivable	-	623	144,004
TOTAL ASSETS	1,135,437	447,301	4,598,825
<u>LIABILITIES</u>			
Deposits payable	-	-	112,700
Due to other funds	-	-	731,230
Due to student organizations	1,135,437	-	-
TOTAL LIABILITIES	1,135,437	-	843,930
NET POSITION			
Held in trust	-	447,301	3,754,895
TOTAL LIABILITIES AND NET POSITION	\$ 1,135,437	\$ 447,301	\$ 4,598,825

The accompanying notes are an integral part of these statements.

WAUSAU SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2020

	SCHOLARSHIP TRUST	EMPLOYEE BENEFIT TRUST
ADDITIONS		
Interest	\$ 8,115	\$ 273,721
Contributions	10,408	1,604,116
TOTAL ADDITIONS	18,523	1,877,837
DEDUCTIONS		
Trust expenditures	32,320	1,508,069
TOTAL DEDUCTIONS	32,320	1,508,069
CHANGE IN NET POSITION	(13,797)	369,768
NET POSITION - BEGINNING OF YEAR	461,098	3,385,127
NET POSITION - END OF YEAR	\$ 447,301	\$ 3,754,895

The accompanying notes are an integral part of these statements.

**WAUSAU SCHOOL DISTRICT
WAUSAU, WISCONSIN**

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - Summary of Significant Accounting Policies

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

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

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

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

Basis of Presentation

District-Wide Statements

The statement of net position and the statement of activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 1 - Summary of Significant Accounting Policies - Continued

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

The District has three fiduciary funds which account for assets held as an agent for various student organizations, an employee benefit trust and a private purpose trust.

Measurement Focus and Basis of Accounting

The district-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 1 - Summary of Significant Accounting Policies - Continued

Cash and Investments - The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. All funds share common (pooled) checking and investment accounts unless regulations require separate investment accounts, such as the debt service fund.

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

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

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

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2019 tax levy is used to finance operations of the District's fiscal year ended June 30, 2020. All property taxes are considered due on January 1, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30 and are available to pay current liabilities.

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

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

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

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 1 - Summary of Significant Accounting Policies - Continued

expenses. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

Prepays - Prepaid items represent payments for goods or services for which benefits extend beyond June 30.

A nonspendable fund balance has been recognized in governmental funds for these non-liquid assets to signify a portion of fund balance is not available for other subsequent expenditures.

Capital Assets - Capital assets are reported at actual cost or estimated historical costs, based on appraisals conducted by an independent third-party professional appraisal firm. Donated assets are reported at estimated fair market value at the time received.

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

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

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

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

Compensated Absences - Under terms of employment, employees are granted sick leave and vacations in varying amounts. The District's policy generally does not allow accumulated employee benefits to vest. Unused accumulated employee benefits are forfeited upon retirement or termination of employment, except in cases of voluntary early retirement.

Pension - 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 pension 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) - The fiduciary net position of the local retiree life insurance fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability,

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 1 - Summary of Significant Accounting Policies - Continued

deferred outflows of resources, and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

Estimates - The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

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

Fund Balance Classifications - The District classifies its fund equity as follows: 1) nonspendable fund balance consists of equity not in a spendable form or is legally or contractually required to be maintained intact, 2) restricted fund balance consists of equity constrained to specific purposes by their providers, externally imposed by creditors, constitutional provisions or by enabling legislation, 3) committed fund balance consists of equity constrained to specific purposes by the District itself, using its highest level of decision making authority – Board of Education policies, 4) assigned fund balance consists of equity the governing body intends to use for a specific purpose, intent can be expressed by the governing body. The Board of Education has authorized the Supervisor of Financial Services to assign fund balances through its financial management policy and 5) unassigned fund balance consists of equity available for any purpose.

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2020

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

NOTE 2 - Cash and Investments

State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, state obligations, U.S. Treasury obligations, U.S. agency issues, repurchase agreements and other investments secured by federal securities, high grade commercial paper, and the local government pooled-investment fund administered by the state investment board. Available balances in the debt service fund may be invested in municipal obligations, obligations of the United States and the local government pooled-investment fund. No significant violations of these restrictions occurred during the year.

As of June 30, 2020, the District had the following investments:

<u>Investment</u>	<u>Weighted average maturities</u>	<u>Fair value</u>
OPEB - BMO Harris Bank	Less than one year	\$ 4,454,821
State of Wisconsin Investment Pool	Less than one year	5,939
Wisconsin Investment Trust	Less than one year	644,571
Wisconsin Investment Series Cooperative	Less than one year	779,779
Certificate of deposit	Less than one year	731,296
Total		<u>\$ 6,616,406</u>

Investment Pool Information - Participation in the State of Wisconsin Local Government Investment Pool is voluntary. The Pool's regulatory oversight is provided by state statutes and its investment board. The fair value of the District's position in the Pool is the same as the value of the Pool shares. At June 30, 2020, the Pool's fair value was 100 percent of book value.

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

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

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

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 2 - Cash and Investments - Continued

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

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

Custodial Credit Risk - Deposits - Custodial credit is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. The State of Wisconsin's Public Deposit Guarantee Fund created under Chapter 34 of the Wisconsin Statutes protects the District's designated public depositories against any losses of public funds up to \$400,000 subject to the total amount of the Guarantee Fund available. As of June 30, 2020, \$33,508,745 of the District's bank balance of \$35,592,016 was exposed to custodial credit risk as uninsured, pledged collateral, collateralized by U.S. Government of municipal securities held by the bank in the bank's name and a letter of credit. There were \$194,614 of deposits that were uninsured and uncollateralized.

NOTE 3 - Capital Assets

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 7,270,037	\$ 129,008	\$ -	\$ 7,399,045
Construction in progress	6,603,721	362,936	(209,375)	6,757,282
Total capital assets not being depreciated	<u>13,873,758</u>	<u>491,944</u>	<u>(209,375)</u>	<u>14,156,327</u>
Capital assets being depreciated:				
Land improvements	2,383,384	436,881	(224,300)	2,595,965
Buildings and improvements	148,389,238	447,173	(116,068)	148,720,343
Equipment	20,807,648	263,534	(4,081,489)	16,989,693
Total capital assets being depreciated	<u>171,580,270</u>	<u>1,147,588</u>	<u>(4,421,857)</u>	<u>168,306,001</u>
Less accumulated depreciation for:				
Land improvements	(1,494,163)	(75,476)	224,300	(1,345,339)
Buildings and improvements	(40,067,753)	(2,255,342)	77,899	(42,245,196)
Equipment	(16,204,165)	(692,189)	3,946,398	(12,949,956)
Total accumulated depreciation	<u>(57,766,081)</u>	<u>(3,023,007)</u>	<u>4,248,597</u>	<u>(56,540,491)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>113,814,189</u>	<u>(1,875,419)</u>	<u>(173,260)</u>	<u>111,765,510</u>
Capital assets, net of accumulated depreciation	<u>\$ 127,687,947</u>	<u>\$ (1,383,475)</u>	<u>\$ (382,635)</u>	<u>\$ 125,921,837</u>

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 3 - Capital Assets - Continued

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 22,133
Vocational instruction	8,977
Special education instruction	3,049
Other instruction	2,020
Pupil services	159
Instructional staff services	2,275
General administration services	140
Building administration services	2,614
Business administration services	2,957,373
Central services	<u>24,267</u>
Total	<u>\$ 3,023,007</u>

The District does not capitalize interest on general fixed asset projects.

