

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2025



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SHOREWOOD, WISCONSIN
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SHOREWOOD, WISCONSIN
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INDEPENDENT AUDITORS' REPORT

Board of Education
Shorewood School District
Shorewood, 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 Shorewood School District, Shorewood, Wisconsin (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, 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 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.

Emphasis of Matter

As discussed in Note 1.F. to the financial statements, effective July 1, 2024, the District adopted new accounting guidance for compensated absences. The District restated beginning net position for the governmental activities as a result of the new 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 budgetary comparison information and the schedules relating to pensions and other postemployment benefits 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.

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

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 financial information listed in the table of contents as supplementary information 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Education
Shorewood School District

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
December 9, 2025

BASIC FINANCIAL STATEMENTS

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
STATEMENT OF NET POSITION
JUNE 30, 2025**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 22,191,722
Receivables:	
Taxes	2,934,698
Accounts	45,658
Due from Employee Benefit Trust	2,175
Due from Other Governments	310,435
Prepaid Items	41,566
Capital Assets:	
Nondepreciable	44,000
Depreciable, Net	80,373,539
Total Assets	105,943,793
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related Amounts	7,873,894
Other Postemployment Related Amounts	136,348
Total Deferred Outflows of Resources	8,010,242
LIABILITIES	
Accounts Payable	276,537
Accrued and Other Current Liabilities	1,408,363
Accrued Interest Payable	492,560
Unearned Revenues	5,820
Long-Term Obligations:	
Due in One Year	2,506,657
Due in More Than One Year	54,939,548
Other Postemployment Benefits Liability	1,380,756
Net Pension Liability	2,178,872
Total Liabilities	63,189,113
DEFERRED INFLOWS OF RESOURCES	
Pension Related Amounts	4,488,720
Other Postemployment Related Amounts	802,376
Total Deferred Inflows of Resources	5,291,096
NET POSITION	
Net Investment in Capital Assets	25,847,463
Restricted:	
Grant Funds	11,581
Community Service	1,360,624
Food Service	486,395
Capital Projects	1,284,836
Capital Expansion	2,066,996
Debt Service	3,351,354
Unrestricted	11,064,577
Total Net Position	\$ 45,473,826

See accompanying Notes to Basic Financial Statements.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 17,583,821	\$ 3,124,823	\$ 1,707,234	\$ (12,751,764)
Support Services	12,826,679	390,207	790,521	(11,645,951)
Community Services	1,649,191	1,236,247	-	(412,944)
Nonprogram	1,210,945	2,652	157,509	(1,050,784)
Interest and Fiscal Charges	1,766,682	-	-	(1,766,682)
Depreciation - Unallocated	3,470,973	-	-	(3,470,973)
Total Governmental Activities	<u>\$ 38,508,291</u>	<u>\$ 4,753,929</u>	<u>\$ 2,655,264</u>	(31,099,098)
GENERAL REVENUES				
Property Taxes				25,445,521
State and Federal Aids not Restricted to Specific Functions				9,283,417
Interest and Investment Earnings				740,242
Gain on Disposal of Capital Assets				5,000
Miscellaneous				898,252
Total General Revenues				<u>36,372,432</u>
CHANGE IN NET POSITION				5,273,334
Net Position - Beginning of Year, as Originally Stated				40,408,481
Cumulative Effect of Change in Accounting Principle				<u>(207,989)</u>
Net Position - Beginning of Year, as Restated				<u>40,200,492</u>
NET POSITION - END OF YEAR				<u>\$ 45,473,826</u>

See accompanying Notes to Basic Financial Statements.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

ASSETS	General	Referendum Debt Service	Capital Project Fund	Community Service Fund	Other Governmental Funds	Totals
Cash and Investments	\$ 13,070,519	\$ 3,647,792	\$ 439,663	\$ 1,444,888	\$ 3,588,860	\$ 22,191,722
Receivables:						
Taxes	2,934,698	-	-	-	-	2,934,698
Accounts	39,703	-	-	159	5,796	45,658
Due from Employee Benefit Trust	2,175	-	-	-	-	2,175
Due from Other Funds	-	-	845,173	-	-	845,173
Due from Other Governments	301,904	-	-	-	8,531	310,435
Prepaid Items	34,780	-	-	6,786	-	41,566
	<u>\$ 16,383,779</u>	<u>\$ 3,647,792</u>	<u>\$ 1,284,836</u>	<u>\$ 1,451,833</u>	<u>\$ 3,603,187</u>	<u>\$ 26,371,427</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 193,283	\$ -	\$ -	\$ 22,436	\$ 60,818	\$ 276,537
Accrued and Other Current Liabilities	1,346,376	-	-	61,987	-	1,408,363
Due to Other Funds	845,173	-	-	-	-	845,173
Unearned Revenues	-	-	-	-	5,820	5,820
Total Liabilities	<u>2,384,832</u>	<u>-</u>	<u>-</u>	<u>84,423</u>	<u>66,638</u>	<u>2,535,893</u>
FUND BALANCES						
Nonspendable	34,780	-	-	6,786	-	41,566
Restricted	11,581	3,647,792	1,284,836	1,360,624	2,749,513	9,054,346
Committed	-	-	-	-	787,036	787,036
Assigned	815,000	-	-	-	-	815,000
Unassigned	13,137,586	-	-	-	-	13,137,586
Total Fund Balances	<u>13,998,947</u>	<u>3,647,792</u>	<u>1,284,836</u>	<u>1,367,410</u>	<u>3,536,549</u>	<u>23,835,534</u>
	<u>\$ 16,383,779</u>	<u>\$ 3,647,792</u>	<u>\$ 1,284,836</u>	<u>\$ 1,451,833</u>	<u>\$ 3,603,187</u>	<u>\$ 26,371,427</u>

See accompanying Notes to Basic Financial Statements.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
RECONCILIATION TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2025**

Total Fund Balances as Shown on Previous Page \$ 23,835,534

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. 80,417,539

Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.

Deferred Outflows Related to Pensions	7,873,894
Deferred Inflows Related to Pensions	(4,488,720)
Deferred Outflows Related to Other Postemployment Benefits	136,348
Deferred Inflows Related to Other Postemployment Benefits	(802,376)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and Notes Payable	(55,215,000)
Debt Premium	(1,944,576)
Compensated Absences	(286,629)
Other Postemployment Benefits Liability (Asset)	(1,380,756)
Net Pension Liability	(2,178,872)
Accrued Interest on Long-Term Obligations	<u>(492,560)</u>

Net Position of Governmental Activities as Reported on the Statement of Net Position	<u><u>\$ 45,473,826</u></u>
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**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025**

	General	Referendum Debt Service	Capital Expansion Fund	Capital Project Fund	Community Service Fund	Other Governmental Funds	Totals
REVENUES							
Property Taxes	\$ 18,388,111	\$ 4,272,110	\$ -	\$ -	\$ 1,250,000	\$ 1,535,300	\$ 25,445,521
Other Local Sources	1,500,701	111,739	-	1,449	1,294,031	1,080,675	3,988,595
Interdistrict Sources	2,181,321	-	-	-	-	-	2,181,321
Intermediate Sources	22,964	-	-	-	-	-	22,964
State Sources	10,606,485	-	-	-	-	5,668	10,612,153
Federal Sources	890,993	-	-	-	-	245,962	1,136,955
Other Sources	389,237	-	-	-	-	-	389,237
Total Revenues	33,979,812	4,383,849	-	1,449	2,544,031	2,867,605	43,776,746
EXPENDITURES							
Instruction:							
Regular Instruction	12,598,431	-	-	-	-	227,899	12,826,330
Vocational Instruction	206,940	-	-	-	-	-	206,940
Special Education Instruction	2,779,680	-	-	-	-	-	2,779,680
Other Instruction	1,129,377	-	-	-	-	130,049	1,259,426
Total Instruction	16,714,428	-	-	-	-	357,948	17,072,376
Support Services:							
Pupil Services	1,971,831	-	-	-	-	1,700	1,973,531
Instructional Staff Services	1,693,592	-	-	-	-	29,955	1,723,547
General Administration Services	795,860	-	-	-	95,916	-	891,776
School Administration Services	1,613,101	-	-	-	-	-	1,613,101
Business Services	813,378	-	-	-	28,651	11,169	853,198
Operations and Maintenance of Plant	3,487,027	-	-	-	381,684	521,899	4,390,610
Pupil Transportation Services	200,480	-	-	-	-	-	200,480
Food Services	-	-	-	-	-	687,136	687,136
Central Services	358,406	-	-	-	-	-	358,406
Insurance	403,359	-	-	-	-	-	403,359
Other Support Services	132,884	-	-	-	26,906	-	159,790
Total Support Services	11,469,918	-	-	-	533,157	1,251,859	13,254,934

