

**WAUSAU SCHOOL DISTRICT
WAUSAU, WISCONSIN**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Wausau School District
Wausau, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wausau School District, (the "District"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of changes in assets and liabilities - agency funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and *State Single Audit Guidelines*, and are also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

HAWKINS ASH CPAS, LLP



Manitowoc, Wisconsin
December 15, 2016

**WAUSAU SCHOOL DISTRICT
WAUSAU, WISCONSIN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016**

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

FINANCIAL HIGHLIGHTS

- The District's overall financial position, as reflected in total net assets, decreased by \$6.8 million to \$104 million. The financial position includes the Wisconsin Retirement System (WRS) asset, deferred inflows of resources, and deferred outflows of resources. Some of the major items that affected the overall financial position are:
 - Long term liabilities increased by 42.2 million. (Decrease to net positions)
 - Capital assets less depreciation increased 11.8 million. (Increase to net positions)
 - Wisconsin Retirement System asset increased 2.6 million (Increase to net positions)
 - Governmental Fund Balance increased by 21.0 million. (Increase to net positions)

- **The District's total Governmental Fund balance increased \$21 million to \$52.3 million.**
 - General Fund balance increased \$1.5 million to \$28.9 million which is 28% of 2015-16 expenditures. Major positive and negative impacts to fund balance can be attributed to the following:
 - Technology spending was deferred to 2016-17 to pay for the lease of iPads from Apple. (Positive)
 - Insurance claims were less than expected. (Positive)
 - Transportation due to lower fuel costs. (Positive)
 - Medicaid revenue from prior years was received. (Positive)
 - Open enrollment expenses were higher than expected. (Negative)
 - Open enrollment revenues were higher than expected. (Positive)
 - Debt Service fund balance decreased \$.5 million. Revenue from the debt service levy and interest income was slightly higher than the debt service payments.
 - Capital Projects Fund increased \$18.3 million. This is the amount of referendum project costs remaining.
 - Other Governmental Funds increased \$.7 million. Non-Scholarship Donation Fund increased \$.2 million, Community Service Fund increased slightly, Food Service Fund increased \$.1 million, Non-referendum debt service increased \$.1 million, and Long-term Capital Improvement Trust increased \$.2 million.

- **Long -Term liabilities increased by \$42.2 million.**
 - General obligation debt increased \$32.9 million.
 - Accrued Interest Payable increased \$.4 million.
 - Capital Leases decreased \$.2 million.
 - Issuance premium increased \$ 1.3 Million
 - Deferred charge on refunding increased \$.2 million.
 - WRS net pension increased \$6.7 million.
 - Net OPEB obligation increased \$.9 million.

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016**

OVERVIEW OF THE FINANCIAL STATEMENTS

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

District Wide Financial Statements

- The district-wide financial statements are the *statement of net assets* and *statement of activities*. These statements present an aggregate view of the district's finances in a manner similar to private-sector business. Both statements include functions that are supported principally by property and intergovernmental revenues, called *governmental activities*. Functions that are intended to recover all or a significant portion of costs through user fees and charges (*business type activities*) are not included because the district does not have any of these activities.
- The *statement of net assets* presents information on all of the district's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.
- The *statement of activities* presents information showing how the district's net assets changed during the year. This statement reports the cost of government functions and how those functions were financed for the fiscal year.
- The district-wide financial statements are shown on pages 17 and 18 of this report.