NOTE 4 - Long-Term Liabilities

Long-term obligations are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds payable	\$ 39,735,000	\$ -	\$ (11,830,000)	\$ 27,905,000	\$ 620,000
Notes payable - direct placement	14,065,000	-	(1,790,000)	12,275,000	1,895,000
Leases - direct placement	680,781	-	(409,129)	271,652	82,265
Premium	2,099,801	-	(340,787)	1,759,014	340,787
Wisconsin Retirement System					
Net pension liability	13,718,434	-	(13,718,434)	-	-
LRLIF	2,802,693	2,194,541	-	4,997,234	-
OPEB healthcare	<u>21,668,282</u>	<u>8,317,234</u>	<u>(8,931,779)</u>	<u>21,053,737</u>	<u>671,841</u>
Total	<u>\$ 94,769,991</u>	<u>\$ 10,511,775</u>	<u>\$ (37,020,129)</u>	<u>\$ 68,261,637</u>	<u>\$ 3,609,893</u>

Interest costs incurred during the year totaled \$1,703,218. Total interest paid during the year aggregated \$1,897,735 including \$27,725 for capital leases.

General Obligation Debt - All long-term debt is secured by the full faith and credit and unlimited taxing powers of the District. The long-term debt is expected to be repaid with general property taxes. Long-term debt at June 30, 2020 is comprised of the following individual issues:

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 4 - Long-Term Liabilities - Continued

<u>Issue Description</u>	<u>Issue Dates</u>	<u>Interest Rates (%)</u>	<u>Dates of Maturity</u>	<u>Balance</u>
Refunding bonds	11/15/11	2-5%	3/1/23	\$ 620,000
Bonds	8/4/15	2-5%	3/1/32	17,285,000
Notes - direct placement	8/4/15	2-4%	3/1/25	4,795,000
Bonds	3/1/16	2.5-2.75%	3/1/35	10,000,000
Notes - direct placement	7/6/17	2-2.1%	3/1/27	7,480,000
Total General Obligation Debt				<u>\$ 40,180,000</u>

General Obligation Debt - The 2019 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$4,274,851,521. The legal debt limit and margin of indebtedness as of June 30, 2020 in accordance with section 67.03(1)(b) of the Wisconsin Statutes, follows:

Debt limit (10% of \$4,274,851,521)	\$ 427,485,152
Amount available in debt service fund	1,802,040
Deduct long-term debt applicable to debt margin	<u>(40,180,000)</u>
Margin of indebtedness	<u>\$ 389,107,192</u>

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

Year Ending	Bonds		Notes Payable - Direct Borrowing and Placement		Leases - Direct Placement		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
June 30							
2021	\$ 620,000	\$ 976,481	\$ 1,895,000	\$ 313,435	\$ 82,265	\$ 15,137	\$ 3,902,318
2022	-	957,881	1,950,000	266,635	87,738	9,664	3,271,918
2023	-	957,881	2,005,000	209,135	93,575	3,827	3,269,418
2024	1,880,000	957,881	2,065,000	149,835	8,074	43	5,060,833
2025	1,975,000	863,881	2,115,000	98,585	-	-	5,052,466
2026-2030	9,955,000	3,181,185	2,245,000	69,870	-	-	15,451,055
2031-2035	13,475,000	1,185,163	-	-	-	-	14,660,163
	<u>\$ 27,905,000</u>	<u>\$ 9,080,353</u>	<u>\$ 12,275,000</u>	<u>\$ 1,107,495</u>	<u>\$ 271,652</u>	<u>\$ 28,671</u>	<u>\$50,668,171</u>

The District leases \$3,238,512 of equipment under direct placement leases.

Defeased Debt - In prior years, the District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2020, \$8,080,000 of bonds outstanding are considered defeased.

NOTE 5 - Wisconsin Retirement System

General Information about the Pension Plan

Plan Description - The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 5 - Wisconsin Retirement System - Continued

terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2020

NOTE 5 - Wisconsin Retirement System - Continued

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2010	(1.3)	22
2011	(1.2)	11
2012	(7)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	.5	(5)
2017	2	4
2018	2.4	17
2019	-	(10)

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

During the reporting period, the WRS recognized \$3,876,767 in contributions from the employer.

Contribution rates as of June 30, 2020 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.55%	6.55%
Protective with Social Security	6.55%	10.55%
Protective without Social Security	6.55%	14.95%

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

At June 30, 2020, the District reported a liability (asset) of \$(12,308,167) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the District's proportion was 0.38171293%, which was a decrease of 0.00388693% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$4,655,016.

At June 30, 2020, the District reported Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions from the following sources:

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

NOTE 5 - Wisconsin Retirement System - Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 23,363,716	\$ 11,691,977
Net differences between projected and actual earnings on pension plan investments	-	25,162,270
Changes in assumptions	959,133	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	127,737	85,136
Employer contributions subsequent to the measurement date	2,424,213	-
Total	\$ 26,874,799	\$ 36,939,383

\$2,424,213 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ending June 30	Deferred Outflows and (Inflows) of Resources
2021	\$ (3,683,937)
2022	(2,759,511)
2023	442,384
2024	(6,487,733)
Thereafter	-

Actuarial Assumptions - The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability (Asset)	December 31, 2019
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7%
Discount Rate:	7%
Salary Increases:	
Inflation	3%
Seniority/Merit	.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2020

NOTE 5 - Wisconsin Retirement System - Continued

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

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

Asset Allocation Targets and Expected Returns
 As of December 31, 2019

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49	8	5.1
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4
Total Core Fund	110	7.5	4.6
Variable Fund Asset Class			
U.S. Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9

New England Pension Consultants Long-Term US CPI (Inflation) Forecast 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

Single Discount Rate - A single discount rate of 7% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7% and a municipal bond rate of 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7% expected rate of return implies that a dividend of approximately 1.9% 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,

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2020

NOTE 5 - Wisconsin Retirement System - Continued

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 7 percent, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6 percent) or 1-percentage-point higher (8 percent) than the current rate:

	1% Decrease to Discount Rate (6%)	Current Discount Rate (7%)	1% Increase to Discount Rate (8%)
District's proportionate share of the net pension liability (asset)	\$ 31,695,730	\$ (12,308,167)	\$ (45,206,142)

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

Payables to the Pension Plan - The District reported a payable of \$1,026,017 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

NOTE 6 - Wisconsin Retirement System Local Retirement Life Insurance Fund

General Information about the Other Post Employment Benefits

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

OPEB Plan Fiduciary Net Position - ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.do>.

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

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

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2020

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

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

Contribution rates as of June 30, 2020 are:

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

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2019 are as listed below:

Attained Age	Basic	Supplemental
Under 30	\$.05	\$.05
30-34	.06	.06
35-39	.07	.07
40-44	.08	.08
45-49	.12	.12
50-54	.22	.22
55-59	.39	.39
60-64	.49	.49
65-69	.57	.57
*Disabled members under age 70 receive a waiver-of-premium benefit.		