See accompanying Notes to Basic Financial Statements.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025**

	General	Referendum Debt Service	Capital Expansion Fund	Capital Project Fund	Community Service Fund	Other Governmental Funds	Totals
EXPENDITURES (CONTINUED)							
Debt Service:							
Principal	\$ 18,157	\$ 1,795,000	\$ -	\$ -	\$ -	\$ 565,000	\$ 2,378,157
Interest and Fiscal Charges	-	2,011,785	-	-	-	30,625	2,042,410
Total Debt Service	<u>18,157</u>	<u>3,806,785</u>	-	-	-	595,625	4,420,567
Community Service	-	-	-	-	1,630,645	-	1,630,645
Nonprogram:							
General Tuition Payments	1,012,776	-	-	-	-	-	1,012,776
Post Second Scholarships	-	-	-	-	-	51,289	51,289
Special Education Tuition Payments	143,472	-	-	-	-	-	143,472
Adjustments and Refunds	3,118	-	-	-	43	368	3,529
Total Nonprogram	<u>1,159,366</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43</u>	<u>51,657</u>	<u>1,211,066</u>
Total Expenditures	<u>29,361,869</u>	<u>3,806,785</u>	<u>-</u>	<u>-</u>	<u>2,163,845</u>	<u>2,257,089</u>	<u>37,589,588</u>
Excess of Revenues Over Expenditures	4,617,943	577,064	-	1,449	380,186	610,516	6,187,158
OTHER FINANCING SOURCES (USES)							
Proceeds from Sale of Capital Assets	5,000	-	-	-	-	-	5,000
Transfers In	-	1,318	-	845,173	-	-	846,491
Transfers Out	(845,173)	-	-	(1,318)	-	-	(846,491)
Total Other Financing Sources (Uses)	<u>(840,173)</u>	<u>1,318</u>	<u>-</u>	<u>843,855</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
NET CHANGE IN FUND BALANCES	3,777,770	578,382	-	845,304	380,186	610,516	6,192,158
Fund Balances - Beginning of Year	10,221,177	3,069,410	1,546,909	439,532	987,224	1,379,124	17,643,376
Change Within Financial Reporting Entity Nonmajor to Major Fund	-	-	(1,546,909)	-	-	1,546,909	-
Fund Balances - Beginning, as Adjusted	<u>10,221,177</u>	<u>3,069,410</u>	<u>-</u>	<u>439,532</u>	<u>987,224</u>	<u>2,926,033</u>	<u>17,643,376</u>
FUND BALANCES - END OF YEAR	<u>\$ 13,998,947</u>	<u>\$ 3,647,792</u>	<u>\$ -</u>	<u>\$ 1,284,836</u>	<u>\$ 1,367,410</u>	<u>\$ 3,536,549</u>	<u>\$ 23,835,534</u>

See accompanying Notes to Basic Financial Statements.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
RECONCILIATION TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025**

Net Change in Fund Balances as Shown on Previous Page \$ 6,192,158

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Assets Reported as Expenditures Reported in Governmental Fund Statements	688,834
Depreciation Expense Reported in the Statement of Activities	(3,470,973)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Principal Repaid	2,360,000
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Accrued Interest on Long-Term Debt	18,750
Amortization of Premiums, Discounts and Loss on Advance Refunding	275,135
Compensated Absences	(26,921)
Net Pension Liability	(67,032)
Deferred Outflows of Resources Related to Pensions	(3,947,989)
Deferred Inflows of Resources Related to Pensions	3,219,593
Other Postemployment Benefits	(13,472)
Deferred Outflows of Resources Related to Other Postemployment Benefits	(23,120)
Deferred Inflows of Resources Related to Other Postemployment Benefits	68,371
	68,371

Change in Net Position of Governmental Activities as Reported in the Statement of Activities	\$ <u>5,273,334</u>
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**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025**

	Private Purpose Trust	Employee Benefit Trust	Custodial Student Activity	Totals
ASSETS				
Cash and Investments	\$ 2,539,137	\$ 8,165,251	\$ 23,498	\$ 10,727,886
LIABILITIES				
Accounts Payable	-	-	3,879	3,879
Due to District Funds	-	2,175	-	2,175
Total Liabilities	-	2,175	3,880	6,055
NET POSITION				
Restricted	<u>\$ 2,539,137</u>	<u>\$ 8,163,076</u>	<u>\$ 19,618</u>	<u>\$ 10,721,831</u>

See accompanying Notes to Basic Financial Statements.

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

	Private Purpose Trust	Employee Benefit Trust	Custodial Student Activity	Totals
ADDITIONS				
Other Local Sources	\$ 22,362	\$ -	\$ 20,835	\$ 43,197
Contributions:				
Employer	-	363,100	-	363,100
Other Contributions	-	1,859	-	1,859
Investment Earnings	502,831	146,679	-	649,510
Total Additions	<u>525,193</u>	<u>511,638</u>	<u>20,835</u>	<u>1,057,666</u>
DEDUCTIONS				
Trust Fund Disbursements	413,975	478,458	-	892,433
Administrative Expenditures	-	159,165	-	159,165
Custodial Expenditures	-	-	19,737	19,737
Total Deductions	<u>413,975</u>	<u>637,623</u>	<u>19,737</u>	<u>1,071,335</u>
CHANGE IN NET POSITION	111,218	(125,985)	1,098	(13,669)
Net Position - Beginning of Year	<u>2,427,919</u>	<u>8,289,061</u>	<u>18,520</u>	<u>10,735,500</u>
NET POSITION - END OF YEAR	<u><u>\$ 2,539,137</u></u>	<u><u>\$ 8,163,076</u></u>	<u><u>\$ 19,618</u></u>	<u><u>\$ 10,721,831</u></u>

See accompanying Notes to Basic Financial Statements.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The District is organized as a unified school district. The District, governed by an elected five-member board, operates grades K through 12 and is comprised of all or parts of one taxing districts. In accordance with U.S. GAAP, the basic financial statements are required to include the District and any separate component units that have a significant operational or financial relationship with the District. The District has not identified any component units that are required to be included in the basic financial statements in accordance with standards.

B. Government-Wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are primarily supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Governmental funds include general, special revenue, debt service and capital projects funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

The District reports the following major governmental funds:

General Fund – This is the District’s primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Referendum Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt related to referendum projects.

Capital Projects Fund – This fund accounts for the expenditures related to the recently passed referendum.

Community Service Fund – This fund accounts for the money set aside by the District for activities that serve the community.

Additionally, the District reports the following fund types:

The private purpose trust fund is used to account for resources legally held in trust for scholarship awards. Only earnings on the invested resources may be used to support the scholarships.

The employee benefit trust fund is used to account for resources legally held in trust for other postemployment benefits.

The student activity custodial fund is used to account for parent organization activity.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days, except grant which is 120 days, of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes are recognized as revenue in the fiscal year for which taxes have been levied. Tuition, grants, fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the District.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance

1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

2. Property Taxes

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

Property taxes are recognized as revenue in the fiscal year levied as they are considered due as of January 1, the date from which interest and penalties accrue for nonpayment of a scheduled installment, and full receipt of the entire levy is assured within 60 days of fiscal year-end, meeting the availability criteria necessary for property tax revenue recognition by accounting principles generally accepted in the United States of America.

3. Accounts Receivable

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

4. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements.

5. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are expensed in the period benefited.

Prepaid items of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

6. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the district-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Governmental Activities
Land Improvements	20 Years
Buildings and Improvements	50 Years
Machinery and Equipment	5 - 20 Years

7. Compensated Absences

The liability for compensated absences reported in the district-wide statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

8. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

9. Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Pensions

Wisconsin Retirement System

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 the 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.

Supplemental Pension Plan

Qualifying teachers and administrators are provided with a supplemental pension. The supplemental pension is a single employer defined benefit plan administered by the District. For purposes of measuring the supplemental pension liability, related deferred outflows and inflows and pension expense, the District has used values provided by their actuary. Benefit payments are recognized when due and payable in accordance with the benefit terms.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

11. Other Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Other Postemployment Benefit Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

12. Fund Equity

Governmental Fund Financial Statements

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable Fund Balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- **Restricted Fund Balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- **Committed Fund Balance.** Amounts that are constrained for specific purposes by action of the Board of Education. These constraints can only be removed or changed by the Board of Education using the same action that was used to create them.
- **Assigned Fund Balance.** Amounts that are constrained for specific purposes by action of District management. The Board of Education has not authorized a specific employee to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- **Unassigned Fund Balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

12. Fund Equity (Continued)

Governmental Fund Financial Statements (Continued)

The District has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

District-Wide Financial Statements

Equity is classified as net position and displayed in three components:

- **Net Investment in Capital Assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- **Restricted Net Position.** Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position.** Net position that is neither classified as restricted nor as net investment in capital assets.

