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STOUGHTON AREA SCHOOL DISTRICT

Stoughton, Wisconsin

Audited Financial Statements

Year Ended June 30, 2025

STOUGHTON AREA SCHOOL DISTRICT
Stoughton, Wisconsin

Audited Financial Statements
Year Ended June 30, 2025

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Stoughton, Wisconsin

Audited Financial Statements
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Independent Auditors' Report

To the District Board
Stoughton Area School District
Stoughton, Wisconsin

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2025, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Stoughton Area School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 1U to the financial statements, during the year ended June 30, 2025, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. As a result, the beginning net position of governmental activities was restated to reflect the cumulative effect of applying the standard. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

1233 N Mayfair Rd, Suite 302 • Milwaukee, WI 53226
(414) 271-7800
142 E Capitol Dr, Suite 300 • Hartland, WI 53029
(262) 367-1040

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining nonmajor fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and schedule of expenditures of state awards as required by Wisconsin State Single Audit Guidelines, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 nonmajor fund financial statements, the schedule of expenditures of federal awards and the schedule of expenditures of state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. The 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.

Reilly, Penner & Benton LLP

December 10, 2025
Milwaukee, Wisconsin

STOUGHTON AREA SCHOOL DISTRICT
Stoughton, Wisconsin

Management Discussion & Analysis
June 30, 2025

To the Board of Education
Stoughton Area School District

The discussion and analysis of the Stoughton Area School District's 2024-2025 financial performance provides an overall review of financial activities for the fiscal year. The analysis focuses on school district financial performance as a whole. Efforts have been made to provide comparison to prior year data when such data is available. It should be read in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

The assets plus deferred outflows of resources of the District, exceeded liabilities plus deferred inflows of resources at the close of fiscal 2025 by $79,906,939 (*net position*). This represents an increase of $3,314,041 in net position in 2024-25.

Total District revenues were $55,882,779; including $28,679,509 of property taxes, $16,501,933 of federal and state aid not restricted to specific purpose, and $2,891,951 of interest income. Total District expenditures were $52,568,738; including $27,530,001 for direct instruction.

The following events took place during fiscal 2024-2025:

- The district expended its remaining ESSER III funds to help balance the 24-25 budget.
- The district is continually challenged to be fully staffed in hard to fill teaching and support staff positions. Maintaining salaries that are competitive with the private sector and other surrounding school districts continues to be difficult with the current statutory defined revenue limit increase per.
- The district requested funding in the April 2024 referendum to add five teaching positions to support the district's goals in literacy, math and belonging. Those positions are aligned with our coaching framework, which is designed to support our staff in meeting these goals. The new positions were in place for the start of the 2024-25 school year.
- The community supported two debt referendum questions totaling $48,000,000 for the purpose of facility improvements consisting of building systems, safety, security, energy efficiency, capital maintenance, site improvements, remodeling, removal of old buildings, and construction of a new maintenance building and gym. Construction work began during the 23-24 fiscal year and will continue throughout 25-26. Most of the work is scheduled to be completed by Fall of 2025.
- Ongoing inflation occurring at the same time funding increases have been limited has made it difficult to pay for supplies, materials and purchased services.

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.

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

- The *Statement of Net Position and Statement of Activities* provide information on a district-wide basis. The statements present an aggregate view of the District's finances. District-wide statements contain useful long-term information as well as information for the just-completed fiscal year.

- The remaining statements are *fund financial statements* that focus on individual parts of the District. Fund statements generally report operations in more detail than the District-wide statements.

The *notes to the financial statements* provide further explanation of some of the information in the statements and provide additional disclosures so statement users have a complete picture of the District's financial activities and position.

Required supplementary information further explains and supports the financial statements by including a comparison of the District's budget data for the year.

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

Major Features of the District-wide and Fund Financial Statements

		Fund Financial Statements	
	District-wide Statements	Governmental	Fiduciary
Scope	Entire district (except fiduciary funds).	The activities of the District that are not proprietary or fiduciary, such as instruction, support services, debt service, capital projects, food service and community 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 Position. Statement of Activities.	Balance Sheet. Statement of Revenues, Expenditures and Changes in Fund Balance.	Statement of Fiduciary Net Position. Statement of Changes in Fiduciary Net Position.
Basis of accounting and measurement focus	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial resources focus.	Accrual accounting. Economic resources focus.
Type of asset 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.

District Wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Activities reports all revenues and expenses used to support the District. The Statement of Net Position reports all assets, deferred outflow of resources, liabilities, and deferred inflows of resources available to support District activities. The two district-wide statements report the Districts *net position* and how it has changed. Net position, the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is one way to measure the District's overall financial position. Increases or decreases in the District's net position are one indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

In the district-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, support services, debt service, capital projects, and administration. Property taxes and state formula aid finance most of these activities.

- *Business-type activities* - Activities that are intended to be mostly self-supporting and meet certain accounting criteria are considered business-type activities. The District has no business-type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements. Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues (like capital project funds).

The District has two kinds of funds:

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

- *Fiduciary funds* – The District serves as a trustee, or fiduciary, for an HRA benefit. The assets of the HRA belong to the District's employees and not the District. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. These activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Table 1, below, provides a summary of the District's net position for the years ended June 30, 2025 and June 30, 2024.

Table 1
Condensed Statement of Net Position
(in thousands of dollars)

	Governmental Activities 2025	Governmental Activities 2024
Current Assets	$ 55,318	$ 81,990
Capital Assets	80,268	52,011
Non-Current Assets	585	589
TOTAL ASSETS	136,171	134,590
Deferred outflows	10,917	15,391
Long-Term liabilities	49,432	51,614
Other liabilities	10,777	10,466
TOTAL LIABILITIES	60,209	62,080
Deferred inflows	6,973	10,770
Net position:		
Net investment in capital assets	45,068	42,960
Restricted	17,974	16,460
Unrestricted	16,864	17,711
TOTAL NET POSITION	$ 79,906	$ 77,131

Note: totals may not add due to rounding.

Table 2 provides summarized operating results and their impact on net position.

(in thousands of dollars)

	Governmental Activities 2025	Governmental Activities 2024
Revenues		
Program Revenues		
Charges for services	$ 2,136	$ 2,280
Operating grants & contributions	5,528	7,150
General Revenues		
Property taxes	28,680	24,073
State formula aid	14,021	13,686
Other	5,517	6,242
TOTAL REVENUES	55,882	53,431
Expenses		
Instruction	27,530	25,271
Pupil & Instructional Services	6,343	5,054
Administration & Finance	3,476	3,327
Maintenance & Operations	3,784	4,163
Transportation	1,281	1,265
Interest on Debt	1,781	1,925
Other	8,374	7,637
TOTAL EXPENSES	52,569	48,642
TOTAL INCREASE IN NET POSITION	$ 3,313	$ 4,789

Note: totals may not add due to rounding.

The District relies primarily on property taxes (51.3% of total governmental revenues), and state formula aid (25.1%) to fund governmental activities.

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

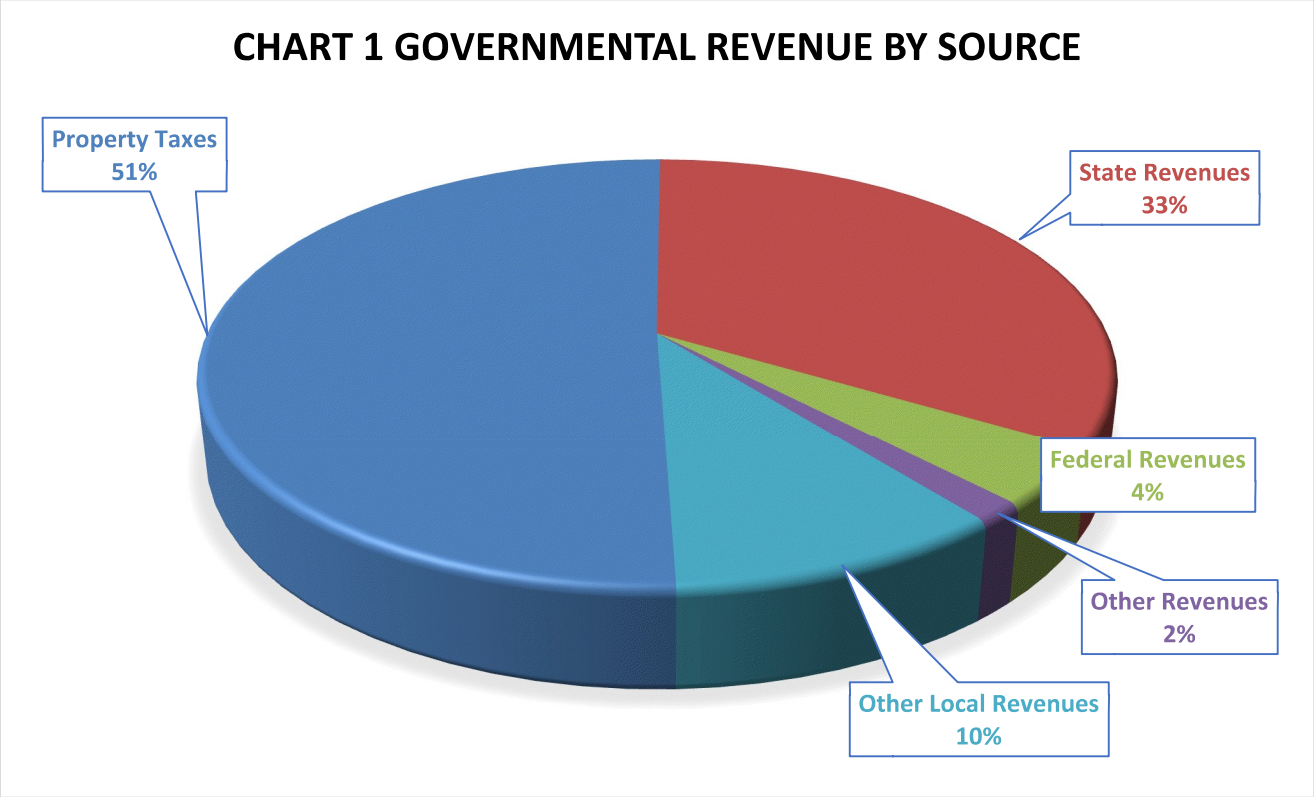
Table 3
Net Cost of Governmental Activities
(in thousands of dollars)

	Net Cost of Services 2025	% of Services 2025	Net Cost of Services 2024	% of Services 2024
Expenses				
Instruction	$ 21,625	48.16%	$ 19,761	50.39%
Pupil & Instructional Services	6,129	13.65%	4,323	11.02%
Administration & Finance	3,476	7.74%	2,037	5.19%
Maintenance & Operations	3,745	8.34%	4,054	10.34%
Transportation	1,233	2.75%	1,148	2.93%
Debt Service Payments	1,781	3.97%	1,925	4.91%
Other	6,916	15.40%	5,965	15.21%
TOTAL NET COST OF SERVICES	**$ 44,905**	**100%**	**$ 39,213**	**100%**

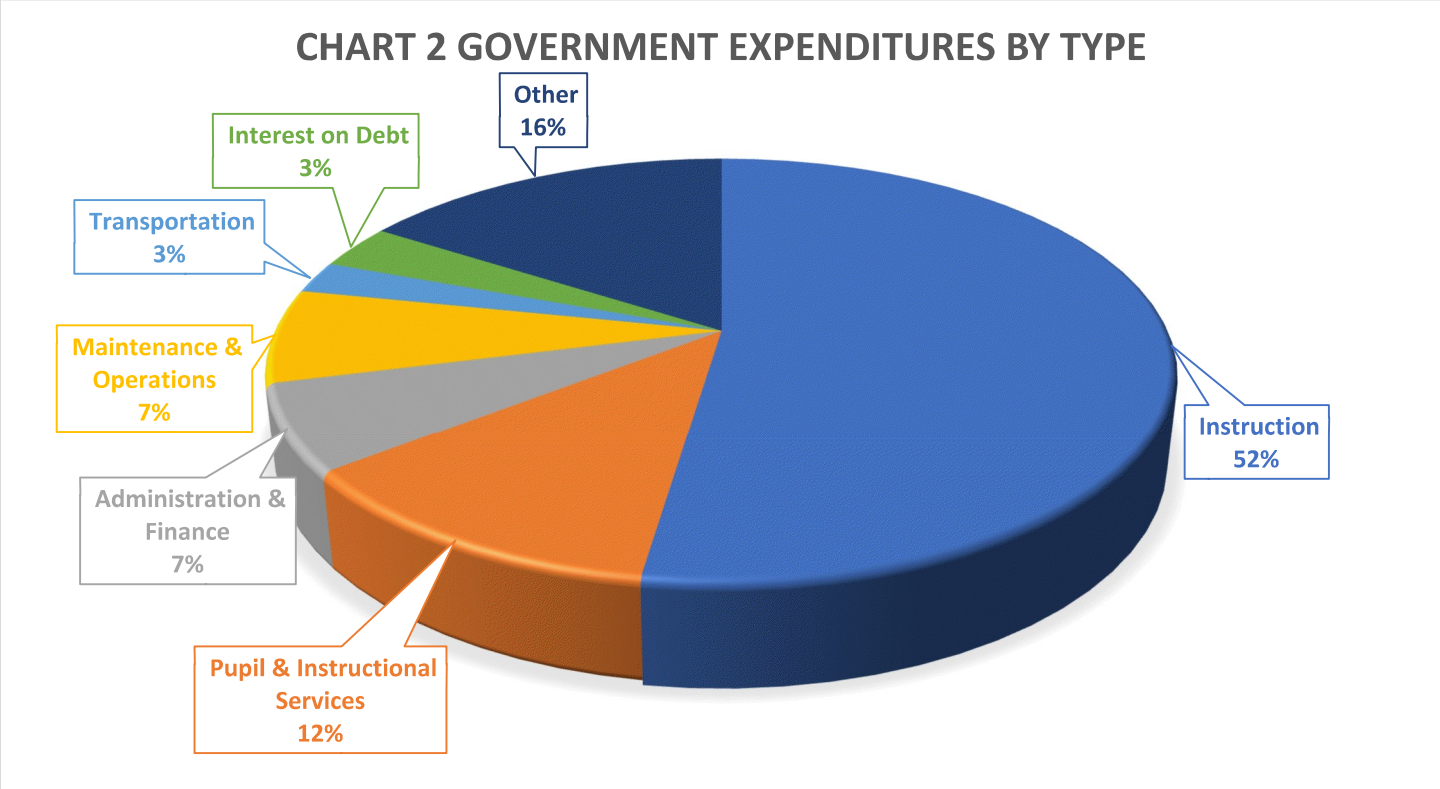
Note: totals may not add due to rounding.