During the reporting period, the LRLIF recognized \$21,215 in contributions from the employer.

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

At June 30, 2020, the District reported a liability (asset) of \$4,997,234 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2019 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, the District's proportion was 1.173557%, which was an increase of .087384% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$559,905.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2020

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 223,869
Net differences between projected and investment earnings on plan investments	94,266	-
Changes in assumptions	1,843,502	549,658
Changes in proportion and differences between employer contributions and proportionate share of contributions	222,376	28,607
Employer contributions subsequent to the measurement date	-	-
Total	\$ 2,160,144	\$ 802,134

Zero reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Deferred Outflows and (Inflows) of Resources
2021	\$ 229,777
2022	229,777
2023	219,613
2024	209,144
Thereafter	469,699

Actuarial Assumptions - The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2019
Measurement Date of Net OPEB Liability (Asset)	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
20 Year Tax Exempt Municipal Bond Yield:	2.74%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.87%
Salary Increases:	
Inflation	3%
Seniority/Merit	.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total OPEB liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the January 1, 2019 actuarial valuation.

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2020

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

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

Local OPEB Life Insurance
 Asset Allocation Targets and Expected Returns
 As of December 31, 2019

Asset Class	Index	Target Allocation %	Long-Term Expected Geometric Real Rate of Return %
US Credit Bonds	Barclays Credit	45	2.12
US Long Credit Bonds	Barclays Long Credit	5	2.9
US Mortgages	Barclays MBS	50	1.53
Inflation			2.2
Long-term Expected Rate of Return			4.25

The long-term expected rate of return decreased slightly from 5% in the prior year to 4.25% in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.3% in the prior year to 2.2% in the current year. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Single Discount Rate - A single discount rate of 2.87% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 4.22% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.1% as of December 31, 2018 to 2.74% as of December 31, 2019. The plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2020

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

Sensitivity of the District's proportionate share of the Net OPEB Liability (Asset) to changes in the discount rate - The following presents the District's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.87 percent, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.87 percent) or 1-percentage-point higher (3.87 percent) than the current rate:

	1% Decrease to Discount Rate (1.87%)	Current Discount Rate (2.87%)	1% Increase to Discount Rate (3.87%)
District's proportionate share of the net OPEB liability (asset)	\$ 6,900,343	\$ 4,997,234	\$ 3,549,339

Payables to the Pension Plan - The District reported a payable of zero for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2020.

NOTE 7 - Interfund Balances and Activity

Interfund receivable and payable balances on June 30, 2020, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Employee benefit trust	\$ 731,230
Non-referendum debt service	General	48,024
		<u>\$ 779,254</u>

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

Interfund transfers at June 30, 2020 were as follows:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
Federal grant fund	General	\$ 16,469
Non-scholarship donation fund	General	82,623
General	Long-term capital improvement trust	450,000
General	Non-referendum debt service	48,024
		<u>\$ 597,116</u>

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

NOTE 8 - Post Employment Benefits Other Than Pensions

General Information about the Post Employment Benefits Other Than Pensions

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2020

NOTE 8 - Post Employment Benefits Other Than Pensions - Continued

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

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

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

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

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

Employees Covered - As of the June 30, 2019 measurement date, the following employees were covered by the benefit terms. The plan is not closed to new entrants.

Inactive employees or beneficiaries currently receiving benefits	105
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>934</u>
Total	<u>1,039</u>

Contributions - The Board of Education has the authority to establish the contribution requirements for the plan. The Board establishes contribution rates based on premiums and an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the unfunded accrued liability. For the year ended June 30, 2020, contribution rates for Plan members were \$0 - \$1,017 per participant per month and \$400 - \$2,034 from the District, depending on the type of retiree plan. Plan members receiving benefits contributed \$541,785 and the District contributed \$671,841 to the plan.

Actuarial Assumptions - The net OPEB healthcare liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2020

NOTE 8 - Post Employment Benefits Other Than Pensions - Continued

Actuarial Valuation Date:	June 30, 2019
Measurement Date:	June 30, 2019
Actuarial Cost Method:	Entry Age Normal - Level %
Amortization Period:	30 years
Long-Term Expected Rate of Return:	3.50%
Discount Rate:	3.50%
Salary Increases:	3%
Mortality:	Wisconsin 2018 Mortality Table
Medical Care Cost Trend:	7.5% decreasing by .5% per year to 6.5%, then by .1% per year to 5%, and level thereafter
Dental Care Cost Trend:	5%

The actuarial valuation was based upon the data provided by the District and utilized the premium rate history of the District's medical plans as well as the trends used in the prior valuation and projected a stream of expected premium rates for each year in the future based on the data as of June 30, 2019. Actuarial assumptions are based upon an experience study conducted in 2018 using Wisconsin Retirement System experience from 2015 - 2017.

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

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

Discount Rate - A discount rate of 3.50% was used to measure the total OPEB healthcare liability. The discount rate was based on a 20 year municipal bond rate. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB healthcare liability.

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2020

NOTE 8 - Post Employment Benefits Other Than Pensions - Continued

Changes in the Net OPEB Healthcare Liability

	Increase (Decrease)		
	Total OPEB Healthcare Liability	Fiduciary Net Position	Net OPEB Healthcare Liability
	(a)	(b)	(a) - (b)
Beginning balance	\$ 24,769,299	\$ 3,101,017	\$ 21,668,282
Changes for the year:			
Service cost	1,157,754	-	1,157,754
Interest	925,940	-	925,940
Changes of assumptions or other input	(1,101,257)	-	(1,101,257)
Contributions - employer	-	1,412,609	(1,412,609)
Net investment income	-	202,548	(202,548)
Benefit payments	(1,312,872)	(1,312,872)	-
Administrative expense	-	(18,175)	18,175
Net changes	<u>(330,435)</u>	<u>284,110</u>	<u>(614,545)</u>
Ending balance	<u>\$ 24,438,864</u>	<u>\$ 3,385,127</u>	<u>\$ 21,053,737</u>

Sensitivity of the Net OPEB Healthcare Liability to Changes in the Healthcare Cost Trend Rate -

The following presents the net OPEB healthcare liability calculated using the healthcare cost trend rate of 7.5 percent decreasing to 5 percent, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (6.5 percent decreasing to 4 percent) or 1-percentage-point higher (8.5 percent decreasing to 6 percent) than the current rate:

	1% Decrease to Healthcare Cost Rate (6.5% decreasing to 4%)	Current Healthcare Cost Rate (7.5% decreasing to 5%)	1% Increase to Healthcare Cost Rate (8.5% decreasing to 6%)
Net OPEB healthcare liability	\$ 19,470,806	\$ 21,053,737	\$ 22,868,427

Sensitivity of the Net OPEB Healthcare Liability to Changes in the Discount Rate - The following presents the net OPEB healthcare liability calculated using the discount rate of 3.50 percent, as well as what the net OPEB healthcare liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

	1% Decrease to Discount Rate (2.50%)	Current Discount Rate (3.50%)	1% Increase to Discount Rate (4.50%)
Net OPEB healthcare liability	\$ 22,622,937	\$ 21,053,737	\$ 19,559,702