E. Use of Estimates

The preparation of 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 could differ from those estimates.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Accounting Changes

Change in Fund Presentation from Major or Nonmajor

The Capital Expansion Fund previously met the criteria to be reported as a major governmental fund. However, effective July 1, 2024, the fund now does not meet the criteria to be reported as a major fund and is reported as such for the fiscal year ended June 30, 2025. The effect of that changed to or within the financial reporting entity is shown in column C of the table below:

	June 30, 2024, As Previously Reported	Change to or Within the Financial Reporting Entity (C)	June 30, 2025, As Adjusted
Governmental Funds:			
Major Funds:			
General Fund	\$ 10,221,177	\$ -	\$ 10,221,177
Referendum Debt Service	3,069,410	-	3,069,410
Capital Expansion	1,546,909	(1,546,909)	-
Capital Projects	439,532	-	439,532
Community Service	987,224	-	987,224
Nonmajor Funds	1,379,124	1,546,909	2,926,033
Total Governmental Funds	<u>\$ 17,643,376</u>	<u>\$ -</u>	<u>\$ 17,643,376</u>

Change in Accounting Principle

Effective July 1, 2024, the District adopted guidance for compensated absences. The guidance requires that the changes to or within the financial reporting entity be reported by adjusting adjusted beginning balances of the current period. The effect of that adoption is shown in column C of the table below:

	June 30, 2024, As Previously Reported	Change in Accounting Principle (C)	June 30, 2025, As Adjusted
Governmental Activities	\$ 40,408,481	\$ (207,989)	\$ 40,200,492

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

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

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state, and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the District's cash and investments totaled \$32,919,608 on June 30, 2025, as summarized below:

Petty Cash and Cash on Hand	\$	200
Deposits with Financial Institutions		1,041,816
Investments:		
Wisconsin Investment Series Cooperative (WISC):		
Cash Management Series		4,392,059
Investment Series		16,836,306
Exchange Traded Funds		1,852,362
Mutual Funds - Fixed Income		631,614
Annuity Contract		8,165,251
Total		<u>\$ 32,919,608</u>

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:		
Cash and Investments	\$	22,191,722
Fiduciary Fund Statement of Net Position:		
Private Purpose Trust		2,539,137
Employee Benefit Trust		8,165,251
Custodial Fund - Pupil Activity		23,498
Total		<u>\$ 32,919,608</u>

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following fair value measurements as of June 30, 2025:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments:			
Exchange Traded Funds	\$ 1,852,362	\$ -	\$ -
Mutual Funds - Fixed Income	631,614	-	-
Total	\$ 2,483,976	\$ -	\$ -

Deposits and investments of the District are subject to various risks. Presented below is a discussion of the District's deposits and investments and the related risks.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin Statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The District does not have an additional custodial credit policy.

Deposits with financial institutions within the state of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the state of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk (Continued)

Also, the state of Wisconsin has a State Guarantee Fund which provides a maximum of \$1,000,000 per public depository above the amount provided by an agency of the U.S. government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of June 30, 2025, none of the District's deposits with financial institutions were in excess of federal and state depository insurance limits.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin Statutes limit investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of the year-end for each investment type.

Investment Type	Amount	Exempt from Disclosure	AAA	AA	Not Rated
Mutual Funds - Fixed Income	\$ 631,614	\$ -	\$ 543,707	\$ 87,907	\$ -
Exchange Traded Funds	1,852,362	-	-	-	1,852,362
Wisconsin Investment Series Cooperative (WISC):					
Cash Management Series	4,392,059	-	4,392,059	-	-
Investment Series	16,836,306	-	16,836,306	-	-
Totals	<u>\$ 23,712,341</u>	<u>\$ -</u>	<u>\$ 21,772,072</u>	<u>\$ 87,907</u>	<u>\$ 1,852,362</u>

Concentration of Credit Risk

At June 30, 2025, the District had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Interest Rate Risk (Continued)

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Mutual Funds - Fixed Income Wisconsin Investment Series Cooperative (WISC):	\$ 631,614	\$ -	\$ 87,907	\$ 543,707	\$ -
Cash Management Series	4,392,059	4,392,059	-	-	-
Investment Series	16,836,306	16,836,306	-	-	-
Totals	<u>\$ 21,859,979</u>	<u>\$ 21,228,365</u>	<u>\$ 87,907</u>	<u>\$ 543,707</u>	<u>\$ -</u>

Investments

The District has established an employee benefit trust fund to pay retiree's postretirement benefits. The trust has \$8,165,251 invested in the fixed interest annuities, which are reported at amortized cost, with American United Life Insurance Company® (AUL), a OneAmerica® Company. These fixed interest annuities are backed by AUL's general account assets. AUL bears the investment risk for the AUL Fixed Interest Account values and for paying interest.

Investment in Wisconsin Investment Series Cooperation

The District has investments in the Wisconsin Investment Series Cooperative (WISC) of \$21,228,365 at year-end consisting of \$4,392,059 invested in the Cash Management Series and \$16,836,306 invested in the Investment Series. The Cash Management Series has no minimum investment period, allows check writing privileges, and the average dollar weighted maturity is 90 days or less. The Investment Series requires a 14-day minimum investment period and one business day withdrawal notice, and the average dollar weighted maturity is 23 days or less.

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 International Cooperative Statute, Wisconsin Statute, Section 66.031. 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. WISC investments are valued at amortized cost, which approximates market value.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets

Capital asset activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 44,000	\$ -	\$ -	\$ 44,000
Construction in Progress	161,675	-	161,675	-
Total Capital Assets, Nondepreciable	205,675	-	161,675	44,000
Capital Assets, Depreciable:				
Land Improvements	8,637,710	29,076	-	8,666,786
Buildings and Improvements	99,309,401	532,648	-	99,842,049
Machinery and Equipment	7,277,127	288,785	13,789	7,552,123
Subtotals	115,224,238	850,509	13,789	116,060,958
Less Accumulated Depreciation for:				
Land Improvements	4,629,690	440,685	-	5,070,375
Buildings and Improvements	21,069,713	2,899,664	-	23,969,377
Machinery and Equipment	6,530,832	130,624	13,789	6,647,667
Subtotals	32,230,235	3,470,973	13,789	35,687,419
Total Capital Assets, Depreciable, Net	82,994,003	(2,620,464)	-	80,373,539
Governmental Activities Capital Assets, Net	\$ 83,199,678	\$ (2,620,464)	\$ 161,675	80,417,539
Less: Capital Related Debt, net of unspent bond proceeds and accounts payable				52,625,500
Less: Debt Premium				1,944,576
Net Investment in Capital Assets				\$ 25,847,463

The District's capital assets are shared by many governmental functions. Accordingly, it was not considered practical to allocate depreciation expense.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Interfund Receivables, Payables, and Transfers

Interfund receivables and payables includes \$2,175 due from the Employee Benefit Trust and District funds and \$845,173 due between the General Fund and Capital Projects.

Interfund transfers between individual funds of the District, as reported in the fund financial statements, as of June 30, 2025 are detailed below:

Fund	Transfer In	Transfer Out
General Fund	\$ -	\$ 845,173
Referendum Debt Service	1,318	-
Capital Projects Fund	845,173	1,318
Total	<u>\$ 846,491</u>	<u>\$ 846,491</u>
Capital Project Contribution	\$ 845,173	
Transfer of Excess Project Costs to Debt Service	1,318	
Total	<u>\$ 846,491</u>	

D. Long-Term Obligations

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2025:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds	\$ 57,575,000	\$ -	\$ 2,360,000	\$ 55,215,000	\$ 2,435,000
Debt Premium	2,219,711	-	275,135	1,944,576	-
Compensated Absences*	259,708	26,921	-	286,629	71,657
Governmental Activities					
Long-Term Obligations	<u>\$ 60,054,419</u>	<u>\$ 26,921</u>	<u>\$ 2,635,135</u>	<u>\$ 57,446,205</u>	<u>\$ 2,506,657</u>

*Compensated absences is shown net.