The cost of all governmental activities this year was $52,568,738. Individuals who directly participated or benefited from a program offering paid for $2,136,151 of costs. Federal and state governments subsidized certain programs with grants and contributions of $5,528,371. The net cost of governmental activities ($44,904,216) was financed by general revenues of the District ($28,679,509 property taxes, $14,021,454 state formula aid, and $5,517,294 other).

The composition of governmental revenues by source is illustrated below in Chart 1. This chart does not include revenues from borrowing related to refinancing or maintenance referendum.



The composition of governmental expenditures by type is illustrated below in Chart 2.



Financial Aspects of the District's Funds

- The general fund had a net increase in fund balance of $960,673. The main area the district under spent was in budgeted salaries and benefits due to vacancies that were difficult to fill.
- The capital projects funds had a decrease of $25,821,692. This decrease was due to the ongoing construction from the successful capital referendum that passed in Fall of 2022.
- The debt service funds had a decrease of $1,105,000. The fund balance of the debt service fund will fluctuate each year.
- The food service program (Fund 50) expenses exceeded revenues and decreased the fund balance by $585,858. The decrease was due to the purchase of new equipment for our new High School kitchen.

General Fund Budgetary Highlights

Consistent with current state statutes and regulations an *original* budget is adopted in October following determination of official enrollment and certification of states aids. Generally, the original budget is not significantly modified. The District modified its original budget in 2024-25 to reflect:

- Reallocation of budget appropriations in various buildings and departments to spend in different areas than originally identified.
- Modifications in several state and federal grants.
- An increase in library aid and corresponding expenditures when the final allocations were received from DPI in January.

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2025, the District had invested $139,958,922 in capital assets, including land, buildings, sites, construction in progress, right-to-use intangible assets and equipment (see Table 4). Total accumulated depreciation and amortization on these assets was $59,690,520. Asset acquisitions for governmental activities totaled $31,522,798 and disposals totaled $265,852. The District recognized depreciation and amortization expense of $3,419,047. (Detailed information about capital assets can be found in Note 4 to the financial statements.)

Table 4
Capital Assets
(net of depreciation, in thousands of dollars)

	Governmental Activities		Total % Change
	2025	2024	2024-2025
Land	$ 509	$ 509	0.0%
Buildings	78,488	78,015	0.6%
Furniture and equipment	23,608	21,819	8.2%
Intangible Right-to-Use	409	309	0.0%
Construction in progress	36,945	7,791	374.2%
Accumulated deprectiation	(59,488)	(56,290)	5.7%
Accumulated amortization	(202)	(143)	0.0%
TOTAL	**$ 80,269**	**$ 52,010**	**54.3%**

Long-term Debt

At year-end the District had $43,970,000 in bonds payable and other long-term debt outstanding – a decrease of $2,455,000 from fiscal year 2023-2024. This decrease was a result of the payments on existing debt. (Detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.)

Table 5
Outstanding Long-term Debt
(in thousands of dollars)

	Total School District		Total % Change
	2025	2024	2024-2025
General Obligation Debt	$ 43,970	$ 46,425	-5.3%
SBITAs	72	--	100.0%
Capital Leases	142	195	-27.2%
TOTAL	**$ 44,184**	**$ 46,620**	**-5.2%**

Note: totals may not add due to rounding.

Debt of the District is secured by an irrepealable tax levy adopted by the School Board at the time of issuance. Wisconsin state statutes require that the first property tax receipts be segregated for annual debt service payments.

Factors Bearing on the District's Future

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

- The district has been experiencing declining enrollment creating significant negative impacts on future budgets. Newly approved and in progress development may start to impact student enrollment, stemming the decline or the rate of decline experienced in the past. The district's September 2023 count was the first in many years where the district had stable enrollment compared to the prior year. The September 2024 pupil count showed another decrease in enrollment so it is uncertain whether the district can expect ongoing declines or stabilization.

- The district continues to be negatively aided at the tertiary level in the state's equalization aid formula. Negative tertiary aid will decrease the total equalization aid the district receives which may increase the tax burden to the residents of the district.

- The most current State budget provided a $325 annual increase per student in the revenue limit formula for public schools beginning with the 2023-24 fiscal year. In lieu of increases up through 2022-2023, districts were directed to use one time Covid relief funds (ESSER). SASD used ESSER funds and staffing reductions to balance the 2022-2023, 2023-2024, and 2024-25 budgets. The $325 increase is not enough to make up for two straight years of funding freezes during a period of significant inflation so the district successfully passed an operational referendum that will address the funding cliff created by using ESSER funds starting in the 2024-25 fiscal year.

- The district passed two debt referendum questions in November 2022 and is addressing a variety of capital maintenance needs as well as minor remodeling and construction. Construction is expected to wrap up during the 2025-26 school year.

- Changing student needs will continue to impact the way the district allocates resources and creates staffing plans.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Erica Pickett, Director of Business Services, Stoughton Area School District of Stoughton, Wisconsin, (608) 877-5011, 320 North Street, Stoughton, WI 53589.

STOUGHTON AREA SCHOOL DISTRICT
Stoughton, Wisconsin

Statement of Net Position
June 30, 2025

	Governmental Activities
Assets:	
Current assets:	
Cash	$ 34,897,526
Investments	10,982,367
Taxes receivable	7,325,159
Accounts receivable	28,503
Lease receivable	3,773
Due from other governments	605,003
Prepaid expense	1,476,000
Total current assets	55,318,331
Noncurrent assets:	
Lease receivable, noncurrent	584,999
Capital assets:	
Land and construction in progress	37,435,402
Land held for lease	18,834
Other operating capital assets (net of accumulated depreciation)	41,609,250
Other property held for lease (net of accumulated depreciation)	998,386
Right-to-use assets – subscription-based IT arrangements, net	94,577
Right-to-use leased assets (net of amortization)	111,953
Net capital assets	80,268,402
Total noncurrent assets	80,853,401
Total assets	136,171,732
Deferred Outflows of Resources:	
Deferred outflows related to pensions	10,156,658
Deferred outflows related to other post employment benefits ("OPEB")	508,838
Deferred outflows related to OPEB - life insurance	251,700
Total deferred outflows of resources	10,917,196
Liabilities:	
Current liabilities	
Accounts payable	3,358,541
Construction contracts payable	1,059,155
Withholdings and related district fringes payable	1,363,276
Accrued interest	598,110
Accrued payroll	2,634,706
Dental insurance deposits payable	61,392
Dental insurance claims payable	28,491
Unearned revenues	37,288
Current portion of total OPEB liability	80,323
Current portion of long-term obligations	1,555,601
Total current liabilities	10,776,883
Long-term liabilities:	
Net pension liability	1,860,143
Long-term obligations, net of current portion	46,115,569
Net OPEB - life insurance liability	920,977
Total OPEB liability	535,722
Total long-term liabilities	49,432,411
Total liabilities	60,209,294
Deferred Inflows of Resources:	
Deferred inflows related to pensions	5,428,346
Deferred inflows related to other post employment benefits	246,511
Deferred inflows related to OPEB - life insurance	709,066
Deferred inflows related to leases	588,772
Total deferred inflows of resources	6,972,695
Net Position:	
Net investment in capital assets	45,068,309
Restricted for:	
Debt service	1,175,916
Capital projects	12,330,958
Food service	286,209
Other special revenue	4,181,201
Unrestricted	16,864,346
Total net position	$ 79,906,939

The accompanying notes to financial statements
are an integral part of these statements.

STOUGHTON AREA SCHOOL DISTRICT
Stoughton, Wisconsin

Statement of Activities
Year Ended June 30, 2025

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position
Governmental activities:				
Instruction:				
Regular instruction	$ 16,979,677	$ 862,107	$ 1,499,513	$ (14,618,057)
Special education instruction	6,763,700	---	3,150,838	(3,612,862)
Vocational instruction	1,413,931	---	---	(1,413,931)
Other instruction	2,372,693	392,354	---	(1,980,339)
Total instruction	27,530,001	1,254,461	4,650,351	(21,625,189)
Support services:				
Pupil services	3,003,320	---	---	(3,003,320)
Instructional staff services	3,340,175	---	214,908	(3,125,267)
Administration services	3,475,542	---	---	(3,475,542)
Operation and maintenance of plant	3,783,907	38,549	---	(3,745,358)
Pupil transportation	1,281,090	13,078	35,464	(1,232,548)
Central services	1,117,712	---	---	(1,117,712)
Other support services	1,406,853	---	---	(1,406,853)
Community services	308,355	35,426	---	(272,929)
Food service	2,033,217	794,637	627,648	(610,932)
Interest on long-term debt	1,781,078	---	---	(1,781,078)
Unallocated depreciation and amortization	3,419,047	---	---	(3,419,047)
Unallocated loss on disposal of assets	88,441	---	---	(88,441)
Total support services	25,038,737	881,690	878,020	(23,279,027)
Total school district	$ 52,568,738	$ 2,136,151	$ 5,528,371	(44,904,216)
General revenues:				
Taxes:				
Property taxes, levied for general purposes				24,586,149
Property taxes, levied for debt service				3,202,800
Property taxes, levied for specific purposes				862,144
Other taxes				28,416
Federal and state aid not restricted to specific purposes				
General				14,021,454
Other				2,480,479
Interest and investment earnings				2,891,951
Miscellaneous				144,864
Changes in net position				3,314,041
Net position - beginning of year				77,130,627
Prior period adjustment - change in accounting principle				(796,288)
Prior period adjustment - correction of an error				258,559
Net position - beginning of year, as adjusted				76,592,898
Net position - end of year				$ 79,906,939

The accompanying notes to financial statements
are an integral part of these statements.

STOUGHTON AREA SCHOOL DISTRICT
Stoughton, Wisconsin

Balance Sheet
Governmental Funds
June 30, 2025

	General	Capital Projects	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash	$ 13,134,715	$ 15,907,206	$ 5,855,605	$ 34,897,526
Investments	11,587	10,293,564	677,216	10,982,367
Taxes receivable	7,325,159	---	---	7,325,159
Accounts receivable	4,314	---	24,189	28,503
Lease receivable	588,772	---	---	588,772
Due from other funds	1,575	---	---	1,575
Due from other governments	581,607	---	23,396	605,003
Prepaid expenditures	1,498,914	---	---	1,498,914
Total assets	$ 23,146,643	$ 26,200,770	$ 6,580,406	$ 55,927,819
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 1,893,041	$ 1,354,797	$ 110,703	$ 3,358,541
Construction contracts payable	---	1,059,155	---	1,059,155
Withholdings and related district fringes payable	1,363,276	---	---	1,363,276
Accrued payroll	2,634,706	---	---	2,634,706
Due to other funds	---	---	1,575	1,575
Dental insurance deposits payable	61,392	---	---	61,392
Dental insurance claims payable	28,491	---	---	28,491
Unearned revenues	---	---	37,288	37,288
Total liabilities	5,980,906	2,413,952	149,566	8,544,424
Deferred Inflows of Resources:				
Unavailable lease receivable	588,772	---	---	588,772
Unavailable revenue	91,009	---	---	91,009
Total deferred inflows of resources	679,781	---	---	679,781
Fund Balances:				
Nonspendable	1,498,914	---	264,669	1,763,583
Restricted	---	23,786,818	5,976,767	29,763,585
Assigned	528,449	---	189,404	717,853
Unassigned	14,458,593	---	---	14,458,593
Total fund balances	16,485,956	23,786,818	6,430,840	46,703,614
Total liabilities, deferred inflows and fund balances	$ 23,146,643	$ 26,200,770	$ 6,580,406	$ 55,927,819

The accompanying notes to financial statements
are an integral part of these statements.