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2020

NOTE 8 - Post Employment Benefits Other Than Pensions - Continued

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

For the year ended June 30, 2020, the District recognized OPEB healthcare expense of \$1,412,609.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB healthcare from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 5,209,111
Net differences between projected and actual earnings on pension plan investments	46,084	-
Changes of assumptions or other inputs	550,427	2,310,059
Employer contributions subsequent to the measurement date	671,841	-
Total	\$ 1,268,352	\$ 7,519,170

\$671,841 reported as deferred outflows related to OPEB healthcare resulting from contributions subsequent to the measurement date will be recognized as a reduction on the net OPEB healthcare liability (asset) in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB healthcare will be recognized in expense as follows:

Year ending June 30	Deferred Outflows and (Inflows) of Resources
2021	\$ (1,282,633)
2022	(1,282,634)
2023	(1,302,539)
2024	(1,327,226)
Thereafter	\$ (1,727,627)

Payables to the OPEB Healthcare Plan -The District reported a payable of zero for the outstanding amount of contributions to the OPEB healthcare plan required for the year ended June 30, 2020.

NOTE 10 - Fund Balance and Net Position

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

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2020

NOTE 10 - Fund Balance and Net Position - Continued

<u>Governmental Fund</u>	<u>Purpose</u>	<u>Amount</u>
Nonspendable		
General	Prepaid expenses	\$ 417,086
General	Common School Fund	\$ 44,468
Restricted		
General	Self-insurance	\$ 3,436,364
Referendum approved debt service	Principal and interest	\$ 1,625,980
Non-scholarship donation	Specific expenses	\$ 224,479
Food service	DPI regulation	\$ 977,522
Community service	Specific expenses	\$ 421,637
Non-referendum debt service	Principal and interest	\$ 176,060
Long-term capital improvement trust	DPI regulation	\$ 779,779
Assigned		
General	Specific expenses	\$ 27,764,041
<u>Governmental Activities</u>	<u>Purpose</u>	<u>Amount</u>
Restricted		
General	Self-insurance	\$ 3,436,364
Special revenue	DPI regulation	\$ 1,623,638
Capital projects	DPI regulation	\$ 779,779
Debt service	Principal and interest	\$ 1,802,040
Other activities	Wisconsin Retirement System pension	\$ 12,308,167
Other activities	Common School Fund	\$ 44,468

NOTE 11 - Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters. The District manages these risks through the purchase of various forms of commercial insurance except for self-insured health and dental benefits as described in Note 14. Settled claims have not exceeded commercial coverage in any of the past three years and there has been no significant reduction in insurance coverage from coverage in the prior year.

NOTE 12 - Commitments and Contingent Liabilities

The District has a service agreement with Cooperative Education Service Agency #9 for services to be provided to the District in 2020-2021. Expected costs are \$106,133.

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

2020-2021	\$	3,528,193
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From time to time, the District is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the District's attorney that the likelihood is remote that any such claims or proceedings will have a material effect on the District's financial position or results of operations.

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2020

NOTE 13 - Limitation of School District Revenue

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

NOTE 14 - Self-Funded Insurance Program

The District established a self-funded health and dental benefit plan for its employees. The Plan administrators are responsible for the approval, processing, and payment of claims, after which they bill the District for reimbursement. The District is also responsible for an administrative fee. The Plan reports on a fiscal year ending June 30, 2020.

Accounting and budgeting requirements for the Plan are established by the Wisconsin Department of Public Instruction. Currently, the Plan is accounted for in the General Fund and other funds of the District.

The district has no stop-loss coverage for health and dental care coverage of the Plan.

The district has reported a liability of \$4,891,476, which represents reported and unreported claims which were incurred on or before June 30, 2020, but were not paid by the District as of that date. Changes in the claims liability for the years ended June 30, 2020 and June 30, 2019 are as follows:

	<u>Year Ended June 30, 2020</u>	<u>Year Ended June 30, 2019</u>
Beginning liability balance	\$ 5,035,891	\$ 4,697,084
Claims and changes in estimates	18,361,298	24,361,632
Claim payments	<u>(18,505,713)</u>	<u>(24,022,825)</u>
Ending liability balance	<u>\$ 4,891,476</u>	<u>\$ 5,035,891</u>

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

NOTE 15 - Coronavirus (COVID-19)

The World Health Organization declared the spread of COVID-19 a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. COVID-19 may impact various parts of the District's operations including costs for emergency preparedness, virtual school, shortages of personnel, and potential delays in revenue collections.