Fund Financial Statements

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

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016**

- There are two fund financial statements, *the balance sheet* and *the statement of revenues, expenditures and changes in fund balances*. Generally, fund statements focus on near-term inflows and outflows of spendable resources and their impact on fund balance.
- Because the focus of fund financial statements is narrower than that of the district-wide statements it is useful to make comparison between the information presented. By doing so readers may better understand the long-term implication of the government's near-term financial decisions. A reconciliation to facilitate this comparison is provided either at the bottom of the governmental funds statement or as a separate statement.
- The district has two kinds of funds: *governmental*, and *fiduciary*. *Governmental funds* include the district's five permanent funds (general, special education, debt service, food service and Employee Benefit Trust Fund) and individual capital project funds as needed. The only *fiduciary funds* for the district serve as agency funds for student activity funds.
- Financial information is presented separately on both the *balance sheet* and the *statement of revenues, expenditures and changes in fund balance* for the general fund, debt service fund and the capital projects fund as these are considered to be major funds. Data for non-major funds is combined and provided in a separate column. The governmental fund financial statements are on pages 19 and 20 of this report. A detailed balance sheet for nonmajor governmental funds is on page 47 of this report.
- The district serves as a trustee, or *fiduciary*, for student activity funds. The assets of these organizations do not directly benefit nor are under the direct control of the district. The district's responsibility is limited to ensuring the assets reported in these funds are used only for their intended purposes. *Fiduciary* activities are excluded from the district-wide financial statements because the district cannot use these assets to finance its operations. *Fiduciary* fund statements are presented on page 22 and 23.
- The district adopts an annual appropriated budget for its general fund and special education fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget. The budgetary comparison statements are on page 43.

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016**

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 24 to 42 of this report.

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

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

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016**

FINANCIAL ANALYSIS

The District as a Whole

Net position. Table 1 below, provides a summary of the district's net position for the year ended June 30, 2016.

**Table 1
Condensed Statement of Net Position
June 30, 2016**

Current Assets	\$ 71,120,802
Capital Assets	117,495,110
Deferred Outflows of Resources	<u>35,855,574</u>
Total Assets and Deferred Outflows of Resources	224,471,486
Current Liabilities	27,919,244
Noncurrent portion of long-term obligations	<u>78,054,304</u>
Total Liabilities	105,973,548
Deferred Inflows of Resources	
Wisconsin Retirement System pension	<u>14,284,443</u>
Total Deferred Inflows of Resources	14,284,443
Net Position	
Invested in capital assets, net of related debt	64,155,794
Restricted	44,923,721
Unrestricted	<u>(4,866,020)</u>
Total Net Position	<u>\$104,213,495</u>
Total Liabilities and Net Position	<u>\$224,471,486</u>

In governmental activities, total assets increased \$53.8 million.

- Current Assets increased \$15.5 million. Major positive and negative impacts to Current Assets can be attributed to the following:
 - Increase in Cash and Investments \$25.1 million. (Positive)
 - Decrease in Receivables \$.6 million. (Negative)
 - Increase in Due from Other Governments \$1.1 million. (Positive)
 - Decrease in Wisconsin Retirement System net pension \$10.1 million. (Negative)
- Capital Assets increased \$11.8 million due to purchase of additional capital assets including referendum projects less depreciation.
- Deferred Outflows of Resources Increased \$26.5 million due to decreased charge on refunding and increased Wisconsin Retirement System net pension. (See Note 1)

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016**

**Table 2
Change in Net Position
June 30, 2016**

<u>Revenues</u>	
Program revenues	
Charges for Services	\$ 1,673,268
Operating grants & contributions	9,280,278
General revenues	
Property taxes	43,089,091
State formula aid	62,241,797
Other	<u>1,668,425</u>
Total Revenues	<u>117,952,859</u>
<u>Expenses</u>	
Instruction	65,748,847
Pupil & instructional services	9,863,442
General, building administration	6,695,320
Business Administration, Central Services	36,689,809
Transportation	3,279,837
Interest	2,420,211
Other support services	<u>15,149</u>
Total Expenses	<u>124,712,615</u>
Change in net position from Operations	\$ (6,759,756)
Net position – Beginning of Year	<u>\$110,973,251</u>
Net position – End of Year	<u>\$104,213,495</u>

As shown, general revenues provide about 91% of the funding for governmental activities. State aid alone, accounts for 53% of the funding for governmental activities, while property taxes account for 37%.

- Program revenues, in the form of charges for services and operating grants and contributions, accounted for \$11.0 million of the total revenues of \$118.0 million.
- General revenues for operations accounted for \$107.0 million. Local property taxes increased, state aid decreased and other revenues increased.