Total interest paid during the year on long-term debt totaled \$2,042,410.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance June 30, 2025
General Obligation Bonds	04/01/15	10/01/35	3.00-3.95%	\$ 5,055,000	\$ 2,605,000
School Improvement Bonds	07/01/19	04/01/39	3.00-4.00%	40,000,000	28,300,000
General Obligation Refunding Bonds	07/06/21	10/01/28	1.00-2.00%	3,875,000	2,200,000
General Obligation Refunding Bonds	05/30/23	04/01/43	4.00-5.00%	22,110,000	22,110,000
Total Outstanding General Obligation Debt					<u>\$ 55,215,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$55,215,000 on June 30, 2025, are detailed below:

<u>Year Ended June 30.</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 2,435,000	\$ 1,967,386	\$ 4,402,386
2027	2,515,000	1,889,611	4,404,611
2028	2,600,000	1,805,546	4,405,546
2029	3,030,000	1,718,595	4,748,595
2030 - 2034	13,570,000	7,075,652	20,645,652
2035 - 2039	16,010,000	4,613,700	20,623,700
2040 - 2045	15,055,000	1,535,800	16,590,800
Total	<u>\$ 55,215,000</u>	<u>\$ 20,606,290</u>	<u>\$ 75,821,290</u>

For governmental activities, the other long-term liabilities are generally funded by the General Fund.

Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2025, was \$183,826,266 as follows:

Equalized Valuation of the District	\$ 2,390,412,659
Statutory Limitation Percentage	<u>10%</u>
General Obligation Debt Limitation, Per Section 67.03 of the Wisconsin Statutes	239,041,266
Total Outstanding General Obligation Debt Applicable to Debt Limitation	<u>55,215,000</u>
Legal Margin for New Debt	<u>\$ 183,826,266</u>

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans

The District reports pension related balances as of and for the year ended June 30, 2025, as summarized below:

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Expense (Revenue)
Wisconsin Retirement System (WRS)	\$ 1,413,561	\$ 7,803,933	\$ 4,125,112	\$ 1,946,924
Supplemental or Stipend Pension Plan	765,311	69,961	363,608	75,997
Total	<u>\$ 2,178,872</u>	<u>\$ 7,873,894</u>	<u>\$ 4,488,720</u>	<u>\$ 2,022,921</u>

1. WRS Pension 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, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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

Vesting

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

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

1. WRS Pension Plan Description (Continued)

Benefits Provided

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

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

Vested participants may retire at 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.

2. Postretirement Adjustments

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

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

2. Postretirement Adjustments (Continued)

<u>Year</u>	<u>Core Fund Adjustment %</u>	<u>Variable Fund Adjustment %</u>
2015	2.9	2
2016	0.5	-5
2017	2.0	4
2018	2.4	17
2019	0.0	-10
2020	1.7	21
2021	5.1	13
2022	7.4	15
2023	1.6	-21
2024	3.6	15

3. 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 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 year ending June 30, 2025, the WRS recognized \$1,211,359 in contributions from the District.

Contribution rates as of June 30, 2025 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Teachers, Executives, and Elected Officials)	6.95%	6.95%

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

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

At June 30, 2025, the District reported a liability of \$1,413,561 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 0.08602673%, which was a decrease of 0.00673448% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$1,946,924.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 4,389,883	\$ 4,125,112
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	2,147,981	-
Changes in Assumptions	419,431	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	119,542	-
Employer Contributions Subsequent to the Measurement Date	<u>727,096</u>	<u>-</u>
Total	<u>\$ 7,803,933</u>	<u>\$ 4,125,112</u>

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

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

The \$727,096 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Expense</u>
2026	\$ 901,544
2027	2,968,883
2028	(702,389)
2029	(216,313)
Total	\$ 2,951,725

5. Actuarial Assumptions

The total pension liability in the 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:	December 31, 2024
Experience Study:	January 1, 2021 - December 31, 2023 Published November 19, 2024
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.7%
Mortality	2020 WRS Experience Mortality Table
Postretirement Adjustments*	1.7%

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

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

5. Actuarial Assumptions (Continued)

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 the prior year, including seniority (merit) and separation rates. The total pension liability for December 31, 2024 is based upon a roll-forward of the liability calculated from the December 31, 2023 actuarial valuation.

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

	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class:			
Public Equities	38.0%	7.0%	4.3%
Public Fixed Income	27.0%	6.1%	3.4%
Inflation Sensitive	20.0%	9.5%	6.7%
Real Estate	19.0%	4.8%	2.1%
Private Equity/Debt	8.0%	6.5%	3.8%
Leverage	-12.0%	3.7%	1.1%
Total Core Fund	100.0%	7.5%	4.8%
Variable Fund Asset:			
U.S. Equities	70.0%	6.5%	3.8%
International Equities	30.0	7.4%	4.7%
Total Variable Fund	100.0%	6.9%	4.2%

New England Pension Consultants Long-Term US CPI (Inflation) Forecast: 2.6%

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

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%.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

5. Actuarial Assumptions (Continued)

Single Discount Rate – A single discount rate of 6.8% was used to measure the total pension liability, for the current and prior year. The single discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 3.77% (Source: “20-Bond GO Index” is the Bond Buyer Index, general obligation, 20 years to maturity, mixed quality as of December 31, 2024. In describing this index, the Bond Buyer notes that the bonds’ average quality is roughly equivalent to Moody’s investors Service’s Aa2 rating and Standard and Poor’s Corp.’s AA.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of The District’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the District’s proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80% as well as what the District’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80) or 1-percentage-point higher (7.80) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 13,261,053	\$ 1,413,561	\$ (7,003,741)

Payable to the Pension Plan

The District reported a payable of \$405,982 for the outstanding amount of contributions to the pension plan for the year ended June 30, 2025.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

6. Supplemental or Stipend Pension Plan

Pension Description

The plan, a single-employer pension plan, is a defined benefit pension plan established to provide a cash stipend to some retirees. The plan is administered by the District. No assets are accumulated in a trust. The Plan does not issue separate financial statements.

Benefits Provided

A summary of eligibility requirements and plan benefits follows:

Administrators retiring on or after July 1, 2014 who were at least age 55 (if hired prior to July 1, 2007) or 57 (if hired on or after July 1, 2007) will receive a lump-sum payment in cash upon retirement equal to one week of pay per year of service, not to exceed 25 years of service.

Teachers retiring on or after July 1, 2014 who were at least age 57 will receive a lump-sum payment in cash upon retirement equal to the sum of the following: the daily rate of pay times years of services plus a flat dollar amount based on years of services: 15-24 years \$1,000, 25-29 years \$2,000, 30-34 years \$3,000, and more than 35 years \$3,500.

Employees Covered by Benefit Terms

At June 30, 2025, the following employees were covered by the benefit terms:

Active Employees	<u><u>174</u></u>
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Funding Policy

The entire cost of these benefits is paid by the District. Benefits are currently funded on a pay-as-you-go basis and no assets exist to prefund retiree benefits.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

6. Supplemental or Stipend Pension Plan (Continued)

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

Component	Amount
Total Pension Liability at July 1, 2024	\$ 732,661
Changes for the Year:	
Service Cost	75,447
Interest	32,225
Differences Between Expected and Actual Experience	(37,617)
Changes of Assumptions or Other Input	(27,515)
Benefit Payments	(9,890)
Net Changes	32,650
Total Pension Liability at June 30, 2025	\$ 765,311

For the year ended June 30, 2025, the District recognized pension expense of \$75,997.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 37,346	\$ 245,885
Changes in Assumptions	32,615	117,723
Total	\$ 69,961	\$ 363,608

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

6. Supplemental or Stipend Pension Plan (Continued)

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

Amounts reported as deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Expense</u>
2026	\$ (31,675)
2027	(31,675)
2028	(31,675)
2029	(31,675)
2030	(31,671)
Thereafter	<u>(135,276)</u>
Total	<u>\$ (293,647)</u>

Actuarial Assumptions

The District's total pension liability was measured as of June 30, 2025.

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

Valuation Date	June 30, 2023
Measurement Date	June 30, 2025
Actuarial Cost Method	Entry Age Normal
Discount Rate*	4.81%
Municipal Bond Rate Source	S&P Municipal Bond 20 Year High Grade Index
Actuarial Assumptions	Based on an experience study conducted in 2021 using Wisconsin Retirement System (WRS) experience from 2018-20
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%

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

6. Supplemental or Stipend Pension Plan (Continued)

Actuarial Assumptions (Continued)

Sensitivity of the District’s Total Pension Liability to Changes in the Discount Rate – The following presents the District’s total pension liability at June 30, 2024 calculated using the discount rate of 4.81%, as well as what the District’s total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.81%) or 1-percentage-point higher (5.81%) than the current rate.