STOUGHTON AREA SCHOOL DISTRICT
Stoughton, Wisconsin

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025

Total fund balances - governmental funds		$ 46,703,614
Amounts reported for governmental activites in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:		
Cost of the assets	$ 139,958,922	
Accumulated depreciation and amortization	(59,690,520)	
		80,268,402
Certain assets reported as prepaid items in the fund financial statements are reclassified as part of the SBITA in the government-wide statements.		(22,914)
The District's proportionate share of the WRS net pension plan liability is reported on the statement of net position, but is not reported in the governmental funds.		(1,860,143)
Deferred inflows and outflows of resources related to OPEB, OPEB - Life Insurance and pensions are applicable to future periods, and therefore, are not reported in the governmental funds.		4,533,273
The District's proportionate share of the net OPEB liability for the Local Retiree Life Insurance Fund administed by the Wisconsin Department of Employee Trust Funds is reported on the statement of net position, but is not reported in the governmental funds.		(920,977)
The District's total OPEB liability is not currently payable and thus not reported in the governmental funds.		(616,045)
Long-term obligations are not due and payable in the current period, and therefore, are not reported in the governmental funds. Long-term obligations at year-end consist of:		
Bonds payable	43,970,000	
Lease liability	142,464	
SBITA liability	71,663	
Unamortized premiums on bonds	2,280,002	
Compensated absences	1,207,041	
		(47,671,170)
Revenue that is unavailable is recorded as a deferred inflow in the governmental funds, but is not deferred on the statement of net position.		91,009
Accrued interest payable on bonds is not due and payable in the current period, and therefore, is not reported as a liability in the governmental funds		(598,110)
Total net position - governmental activities		$ 79,906,939

The accompanying notes to financial statements
are an integral part of these statements.

STOUGHTON AREA SCHOOL DISTRICT
Stoughton, Wisconsin

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2025

	General	Capital Projects	Nonmajor Funds	Total Governmental Funds
Revenues:				
Local	$ 25,449,936	$ 3,399,109	$ 5,579,766	$ 34,428,811
Interdistrict payments within Wisconsin	718,716	---	---	718,716
State	18,849,593	---	24,926	18,874,519
Federal	1,845,541	---	602,722	2,448,263
Other	115,290	---	2,589	117,879
Total revenues	46,979,076	3,399,109	6,210,003	56,588,188
Expenditures:				
Instruction:				
Current	24,859,035	---	494,398	25,353,433
Interdistrict	1,848,797	---	---	1,848,797
Capital outlay	256,886	---	---	256,886
Support Services:				
Current	17,467,710	44,639	2,010,769	19,523,118
Capital outlay	1,624,419	29,176,162	465,331	31,265,912
Debt service	77,214	---	3,340,241	3,417,455
Total expenditures	46,134,061	29,220,801	6,310,739	81,665,601
Excess (deficiency) of revenues over expenditures	845,015	(25,821,692)	(100,736)	(25,077,413)
Other Financing Sources (Uses):				
Payment to bond escrow agent	---	---	(1,105,000)	(1,105,000)
Lease financing	4,994	---	---	4,994
Proceeds from sale of capital assets	16,087	---	---	16,087
SBITA financing	94,577	---	---	94,577
Total other financing sources (uses)	115,658	---	(1,105,000)	(989,342)
Net change in fund balances	960,673	(25,821,692)	(1,205,736)	(26,066,755)
Fund Balances - Beginning of year	15,525,283	49,608,510	7,636,576	72,770,369
Fund Balances - End of year	$ 16,485,956	$ 23,786,818	$ 6,430,840	$ 46,703,614

The accompanying notes to financial statements
are an integral part of these statements.

STOUGHTON AREA SCHOOL DISTRICT
Stoughton, Wisconsin

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
Year Ended June 30, 2025

Total net change in fund balances - governmental funds		$ (26,066,755)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expenses.		
Capital outlays	$ 31,522,798	
Depreciation expense	(3,359,782)	
Amortization expense for right to use assets	(59,265)	
		28,103,751
Some of the capital assets acquired this year were financed with leases. The amount financed by a lease is reported in the governmental funds as a source of financing. On the other hand, leases are not revenues in the statement of activities, but rather constitute long-term liabilities in the statement of net position.		(4,994)
Some of the capital assets acquired this year were financed with subscription-based information technology arrangements (SBITAs). The amount financed by SBITA is reported in the governmental funds as a source of financing. On the other hand, the SBITA's are not revenues in the statement of activities, but rather constitute long-term liabilities in the statement of net position.		(94,577)
In the statement of activities, losses on the disposal of assets are shown, whereas in the governmental funds only the proceeds on the disposal (if any) are shown.		
Proceeds on asset sale	(16,087)	
Loss on disposal	(88,441)	
		(104,528)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the statement of net position.		
Bonds payable	2,455,000	
Lease liability	57,797	
		2,512,797
Amortization of premium on debt issuances reduces the balance of the respective liability. The amortization is included in interest expense on the statement of activities, but is not shown in the governmental funds.		188,299
In the statement of activities, post-employment benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.		218,635
In the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.		
Pension expense	(2,432,372)	
District pension contributions	1,634,508	
OPEB - Life Insurance expense	(22,888)	
District OPEB - Life Insurance contributions	4,951	
		(815,801)
In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.		42,343
In the statement of activities, revenue is recognized when earned. In the governmental funds, however, revenue is recognized when measurable and available for use.		(705,411)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		40,282
Change in net position of governmental activities		$ 3,314,041

The accompanying notes to financial statements are an integral part of these statements.

STOUGHTON AREA SCHOOL DISTRICT
Stoughton, Wisconsin

Statement of Fiduciary Net Position
June 30, 2025

	HRA Benefit Account
ASSETS	
Investments	$ 8,794,798
NET POSITION	
Net position:	
Restricted	8,794,798
Total net position	$ 8,794,798

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2025

	HRA Benefit Account
ADDITIONS	
Interest	$ 143,771
Contributions to HRA benefit account	2,065,445
Other	1,685
Total additions	2,210,901
DEDUCTIONS	
Disbursements from HRA benefit account	1,553,527
Change in net position	657,374
Net position - beginning of year	8,137,424
Net position - end of year	$ 8,794,798

The accompanying notes to financial statements
are an integral part of these statements.

1. Summary of Significant Accounting Policies

A. Introduction

The Stoughton Area School District ("District") is organized as a common school district. The District, governed by a nine-member elected school board, is fiscally independent with taxing and borrowing powers. Services provided by the District are primary and secondary education and special education.

The financial statements of the Stoughton Area School District have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing U.S. GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies used by the District are discussed below.

B. Component Units

U.S. GAAP requires these financial statements include the primary government and its component units. Component units are separate organizations that are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the general-purpose financial statements. The HRA benefit account is considered a component unit. The District is not included in any other governmental reporting entity.

C. 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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. The District has no business-type activities.

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 have been classified to the function where the majority of the expenditures relating to it have been incurred. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (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 non-major funds.

The District reports the following major governmental funds:

General Fund - The General Fund is the operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in other funds. It is also used to account for activities associated with providing educational programs for students with disabilities.

Capital Projects Fund – This fund accounts for the resources restricted for the acquisition or construction of specific capital projects or items.

The District accounts for fiduciary activities for the District's HRA post-employment benefits and the District's HRA for current employees' health benefits in an HRA benefit account.

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

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

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

E. Cash

The District's cash is considered to be cash on hand, money markets and demand deposits. Cash and balances for individual funds are pooled unless maintained in segregated accounts.

1. Summary of Significant Accounting Policies (Continued)

F. Investments

Investments are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period.

As discussed in Footnote 2, the District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for investment assets measured at fair value. There have been no changes in methodologies used at June 30, 2025.

> *Annuity*: Valued at the current, lump sum value of periodic future payments as calculated using a specific rate provided by the investee.

Interest income is recorded on the accrual basis. Interest income on commingled investments of district accounting funds is allocated based on average investment balances. Purchases and sales of investments are recorded on a trade-date basis. Realized gains and losses of the District's assets are reported in the statement of activities, statement of revenues, expenditures and changes in fund balances and in the statement of changes in fiduciary net position. Adjustments necessary to record investments at fair value are recorded in the statement of changes in fiduciary net position as unrealized gains or losses and in the statement of revenues, expenditures and changes in fund balance as local revenue.

G. Receivables

All accounts receivable are shown at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since management determined that such allowance would not be material.

Property taxes are recognized as revenues in the year for which they are budgeted. The District tax levy is certified in November of the current fiscal year for collection by the taxing municipalities based on the past October 1 full or "equalized" taxable property values. The District is paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. Under the Wisconsin Statutes, Dane County and Rock County purchases the outstanding property taxes of the District in August of each year. This statutory guarantee assures the District full collection of all property taxes within sixty days of its year end, and hence, the availability of these funds to finance expenditures of the fiscal year for which the taxes were levied.

H. Lease Receivable

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

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

1. Summary of Significant Accounting Policies (Continued)

I. Interfund Transactions

The current portion of lending/borrowing arrangements between funds is identified as due to/from other funds. The non-current portion of outstanding balances between funds is reported as advances to/from other funds. Advances between funds are offset by a fund balance reserve account to indicate that they are not available for appropriation and are not expendable available financial resources. The District does not have any advances between funds.

Individual fund activity for the year ended June 30, 2025 is as follows:

Purpose	Receivable Fund	Payable Fund	Amount
Receivables/Payables:			
To cover temporary negative cash balance in pooled cash account	General	Package-Cooperative Fund	$1,575

There were no interfund transfers for the year ended June 30, 2025.

J. Capital Assets

Capital assets are reported at actual cost or estimated historical cost. Donated assets are reported at estimated fair market value at the time received. Maintenance and repair costs are charged to expenses as incurred and betterments are capitalized as assets. Upon disposal of land, buildings and equipment, a gain or loss is reflected in the statement of activities. Property and equipment and related depreciation expense are not reflected in the Governmental Fund Financial Statements.

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:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	$ 5,000	Straight-line	45 - 60 years
Equipment and furniture	5,000	Straight-line	5 - 20 years

The capitalization thresholds of $5,000 are based upon grouped, as well as, individually purchased capital assets.

Impairment of Long-Lived Assets

The District reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

K. Right-to-Use Assets

The District has right-to-use lease assets. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

The District has right-to-use subscription-based information technology arrangements (“SBITA”) assets. The right-to-use intangible assets are initially measured at an amount equal to the initial measurement of the related subscription liability plus any payments made to the SBITA vendor prior to the commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor. The right-to-use assets are amortized on a straight-line basis over the life of the related subscription.

1. Summary of Significant Accounting Policies (Continued)

L. Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of financial position will sometimes report separate sections for deferred outflows and inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent the acquisition of net assets that is applicable to a future reporting period(s) and thus, will not be recognized as an inflow of resources (revenue) until then.

M. Net Position

The District classifies net position in the government wide financial statements as follows:

- *Net Investment in Capital Assets* – includes the District's capital assets (net of accumulated depreciation and amortization) reduced by the outstanding balances of any borrowings attributable to the acquisition, construction or improvement for those assets.

- *Restricted Net Position* – includes balances that have limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

- *Unrestricted Net Position* – the residual balances that do not fall into the other two categories.

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

N. Fund Balance

GASB defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- *Nonspendable* - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

- *Restricted* - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

- *Committed* - amounts that can be used only for specific purposes determined by a formal action of the School Board. The School Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through the same type of action it employed to previously commit those amounts.

- *Assigned* - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the Superintendent or their designee may assign amounts for specific purposes.

- *Unassigned* – amounts are available for any purpose, and if the general fund has available resources that are not of the other previously mentioned categories, it shall be deemed unassigned.

1. Summary of Significant Accounting Policies (Continued)

N. Fund Balance (Continued)

Order of Fund Balance Spending Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When the expenditure is incurred for which committed, assigned, or unassigned funds are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the School Board, Business or District Administrator has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

In the general fund, the District will strive to maintain a minimum fund balance of 20% of its budget.

O. Accumulated Unpaid Vacation and Sick Pay

Employees earn sick leave, personal leave, and vacation in accordance with District policies, with accruals varying by position and years of service. Unused personal leave rolls into sick leave annually, and eligible year-round employees may carry over limited unused vacation to the following year. Certain accumulated sick leave and vacation balances may be paid out or converted to retirement benefits for employees who meet District eligibility requirements.

Under GASB Statement No. 101, *Compensated Absences*, the District recognizes a liability for leave benefits that are attributable to services already rendered and that are more likely than not to be used for time off or other qualifying benefits in the future, including benefits that do not result in a cash payout. Accordingly, the District records a liability in the government-wide financial statements for unused vacation and sick leave in accordance with these criteria.