**WAUSAU SCHOOL DISTRICT
WAUSAU, WISCONSIN
REQUIRED
SUPPLEMENTARY INFORMATION**

WAUSAU SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGETED AMOUNTS			FINAL BUDGETED AMOUNTS			ACTUAL AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	SPECIAL		TOTAL	SPECIAL		TOTAL	SPECIAL		TOTAL	
	GENERAL	EDUCATION		GENERAL	EDUCATION		GENERAL	EDUCATION		
REVENUES										
Property taxes	\$ 29,887,764	\$ -	\$ 29,887,764	\$ 29,887,764	\$ -	\$ 29,887,764	\$ 29,883,521	\$ -	\$ 29,883,521	\$ (4,243)
Other local sources	645,250	-	645,250	645,250	-	645,250	550,504	-	550,504	(94,746)
Interdistrict sources	2,125,419	135,000	2,260,419	2,125,419	135,000	2,260,419	2,189,650	145,233	2,334,883	74,464
Intermediate sources	25,000	-	25,000	25,000	-	25,000	17,421	-	17,421	(7,579)
State sources	69,007,871	3,745,057	72,752,928	69,007,871	3,745,057	72,752,928	68,262,369	3,645,614	71,907,983	(844,945)
Federal sources	2,937,600	2,197,961	5,135,561	2,937,600	2,197,961	5,135,561	2,683,012	1,429,845	4,112,857	(1,022,704)
Other sources	430,000	-	430,000	430,000	-	430,000	364,943	-	364,943	(65,057)
TOTAL REVENUES	105,058,904	6,078,018	111,136,922	105,058,904	6,078,018	111,136,922	103,951,420	5,220,692	109,172,112	(1,964,810)
EXPENDITURES										
Current										
Instruction										
Regular instruction	45,295,677	-	45,295,677	45,295,677	-	45,295,677	42,654,447	-	42,654,447	2,641,230
Vocational instruction	2,379,165	-	2,379,165	2,379,165	-	2,379,165	2,282,880	-	2,282,880	96,285
Special instruction	-	12,670,229	12,670,229	-	12,670,229	12,670,229	-	11,968,174	11,968,174	702,055
Other instruction	5,159,303	-	5,159,303	5,159,303	-	5,159,303	4,419,843	-	4,419,843	739,460
Total instruction	52,834,145	12,670,229	65,504,374	52,834,145	12,670,229	65,504,374	49,357,170	11,968,174	61,325,344	4,179,030
Support services										
Pupil services	3,570,235	1,982,599	5,552,834	3,570,235	1,982,599	5,552,834	3,435,823	1,797,457	5,233,280	319,554
Instructional staff services	5,360,655	629,958	5,990,613	5,360,655	629,958	5,990,613	4,929,625	501,282	5,430,907	559,706
General administration services	583,808	-	583,808	583,808	-	583,808	527,324	-	527,324	56,484
Building administration services	5,893,803	-	5,893,803	5,893,803	-	5,893,803	5,755,544	-	5,755,544	138,259
Business services	16,637,831	1,088,242	17,726,073	16,637,831	1,088,242	17,726,073	15,008,409	958,490	15,966,899	1,759,174
Operations and maintenance	-	-	-	-	-	-	-	-	-	-
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Central services	1,219,383	2,723	1,222,106	1,219,383	2,723	1,222,106	1,027,510	2,988	1,030,498	191,608
Insurance	910,391	-	910,391	910,391	-	910,391	891,047	-	891,047	19,344
Other support services	2,069,120	-	2,069,120	2,069,120	-	2,069,120	1,988,989	24,178	2,013,167	55,953
Total support services	36,245,226	3,703,522	39,948,748	36,245,226	3,703,522	39,948,748	33,564,271	3,284,395	36,848,666	3,100,082
Non-program transactions	5,063,652	119,500	5,183,152	5,063,652	119,500	5,183,152	5,727,747	410,352	6,138,099	(954,947)
Debt service	435,743	-	435,743	435,743	-	435,743	436,854	-	436,854	(1,111)
Capital outlay	164,882	7,000	171,882	164,882	7,000	171,882	389,966	4,835	394,801	(222,919)
TOTAL EXPENDITURES	94,743,648	16,500,251	111,243,899	94,743,648	16,500,251	111,243,899	89,476,008	15,667,756	105,143,764	6,100,135
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	10,315,256	(10,422,233)	(106,977)	10,315,256	(10,422,233)	(106,977)	14,475,412	(10,447,064)	4,028,348	4,135,325
OTHER FINANCING SOURCES (USES)										
Proceeds from sale of capital assets	10,000	-	10,000	10,000	-	10,000	65,585	-	65,585	55,585
Transfer (to) from other funds	(10,455,256)	10,422,232	(33,024)	(10,455,256)	10,422,232	(33,024)	(10,845,996)	10,447,064	(398,932)	(365,908)
TOTAL OTHER FINANCING SOURCES (USES)	(10,445,256)	10,422,232	(23,024)	(10,445,256)	10,422,232	(23,024)	(10,780,411)	10,447,064	(333,347)	(310,323)
NET CHANGE IN FUND BALANCE	(130,000)	(1)	(130,001)	(130,000)	(1)	(130,001)	3,695,001	-	3,695,001	3,825,002
FUND BALANCE - BEGINNING OF YEAR	27,966,958	-	27,966,958	27,966,958	-	27,966,958	27,966,958	-	27,966,958	-
FUND BALANCE - END OF YEAR	\$ 27,836,958	\$ (1)	\$ 27,836,957	\$ 27,836,958	\$ (1)	\$ 27,836,957	\$ 31,661,959	\$ -	\$ 31,661,959	\$ 3,825,002

The accompanying notes are an integral part of these statements.

WAUSAU SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
JUNE 30, 2020

NOTE 1 - Budgetary Information - Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction, which is in accordance with generally accepted accounting principles. The legally adopted budget and budgetary expenditure control is exercised at the two-digit sub-function level in the General Fund and at the function level for all other funds. Reported budget amounts are as originally adopted or as amended by the School Board resolution.

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

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

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

General/Special Education	Non-program transactions	\$	954,947
General/Special Education	Debt service		1,111
General/Special Education	Capital outlay		222,919

**WAUSAU SCHOOL DISTRICT
WAUSAU, WISCONSIN**

SUPPLEMENTARY INFORMATION

WAUSAU SCHOOL DISTRICT
WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES
YEAR ENDED JUNE 30, 2020

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.38171293%	0.38559986%	0.39691836%	0.40199573%	0.41264480%	0.41090077%
Proportionate share of the net pension liability (asset)	\$ (12,308,167)	\$ 13,718,434	\$ (11,784,977)	\$ 3,313,405	\$ 6,705,398	\$ (10,092,847)
Covered payroll	\$ 59,187,190	\$ 59,035,595	\$ 58,188,507	\$ 55,026,320	\$ 59,416,959	\$ 56,913,887
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-20.80%	23.24%	-20.25%	6.02%	11.29%	-17.73%
Plan fiduciary net position as a percentage of the total pension liability	102.96%	96.45%	102.93%	99.12%	98.20%	102.74%

SCHEDULE OF CONTRIBUTIONS
 Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,876,767	\$ 3,955,399	\$ 3,957,255	\$ 3,632,045	\$ 4,040,371	\$ 3,985,066
Contributions in relation to the contractually required contribution	<u>(3,876,767)</u>	<u>(3,955,399)</u>	<u>(3,957,255)</u>	<u>(3,632,045)</u>	<u>(4,040,371)</u>	<u>(3,985,066)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 59,187,190	\$ 59,035,595	\$ 58,188,507	\$ 55,026,320	\$ 59,416,959	\$ 56,913,887
Contributions as a percentage of covered payroll	6.55%	6.70%	6.80%	6.60%	6.80%	7.00%

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

The District implemented the Government Accounting Standards Board Statement No. 68 for the year ended June 30, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 4 preceding years.

Notes to Required Supplementary Information for the Year Ended June 30, 2020

Changes to benefit terms - there were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes of assumptions - no significant change in assumptions were noted from the prior year.

WAUSAU SCHOOL DISTRICT
WISCONSIN RETIREMENT SYSTEM LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES
YEAR ENDED JUNE 30, 2020

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of the net OPEB liability (asset)	1.17355700%	1.08617300%	1.09493800%
Proportionate share of the net OPEB liability (asset)	\$ 4,997,234	\$ 2,802,693	\$ 3,294,209
Covered payroll	\$ 52,872,000	\$ 52,113,000	\$ 46,045,275
Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	9.45%	5.38%	7.15%
Plan fiduciary net position as a percentage of the total OPEB liability	37.58%	48.69%	44.81%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 21,215	\$ 20,926	\$ 20,793
Contributions in relation to the contractually required contribution	(21,215)	(20,926)	(20,793)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 52,872,000	\$ 52,113,000	\$ 46,045,275
Contributions as a percentage of covered payroll	0.04%	0.04%	0.05%

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

The District implemented the Government Accounting Standards Board Statement No. 75 for the year ended June 30, 2018. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 7 preceding years.

Notes to Required Supplementary Information for the Year Ended June 30, 2020

Changes to benefit terms - there were no changes of benefit terms for any participating employer in the local retiree life insurance fund.

Changes of assumptions - several actuarial assumptions changed from the prior year, including the single discount rate, long-term expected rate of return and expected inflation.