	1% Decrease to Discount Rate (3.81%)	Current Discount Rate (4.81%)	1% Increase to Discount Rate (5.81%)
Total Pension Liability	\$ 811,745	\$ 765,311	\$ 720,948

Payable to the Supplemental Pension Plan

The District reported a payable of \$0 for the outstanding amount of contributions to the Plan required for the year ended June 30, 2025.

F. Other Postemployment Benefits

Plan Description

The Plan is a single-employer defined benefit postemployment health plan that covers retired employees of the District. Eligible retired employees have access to group medical coverage through the District’s group plan. District paid medical benefits are paid for as indicated below. All employees of the District are eligible for the Plan if they meet the following age and service requirements below.

Benefits Provided

The District provides medical (including prescription drugs) coverage for retired employees through the District’s self-insured plans.

Employees Covered by Benefit Terms

At June 30, 2025, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently		
Receiving Benefit Payments		17
Active Employees		174
Total		191

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

Contributions

Certain retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of insurance premiums based on the employee group and their retirement date. District paid medical and dental benefits are paid until the retiree or surviving spouse becomes eligible for Medicare.

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2025. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions – The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2025
Actuarial Cost Method	Entry Age Normal
Discount Rate*	4.81%
Municipal Bond Rate Source	S&P Municipal Bond 20 Year High Grade Index
Actuarial Assumptions	Based on an experience study conducted in 2021 using Wisconsin Retirement System (WRS) experience from 2018-20
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%

Discount Rate – The discount rate used to measure the total OPEB liability was 4.81%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance at June 30, 2024	\$ 1,473,361	\$ 106,077	\$ 1,367,284
Changes for the Year:			
Service Cost	124,273	-	124,273
Interest	62,210	-	62,210
Differences Between Expected and Actual Experience	-	-	-
Contributions - Employer	-	115,639	(115,639)
Changes in Assumptions or Other Input	(55,550)		(55,550)
Net Investment Income	-	1,822	(1,822)
Benefit Payments	(115,639)	(115,639)	-
Net Changes	<u>15,294</u>	<u>1,822</u>	<u>13,472</u>
Balance at June 30, 2025	<u>\$ 1,488,655</u>	<u>\$ 107,899</u>	<u>\$ 1,380,756</u>

OPEB Expense

For the year ended June 30, 2025, the District recognized OPEB expense of \$83,860.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 3,492	\$ 537,359
Changes in Assumptions	128,003	265,017
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	4,853	-
Total	<u>\$ 136,348</u>	<u>\$ 802,376</u>

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

OPEB Expense (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Expense</u>
2026	\$ (98,082)
2027	(98,220)
2028	(98,665)
2029	(99,239)
2030	(102,544)
Thereafter	(169,278)
Total	<u><u>\$ (666,028)</u></u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.81%) or 1-percentage-point higher (5.81%) than the current rate:

	<u>1% Decrease to Discount Rate (3.81%)</u>	<u>Current Discount Rate (4.81%)</u>	<u>1% Increase to Discount Rate (5.81%)</u>
Net OPEB Liability	\$ 1,474,415	\$ 1,380,756	\$ 1,292,602

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.0% decreasing to 3.5%) or 1-percentage-point higher (8.0% decreasing to 5.5%) than the current healthcare cost trend rates:

	<u>1% Decrease (6.0% Decreasing to 3.5%)</u>	<u>Healthcare Cost Trend Rates (7.0% Decreasing to 4.5%)</u>	<u>1% Increase (8.0% Decreasing to 5.5%)</u>
Net OPEB Liability	\$ 1,228,999	\$ 1,380,756	\$ 1,559,199

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

OPEB Expense (Continued)

OPEB Plan Fiduciary Net Position – Information about the OPEB plan’s fiduciary net position is presented in the Employee Benefit Trust Fund in these financial statements. The portion of net position in the Employee Benefit Trust Fund related to the District’s OPEB plan totals \$107,899 and which represents 7.25% of the total OPEB liability.

Investments – The Plan does not have a separate investment policy from the District. At June 30, 2025, the Plan asset allocation policy is to invest Plan assets in the fixed interest annuities with American United Life Insurance Company® (AUL), a OneAmerica® Company. These fixed interest annuities are backed by AUL’s general account assets. AUL bears the investment risk for the AUL Fixed Interest Account values and for paying interest. Plan investments have an expected rate of return of approximately 4.21%. For the year ended June 30, 2025, the annual money-weighted rate of return, net of investment expenses, was 0.12%, and this is assumed to be the best estimate of the long-term arithmetic rate of return for the Plan’s investments.

Payable to the OPEB Plan

The District reported a payable of \$-0- for the outstanding amount of contribution to the Plan required for the year ended June 30, 2025.

G. Fund Equity

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At June 30, 2025, nonspendable fund balance was as follows:

	General	Community Service	Donations
Nonspendable:			
Prepaid Items	\$ 34,780	\$ 6,786	\$ -

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Fund Equity (Continued)

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At June 30, 2025, restricted fund balance was as follows:

General Fund:	
Restricted for:	
Grant Funds	\$ 11,581
Special Revenue Funds:	
Restricted for:	
Community Service	1,360,624
Food Service	486,395
Debt Service Funds:	
Restricted for:	
Nonreferendum Debt Service	196,122
Referendum Debt Service	3,647,792
Capital Projects Fund:	
Restricted for:	
Capital Expansion Fund	<u>2,066,996</u>
Capital Projects	<u>1,284,836</u>
Total Restricted Fund Balance	<u><u>\$ 9,054,346</u></u>

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by School Board action. At June 30, 2025, fund balance was committed as follows:

Special Revenue Funds:	
Committed for:	
Donations	<u><u>\$ 787,036</u></u>

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At June 30, 2025, fund balance was assigned as follows:

General Fund	
Assigned for	
Self-insurance and retirement	<u><u>\$ 815,000</u></u>

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Fund Equity (Continued)

Minimum General Fund Balance Policy

The District has also adopted a minimum fund balance policy of 15 - 30% of subsequent year budgeted expenditures for the General Fund. The minimum fund balance is maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Actual 2025 General Fund Expenditures	\$	29,361,869
Minimum Fund Balance %		15 - 30%
Minimum Fund Balance Amount		<u>\$4,404,280 - \$8,808,561</u>

The District's unassigned General Fund balance of \$13,137,586 is greater than minimum fund balance range.

NOTE 3 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The District completes an annual review of its insurance coverage to ensure adequate coverage. Settled claims for the last three years have not exceeded insurance coverage.

B. Contingencies and Commitments

The District participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

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

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 OTHER INFORMATION (CONTINUED)

C. Limitation on School District Revenues

Wisconsin Statutes limit the amount of revenues a school district may derive from general school aids and property taxes unless a higher amount is approved by a referendum.

This limitation does not apply to revenue needed for payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

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

REQUIRED SUPPLEMENTARY INFORMATION

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS
YEAR ENDED JUNE 30, 2025**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 18,388,111	\$ 18,388,111	\$ 18,388,111	\$ -
Other Local Sources	844,436	844,436	1,500,701	656,265
Interdistrict Sources	2,094,174	2,094,174	2,181,321	87,147
Intermediate Sources	-	-	8,697	8,697
State Sources	9,587,665	9,587,665	9,610,309	22,644
Federal Sources	296,357	296,357	377,151	80,794
Other Sources	-	-	386,462	386,462
Total Revenues	31,210,743	31,210,743	32,452,752	1,242,009
EXPENDITURES				
Instruction:				
Regular Instruction	13,156,774	13,251,962	12,598,431	653,531
Vocational Instruction	211,352	211,352	206,940	4,412
Other Instruction	1,137,079	1,137,079	1,122,511	14,568
Total Instruction	14,505,205	14,600,393	13,927,882	672,511
Support Services:				
Pupil Services	1,534,921	1,514,233	1,499,509	14,724
Instructional Staff Services	1,439,148	1,354,148	1,288,805	65,343
General Administration Services	833,203	833,203	778,904	54,299
School Administration Services	1,766,239	1,766,239	1,613,101	153,138
Business Services	911,271	911,271	810,128	101,143
Operations and Maintenance of Plant	3,556,555	3,556,555	3,486,627	69,928
Pupil Transportation Services	205,353	205,853	182,068	23,785
Central Services	364,597	364,597	356,470	8,127
Insurance	417,286	417,286	403,359	13,927
Other Support Services	143,340	143,340	132,884	10,456
Total Support Services	11,171,913	11,066,725	10,551,855	514,870
Debt Service:				
Principal	18,157	18,157	18,157	-