P. Other Assets

Expendable supplies or non-capital items acquired for initial use in subsequent fiscal periods are recorded as inventories and/or prepaid expenses. Prepaid insurance represents payments made by the District for which benefits extend beyond June 30th and have not yet been earned by the recipient.

Q. Pensions

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

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

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Pensions are generally liquidated by the general fund.

R. Estimates

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

1. Summary of Significant Accounting Policies (Continued)

S. OPEB – Life Insurance

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 following:

- Net OPEB – life insurance liability
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post-Employment Benefits, and,
- OPEB – Life Insurance Expense (Revenue)

Information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. OPEB-Life Insurance benefits are generally liquidated by the general fund.

T. Subsequent Events

Management has evaluated all subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed December 10, 2025. There were no subsequent events that require recognition or disclosure.

U. Adoption of New Accounting Guidance

On July 1, 2025, the District implemented GASB Statement No. 101, Compensated Absences. This statement requires governments to recognize a liability for certain compensated absences not only for employees who are currently eligible to receive a payout upon retirement, but also for employees who are expected to become eligible in the future, based on an estimated usage rate.

The implementation of this standard resulted in a restatement of beginning net position in the district-wide financial statements. See Note 17.

2. Cash and Investments

Cash and investments as shown on the District's statement of net position are subject to the following risks:

	Amount	Risks
Cash:		
Demand deposits	$ 34,897,526	Custodial
Investments:		
Certificates of deposit	251,525	Custodial and Interest Rate
Investment in annuity	8,794,798	Custodial
Local Government Investment Pool	437,279	Custodial
Wisconsin Investment Series Coop ("WISC"):		
Cash Management Series	7,861	Custodial, credit and interest rate
Investment Series	10,285,702	Custodial, credit and interest rate
Total investments	19,777,166	
Total cash and investments	$ 54,674,691	

2. Cash and Investments (Continued)

The District's cash and investments are reported in the financial statements as follows:

Statement of Net Position:		
Cash	$	34,897,526
Investment		10,982,367
Statement of Fiduciary Net Position:		
Investment		8,794,798
Total cash and investments	$	54,674,691

Deposits in each local area bank are insured by the FDIC in the amount of $250,000. Deposits in each local area bank and in the Wisconsin Local Government Investment Pool ("LGIP") are also insured by the State Deposit Guarantee Fund ("SDGF") in the amount of $1,000,000 per financial institution. However, due to the relatively small size of the SDGF in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual governmental entities. Investments in the local government investment pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool. The bond provides unlimited coverage on principal losses, reduced by any FDIC, SDGF insurance, and income on the investment during the calendar quarter a loss occurs.

The LGIP does not have a credit quality rating and is also not subject to credit risk disclosure because investments are not issued in securities form. It is part of the State Investment Fund ("SIF") and is managed by the State of Wisconsin Investment Board. The LGIP is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually and carries investments at amortized cost for purposes of calculating income to participants. At June 30, 2025, the fair value of the District's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

In accordance with certain contractual provisions, investment income associated with LGIP is assigned to the corresponding fund in which the assets are held. Participants in LGIP have the right to withdraw their funds in total on one day's notice. The LGIP does not include any involuntary participants.

A separate financial report for SIF is prepared in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Copies of the report can be obtained from http://www.doa.wi.gov/Pages/StateFinances/LGIP.aspx.

WISC is organized by and operated exclusively for Wisconsin public schools, technical colleges, and municipal entities. WISC is not registered with the Securities and Exchange Commission, but operates under Wisconsin Intergovernmental Cooperation Statutes, Section 66.0301. WISC is governed by the Wisconsin Investment Series Cooperative Commission in accordance with the terms of the Intergovernmental Cooperation Agreement. WISC invests District funds in accordance with Wisconsin Law.

A separate financial report for WISC is prepared in accordance with GASB. Copies of the report can be obtained by contacting the Wisconsin Investment Series Cooperative.

2. Cash and Investments (Continued)

Wisconsin Statute 66.0603 authorizes the District to invest in the following types of instruments:

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association that is authorized to transact business in Wisconsin if the time deposit matures in not more than three years
- Bonds or securities issued or guaranteed as to principal or interest by the federal government or by a commission, board, or other instrumentality of the federal government (U.S. Treasuries and U.S. agencies)
- Bonds or securities of any Wisconsin county, city, drainage district, technical college district, village, town, or school district
- Bonds issued by a local exposition district, local professional baseball park district, or local professional stadium district created under subchapter III or IV of chapter 229 of the Wisconsin statutes or bonds issued by the University of Wisconsin Hospitals or Clinics Authority
- Any security maturing in seven years or less of the acquisition date with either the highest or second highest rating category of a nationally recognized rating agency
- Securities of open-end management investment companies or investment trusts if the portfolio is collateralized by bonds or securities, subject to various conditions and investment options.
- A local government investment pool, subject to certain conditions

The District has adopted an investment policy which permits all investments allowed under the state statutes as previously described.

Custodial Risk – Deposits: Is the risk that, in the event of a financial institution failure, the District's deposits may not be returned to the District. The District's carrying value for cash and investments was $54,674,691 at June 30, 2025 and the bank's carrying value was $54,671,935, of which $10,705,273 was fully insured, $33,673,098 was collateralized by a letter of credit from the financial institution and $10,293,564 was uninsured and uncollateralized.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits the maturity of any security to no more than seven years from the date of purchase or in accordance with state statutes. Information regarding the exposure of the District's investments to this risk, using the segmented time distribution model is as follows:

		Investment Maturities (in Years)			
Type of Investment	**Balance**	**Less than 1 Year**	**1-5 Years**	**6-10 Years**	**Over 10 Years**
Certificates of Deposit	$ 251,525	$ 251,525	$ ---	$ ---	$ ---
WISC-Cash Management Series	7,861	7,861	---	---	---
WISC-Investment Series	10,285,702	10,285,702	---	---	---
	$ 10,545,088	$ 10,545,088	$ ---	$ ---	$ ---

Credit Risk: Generally, credit risk is the risk that an issuer of a type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The District's investment policy minimized credit risk by limiting investments to the safest type of securities. The WISC investments were rated as follows:

Investment	**Average Credit Quality**
Cash Management Series	AAAm
Investment Series	AAAm

The District categorizes the fair value measurements of its investments based on the hierarchy established by accounting principles generally accepted in the United States of America. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments that are measured using Level 3 inputs.

2. Cash and Investments (Continued)

Certificates of deposit are exempt from fair value disclosure due to the investments being valued at cost plus accrued interest earned. LGIP and WISC funds are exempt from fair value disclosure due to the investments being valued at amortized cost. The following summarizes the classification of investments within the statement of net position by classification and method of valuation in accordance with the requirements of accounting principles generally accepted in the United States of America for the year ending June 30, 2025:

	Fair Value			
	Level 1	Level 2	Level 3	Total
Annuity	$ ---	$ 8,794,798	$ ---	$ 8,794,798

3. Lease Receivable

In January 1997 the District signed a lease with Verizon Wireless for a portion of land for a phone tower. A second amendment to the lease commenced on July 1, 2020, extending the lease for 5 years. The lease shall automatically renew for up to five additional five-year terms unless terminated by Verizon Wireless. The District expects the extensions to be utilized. With each extension, the lease payment increases by 20%. For the year ended June 30, 2025, the District received $3,680 in lease revenue and $14,982 in lease interest revenues.

Future payments due to the District are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	3,773	14,889	18,662
2027	7,601	14,794	22,395
2028	7,793	14,602	22,395
2029	7,990	14,404	22,394
2030	8,193	14,202	22,395
2031-2035	62,784	67,106	129,890
2036-2040	98,412	57,456	155,868
2041-2045	144,235	42,807	187,042
2046-2050	202,698	21,752	224,450
2051	45,293	1,145	46,438
Totals	$ 588,772	$ 263,157	$ 851,929

4. Capital Assets

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

	Balance 7/1/2024	Additions	Reductions	Adjustments (See Note 17) & Transfers	Balance 6/30/2025
Governmental activities:					
Capital assets not being depreciated					
Land	$ 509,421	$ ---	$ ---	$ ---	$ 509,421
Construction in progress	7,791,376	29,085,423	---	68,016	36,944,815
Total not being depreciated	8,300,797	29,085,423	---	68,016	37,454,236
Capital assets being depreciated					
Buildings	78,014,365	401,693	---	71,854	78,487,912
Equipment	21,819,182	1,936,111	(265,852)	118,689	23,608,130
Total being depreciated	99,833,547	2,337,804	(265,852)	190,543	102,096,042
Less accumulated depreciation	(56,289,948)	(3,359,782)	161,324	---	(59,488,406)
Total being depreciated, net	43,543,599	(1,021,978)	(104,528)	190,543	42,607,636
Right-to-use assets					
Leased equipment	289,544	4,994	---	---	294,538
Leased building	19,529	---	---	---	19,529
SBITA	---	94,577	---	---	94,577
Total right-to-use assets	309,073	99,571			408,644
Less accumulated amortization	(142,849)	(59,265)	---	---	(202,114)
Net right to use leased assets	166,224	40,306	---	---	206,530
Governmental activity capital assets, net	$ 52,010,620	$ 28,103,751	$ (104,528)	$ 258,559	$ 80,268,402

All depreciation and amortization expense was charged to unallocated depreciation and amortization on the Statement of Activities.

Amortization for the SBITA will begin in fiscal year 2026 over the subscription term of the related software arrangements.

5. Long-Term Obligations

Long-term obligations of the District are as follows:

	Balance 7/1/2024	Additions	Reductions	Balance 6/30/2025	Amounts Due Within One Year
General obligation bonds	$ 46,425,000	$ ---	$ (2,455,000)	$ 43,970,000	$ 1,275,000
Add: Unamortized premium	2,468,301	---	(188,299)	2,280,002	N/A
Lease liability	195,267	4,994	(57,797)	142,464	65,386
SBITA liability	---	94,577	(22,914)	71,663	23,391
Compensated absences***	1,249,384	---	(42,343)	1,207,041	191,824
Total long-term liabilities	$ 50,337,952	$ 99,571	$ (2,766,353)	$ 47,671,170	$ 1,555,601

**** Activity for compensated absences is presented as a net change. The beginning balance of compensated absences was increased $796,288 for the implementation of GASB 101. See Note 1U.

5. Long-Term Obligations (Continued)

Total interest paid and expensed (including accrual) for the year ended June 30, 2025 on long-term debt was $1,992,684 and $1,952,403, respectively.

During the 2024-25 fiscal year, the District defeased bonds in the amount of $1,105,000 by placing District funds into an irrevocable trust with an escrow agent to meet the future debt service requirements as they become due. Accordingly, the bonds are considered to be defeased and the liability has been removed from the government-wide financial statements. The District has $2,105,000 of the defeased bonds outstanding as of June 30, 2025. This includes bonds defeased in prior years.

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. The long-term debt will be retired by future property tax levies and resources accumulated in the Debt Service Fund.

Long-term debt at June 30, 2025 is comprised of the following issue:

Description	Issue Dates	Interest Rates	Dates of Maturity	Issued Amount	Balance 6/30/2025
G.O. Corporate Purpose Bonds	03/06/23	4.00 to 5.00%	03/01/43	$ 48,000,000	$ 43,970,000

The 2024 equalized value of the District as certified by the Wisconsin Department of Revenue is $3,691,327,780. The legal debt limit and margin of indebtedness as of June 30, 2025, in accordance with Section 67.03(1)(a) of the Wisconsin Statutes is as follows:

Debt limit (10% of $3,691,327,780)	$ 369,132,778
Deduct long-term debt applicable to debt margin	(43,970,000)
Margin of indebtedness	$ 325,162,778

Aggregate cash flow requirements for the retirement of long-term principal and interest on general obligation debt are as follows:

Year Ended June 30,	G.O. Debt Principal	G.O. Debt Interest	Total
2026	$ 1,275,000	$ 1,819,050	$ 3,094,050
2027	1,450,000	1,755,300	3,205,300
2028	1,575,000	1,682,800	3,257,800
2029	1,725,000	1,604,050	3,329,050
2030	1,875,000	1,517,800	3,392,800
2031-2035	11,600,000	6,335,000	17,935,000
2036-2040	14,365,000	3,790,400	18,155,400
2041-2045	10,105,000	819,200	10,924,200
Total	$ 43,970,000	$ 19,323,600	$ 63,293,600

Lease agreements are summarized as follows:

Description	Date	Payment Terms	Monthly Payment Amount	Interest Rate	Balance June 30, 2025
Copiers	03/15/2022	5 years	$ 6,110	10.94%	$ 130,339
Copiers	10/01/2022	5 years	308	11.04%	7,300
Copiers	05/01/2025	5 years	99	7.24%	4,825
					$ 142,464

5. Long-Term Obligations (Continued)

Annual requirements to amortize lease obligations and related interest are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	$ 65,386	$ 12,822	$ 78,208
2027	73,133	4,923	78,056
2028	1,906	211	2,117
2029	1,077	116	1,193
2030	962	33	995
Total	$ 142,464	$ 18,105	$ 160,569

SBITA agreements are summarized as follows:

Description	Date	Term	Balance June 30, 2025
Cloud-based software	07/01/2024	5 years	$ 71,663

Although the agreement provides services through June 30, 2029, the District must prepay its annual commitment prior to each fiscal year. As a result, the final payment will be made during fiscal year 2028 for the 2028-2029 service period. Annual requirements to amortize SBITA obligations are as follows:

Year Ended June 30,	Principal
2026	$ 23,391
2027	23,883
2028	24,389
Total	$ 71,663

Interest related to the SBITA liability is considered immaterial and is not presented separately.