WAUSAU SCHOOL DISTRICT
OPEB HEALTHCARE DEFINED BENEFIT PLAN SCHEDULES
YEAR ENDED JUNE 30, 2020

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Healthcare Liability			
Service cost	\$ 1,157,754	\$ 1,206,085	\$ 1,731,945
Interest	925,940	847,749	958,552
Differences between expected and actual experience	(1,720,487)	-	(5,887,663)
Changes of assumptions or other input	619,230	(402,122)	(3,213,549)
Benefit payments	<u>(1,312,872)</u>	<u>(1,001,554)</u>	<u>(1,111,777)</u>
Net Changes in Total OPEB Healthcare Liability	(330,435)	650,158	(7,522,492)
Total OPEB Healthcare Liability - Beginning	<u>24,769,299</u>	<u>24,119,141</u>	<u>31,641,633</u>
Total OPEB Healthcare Liability - Ending (a)	<u>\$ 24,438,864</u>	<u>\$ 24,769,299</u>	<u>\$ 24,119,141</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 1,412,609	\$ 1,083,806	\$ 1,203,237
Net investment income	202,548	(15,470)	(8,715)
Benefit payments	(1,312,872)	(1,001,554)	(1,111,777)
Administrative expense	<u>(18,175)</u>	<u>(18,423)</u>	<u>(22,996)</u>
Net Changes in Plan Fiduciary Net Position	284,110	48,359	59,749
Plan Fiduciary Net Position - Beginning	<u>3,101,017</u>	<u>3,052,658</u>	<u>2,992,909</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,385,127</u>	<u>\$ 3,101,017</u>	<u>\$ 3,052,658</u>
Net OPEB Healthcare Liability - Ending (a) - (b)	<u>\$ 21,053,737</u>	<u>\$ 21,668,282</u>	<u>\$ 21,066,483</u>
Plan fiduciary net position as a percentage of the total OPEB Healthcare Liability	13.85%	12.52%	12.66%
Covered payroll	\$ 56,290,841	\$ 27,692,237	\$ 27,692,237
Net OPEB Healthcare Liability as a percentage of covered payroll	37.40%	78.25%	76.07%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contributions	\$ 2,393,711	\$ 2,393,711	\$ 2,955,715
Contributions in relation to the actuarially determined contributions	<u>(1,412,609)</u>	<u>(1,083,806)</u>	<u>(1,203,237)</u>
Contribution deficiency (excess)	<u>\$ 981,102</u>	<u>\$ 1,309,905</u>	<u>\$ 1,752,478</u>
Covered payroll	\$ 56,290,841	\$ 27,692,237	\$ 27,692,237
Contributions as a percentage of covered payroll	2.51%	3.91%	4.35%
Actuarial valuation date	6/30/2019	6/30/2018	6/30/2017
Measurement date	6/30/2019	6/30/2018	6/30/2017

The District implemented the Government Accounting Standards Board Statement No. 75 for the year ended June 30, 2018. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 7 preceding years.

Notes to Required Supplementary Information for the Year Ended June 30, 2020

Methods and assumptions used to determine actuarial calculations - entry age normal cost, level % open amortization, fair market value asset valuation, 3.5% discount rate, 2.5% inflation, 3% salary increases, Wisconsin 2018 mortality table.

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

Changes of assumptions - the discount rate decreased to 3.50%, the actuarial assumptions are now based on an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-17, and the mortality assumptions changed to Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%).

WAUSAU SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020

	SPECIAL REVENUE FUNDS							
	NON- SCHOLARSHIP DONATION FUND	FEDERAL GRANT FUND	FOOD SERVICE FUND	COMMUNITY SERVICES	NON-REFERENDUM DEBT SERVICE	CAPITAL PROJECTS FUND	LONG-TERM CAPITAL IMPROVEMENT TRUST	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS								
Cash and investments	\$ 224,464	\$ -	\$ 936,667	\$ 431,593	\$ 128,036	\$ -	\$ 779,779	\$ 2,500,539
Accounts receivable	15	-	-	-	-	-	-	15
Due from other governments	-	-	83,072	-	-	-	-	83,072
Due from other funds	-	-	-	-	48,024	-	-	48,024
TOTAL ASSETS	224,479	-	1,019,739	431,593	176,060	-	779,779	2,631,650
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	-	-	6,715	-	-	-	-	6,715
Accrued liabilities	-	-	35,502	9,956	-	-	-	45,458
Payroll, payroll taxes, insurance	-	-	35,502	9,956	-	-	-	45,458
TOTAL LIABILITIES	-	-	42,217	9,956	-	-	-	52,173
FUND BALANCES								
Restricted	224,479	-	977,522	421,637	176,060	-	779,779	2,579,477
TOTAL LIABILITIES AND FUND BALANCES	\$ 224,479	\$ -	\$ 1,019,739	\$ 431,593	\$ 176,060	\$ -	\$ 779,779	\$ 2,631,650

WAUSAU SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2020

	SPECIAL REVENUE FUNDS							
	NON- SCHOLARSHIP DONATION FUND	FEDERAL GRANT FUND	FOOD SERVICE FUND	COMMUNITY SERVICES	NON-REFERENDUM DEBT SERVICE	CAPITAL PROJECTS FUND	LONG-TERM CAPITAL IMPROVEMENT TRUST	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES								
Property taxes	\$ -	\$ -	\$ -	\$ 627,200	\$ 2,077,636	\$ -	\$ -	\$ 2,704,836
Other local sources	81,273	-	1,268,671	-	4,842	8,799	8,175	1,371,760
State sources	-	-	71,120	-	-	-	-	71,120
Federal sources	-	299,031	2,474,553	-	-	-	-	2,773,584
TOTAL REVENUES	81,273	299,031	3,814,344	627,200	2,082,478	8,799	8,175	6,921,300
EXPENDITURES								
Current								
Instruction								
Regular instruction	37,998	155,997	-	-	-	-	-	193,995
Vocational instruction	16,062	-	-	-	-	-	-	16,062
Special instruction	887	-	-	-	-	-	-	887
Total instruction	54,947	155,997	-	-	-	-	-	210,944
Support services								
Pupil services	7,789	50,264	-	-	-	-	-	58,053
Instructional staff services	10,409	56,467	-	-	-	-	-	66,876
General administration services	-	-	-	451,702	-	-	-	451,702
Business services	3,964	-	4,076,090	181,347	-	1,558,519	-	5,819,920
Operations and maintenance	-	-	-	-	-	-	-	-
Pupil transportation	-	-	-	-	-	-	-	-
Central services	160	19,834	1,055	369	-	-	-	21,418
Total support services	22,322	126,565	4,077,145	633,418	-	1,558,519	-	6,417,969
Debt service								
Principal	-	-	-	-	1,790,000	-	-	1,790,000
Interest	-	-	-	-	357,885	-	-	357,885
Total debt service	-	-	-	-	2,147,885	-	-	2,147,885
Capital outlay	6,551	-	-	-	-	-	-	6,551
TOTAL EXPENDITURES	83,820	282,562	4,077,145	633,418	2,147,885	1,558,519	-	8,783,349
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,547)	16,469	(262,801)	(6,218)	(65,407)	(1,549,720)	8,175	(1,862,049)
OTHER FINANCING (USES) SOURCES								
Net transfer (to) from other funds	(82,623)	(16,469)	-	-	48,024	-	450,000	398,932
NET CHANGE IN FUND BALANCE	(85,170)	-	(262,801)	(6,218)	(17,383)	(1,549,720)	458,175	(1,463,117)
FUND BALANCE - BEGINNING OF YEAR	309,649	-	1,240,323	427,855	193,443	1,549,720	321,604	4,042,594
FUND BALANCE - END OF YEAR	\$ 224,479	\$ -	\$ 977,522	\$ 421,637	\$ 176,060	\$ -	\$ 779,779	\$ 2,579,477