See accompanying Notes to Required Supplementary Information.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED)				
Nonprogram:				
General Tuition Payments	\$ 1,096,731	\$ 1,106,731	\$ 1,012,776	\$ 93,955
Adjustments and Refunds	-	-	3,118	(3,118)
Total Nonprogram	<u>1,096,731</u>	<u>1,106,731</u>	<u>1,015,894</u>	<u>90,837</u>
Total Expenditures	<u>26,792,006</u>	<u>26,792,006</u>	<u>25,513,788</u>	<u>1,278,218</u>
Excess of Revenues Over Expenditures	4,418,737	4,418,737	6,938,964	2,520,227
OTHER FINANCING USES				
Transfers Out	<u>(2,653,280)</u>	<u>(2,653,280)</u>	<u>(3,166,194)</u>	<u>(512,914)</u>
NET CHANGE IN FUND BALANCE	1,765,457	1,765,457	3,777,770	2,012,313
Fund Balance - Beginning of Year	<u>10,221,177</u>	<u>10,221,177</u>	<u>10,221,177</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 11,986,634</u></u>	<u><u>\$ 11,986,634</u></u>	<u><u>\$ 13,998,947</u></u>	<u><u>\$ 2,012,313</u></u>

See accompanying Notes to Required Supplementary Information.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – SPECIAL EDUCATION SPECIAL REVENUE FUND –
BUDGETARY BASIS
YEAR ENDED JUNE 30, 2025**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Intermediate Sources	\$ -	\$ -	\$ 14,267	\$ 14,267
State Sources	1,150,000	1,150,000	996,176	(153,824)
Federal Sources	465,532	465,532	513,842	48,310
Other Sources	-	-	2,775	2,775
Total Revenues	<u>1,615,532</u>	<u>1,615,532</u>	<u>1,527,060</u>	<u>(88,472)</u>
EXPENDITURES				
Instruction:				
Special Education Instruction	2,946,054	2,946,054	2,779,680	166,374
Support Services:				
Pupil Services	486,487	486,487	472,322	14,165
Instructional Staff Services	352,931	352,931	404,787	(51,856)
General Administration Services	14,303	14,303	16,956	(2,653)
Business Services	3,000	3,000	3,250	(250)
Operations and Maintenance of Plant	1,500	1,500	400	1,100
Pupil Transportation Services	27,250	27,250	18,412	8,838
Central Services	500	500	1,936	(1,436)
Total Support Services	<u>885,971</u>	<u>885,971</u>	<u>918,063</u>	<u>(32,092)</u>
Nonprogram:				
Special Education Tuition Payments	<u>186,787</u>	<u>186,787</u>	<u>143,472</u>	<u>43,315</u>
Total Expenditures	<u>4,018,812</u>	<u>4,018,812</u>	<u>3,848,081</u>	<u>170,731</u>
Excess of Revenues Under Expenditures	(2,403,280)	(2,403,280)	(2,321,021)	82,259
OTHER FINANCING SOURCES				
Transfers In	<u>2,403,280</u>	<u>2,403,280</u>	<u>2,321,021</u>	<u>(82,259)</u>
NET CHANGE IN FUND BALANCE				
	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Required Supplementary Information.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – COMMUNITY SERVICE FUND – BUDGETARY BASIS
YEAR ENDED JUNE 30, 2025**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000	\$ -
Other Local Sources	1,077,622	1,077,622	1,294,031	216,409
Total Revenues	<u>2,327,622</u>	<u>2,327,622</u>	<u>2,544,031</u>	<u>216,409</u>
EXPENDITURES				
Support Services:				
General Administration Services	102,453	102,453	95,916	6,537
Business Services	29,216	29,216	28,651	565
Operations and Maintenance of Plant	470,783	470,783	381,684	89,099
Insurance	24,460	24,460	-	24,460
Other Support Services	34,394	34,394	26,906	7,488
Total Support Services	<u>671,306</u>	<u>661,306</u>	<u>533,157</u>	<u>128,149</u>
Community Service	<u>1,607,372</u>	<u>1,617,372</u>	<u>1,630,645</u>	<u>(13,273)</u>
Total Expenditures	<u>2,278,678</u>	<u>2,278,678</u>	<u>2,163,845</u>	<u>114,833</u>
NET CHANGE IN FUND BALANCE	48,944	48,944	380,186	331,242
Fund Balance - Beginning of Year	<u>987,224</u>	<u>987,224</u>	<u>987,224</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,036,168</u></u>	<u><u>\$ 1,036,168</u></u>	<u><u>\$ 1,367,410</u></u>	<u><u>\$ 331,242</u></u>

See accompanying Notes to Required Supplementary Information.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS ***

	2025	2024	2023	2022	2021
Total OPEB Liability:					
Service Cost	\$ 124,273	\$ 123,905	\$ 131,036	\$ 195,247	\$ 190,951
Interest	62,210	65,126	52,930	49,971	46,855
Differences Between Expected and Actual Experience	-	(168,651)	4,989	(548,130)	-
Changes of Assumptions	(55,550)	34,346	(67,503)	(278,776)	-
Benefit Payments	(115,639)	(103,580)	(91,995)	(97,685)	(105,294)
Net Change in Total OPEB Liability	15,294	(48,854)	29,457	(679,373)	132,512
Total OPEB Liability - Beginning	1,473,361	1,522,215	1,492,758	2,172,131	2,039,619
Total OPEB Liability - Ending (A)	<u>\$ 1,488,655</u>	<u>\$ 1,473,361</u>	<u>\$ 1,522,215</u>	<u>\$ 1,492,758</u>	<u>\$ 2,172,131</u>
Plan Fiduciary Net Position:					
Contributions - Employer	\$ 115,639	\$ 103,580	\$ 91,995	\$ 97,685	\$ 105,294
Net Investment Income	1,822	1,591	1,387	1,597	3,278
Benefit Payments	(115,639)	(103,580)	(91,995)	(97,685)	(105,294)
Adjustment	-	-	-	-	(31,051)
Net Change in Plan Fiduciary Net Position	1,822	1,591	1,387	1,597	(27,773)
Plan Fiduciary Net Position - Beginning	106,077	104,486	103,099	101,502	129,275
Plan Fiduciary Net Position - Ending (B)	<u>\$ 107,899</u>	<u>\$ 106,077</u>	<u>\$ 104,486</u>	<u>\$ 103,099</u>	<u>\$ 101,502</u>
District's Net OPEB Liability - Ending (A) - (B)	<u>\$ 1,380,756</u>	<u>\$ 1,367,284</u>	<u>\$ 1,417,729</u>	<u>\$ 1,389,659</u>	<u>\$ 2,070,629</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	7.25%	7.20%	6.86%	6.91%	4.67%
Covered-Employee Payroll	\$ 16,731,992	\$ 16,731,992	\$ 16,509,399	\$ 16,509,399	\$ 15,532,836
District's Net OPEB Liability as a Percentage of Covered-Employee Payroll	8.25%	8.17%	8.59%	8.42%	13.33%
Weighted-Average Investment Income	0.12%	0.11%	0.09%	0.09%	0.16%

* The amounts presented for each fiscal year were determined as of the current fiscal year-end. Amounts for prior years were not available.