6. Fund Balances

As of June 30, 2025, fund balance components other than unassigned fund balances consist of the following:

	Nonspendable	Restricted	Assigned
General fund:			
Prepaid expenditures	$ 1,498,914	$ ---	$ ---
Self-Insurance	---	---	42,737
Assigned for planned instructional, technology and facility improvements	---	---	485,712
Other Special Revenue:			
Corpus	264,669	---	---
Other	---	3,916,532	---
Food service program	---	286,209	---
Community service	---	---	189,404
Debt service	---	1,774,026	---
Capital projects	---	23,786,818	---
Total	$ 1,763,583	$ 29,763,585	$ 717,853

7. Defined Benefit Pension Plan

Plan Description

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

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

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

Vesting

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

Benefits Provided

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/16) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

Post-Retirement Adjustments

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

7. Defined Benefit Pension Plan (Continued)

Post-Retirement Adjustments (Continued)

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

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

Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, 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 for general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized $1,634,508 in contributions from the employer.

Contribution rates as of June 30, 2025 are:

Employee Category	Employee	Employer
General (including teachers, executives & elected officials)	6.95%	6.95%
Protective with Social Security	6.95%	14.95%
Protective without Social Security	6.95%	18.95%
Act 4 Protective County Jailers	14.95%	6.95%

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

At June 30, 2025, the District reported a liability of $1,860,143 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023 rolled forward to December 31, 2024. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2024, the District's proportion was 0.1132%, which was a decrease of 0.0032% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the District recognized pension expense of $2,432,372.

7. Defined Benefit Pension Plan (Continued)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 5,776,764	$ 5,428,346
Changes in assumptions	551,939	---
Net difference between projected and actual earnings on pension plan investments	2,826,587	---
Changes in proportion and differences between employer contributions and proportionate share of contributions	117,450	---
Employer contributions subsequent to the measurement date	883,918	---
Total	$ 10,156,658	$ 5,428,346

The amount of $883,918 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 in the year ended June 30, 2026.

Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense (revenue) as follows:

Year Ended June 30,	
2026	$ 1,175,885
2027	3,895,310
2028	(936,431)
2029	(290,370)

Actuarial Assumptions

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

Actuarial Valuation Date:	December 31, 2023
Measurement Date of Net Pension Liability (Asset)	December 31, 2024
Experience Study:	January 1, 2021 - December 31, 2023 Published November 19, 2024
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases: Wage Inflation Seniority/Merit	 3.0% 0.1% - 5.7%
Mortality:	2020 WRS Experience Mortality Table
Post-retirement Adjustments*	1.7%

7. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (Continued)

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate. Includes the impact of known Market Recognition Account deferred gains/losses on the liability for dividend payments.*

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

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

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

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %**
Public Equity	38%	7.0%	4.3%
Public Fixed Income	27	6.1	3.4
Private Equity/Debt	20	9.5	6.7
Inflation Sensitive	19	4.8	2.1
Real Estate	8	6.5	3.8
Leverage***	(12)	3.7	1.1
Total Core Fund	100%	7.5%	4.8%
Variable Fund Asset Class			
U.S. Equities	70%	6.5%	3.8%
International Equities	30	7.4	4.7
Total Variable Fund	100%	6.9%	4.2%

*Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations
**New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.6%
***The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. Currently, an asset allocation target of 12% policy leverage is used, subject to an allowable range of up to 20%.

7. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (Continued)

Single Discount rate. A single discount rate of 6.80% was used to measure the total pension liability for the current and prior year. This discount rate was based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 4.08% (Source: "20-Bond GO Index" is the Bond Buyer Index, general obligation, 20 years to maturity, mixed quality as of December 31, 2024. In describing this index, the Bond Buyer notes that the bonds' average quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard and Poor's Corp's AA). Because of the unique structure of WRS, the 6.80% expected rate of return implies that a dividend of approximately 1.70% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80 percent, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80 percent) or 1-percentage-point higher (7.80 percent) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
District's proportionate share of the net pension liability (asset)	$ 17,450,578	$ 1,860,143	$ (9,216,412)

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 Pension Plan

Payables to the pension plan at June 30, 2025 were $278,058. This represents contributions earned as of June 30, 2025, but for which payment was not remitted to the pension plan until subsequent to year-end.

8. Self-Funded Insurance Program

In a prior year, the Stoughton Area School District established a self-funded dental benefit plan (the "Plan") for its employees. The Plan administrator, Delta Dental is responsible for the approval, processing, and payment of claims, after which Delta Dental bills the District for reimbursement. The District is also responsible for a monthly administrative fee. The Plan reports on a fiscal year ending June 30th.

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 of the District.

8. Self-Funded Insurance Program (Continued)

The District has no stop-loss coverage for dental care coverage of the Plan.

At June 30, 2025, the District has reported a liability of $28,491, which represents reported and unreported claims which were incurred on or before June 30, 2025, but were not paid by the District as of that date. This amount consists of claims reported to the Plan administrator but not paid by the District of $15,670 and claims which were not yet reported to the Plan administrator of $12,821. The amounts not yet reported were determined by the Plan administrator. Changes in the claims liability are as follows for the years ended June 30:

	2025	2024
Estimated Claims Outstanding July 1	$ 28,663	$ 22,881
Current Year Claims and Changes in Estimates	403,120	386,916
Claim Payments	(403,292)	(381,134)
Estimated Claims Outstanding	$ 28,491	$ 28,663

9. Other Post-Employment Benefits

Description

The District offers voluntary retirement benefits to its teachers and administrators who have met the age and years of service requirements. In addition, the District's group health insurance plan provides coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. Both of these result in an other post-employment benefit ("OPEB"), the later commonly referred to as an implicit rate subsidy.

For administrators at least age 57 with a minimum of 10 years of service with the District or a minimum of 20 years of service in the District, the District will pay the full amount of the single or family medical premiums on behalf of the retiree annually over a period of four years or until Medicare eligibility, whichever occurs first.

For teachers at least age 55 with a minimum of 15 years of service with the District whom retired prior to June 30, 2018, the District will contribute $500 per month into an HRA for a period of 5 years not to exceed Medicare-eligibility for use on the District's health plan or an outside provider.

For teachers at least age 55 with a minimum of 15 years of service with the District and eligible to retire prior to June 30, 2022, the District will contribute $500 per month for a period of 5 years but not to exceed Medicare-eligibility for use towards continued coverage on the District's health plan for the duration of COBRA or an outside provider.

Employees participating in the OPEB benefit consisted of the following at June 30, 2023, the date of the latest actuarial valuation:

Retirees currently receiving benefit payments	24
Active employees fully eligible but not yet receiving benefit payments	26
Active employees not fully eligible	272
Number of participating employees	322

Total OPEB Liability

No assets are accumulated in a trust that meets all the criteria in GASB Statement No. 75, paragraph 4 because the District's contributions are not into a legally established irrevocable trust. Accordingly, the District's total OPEB liability is not reduced by any assets accumulated in a trust that meets the criteria and the District must report its total OPEB liability.

9. Other Post-Employment Benefits (Continued)

The District's total OPEB liability was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2023. Changes in the District's total OPEB liability were as follows:

Balance 6/30/24 - measurement date 6/30/23	$	645,509
Changes for the year:		
Service cost		41,784
Interest		21,913
Changes of benefit terms		---
Differences between expected and actual experience		180,452
Changes of assumptions or other input		(1,985)
Benefit payments		(271,628)
Net changes		(29,464)
Balance 6/30/25 - measurement date 6/30/24	$	616,045

Actuarial Assumptions

Actuarial assumptions used to determine the total OPEB liability as of June 30, 2025 were based on the results of an experience study conducted in 2021 using Wisconsin Retirement System (WRS) experience from 2018-2020. Key assumptions, applied to all periods included in the measurement, are as follows:

Valuation date	6/30/2023
Measurement date	6/30/2024
Reporting date	6/30/2025
Actuarial cost method	Entry Age Normal – Level % of salary
Health care trend	7.00% decreasing to 6.50%, then decreasing by 0.10% per year down to 4.50%, and level thereafter
Discount rate*	4.21%, (based upon all years of projected payments discounted at a municipal bond rate of 4.21%)
Municipal bond rate source	S&P Municipal Bond 20 Year High Grade Index
Mortality assumptions	2020 WRS Experience Tables for Active Employees and Healthy Retirees projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.

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

Changes in actuarial assumptions include:

- The discount rate increased from 4.13% to 4.21% (based upon all years of projected payments discounted at a municipal bond rate of 4.21%, versus 4.13% at prior measurement date)

Discount Rate

The following presents the total OPEB liability calculated using the discount rate of 4.21%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.21%) or 1% higher (5.21%) than the current rate:

	1% Decrease to Discount Rate (3.21%)	Current Discount Rate (4.21%)	1% Increase to Discount Rate (5.21%)
Total OPEB liability	$ 640,197	$ 616,045	$ 592,428

9. Other Post-Employment Benefits (Continued)

Healthcare Cost Trend Rates

The following presents the total OPEB liability calculated using the healthcare cost trend rate of 7.0% decreasing to 4.5%, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (6.0% decreasing to 3.5%) or 1% higher (8.0% decreasing to 5.5%) than the current rate:

	1% Decrease to Healthcare Cost Trend (6.0% Decreasing to 3.5%)	Current Healthcare Cost Trend (7.0% Decreasing to 4.5%)	1% Increase to Healthcare Cost Trend (8.0% Decreasing to 5.5%)
Total OPEB liability	$ 580,215	$ 616,045	$ 657,175

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

For the year ended June 30, 2025, the District recognized OPEB expense of $49,763. At June 30, 2025, the District reported deferred inflows and outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to the measurement date	$ 268,398	$ ---
Differences between expected and actual experience	167,830	192,182
Changes of assumptions or other input	72,610	54,329
Total	$ 508,838	$ 246,511

The amount of $268,398 reported as deferred outflows related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows:

Year Ended June 30,	
2026	$ (11,716)
2027	(11,716)
2028	(11,716)
2029	(11,716)
2030	(11,709)
Thereafter	52,502

10. Actively-Funded Retirement Benefit

For teachers not eligible for retirement benefits under the OPEB plan described in Note 9, the District offers a defined contribution plan. The District contributes $750 per year into an irrevocable HRA account to be used upon retirement for insurance coverage with an outside provider. The contributions are made annually into the HRA account in the year the benefit is earned.

For the year ended June 30, 2025, the District recognized expense of $150,671 related to the defined contribution plan. Funds accumulated in the HRA for any employee who terminates employment prior to reaching eligibility requirements stated in the plan documents for retirement will revert back to the District. Total forfeited contributions for the year ending June 30, 2025 were $111,228.

11. Other Post-Employment Benefits – Life Insurance

Plan description.

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

OPEB Plan Fiduciary Net Position.

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

Additionally, ETF issued a standalone retiree life insurance financial report, which can also be found using the link above.

Benefits Provided

The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired members and pre-65 retirees who pay for their coverage.

Contributions

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

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

Contribution rates as of June 30, 2025 are:

Coverage Type	Employer Contribution
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

11. Other Post-Employment Benefits – Life Insurance (Continued)

Contributions (Continued)

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

Life Insurance
Employee Contribution Rates*
For the year ended December 31, 2024

Attained Age	Basic	Supplemental
Under 30	$0.05	$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57
*Disabled members under age 70 receive a waiver-of-premium benefit		

During the reporting period, the LRLIF recognized $4,951 in contributions from the District.