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016**

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

- The district continued to apply for and receive competitive federal and state grants in 2016. These grants allow the district to maintain reduced class sizes, and provide additional services to students during regular instruction and through after school programs.
- The district summer school program continues to increase offerings to meet the needs of all students.
- The health insurance and wellness committees continue to research ways to reduce costs. A new high deductible health plan was offered in 2016.
- The district implemented and maintains three charter schools.
- Cash-flow is monitored and investments with Board approved entities are made to maximize interest income when funds are available.
- The District has maintained an adequate fund balance. The fund balance has helped the District keep a higher bond rating and avoid short term borrowing.
- The district continues to run a successful Pre-K program.

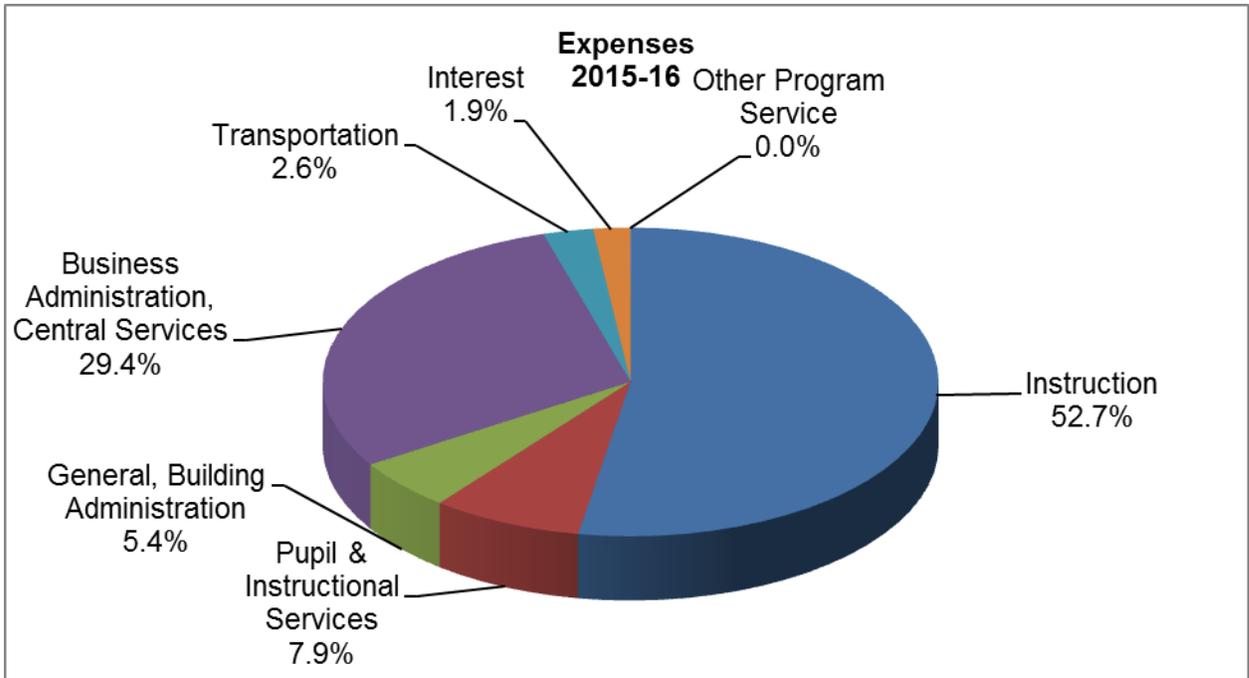
Governmental Activities

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

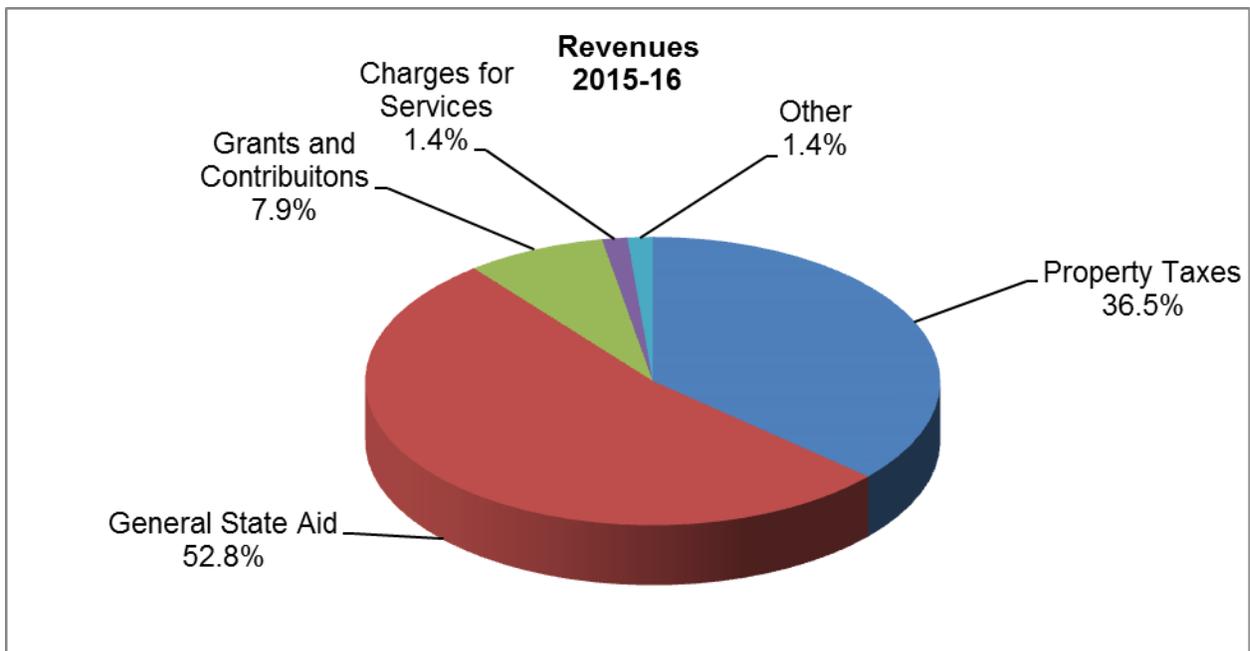
Table 3		
Net Cost of Governmental Activities		
June 30, 2016		
	Total Costs of Services	Net Costs of Services
Instruction	\$65,748,847	\$60,036,981
Pupil & instructional services	9,863,442	9,523,425
General, building administration	6,695,320	6,695,320
Business administration, central services	36,689,809	31,959,324
Transportation	3,279,837	3,108,659
Other support services	15,149	15,149
Interest	2,420,211	2,420,211
Total Expenses	<u>\$124,712,615</u>	<u>\$113,759,069</u>

Wausau School District Management's Discussion and Analysis For the Year Ended June 30, 2016

- Expenses by major function are illustrated below.



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