See accompanying Notes to Required Supplementary Information.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS (CONTINUED)
LAST 10 FISCAL YEARS ***

	2020	2019	2018	2019	2018
Total OPEB Liability:					
Service Cost	\$ 141,192	\$ 136,289	\$ 136,289	\$ 136,289	\$ 136,289
Interest	67,502	72,561	80,463	72,561	80,463
Differences Between Expected and Actual Experience	(155,082)	-	-	-	-
Changes of Assumptions	195,370	30,522	-	30,522	-
Benefit Payments	(134,783)	(361,516)	(493,421)	(361,516)	(493,421)
Net Change in Total OPEB Liability	114,199	(122,144)	(276,669)	(122,144)	(276,669)
Total OPEB Liability - Beginning	1,925,420	2,047,564	2,324,233	2,047,564	2,324,233
Total OPEB Liability - Ending (A)	<u>\$ 2,039,619</u>	<u>\$ 1,925,420</u>	<u>\$ 2,047,564</u>	<u>\$ 1,925,420</u>	<u>\$ 2,047,564</u>
Plan Fiduciary Net Position:					
Contributions - Employer	\$ 134,783	\$ -	\$ -	\$ -	\$ -
Net Investment Income	6,548	6,736	13,296	6,736	13,296
Benefit Payments	(134,783)	(361,516)	(493,421)	(361,516)	(493,421)
Adjustment	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	6,548	(354,780)	(480,125)	(354,780)	(480,125)
Plan Fiduciary Net Position - Beginning	122,727	477,507	957,632	477,507	957,632
Plan Fiduciary Net Position - Ending (B)	<u>\$ 129,275</u>	<u>\$ 122,727</u>	<u>\$ 477,507</u>	<u>\$ 122,727</u>	<u>\$ 477,507</u>
District's Net OPEB Liability - Ending (A) - (B)	<u>\$ 1,910,344</u>	<u>\$ 1,802,693</u>	<u>\$ 1,570,057</u>	<u>\$ 1,802,693</u>	<u>\$ 1,570,057</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	6.34%	6.37%	23.32%	6.37%	23.32%
Covered-Employee Payroll	\$ 15,532,836	\$ 14,050,149	\$ 14,050,149	\$ 14,050,149	\$ 14,050,149
District's Net OPEB Liability as a Percentage of Covered-Employee Payroll	12.30%	12.83%	11.17%	12.83%	11.17%
Weighted-Average Investment Income	0.33%	0.34%	0.61%	0.34%	0.61%

* The amounts presented for each fiscal year were determined as of the current fiscal year-end. Amounts for prior years were not available.

See accompanying Notes to Required Supplementary Information.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN
LAST 10 FISCAL YEARS ***

	2025	2024	2023	2022	2021
Actuarially Determined Contribution (ADC)	\$ 182,562	\$ 177,245	\$ 188,579	\$ 183,086	\$ 253,063
Contributions in Relation to the ADC	115,639	103,580	91,995	97,685	105,294
Contribution Deficiency (Excess)	<u>\$ 66,923</u>	<u>\$ 73,665</u>	<u>\$ 96,584</u>	<u>\$ 85,401</u>	<u>\$ 147,769</u>
Covered-Employee Payroll	\$ 16,731,992	\$ 16,731,992	\$ 16,509,399	\$ 16,509,399	\$ 15,532,836
Contributions as a Percentage of Covered-Employee Payroll	0.69%	0.62%	0.56%	0.59%	0.68%
Key Methods and Assumption Used to Calculate ADC:					
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value	Market Value
Amortization Method	30 Year Level	30 Year Level	30 Year Level	30 Year Level	30 Year Level
	Percentage	Percentage	Percentage	Percentage	Percentage
Discount Rate	4.21%	4.21%	3.50%	3.50%	2.25%
Amortization Growth Rate	3.00%	3.00%	3.00%	3.00%	3.00%
Inflation	2.50%	2.50%	2.50%	2.50%	2.00%

* The amounts presented for each fiscal year were determined as of the current fiscal year-end. Amounts for prior years were not available.

	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ 245,692	\$ 199,615	\$ 193,801
Contributions in Relation to the ADC	134,783	-	-
Contribution Deficiency (Excess)	<u>\$ 110,909</u>	<u>\$ 199,615</u>	<u>\$ 193,801</u>
Covered-Employee Payroll	\$ 15,532,836	\$ 14,050,149	\$ 14,050,149
Contributions as a Percentage of Covered-Employee Payroll	0.87%	0.00%	0.00%
Key Methods and Assumption Used to Calculate ADC:			
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Market Value	Market Value	Market Value
Amortization Method	30 Year Level	30 Year Level	30 Year Level
	Percentage	Percentage	Percentage
Discount Rate	2.25%	3.50%	3.75%
Amortization Growth Rate	3.00%	3.00%	3.00%
Inflation	2.00%	2.50%	2.50%

* The amounts presented for each fiscal year were determined as of the current fiscal year-end. Amounts for prior years were not available.

See accompanying Notes to Required Supplementary Information.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM**

Measurement Period Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/15	0.10134680%	\$ 1,646,966	\$ 14,867,318	11.08%	98.20%
12/31/16	0.10385620%	856,023	15,385,293	5.56%	99.12%
12/31/17	0.10539545%	(3,129,315)	15,612,340	20.04%	102.93%
12/31/18	0.10629260%	3,781,557	16,494,000	22.93%	96.45%
12/31/19	0.10646772%	(3,433,005)	17,122,529	20.05%	102.96%
12/31/20	0.10574518%	(6,601,818)	17,230,590	38.31%	105.26%
12/31/21	0.10337860%	(8,332,505)	17,315,521	48.12%	106.02%
12/31/22	0.09877015%	5,232,549	16,855,719	31.04%	95.72%
12/31/23	0.09276121%	1,379,179	16,690,993	8.26%	98.85%
12/31/24	0.08602673%	1,416,561	17,106,259	8.26%	98.79%

**SCHEDULE OF CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM**

District Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/16	\$ 959,565	\$ 959,565	\$ -	\$ 14,384,432	6.67%
6/30/17	1,030,060	1,030,060	-	15,327,269	6.72%
6/30/18	1,088,468	1,088,468	-	16,150,536	6.74%
6/30/19	1,104,518	1,104,518	-	16,711,018	6.61%
6/30/20	1,158,333	1,158,333	-	17,366,845	6.67%
6/30/21	1,164,897	1,164,897	-	17,257,727	6.75%
6/30/22	1,128,121	1,128,121	-	17,090,979	6.60%
6/30/23	1,104,671	1,104,671	-	16,535,545	6.68%
6/30/24	1,154,073	1,154,073	-	16,823,289	6.86%
6/30/25	1,211,359	1,211,359	-	17,480,115	6.93%

See accompanying Notes to Required Supplementary Information.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
SCHEDULE OF CHANGES IN PENSION LIABILITY AND RELATED RATIOS
SUPPLEMENTAL PENSION
LAST 10 FISCAL YEARS ***

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:										
Service Cost	\$ 75,447	\$ 81,862	\$ 86,099	\$ 92,016	\$ 89,991	\$ 67,579	\$ 65,363	\$ 67,152	\$ 70,192	\$ 74,781
Interest	32,225	36,766	29,866	21,681	20,483	29,040	29,786	21,568	21,645	20,364
Differences Between Expected and Actual Experience	(37,617)	(161,819)	48,551	(50,520)	-	(2,258)	-	(93,776)	-	-
Changes in Assumptions	(27,515)	9,392	(35,370)	(56,744)	-	36,497	10,643	(66,770)	-	-
Benefit Payments	(9,890)	(115,376)	(115,176)	(112,304)	(4,152)	(118,709)	(24,257)	(117,177)	(34,841)	(33,111)
Net Change in Total Pension Liability	32,650	(149,175)	13,970	(105,871)	106,322	12,149	81,535	(189,003)	56,996	62,034
Total Pension Liability - Beginning	732,661	881,836	867,866	973,737	867,415	855,266	773,731	962,734	905,738	843,704
Total Pension Liability - Ending	<u>\$ 765,311</u>	<u>\$ 732,661</u>	<u>\$ 881,836</u>	<u>\$ 867,866</u>	<u>\$ 973,737</u>	<u>\$ 867,415</u>	<u>\$ 855,266</u>	<u>\$ 773,731</u>	<u>\$ 962,734</u>	<u>\$ 905,738</u>
Covered-Employee Payroll	\$ 13,630,185	\$ 13,630,185	\$ 14,118,518	\$ 14,118,518	\$ 12,877,745	\$ 12,877,745	\$ 11,088,313	\$ 11,088,313	\$ 11,455,490	\$ 11,286,199
District's Net Pension Liability as a Percentage of Covered-Employee Payroll	5.61%	5.38%	6.25%	6.15%	7.56%	6.74%	7.71%	6.98%	8.40%	8.03%

* The amounts presented for each fiscal year were determined as of the current fiscal year-end. Amounts for prior years were not available.

See accompanying Notes to Required Supplementary Information.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 OTHER POSTEMPLOYMENT BENEFITS

Single-Employer Defined Benefit Postemployment Benefit Plan

There is no change of benefit terms.

The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. The District is required to present the last 10 fiscal years of data; however, accounting standards allow the presentation of as many years as are available until 10 fiscal years are presented.

NOTE 2 PENSION BENEFITS

Wisconsin Retirement System (WRS)

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 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

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

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

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the postretirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

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

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 2 PENSION BENEFITS (CONTINUED)

Supplemental Pension Plan

There is no change of benefit terms.