OPEB Liabilities – Life Insurance, OPEB – Life Insurance Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – Life Insurance

At June 30, 2025, the District reported a liability of $920,977 for its proportionate share of the net OPEB life insurance liability. The net OPEB life insurance liability was measured as of December 31, 2024, and the total OPEB life insurance liability used to calculate the net OPEB life insurance liability was determined by an actuarial valuation as of January 1, 2024 rolled forward to December 31, 2024. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB life insurance liability was based on the District's share of contributions to the OPEB Life Insurance plan relative to the contributions of all participating employers. At December 31, 2024, the District's proportion was 0.2354%, which was a decrease of 0.0043% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the District recognized OPEB – Life Insurance expense of $22,888.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ ---	$ 95,815
Net difference between projected and actual earnings on OPEB – Life Insurance plan investments	12,647	---
Changes in assumptions	225,982	516,556
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,071	96,695
Total	$ 251,700	$ 709,066

11. Other Post-Employment Benefits – Life Insurance (Continued)

OPEB Liabilities – Life Insurance, OPEB – Life Insurance Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – Life Insurance (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB – life insurance will be recognized in OPEB – life insurance expense (revenue) as follows:

Year Ended June 30,	
2026	$ (51,055)
2027	(88,184)
2028	(124,521)
2029	(121,152)
2030	(38,149)
2031	(34,305)

Actuarial assumptions

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

Actuarial Valuation Date:	January 1, 2024
Measurement Date of Net OPEB-ETF Liability (Asset)	December 31, 2024
Experience Study	January 1, 2021 - December 31, 2023, Published November 19, 2024
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield*:	4.08%
Long-Term Expected Rated of Return:	4.25%
Discount Rate:	4.09%
Salary Increases Inflation: Seniority/Merit:	 3.00% 0.1% - 5.7%
Mortality	2020 WRS Experience Mortality Table

*Based on the Bond Buyer GO 20-Bond Municipal Index

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

Long-term Expected Return on Plan Assets

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

11. Other Post-Employment Benefits – Life Insurance (Continued)

Long-term Expected Return on Plan Assets (Continued)

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

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Intermediate Credit Bonds	Bloomberg US Interim Credit	40%	2.41%
US Mortgages	Bloomberg US MBS	60%	2.71%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

Single Discount rate

A single discount rate of 4.09% was used to measure the total OPEB liability – life insurance for the current year, as opposed to a discount rate of 3.32% for the prior year. The change in the discount rate was primarily caused by the increase in the municipal bond rate from 3.26% as of December 31, 2023 to 4.08% as of December 31, 2024. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the total OPEB liability – life insurance is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2037.

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

Sensitivity of the District's proportionate share of the net OPEB – life insurance liability to changes in the discount rate

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

	1% Decrease to Discount Rate (3.09%)	Current Discount Rate (4.09%)	1% Increase to Discount Rate (5.09%)
District's proportionate share of the net OPEB – life insurance liability	$ 1,231,014	$ 920,977	$ 682,065

12. Limitation on School District Revenues

Wisconsin statutes limit the amount of revenues school districts may derive from general school aids and property taxes unless a higher amount is approved by a referendum. A school district's revenue limit will determine approximately 80-90% of a school district's general fund revenue budget.

In April 2024, a referendum passed permitting the District to exceed revenue limits by $6,100,000 over four years. Specifically, the District is authorized to exceed the revenue limit by $4,300,000 for fiscal year 2024-2025 and by $600,000 for each of the following three fiscal years, ending with fiscal year 2027-2028.

13. Risk Management

The Stoughton Area School District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers' compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles.

14. Commitments and Contingencies

The District had contractual commitments outstanding as of June 30, 2025 of approximately $49,400,000 for various construction projects of which approximately $36,600,000 has been expended. The majority of the contracts will be funded from the District's capital projects fund.

From time to time, the District is involved in legal actions, most of which normally occur in governmental operations. Legal actions are generally defended by the District's various insurance carriers, since most claims brought against the District are covered by insurance policies. In the opinion of District management, any legal actions and any other proceedings known to exist at June 30, 2025, are not likely to have a material adverse impact on the District's financial position.

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

15. Concentration Risk Disclosure

As of June 30, 2025, the District is subject to a concentration risk related to its revenue sources. Approximately 40% of the District's general fund revenues are derived from state aid appropriations provided by the State of Wisconsin ("State"). Approximately 52% of the District's general fund revenues are derived from property tax.

This concentration results in a vulnerability to the risk of a near-term severe impact if the State were to experience significant budget shortfalls or make legislative changes that reduce education funding. The future funding levels remain subject to the state's budgetary process and economic conditions.

The District is monitoring developments at the state level and continues to evaluate contingency plans, including budget reductions, reserve usage, and potential adjustments to local levy authority, should there be a reduction in funding. However, due to statutory limits on local tax increases, the District's ability to offset reductions through other revenue sources is constrained.

16. Effect of New Accounting Standards on Financial Statements

The GASB has approved the following:

- GASB Statement No. 103, *Financial Reporting Model Improvements*
- GASB Statement No. 104, *Disclosure of Certain Capital Assets*

Management has not yet determined the effect, if any, these statements will have on the financial statements. Application of these standards may require adjustments to certain prior-period amounts or additional disclosures in future periods.

17. Prior Period Adjustment

In fiscal year 2025, the District adopted GASB Statement No. 101, *Compensated Absences*, which requires recognizing a liability for all leave attributable to services already rendered, that is accumulable, and more likely than not to be used for time off or paid in cash. Previously, the District recognized a liability only for leave payable at termination. The cumulative effect of the adoption decreased beginning net position of governmental activities by $796,288.

In the prior year, retainage associated with the District's construction project was not included in construction in progress. Accordingly, a prior period adjustment was recorded to increase capital assets and the beginning net position of governmental activities by $258,559.

Reconciliation of beginning balances:

Governmental Activities – Net Position:

Net position, June 30, 2024, as previously reported	$	77,130,627
Cumulative effect of GASB 101 adoption		(796,288)
Prior period adjustment (capitalize retainage)		258,559
Net position, July 1, 2024, as restated	$	76,592,898

18. Environmental Remediation

During the fiscal year, the District completed an asbestos abatement project at one of its facilities in accordance with applicable environmental regulations. The work involved the removal and proper disposal of asbestos-containing materials identified during the referendum project.

The District incurred and expensed $38,971 related to this remediation during the year ended June 30, 2025. No additional remediation obligations or recoveries are expected at this time.

REQUIRED SUPPLEMENTARY INFORMATION

STOUGHTON AREA SCHOOL DISTRICT
Stoughton, Wisconsin

Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2025

	Fund 10 - Budget			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Local	$ 25,219,136	$ 25,219,136	$ 25,449,936	$ 230,800
Interdistrict payments within Wisconsin	800,730	803,144	718,716	(84,428)
State	16,704,915	16,754,876	16,868,570	113,694
Federal	954,096	975,330	931,658	(43,672)
Other	89,000	89,000	113,290	24,290
Total revenues	43,767,877	43,841,486	44,082,170	240,684
Expenditures:				
Instruction:				
Current	18,470,983	18,950,949	18,487,557	463,392
Interdistrict	1,844,308	1,845,216	1,818,797	26,419
Capital outlay	316,561	225,953	256,886	(30,933)
Support Services:				
Current	16,702,801	15,931,435	15,797,792	133,643
Capital outlay	1,182,814	1,635,135	1,624,419	10,716
Debt service	78,354	80,742	77,214	3,528
Total expenditures	38,595,821	38,669,430	38,062,665	606,765
Excess of revenues over expenditures	5,172,056	5,172,056	6,019,505	847,449
Other Financing Sources (uses):				
Operating transfers in (out)	(5,172,056)	(5,172,056)	(5,174,490)	(2,434)
Lease financing	---	---	4,994	4,994
SBITA financing	---	---	94,577	94,577
Proceeds from sale of capital assets	---	---	16,087	16,087
Total other financing uses	(5,172,056)	(5,172,056)	(5,058,832)	113,224
Net change in fund balances	---	---	960,673	960,673
Fund Balances - Beginning of year	15,525,283	15,525,283	15,525,283	---
Fund Balances - End of year	$ 15,525,283	$ 15,525,283	$ 16,485,956	$ 960,673

See Independent Auditors' Report and Notes to Required Supplementary Information.

STOUGHTON AREA SCHOOL DISTRICT
Stoughton, Wisconsin

Budgetary Comparison Schedule
Special Education Fund
Year Ended June 30, 2025

	Fund 27 - Budget			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
Revenues:				
State	$ 2,050,960	$ 2,069,912	$ 1,981,023	$ (88,889)
Federal	1,103,575	1,103,575	913,883	(189,692)
Other	---	---	2,000	2,000
Total revenues	3,154,535	3,173,487	2,896,906	(276,581)
Expenditures:				
Instruction:				
Current	6,495,187	6,511,639	6,371,478	140,161
Interdistrict	60,000	60,000	30,000	30,000
Support Services:				
Current	1,768,777	1,771,277	1,669,918	101,359
Capital outlay	2,627	2,627	---	2,627
Total expenditures	8,326,591	8,345,543	8,071,396	274,147
Deficiency of revenues over expenditures	(5,172,056)	(5,172,056)	(5,174,490)	(2,434)
Other Financing Sources:				
Operating transfers in	5,172,056	5,172,056	5,174,490	2,434
Net change in fund balances	---	---	---	---
Fund Balances - Beginning of year	---	---	---	---
Fund Balances - End of year	$ ---	$ ---	$ ---	$ ---

See Independent Auditors' Report and Notes to Required Supplementary Information.

STOUGHTON AREA SCHOOL DISTRICT
Stoughton, Wisconsin

Schedule of Proportionate Share of the Net Pension Asset (Liability)
Year Ended June 30, 2025

Wisconsin Retirement System
Last 10 Fiscal Years

WRS Fiscal Year End Date	District's proportion of the net pension asset (liability)	District's proportionate share of the net pension asset (liabiliy)	District's covered payroll	Net pension asset (liability) as a percentage of employee payroll	Plan fiduciary net position as a percentage of total pension asset (liability)
12/31/24	0.1132%	$ (1,860,143)	$ 22,375,149	8.31%	98.79%
12/31/23	0.1164%	(1,731,242)	21,489,782	8.06%	98.85%
12/31/22	0.1223%	(6,478,668)	21,398,743	30.28%	95.72%
12/31/21	0.1274%	10,267,295	20,893,243	49.14%	106.02%
12/31/20	0.1320%	8,241,913	21,278,275	38.73%	105.26%
12/31/19	0.1353%	4,361,985	21,452,657	20.33%	102.96%
12/31/18	0.1369%	(4,870,562)	20,626,021	23.61%	96.45%
12/31/17	0.1392%	4,133,959	20,227,529	-20.44%	102.93%
12/31/16	0.1409%	(1,161,139)	20,088,183	5.78%	99.12%
12/31/15	0.1431%	(2,324,786)	20,151,239	11.54%	98.20%

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

Schedule of Employer Contributions
Year Ended June 30, 2025

Wisconsin Retirement System
Last 10 Fiscal Years

Year-ended	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
06/30/25	$ 1,659,237	$ 1,659,237	$ ---	$ 23,954,022	6.93%
06/30/24	1,493,045	1,493,045	---	21,792,667	6.65%
06/30/23	1,429,822	1,429,822	---	21,496,451	6.62%
06/30/22	1,396,768	1,396,768	---	21,091,138	6.75%
06/30/21	1,416,970	1,416,970	---	20,992,150	6.65%
06/30/20	1,437,657	1,437,657	---	21,617,425	6.62%
06/30/19	1,390,568	1,390,568	---	20,994,148	6.75%
06/30/18	1,373,644	1,373,644	---	20,352,435	6.70%
06/30/17	1,349,462	1,349,462	---	20,137,353	6.70%
06/30/16	1,352,305	1,352,305	---	20,185,343	6.90%

See Independent Auditors' Report and Notes to Required Supplementary Information.