WAUSAU SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOL AUTHORIZER OPERATING COSTS
YEAR ENDED JUNE 30, 2020

OPERATING ACTIVITY	WUFAR OBJECT CODE	EEA COST	Montessori COST	WAVE COST
Employee salary	100	\$ 453,123	\$ 475,160	\$ 228,620
Employee benefits	200	207,608	196,185	62,867
Purchased services	300	87,907	43,672	166,389
Non-capital objects	400	16,072	22,719	4,008
Capital objects	500	-	-	
Insurance and judgements	700	-	-	
Pupil dues and fees	900	250	-	-
Employee dues and fees	900	170	-	-
District dues and fees	900	-	-	80
Total		<u>\$ 765,130</u>	<u>\$ 737,736</u>	<u>\$ 461,964</u>

WAUSAU SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

Awarding Agency Pass-Through Agency Award Description	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL CATALOG NUMBER	PROGRAM OR AWARD AMOUNT	ACCRUED RECEIVABLE (UNEARNED REVENUE) JULY 1, 2019	REVENUES GRANTOR REIMBURSE- MENTS	EXPENDITURES	ACCRUED RECEIVABLE (UNEARNED REVENUE) JUNE 30, 2020	SUBRECIPIENT PASS-THROUGH EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE								
Wisconsin Department of Public Instruction								
Child Nutrition Cluster								
School Breakfast Program								
July 1, 2018 - June 30, 2019	2019-376223-SB-546	10.553	N/A	\$ 88,794	\$ 88,794	\$ -	\$ -	\$ -
July 1, 2019 - June 30, 2020	2020-376223-DPI-SB-546		N/A	-	354,907	354,907	-	-
COVID-19 - School Breakfast Program								
July 1, 2019 - June 30, 2020	2020-376223-DPI-SB-546	10.553	N/A	-	31,582	31,582	-	-
Food Distribution								
July 1, 2019 - June 30, 2020	None	10.555	N/A	-	298,986	298,986	-	-
National School Lunch Program								
July 1, 2018 - June 30, 2019	2019-376223-NSL-547	10.555	N/A	298,378	298,378	-	-	-
July 1, 2019 - June 30, 2020	2020-376223-DPI-NSL-547		N/A	-	1,264,944	1,264,944	-	-
COVID-19 - National School Lunch Program								
July 1, 2019 - June 30, 2020	2020-376223-DPI-NSL-547	10.555	N/A	-	109,793	109,793	-	-
Special Milk Program for Children								
July 1, 2018 - June 30, 2019	2019-376223-SMP-548	10.556	N/A	1,053	1,053	-	-	-
July 1, 2019 - June 30, 2020	2020-376223-DPI-SMP-548		N/A	-	5,336	5,336	-	-
COVID-19 - Special Milk Program for Children								
July 1, 2019 - June 30, 2020	2020-376223-DPI-SMP-548	10.556	N/A	-	482	482	-	-
Summer Food Service Program for Children								
July 1, 2018 - June 30, 2019	2019-376223-SFSP-586	10.559	N/A	96,410	96,410	-	-	-
July 1, 2019 - June 30, 2020	2020-376223-DPI-SFSP-586		N/A	-	78,650	78,650	-	-
COVID-19 - Summer Food Service Program for Children								
July 1, 2019 - June 30, 2020	2020-376223-DPI-SFSP-586	10.559	N/A	-	236,987	320,059	83,072	-
Total Child Nutrition Cluster				484,635	2,866,302	2,464,739	83,072	-
Fresh Fruit and Vegetable Program								
July 1, 2019 - June 30, 2020	2020-376223-CNP Grants to ST. Fruit-594	10.582	N/A	-	9,815	9,815	-	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE				484,635	2,876,117	2,474,554	83,072	-
U.S. DEPARTMENT OF EDUCATION								
Holistic, Academic, and Behavior Interventions through Tiered Supports								
October 1, 2018 - September 30, 2019	S184G140215	84.184G	N/A	190,293	190,293	-	-	-
October 1, 2019 - September 30, 2020	S184G140215		\$	461,348	299,031	299,031	-	-
				190,293	489,324	299,031	-	-
Wisconsin Department of Public Instruction								
Special Education Cluster								
Special Education - Grants to States (IDEA Part B)								
July 1, 2018 - June 30, 2019	2019-376223-IDEA-FT-341	84.027	N/A	514,043	514,043	-	-	-
July 1, 2019 - June 30, 2020	2020-376223-DPI-IDEA-FT-341		1,521,871	-	975,558	940,672	(34,886)	-
Special Education - Grants to States (IDEA Part B-CEIS)								
July 1, 2019 - June 30, 2020	2020-376223-DPI-IDEA-F-341	84.027		179,500	-	28,794	50,185	21,391
Special Education - Preschool Grants (IDEA Preschool)								
July 1, 2018 - June 30, 2019	2019-376223-IDEA-PS-347	84.173	N/A	4,256	4,256	-	-	-
July 1, 2019 - June 30, 2020	2020-376223-DPI-IDEA-PS-341		53,104	-	27,854	37,634	9,780	-
Total Special Education Cluster				518,299	1,550,505	1,028,491	(3,715)	-
Wisconsin Department of Public Instruction								
Title IA - Grants to Local Educational Agencies								
July 1, 2018 - June 30, 2019	2019-376223-TIA-141	84.010	N/A	388,881	388,881	-	-	-
July 1, 2019 - June 30, 2020	2020-376223-TIA-141		1,714,978	-	1,072,188	1,647,484	575,296	-
Career and Technical Education - Basic Grants to States (Perkins IV)								
July 1, 2018 - June 30, 2019	2019-376223-CTE-400	84.048	N/A	16,608	16,608	-	-	-
July 1, 2019 - June 30, 2020	2020-376223-CTE-400		82,088	-	54,128	73,965	19,837	-
Title IV - Twenty-First Century Community Learning Centers								
July 1, 2018 - June 30, 2019	2019-376223-21st Century CLC-367	84.287	N/A	18,056	18,056	-	-	-
July 1, 2019 - June 30, 2020	2020-376223-21st Century CLC-DPI-367		131,590	-	-	-	-	-
Title III - English Language Acquisition Grants								
July 1, 2018 - June 30, 2019	2019-376223-TIIIA-391	84.365	N/A	11,603	11,603	-	-	-
July 1, 2019 - June 30, 2020	2020-376223-TIIIA-391		128,875	-	80,599	97,085	16,486	-
Title II-A - Supporting Effective Instruction State Grant								
July 1, 2018 - June 30, 2019	2019-376223-TIIA-365	84.367	N/A	144,449	144,449	-	-	-
July 1, 2019 - June 30, 2020	2020-376223-DPI-TIIA-365		272,250	-	200,525	238,212	37,687	-
Title IV-A-Student Support and Acad Enrich Grants								
July 1, 2018 - June 30, 2019	2019-376223-TIVA-381	84.424	N/A	16,900	16,900	-	-	-
July 1, 2019 - June 30, 2020	2020-376223-DPI-TIVA-381		208,772	-	44,313	97,688	53,375	-
TOTAL U.S. DEPARTMENT OF EDUCATION				1,305,089	4,088,079	3,481,956	698,966	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Wisconsin Department of Health Services								
Medical Assistance								
July 1, 2018 - June 30, 2019	None	93.778	N/A	93,632	93,632	-	-	-
July 1, 2019 - June 30, 2020	None		N/A	-	929,933	929,933	-	-
Total Medicaid Cluster				93,632	1,023,565	929,933	-	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				93,632	1,023,565	929,933	-	-
TOTAL FEDERAL AWARDS				\$ 1,883,356	\$ 7,987,761	\$ 6,886,443	\$ 782,038	\$ -

The accompanying notes are an integral part of these statements.