The District is required to present the last 10 fiscal years of data; however, accounting standards allow the presentation of as many years as are available until 10 fiscal years are presented.

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes. Budgetary expenditure control is exercised at the function level. Reported budget amounts are as originally adopted or as amended by Board of Education resolution.

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

- Based upon requests from District staff, District administration recommends budget proposals to the Board of Education.
- The Board of Education prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
- Pursuant to the public budget hearing, the Board of Education may make alterations to the proposed budget.
- Once the Board of Education (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire Board of Education.
- Appropriations lapse at year-end unless authorized as a carryover by the Board of Education. The portion of fund balance representing carryover appropriations is reported as a committed or assigned fund balance in the fund financial statements.
- Encumbrance accounting is used by the District as an extension of formal budgetary control during the year.
- The DPI requires the District to separate special education revenues and expenditures from other General Fund amounts.

The District did not have any material violation of legal or contractual provisions for the fiscal year ended June 30, 2025.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented in accordance with generally accepted accounting principles, except the District adopts a budget for the special education special revenue fund in accordance with requirements from the Wisconsin Department of Public Instruction. In accordance with generally accepted accounting principles, this fund is included as part of the general fund in the financial statements. An explanation of the differences between Revenues, Expenditures, and Other Financing Sources (Uses) for budgetary funds on budgetary fund basis and a U.S. GAAP General Fund basis is summarized below:

	<u>General</u>	<u>Special Education Fund</u>
Revenues:		
Actual Amounts (Budgetary Basis)	\$ 32,452,752	\$ 1,527,060
Reclassification of Special Education Fund	<u>1,527,060</u>	<u>(1,527,060)</u>
Total Revenues	33,979,812	-
Expenditures:		
Actual Amounts (Budgetary Basis)	25,513,788	3,848,081
Reclassification of Special Education Fund	<u>3,848,081</u>	<u>(3,848,081)</u>
Total Expenditures	29,361,869	-
Excess of Revenues Over (Under) Expenditures:		
Actual Amounts (Budgetary Basis)	6,938,964	(2,321,021)
Reclassification of Special Education Fund	<u>(2,321,021)</u>	<u>2,321,021</u>
Excess of Revenues Over (Under) Expenditures	4,617,943	-
Other Financing Sources (Uses):		
Actual Amounts (Budgetary Basis)	(3,161,194)	2,321,021
Reclassification of Special Education Fund	<u>2,321,021</u>	<u>(2,321,021)</u>
Total Other Financing Sources (Uses)	<u>(840,173)</u>	<u>-</u>
Net Change In Fund Balance:		
Actual Amounts (Budgetary Basis)	3,777,770	-
Reclassification of Special Education Fund	<u>-</u>	<u>-</u>
Net Change in Fund Balance	3,777,770	-
Fund Balance - Beginning of Year:		
Actual Amounts (Budgetary Basis)	10,221,177	-
Reclassification of Special Education Fund	<u>-</u>	<u>-</u>
Fund Balance - July 1	10,221,177	-
Fund Balance - End of Year:		
Actual Amounts (Budgetary Basis)	13,998,947	-
Reclassification of Special Education Fund	<u>-</u>	<u>-</u>
Fund Balance - June 30	<u>\$ 13,998,947</u>	<u>\$ -</u>

SUPPLEMENTARY INFORMATION

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025**

	<u>Special Revenue</u>		Nonreferendum Debt Service Fund	Capital Expansion Fund	Total Nonmajor Governmental Funds
	<u>Donations</u>	<u>Food Service</u>			
ASSETS					
Cash and Investments	\$ 784,039	\$ 522,057	\$ 196,122	\$ 2,086,642	\$ 3,588,860
Receivables:					
Accounts	5,796	-	-	-	5,796
Due from Other Governments	-	8,531	-	-	8,531
	<u>-</u>	<u>8,531</u>	<u>-</u>	<u>-</u>	<u>8,531</u>
Total Assets	<u>\$ 789,835</u>	<u>\$ 530,588</u>	<u>\$ 196,122</u>	<u>\$ 2,086,642</u>	<u>\$ 3,603,187</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 2,799	\$ 38,373	\$ -	\$ 19,646	\$ 60,818
Unearned Revenues	-	5,820	-	-	5,820
Total Liabilities	<u>2,799</u>	<u>44,193</u>	<u>-</u>	<u>19,646</u>	<u>66,638</u>
FUND BALANCES					
Restricted	-	486,395	196,122	2,066,996	2,749,513
Committed	787,036	-	-	-	787,036
Total Fund Balances	<u>787,036</u>	<u>486,395</u>	<u>196,122</u>	<u>2,066,996</u>	<u>3,536,549</u>
Total Liabilities and Fund Balances	<u>\$ 789,835</u>	<u>\$ 530,588</u>	<u>\$ 196,122</u>	<u>\$ 2,086,642</u>	<u>\$ 3,603,187</u>

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

	Special Revenue		Nonreferendum Debt Service Fund	Capital Expansion Fund	Total Nonmajor Governmental Funds
	Donations	Food Service			
REVENUES					
Property Taxes	\$ -	\$ -	\$ 597,800	\$ 937,500	\$ 1,535,300
Other Local Sources	615,988	386,018	-	78,669	1,080,675
State Sources	-	5,668	-	-	5,668
Federal Sources	-	245,962	-	-	245,962
Total Revenues	615,988	637,648	597,800	1,016,169	2,867,605
EXPENDITURES					
Instruction:					
Regular Instruction	227,899	-	-	-	227,899
Other Instruction	130,049	-	-	-	130,049
Total Instruction	357,948	-	-	-	357,948
Support Services:					
Pupil Services	1,700	-	-	-	1,700
Instructional Staff Services	29,955	-	-	-	29,955
Business Services	-	11,169	-	-	11,169
Operations and Maintenance of Plant	-	25,817	-	496,082	521,899
Food Services	-	687,136	-	-	687,136
Total Support Services	31,655	724,122	-	496,082	1,251,859
Debt Service:					
Principal	-	-	565,000	-	565,000
Interest and Fiscal Charges	-	-	30,625	-	30,625
Total Debt Service	-	-	595,625	-	595,625
Nonprogram:					
Post Secondary Scholarships	51,289	-	-	-	51,289
Adjustments and Refunds	-	368	-	-	368
Total Nonprogram	51,289	368	-	-	51,657
Total Expenditures	440,892	724,490	595,625	496,082	2,257,089
NET CHANGE IN FUND BALANCES	175,096	(86,842)	2,175	520,087	610,516
Fund Balances - Beginning of Year	611,940	573,237	193,947	-	1,379,124
Change Within Financial Reporting Entity Nonmajor to Major Fund	-	-	-	1,546,909	1,546,909
Fund Balances - Beginning of Year, as Adjusted	611,940	573,237	193,947	1,546,909	2,926,033
FUND BALANCES - END OF YEAR	<u>\$ 787,036</u>	<u>\$ 486,395</u>	<u>\$ 196,122</u>	<u>\$ 2,066,996</u>	<u>\$ 3,536,549</u>

**ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS**



**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***

Board of Education
Shorewood School District
Shorewood, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Shorewood School District, Shorewood, Wisconsin (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 9, 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a significant deficiency.

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*.

Shorewood School District’s Response to Finding

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
December 9, 2025

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025**

Section I – Financial Statement Findings

2025-001 Preparation of Annual Financial Report

Type of Finding

- Significant deficiency in internal control over financial reporting

Condition: Current District staff maintains accounting records which reflect the District's financial transactions; however, preparing the District's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The District contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. However, as independent auditors, CLA cannot be considered part of the District's internal control system. As part of its internal control over preparation of its financial statements, including disclosures, the District had implemented a comprehensive review procedure to ensure that the financial statements, including note disclosures, are complete and accurate.

Criteria or Specific Requirement: The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or other required state financial reports.

Effect: The District may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.

Cause: District management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.

Repeat Finding: Repeat of finding 2024-001

Recommendation: We recommend the District continue reviewing the annual financial report. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the District's operations and activities. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the District is necessary to obtain a complete and adequate understanding of the District's annual financial report.

Views of Responsible Officials and Planned Corrective Action: Management agrees with the finding. Management believes that the cost of hiring staff to prepare year-end adjusting and closing entries and to prepare financial reports outweighs the benefits to be received. Management will have the appropriate staff review the adjusting, closing and GASB 34 conversion entries along with the prepared financial reports, as recommended, to obtain an adequate understanding of the District's financial report.



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