STOUGHTON AREA SCHOOL DISTRICT
Stoughton, Wisconsin

Notes to Schedule of Employer Contributions
Year Ended June 30, 2025

Wisconsin Retirement System
Last 10 Fiscal Years*

Actuarial Determined Contributions Methods and Assumptions:

WRS Fiscal Year End	**December 31, 2024**	**December 31, 2023**	**December 31, 2022**	**December 31, 2021**	**December 31, 2020**
Valuation Date	**December 31, 2022**	**December 31, 2021**	**December 31, 2020**	**December 31, 2019**	**December 31, 2018**
Actuarial Cost Method	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method	Level % of Payroll-Closed Amortization Period	Level % of Payroll-Closed Amortization Period	Level % of Payroll-Closed Amortization Period	Level % of Payroll-Closed Amortization Period	Level % of Payroll-Closed Amortization Period
Amortization Period	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method	Five-Year Smoothed Market (Closed)	Five-Year Smoothed Market (Closed)	Five-Year Smoothed Market (Closed)	Five-Year Smoothed Market (Closed)	Five-Year Smoothed Market (Closed)
Actuarial Assumptions Net Investment Rate of Return	5.4%	5.4%	5.4%	5.4%	5.4%
Weighted Based on Assumed Rate For:					
Pre-retirement	6.8%	6.8%	7.0%	7.0%	7.0%
Post-retirement	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases:					
Wage Inflation	3.0%	3.0%	3.0%	3.0%	3.0%
Seniority/Merit	0.1%-5.7%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement benefit Adjustments**	1.7%	1.7%	1.9%	1.9%	1.9%
Retirement Age (Experience based table of rates that are specific to the type of eligibility condition)	Last updated for the 2021 valuation pursuant to an experience study of the period 2018-2020	Last updated for the 2021 valuation pursuant to an experience study of the period 2018-2020	Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017	Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017	Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017
Mortality:					
Table	2020 WRS Experience	2020 WRS Experience	Wisconsin 2018	Wisconsin 2018	Wisconsin 2018
Rate	Actual WRS experience adjustment for future mortality improvements using the MP-2021 fully generational improvement scale from a base year of 2010	Actual WRS experience adjustment for future mortality improvements using the MP-2021 fully generational improvement scale from a base year of 2010	Actual WRS experience adjustment for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%)	Actual WRS experience adjustment for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%)	Actual WRS experience adjustment for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%)

WRS Fiscal Year End	**December 31, 2019**	**December 31, 2018**	**December 31, 2017**	**December 31, 2016**	**December 31, 2015**
Valuation Date	**December 31, 2017**	**December 31, 2016**	**December 31, 2015**	**December 31, 2014**	**December 31, 2013**
Actuarial Cost Method	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method	Level % of Payroll-Closed Amortization Period	Level % of Payroll-Closed Amortization Period	Level % of Payroll-Closed Amortization Period	Level % of Payroll-Closed Amortization Period	Level % of Payroll-Closed Amortization Period
Amortization Period	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method	Five-Year Smoothed Market (Closed)	Five-Year Smoothed Market (Closed)	Five-Year Smoothed Market (Closed)	Five-Year Smoothed Market (Closed)	Five-Year Smoothed Market (Closed)
Actuarial Assumptions Net Investment Rate of Return	5.5%	5.5%	5.5%	5.5%	5.5%
Weighted Based on Assumed Rate For:					
Pre-retirement	7.2%	7.2%	7.2%	7.2%	7.2%
Post-retirement	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases:					
Wage Inflation	3.2%	3.2%	3.2%	3.2%	3.2%
Seniority/Merit	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement benefit Adjustments**	2.1%	2.1%	2.1%	2.1%	2.1%
Retirement Age (Experience based table of rates that are specific to the type of eligibility condition)	Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014	Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014	Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014	Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011	Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011
Mortality:					
Table	Wisconsin 2012	Wisconsin 2012	Wisconsin 2012	Wisconsin 2012	Wisconsin 2012
Rate	Actual WRS experience adjustment for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%)	Actual WRS experience adjustment for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%)	Actual WRS experience adjustment for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%)	Actual WRS projected to 2017 with scale BB to all for future improvements (margin) in mortality)	Actual WRS projected to 2017 with scale BB to all for future improvements (margin) in mortality)

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

STOUGHTON AREA SCHOOL DISTRICT
Stoughton, Wisconsin

Schedule of Proportionate Share of the Net OPEB - Life Insurance Liability
Year Ended June 30, 2025

Local Retiree Life Insurance Fund
Last 10 Fiscal Years*

LRLIF Fiscal Year End Date	District's proportion of the net OPEB - life insurance liability	District's proportionate share of the net OPEB - life insurance liability	District's covered payroll	Net OPEB - life insurance liability as a percentage of employee payroll	Plan fiduciary net position as a percentage of total OPEB - life insurance liability
12/31/24	0.2354%	$ 920,977	$ 13,032,000	7.07%	37.20%
12/31/23	0.2397%	1,102,777	12,398,000	8.89%	33.90%
12/31/22	0.2553%	972,775	12,597,000	7.72%	38.81%
12/31/21	0.2609%	1,542,098	12,517,000	12.32%	29.57%
12/31/20	0.2580%	1,419,104	12,743,000	11.14%	31.36%
12/31/19	0.2494%	1,061,841	12,969,000	8.19%	37.58%
12/31/18	0.2638%	680,693	12,750,000	5.34%	48.69%

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

*GASB requires the presentation of the last 10 prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule.

Schedule of Contributions
Year Ended June 30, 2025

Local Retiree Life Insurance Fund
Last 10 Fiscal Years*

LRLIF Fiscal Year End Date	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
12/31/24	$ 4,951	$ 4,951	---	13,032,000	0.04%
12/31/23	4,884	4,884	---	12,398,000	0.04%
12/31/22	5,123	5,123	---	12,597,000	0.04%
12/31/21	5,340	5,340	---	12,517,000	0.04%
12/31/20	5,144	5,144	---	12,743,000	0.04%
12/31/19	4,507	4,507	---	12,969,000	0.03%
12/31/18	5,082	5,082	---	12,750,000	0.04%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Information on the fiscal year end is not available.

*GASB requires the presentation of the last 10 prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule.

See Independent Auditors' Report and Notes to Required Supplementary Information.

STOUGHTON AREA SCHOOL DISTRICT
Stoughton, Wisconsin

Schedule of Changes in the Total OPEB Liability and Related Ratios
Year Ended June 30, 2025
Last 10 Fiscal Years*

Total OPEB Liability	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Service cost	$ 41,784	$ 42,062	$ 50,871	$ 70,767	$ 59,031	$ 81,422	$ 84,014	$ 84,014
Interest	21,913	29,155	20,793	25,822	43,654	60,949	65,428	78,893
Change of benefit terms	---	---	---	---	---	(27,254)	---	---
Differences between expected and actual experiences	180,452	(28,627)	5,202	(61,181)	---	(285,622)	---	---
Changes of assumptions or other input	(1,985)	14,424	(50,121)	(25,255)	49,760	74,066	(15,508)	---
Benefit payments	(271,628)	(238,695)	(196,545)	(250,868)	(264,977)	(275,824)	(477,570)	(617,710)
Net change in total OPEB liability	(29,464)	(181,681)	(169,800)	(240,715)	(112,532)	(372,263)	(343,636)	(454,803)
Total OPEB liability - beginning	645,509	827,190	996,990	1,237,705	1,350,237	1,722,500	2,066,136	2,520,939
Total OPEB liability - ending	$ 616,045	$ 645,509	$ 827,190	$ 996,990	$ 1,237,705	$ 1,350,237	$ 1,722,500	$ 2,066,136
Covered payroll	$ 21,431,180	$ 21,431,180	$ 20,283,201	$ 20,283,201	$ 20,766,585	$ 20,766,585	$ 7,903,587	$ 7,903,587
Total OPEB liability as a percentage of covered payroll	2.87%	3.01%	4.08%	4.92%	5.96%	6.50%	21.79%	26.14%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

*GASB requires the presentation of the last 10 prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule.

*The amounts presented for each fiscal year were determined as of the measurement date.

See Independent Auditors' Report and Notes to Required Supplementary Information.

STOUGHTON AREA SCHOOL DISTRICT
Stoughton, Wisconsin

Notes to Required Supplementary Information
Year Ended June 30, 2025

Note A - Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.D. to the financial statements; however, the District adopts a budget for the special education fund which is reported with the general fund in accordance with accounting principles generally accepted in the United States of America ("GAAP"). An explanation of the difference between Revenues, Expenditures, and Other Financing Sources (Uses) for budgetary funds on budgetary fund basis and a GAAP general fund basis is summarized below:

	General Fund	Special Education Fund
Revenues		
Actual amounts (budgetary basis)	$ 44,082,170	$ 2,896,906
Reclassification of special education	2,896,906	(2,896,906)
Total Revenues (GAAP)	46,979,076	---
Expenditures		
Actual amounts (budgetary basis)	38,062,665	8,071,396
Reclassification of special education	8,071,396	(8,071,396)
Total Expenditures (GAAP)	46,134,061	---
Excess of Revenues Over (Under) Expenditures		
Actual amounts (budgetary basis)	6,019,505	(5,174,490)
Reclassification of special education	(5,174,490)	5,174,490
Excess of Revenues Over (Under) Expenditures (GAAP)	845,015	---
Other Financing Sources (Uses)		
Actual amounts (budgetary basis)	(5,058,832)	5,174,490
Reclassification of special education	5,174,490	(5,174,490)
Total Other Financing Sources (Uses) (GAAP)	115,658	---
Net Change in Fund Balance		
Actual amounts (budgetary basis) (GAAP)	960,673	---
Fund Balance - Beginning of Year		
Actual amounts (budgetary basis) (GAAP)	15,525,283	---
Fund Balance - End of Year		
Actual amounts (budgetary basis) (GAAP)	$ 16,485,956	$ ---

Note B – Excess of Actual Expenditures Over Budget in Individual Funds

The following general fund and special revenue fund functions had an excess of actual expenditures over budget for the year ended June 30, 2025. The excess expenditures were funded with existing fund balances.

Fund 10:		
Co-curricular activities	$	31,227
Other special needs		210
Pupil services		110,576
Other support services		157,748
Transfers to another fund		2,434
Purchased instructional services		121,441
Other non-program transactions		80,570
Fund 27:		
Business administration	$	3,210
Purchased instructional services		167,879

Note C – WRS Information

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

Changes of assumptions:

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

- Lowering the long-term expected rate of return from 7.00% to 6.80%
- Lowering the discount rate from 7.00% to 6.80%
- Lowering the price inflation rate from 2.50% to 2.40%
- Lowering the post-retirement adjustments from 1.90% to 1.70%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

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

- Lowering the long-term expected rate of return from 7.20% to 7.00%
- Lowering the discount rate from 7.20% to 7.00%
- Lowering the wage inflation rate from 3.20% to 3.00%
- Lowering the price inflation rate from 2.70% to 2.50%
- Lowering the post-retirement adjustments from 2.10% to 1.90%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

Note D – Other Post-Employment Benefits

No assets are accumulated in a trust that meets all of the following criteria of GASBS No. 75, paragraph 4:

- Contributions from the employer and any non-employer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, non-employer contributing entities, the plan administrator, and plan members.

There were no changes of benefit terms to the OPEB plan.

The following changes in actuarial assumption have been made in the years presented:

- The discount rate changes can be seen in the following table:

Year Ended June 30	Discount Rate	Assumed rate of inflation
2018	3.50%	2.50%
2019	3.75%	2.50%
2020	3.50%	2.50%
2021	2.25%	2.00%
2022	2.25%	2.00%
2023	4.00%	2.50%
2024	4.13%	2.50%
2025	4.21%	2.50%

- Mortality assumptions for the years ended June 30, 2017 through June 30, 2019 were from the Wisconsin 2012 Mortality Table adjusted for future mortality improvements using the MP-2015 fully generated improvement scale multiplied 50%); for the years ended June 30, 2020 through June 30, 2023 mortality assumptions were from the Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%); for the years ended June 30, 2024 through June 30, 2025 the mortality assumptions were updated to the 2020 WRS Experience Tables for Active Employees and Healthy Retirees projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.
- Actuarial assumptions used for the years ended June 30, 2017 through June 30, 2019 were based on an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-14; For the years ended June 30, 2020 through June 30, 2023 the actuarial assumptions were based on the results of an experience conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-2017. For the years ended June 30, 2024 through June 30, 2025, the actuarial assumptions were based on an experience study conducted in 2021 using the WRS experience from 2018-2020.

Note E – OPEB – Life Insurance Information

Change of benefit terms: There were no recent changes in benefit terms.

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

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

- Lowering the price inflation rate from 2.50% to 2.40%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

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

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.20% to 3.00%
- Lowering the price inflation rate from 2.70% to 2.50%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

OTHER SUPPLEMENTARY INFORMATION

STOUGHTON AREA SCHOOL DISTRICT
Stoughton, Wisconsin

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds					
	Special Revenue Trust	Food Service	Package-Cooperative	Community Service	Debt Service	Total
ASSETS						
Cash	$ 3,513,852	$ 369,172	$ ---	$ 198,555	$ 1,774,026	$ 5,855,605
Investments	677,216	---	---	---	---	677,216
Accounts receivable	10,035	14,154	---	---	---	24,189
Due from other governments	---	21,821	1,575	---	---	23,396
Total assets	$ 4,201,103	$ 405,147	$ 1,575	$ 198,555	$ 1,774,026	$ 6,580,406
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 19,902	$ 81,650	$ ---	$ 9,151	$ ---	$ 110,703
Due to other funds	---	---	1,575	---	---	1,575
Unearned revenues	---	37,288	---	---	---	37,288
Total liabilities	19,902	118,938	1,575	9,151	---	149,566
Fund Balances						
Nonspendable	264,669	---	---	---	---	264,669
Restricted	3,916,532	286,209	---	---	1,774,026	5,976,767
Assigned	---	---	---	189,404	---	189,404
Total fund balance	4,181,201	286,209	---	189,404	1,774,026	6,430,840
Total liabilities and fund balances	$ 4,201,103	$ 405,147	$ 1,575	$ 198,555	$ 1,774,026	$ 6,580,406

See independent auditors' report.