WAUSAU SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2020

AWARDING AGENCY PASS-THROUGH AGENCY AWARD DESCRIPTION	PASS-THROUGH ENTITY IDENTIFYING NUMBER	STATE I.D. NUMBER	RECEIVABLE		EXPENDITURES	RECEIVABLE		SUBRECIPIENT PASS-THROUGH EXPENDITURES
			(UNEARNED REVENUE) JULY 1, 2019	REVENUE GRANTOR REIMBURSEMENTS		(UNEARNED REVENUE) JUNE 30, 2020		
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION								
Wisconsin Department of Public Instruction								
Special Education and School Age Parents	376223-100	255.101	\$ -	\$ 3,487,001	\$ 3,487,001	\$ -	\$ -	-
State School Lunch Aid	376223-107	255.102	-	45,583	45,583	-	-	-
Common School Fund Library Aid	376223-104	255.103	-	374,782	374,782	-	-	-
Bilingual/Bicultural Aid	376223-111	255.106	-	465,111	465,111	-	-	-
General Transportation Aid	376223-102	255.107	-	161,843	161,843	-	-	-
Equalization Aid	376223-116	255.201	941,975	57,971,988	57,967,743	937,730	-	-
Integration Transfer-Resident	376223-105	255.205	-	89,217	89,217	-	-	-
High Cost Special Education Aid	376223-119	255.210	-	75,902	75,902	-	-	-
Aid for School Mental Health Programs	376223-176	255.227	-	78,980	78,980	-	-	-
Supplemental Per Pupil Aid	376223-181	255.245	-	27,909	27,909	-	-	-
Special Education Transition Readiness Grant	376223-174	255.257	-	19,572	24,832	5,260	-	-
School Based Mental Health Services Grant	376223-177	255.297	-	15,941	10,462	(5,479)	-	-
School Breakfast Program	376223-108	255.344	-	25,536	25,536	-	-	-
Tuition Payments by State	376223-157	255.401	-	187,592	187,592	-	-	-
Early College Credit Program	376223-178	255.445	-	2,146	2,146	-	-	-
Achievement Gap Reduction	376223-160	255.504	-	1,633,421	1,633,421	-	-	-
Educator Effectiveness Evaluation System	376223-154	255.940	-	51,440	51,440	-	-	-
Per Pupil Aid	376223-113	255.945	-	6,168,988	6,168,988	-	-	-
Career and Technical Education Incentive	376223-151	255.950	-	73,654	73,654	-	-	-
Assessments of Reading Readiness	376223-166	255.956	-	15,783	15,783	-	-	-
Robotics Lead Participation	376223-167	255.959	1,989	1,989	820	820	-	-
Aid for Special Education Transition	376223-168	255.960	-	24,000	24,000	-	-	-
TOTAL WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION			943,964	70,998,378	70,992,745	938,331		-
WISCONSIN DEPARTMENT OF NATURAL RESOURCES								
Payment in Lieu of Taxes	None	None	-	38,020	38,020	-	-	-
TOTAL WISCONSIN DEPARTMENT OF NATURAL RESOURCES			-	38,020	38,020	-	-	-
WISCONSIN DEPARTMENT OF REVENUE								
Exempt Computer Aid	None	None	564,122	564,122	564,122	564,122	-	-
Exempt Personal Property Aid	None	None	-	244,636	244,636	-	-	-
TOTAL WISCONSIN DEPARTMENT OF REVENUE			564,122	808,758	808,758	564,122		-
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT								
North Central Technical College								
Youth Apprenticeship Grant	None	445.107	-	17,421	17,421	-	-	-
WISCONSIN DEPARTMENT OF JUSTICE								
School Safety Initiative	None	445.206	121,796	169,022	83,569	36,343	-	-
TOTAL STATE FINANCIAL ASSISTANCE			\$ 1,629,882	\$ 72,031,599	\$ 71,940,513	\$ 1,538,796	\$ -	\$ -

The accompanying notes are an integral part of these statements.

WAUSAU SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2020

NOTE 1 - Basis of Presentation

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

NOTE 2 - Summary of Significant Accounting Policies

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

NOTE 3 - Special Education and School Age Parents Program

2019-2020 eligible costs under the State Special Education Program are \$14,533,483.

NOTE 4 - Food Distribution Program

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

NOTE 5 - 10% De Minimis Cost Rate

Elected not to use.

**WAUSAU SCHOOL DISTRICT
WAUSAU, WISCONSIN**

OTHER REPORTS



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

To the Board of Education
Wausau School District
Wausau, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wausau School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 17, 2020.

Internal Control Over Financial Reporting

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

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

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

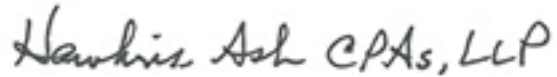
Compliance and Other Matters

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

Purpose of this Report

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

HAWKINS ASH CPAS, LLP

A handwritten signature in cursive script that reads "Hawkins Ash CPAs, LLP".

Manitowoc, Wisconsin
November 17, 2020



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

To the Board of Education
Wausau School District
Wausau, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited the Wausau School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of the Wausau School District's major federal and state programs for the year ended June 30, 2020. The Wausau School District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Wausau School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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. Those standards, the Uniform Guidance and state guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Wausau School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Wausau School District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Wausau School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Wausau School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Wausau School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Wausau School District's internal control over compliance.

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

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

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. Accordingly, this report is not suitable for any other purpose.

HAWKINS ASH CPAS, LLP



Manitowoc, Wisconsin
November 17, 2020

WAUSAU SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified		
Internal control over financial reporting: Material weakness identified?	_____ Yes	<u> X </u> No	
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes	<u> X </u> None reported	
Noncompliance material to the financial statements?	_____ Yes	<u> X </u> No	

Federal Awards

Internal control over financial reporting: Material weakness identified?	_____ Yes	<u> X </u> No	
Reportable condition(s) identified not considered to material weaknesses?	_____ Yes	<u> X </u> None reported	
Type of auditors' report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	_____ Yes	<u> X </u> No	

Identification of major federal programs:

CFDA Number
84.010

Name of Federal Program or Cluster
Title I

Dollar threshold used to distinguish between:	
Type A and Type B federal programs:	\$750,000
Type A and Type B state programs:	\$250,000

Auditee qualified as a low-risk auditee?	<u> X </u> Yes	_____ No
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