STOUGHTON AREA SCHOOL DISTRICT
Stoughton, Wisconsin

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2025

	Special Revenue Funds					
	Special Revenue Trust	Food Service	Package-Cooperative	Community Service	Debt Service	Total
Revenues:						
Local	$ 1,152,261	$ 819,711	$ 20,478	$ 305,337	$ 3,281,979	$ 5,579,766
State	---	24,926	---	---	---	24,926
Federal	---	602,722	---	---	---	602,722
Other	2,339	---	---	---	250	2,589
Total revenues	1,154,600	1,447,359	20,478	305,337	3,282,229	6,210,003
Expenditures:						
Instruction:						
Current	473,920	---	20,478	---	---	494,398
Support Services:						
Current	137,503	1,567,886	---	305,380	---	2,010,769
Capital outlay	---	465,331	---	---	---	465,331
Debt service	---	---	---	---	3,340,241	3,340,241
Total expenditures	611,423	2,033,217	20,478	305,380	3,340,241	6,310,739
Excess (deficiency) of revenues over expenditures	543,177	(585,858)	---	(43)	(58,012)	(100,736)
Other Financing Sources (uses):						
Payment to bond escrow agent	---	---	---	---	(1,105,000)	(1,105,000)
Net change in fund balances	543,177	(585,858)	---	(43)	(1,163,012)	(1,205,736)
Fund Balances - Beginning of year	3,638,024	872,067	---	189,447	2,937,038	7,636,576
Fund Balances - End of year	$ 4,181,201	$ 286,209	$ ---	$ 189,404	$ 1,774,026	$ 6,430,840

See independent auditors' report.

STOUGHTON AREA SCHOOL DISTRICT
Stoughton, Wisconsin

Schedule of Expenditures of State Awards
Year Ended June 30, 2025

Awarding Agency Pass-Through Agency Award Description	State I.D. Number	Passthrough Entity Number	Accrued or (Unearned) Revenue at 7/1/24	Receipts	State Disbursements/ Expenditures	Accrued or (Unearned) Revenue at 6/30/25	Subrecipient Awards
Wisconsin Deptartment of Public Instruction							
Special Education and School-Age Parents **	255.101	135621-100	$ ---	$ 1,962,071	$ 1,962,071	$ ---	$ ---
State School Lunch Aid	255.102	135621-107	---	10,750	10,750	---	---
Common School Fund Library Aid	255.103	135621-104	---	214,908	214,908	---	---
Pupil Transportation	255.107	135621-102	---	35,464	35,464	---	---
Wisconsin School Day Milk Program	255.115	135621-109	---	8,441	8,441	---	---
General Aids Cluster:							
Equalization Aids	255.201	135621-116	---	12,565,852	12,565,852	---	---
High Cost Special Education	255.210	135621-119	---	---	91,009	91,009	---
School Based Mental Health Services Grant	255.297	135621-177	(282)	87,111	87,393	---	---
School Breakfast Program	255.344	135621-108	---	5,736	5,736	---	---
Early College Credit Program	255.445	135621-178	---	960	960	---	---
Educator Effectiveness Evaluation System Grant	255.940	135621-154	---	21,378	21,378	---	---
Per Pupil Aid	255.945	135621-113	---	2,074,632	2,074,632	---	---
Career and Technical Education Incentive Grant	255.950	135621-152	---	7,494	7,494	---	---
Aid for Special Education Transition Grant BBL	255.960	135621-168	---	18,952	18,952	---	---
Total Wisconsin Deptartment of Public Instruction			(282)	17,013,749	17,105,040	91,009	---
Wisconsin Department of Workforce Development							
Passed through Monona Grove School District							
Local Youth Apprenticeship Grant	445.112	Unknown	---	7,984	7,984	---	---
Total			$ (282)	$ 17,021,733	$ 17,113,024	$ 91,009	$ ---

** Total DPI aidable expenditures for the year ended June 30, 2025 were $6,804,921.

See Independent Auditors' Report and Notes to Schedules of Expenditures of Federal and State Awards.

STOUGHTON AREA SCHOOL DISTRICT
Stoughton, Wisconsin

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Awarding Agency Pass-Through Agency Award Description	Federal Assistance Listing Number	Passthrough Entity Number	Accrued or (Unearned) Revenue at 7/1/24	Receipts	Federal Disbursements/ Expenditures	Accrued or (Unearned) Revenue at 6/30/25	Subrecipient Awards
U.S. Department of Agriculture							
Child Nutrition Cluster:							
Passed through Wisconsin Department of Public Instruction:							
Food Service Aid - Breakfast	10.553	2025-135621-DPI-SB-546	$ ---	$ 98,704	$ 103,791	$ 5,087	$ ---
Donated Commodities - Noncash	10.555	N/A	---	103,794	103,794	---	---
Food Service Aid - Lunch	10.555	2025-135621-DPI-NSL-547	---	378,403	395,137	16,734	---
Subtotal for Federal Assistance Listing 10.555			---	482,197	498,931	16,734	---
Total Child Nutrition Cluster and U.S. Department of Agriculture			---	580,901	602,722	21,821	---
U.S. Department of Education							
Passed through Wisconsin Department of Public Instruction:							
ESEA Title I-A Basic	84.010A	2025-135621-DPI-TI-A-141	100,420	329,007	350,817	122,230	---
ESEA-CSI or ATSI	84.010	2025-135621-DPI-CSI-148	5,220	5,220	9,063	9,063	---
Total Federal Assistance Listing 84.010			105,640	334,227	359,880	131,293	---
Special Education Cluster:							
IDEA Flow Through	84.027A	2025-135621-DPI-FLOW-341	219,425	842,848	792,990	169,567	---
IDEA-ES3 IEP	84.027A	2024-135621-DPI-ES31-342	114	114	---	---	---
Subtotal for IDEA Flow Through			219,539	842,962	792,990	169,567	---
IDEA Preschool Entitlement	84.173A	2025-135621-DPI-PRESCH-347	6,530	40,582	44,666	10,614	---
Total Special Education Cluster			226,069	883,544	837,656	180,181	---
Passed through Sun Prairie Area School District:							
Carl Perkins Grant	84.048	2025-155642-DPI-CTE-400	---	---	21,730	21,730	---
ESEA Title III-A English Language Acquisition Grants	84.365A	2025-135621-DPI-TIII-A-391	3,872	14,967	15,130	4,035	---
ESEA Title II-A Teacher Principal Training	84.367A	2025-135621-DPI-TII-A-365	19,227	68,482	75,473	26,218	---
Title IV-A Student and Academic Enrichment Grants	84.424A	2025-135621-DPI-TIV-A-381	17,346	24,174	8,546	1,718	---
Education Stabilization Funds:							
COVID-19 Elementary and Secondary School Emergency Relief Fund III	84.425U	2022-135621-DPI-ESSERFIII-165	337,379	645,084	307,705	---	---
Total U.S. Department of Education			709,533	1,970,478	1,626,120	365,175	---
U.S. Department of Health and Human Services							
Medicaid Cluster:							
Passed through Wisconsin Department of Health Services:							
Medical Assistance Program	93.778	44211300	6,947	219,327	241,148	28,768	---
Total U.S. Department of Health and Human Services			6,947	219,327	241,148	28,768	---
Total			$ 716,480	$ 2,770,706	$ 2,469,990	$ 415,764	$ ---

See Independent Auditors' Report and Notes to Schedules of Expenditures of Federal and State Awards.

STOUGHTON AREA SCHOOL DISTRICT
Stoughton, Wisconsin

Notes to Schedules of Expenditures of State and Federal Awards
June 30, 2025

1. Basis of Presentation

The accompanying schedule of expenditures of state and federal awards (the Schedules) includes the federal and state award activity of the District under programs of the federal and state government for the year ended June 30, 2025. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations,* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (*Uniform Guidance) and the *Wisconsin State Single Audit Guidelines.* Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in, the preparation of the basic financial statements. Because the schedules present only a selected portion of the operations of the District, it is not intended to and does not present the net financial position, changes in fund balance or cash flows of the District. All federal and state awards received directly from federal and state agencies as well as federal and state financial awards passed through other government agencies are included on the schedule.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, and as applicable, the cost principles contained in the *Wisconsin State Single Audit Guidelines*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the District in the succeeding year while unearned revenue represents advances for federal and state programs that exceed recorded District expenditures.

3. Indirect Cost Rate

The District did not use the de minimis indirect cost rate as allowed by the Uniform Guidance.

4. Noncash Awards

The federal donated commodities in the Child Nutrition Cluster is administered by the U.S. Department of Agriculture and passed through the Wisconsin Department of Instruction and transactions relating to this program are included in the District's basic financial statements. Commodities received during the year that are included in the federal expenditures are valued by the federal agency. There are no balances outstanding as of June 30, 2025.

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

To the District Board
Stoughton Area School District
Stoughton, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Stoughton Area School District (the "District") as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 10, 2025.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 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 the 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 and significant deficiencies may exist that have not been identified.

1233 N Mayfair Rd, Suite 302 • Milwaukee, WI 53226
(414) 271-7800
142 E Capitol Dr, Suite 300 • Hartland, WI 53029
(262) 367-1040

Report on Compliance and Other Matters

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

Reilly, Penne & Benton LLP

December 10, 2025
Milwaukee, Wisconsin

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

To the District Board
Stoughton Area School District
Stoughton, Wisconsin

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

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

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

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Principals, and Audit Requirements of Federal Awards* ("Uniform Guidance") and the audit requirements of the *Wisconsin State Single Audit Guidelines ("SSAG")*. Our responsibilities under those standards, the Uniform Guidance and *SSAG* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

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Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and SSAG and which is described in the accompanying schedule of findings and questioned costs as item 2025-001. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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 programs 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a significant deficiency.

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

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

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

Reilly, Penner & Benton LLP

December 10, 2025
Milwaukee, Wisconsin

STOUGHTON AREA SCHOOL DISTRICT
Stoughton, Wisconsin

Schedule of Prior Audit Findings
June 30, 2025

There were no prior audit findings.

STOUGHTON AREA SCHOOL DISTRICT
Stoughton, Wisconsin

Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section I. Summary of Auditors' Results

Financial Statements

1. Type of report the auditors' issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified?	None noted
3. Noncompliance material to financial statements noted?	No

Federal Awards

4. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified?	Yes
5. Type of auditors' report issued on compliance for major programs:	Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes
7. Identification of major federal programs:	
Child Nutrition Cluster:	
10.553 – Food Service Aid - Breakfast	
10.555 – Food Service Aid - Lunch	
8. Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
9. Auditee qualified as low-risk auditee?	Yes

State Awards

10. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified?	None noted
11. Type of auditors' report issued on compliance for major programs:	Unmodified
12. Any audit findings that are required to be reported in accordance with *Wisconsin State Single Audit Guidelines*?	No
13. Identification of major state programs:	
General Aids Cluster:	
255.201 – Equalization Aid	
14. Dollar threshold used to distinguish between Type A and Type B programs:	$ 513,390
15. Auditee qualified as low-risk state auditee?	Yes

Section II. Financial Statement Findings

None

Section III. Federal and State Award Findings and Questioned Costs

Reference Number: 2025-001
Program Name: Child Nutrition Cluster
Description: Eligibility

Condition: During our testing, we noted that 5 of 18 applications were approved based solely on information contained in Step 2 of the application, regardless of whether the program name is an immediate eligible qualification for either free or reduced meals.

Criteria: Per 7 CFR 245.6(a), the District must ensure all applications are complete, signed, and supported by adequate documentation prior to approval.

Cause: Inadequate controls in place to ensure student meal applications are properly reviewed.

Effect: Not properly reviewing applications reduces the accuracy of eligibility determinations and increases the likelihood that ineligible students receive free or reduced benefits.

Questioned Costs: Not applicable – known and projected questioned costs did not exceed the $25,000 reporting threshold.

Identification of a Repeat Finding: This is not a repeat finding.

Auditors' Recommendation: We recommend that the District review their procedures related to application review. The only programs that immediately qualify an applicant to skip income eligibility requirements are: FoodShare, W-2 Cash Benefits, or Food Distribution Program on Indian Reservations.

Views of Responsible Officials: See attachment for District's corrective action plan.

STOUGHTON AREA SCHOOL DISTRICT
Stoughton, Wisconsin

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2025

Section IV. Other Issues

1.	Does the auditors' report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern?	No
2.	Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, reportable condition, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *Wisconsin State Single Audit Guidelines:*	
	Department of Public Instruction	Yes
3.	Was a Management Letter or other document conveying audit comments issued as a result of this audit?	Yes
4.	Name and signature of partner	Katherine E. Hoffman Katherine E. Hoffman
5.	Date of Report	December 10, 2025

STOUGHTON
AREA SCHOOL DISTRICT
District Office
320 North Street • Stoughton, WI 53589-1733
(608) 877-5000

WWW.STOUGHTON.K12.WI.US

Corrective Action Plan

Reference Number: 2025-001
Description: Eligibility

Corrective Action Plan: The District will ensure free and reduced meal applications with a case number in Step 2 of the application are part of a program that makes them immediately qualify for free or reduced meals. In addition, approved applications will be reviewed by a 2nd party to ensure accurate approval has taken place.

Anticipated Corrective Action Plan Completion Date: December 2025

Contact Information: For additional information regarding this finding please contact Erica Pickett, Director of Business Services, at 608-877-5011.

Kris Eberle
District Accountant
608-877-5014