**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016**

Governmental Funds

In governmental funds, total fund balance increased by \$21.0 million.

- General Fund balance increased \$1.5 million due to deferred technology spending, lower insurance claims, lower fuel costs, Medicaid revenue, and higher open enrollment costs partially offset by higher open enrollment revenue.
- Debt Service fund balance decreased \$.5 million. The balance decreased due to the difference in the amount levied (calendar year) and the amount spent (fiscal year).
- Capital Projects Fund increased \$18.3 million. This is the amount of referendum project costs remaining
- Other Governmental Funds increased \$.7 million. Non-Scholarship Donation Fund increased, Community Service Fund increased slightly, Food Service Fund increased, Non-referendum debt service increased, and Long-term Capital Improvement Trust increased.

Budget Variances

The Statement of Revenues, Expenditures and Changes in Fund Balances, found on page 43, shows variances between the final budget and actual revenues/expenditures. The variance between the final revenue budget and actual revenues was **.53%**. Significant items that caused this variance were as follows:

- Other Local Sources – Interest on investments, contracted transportation, and building rental revenues were higher than expected.
- Federal Sources – Carryover in federal grants was higher than expected. Higher carryover reduces the amount a grant can claim in the current year.

The variance between the final expenditure budget and actual expenditures was **2.33%**. Significant items that caused this variance were as follows:

- Instruction Staff Services – Larger carryover in grants caused decreased expenditures. Staff replacement costs were less than expected.
- General Administrative Services – Services for school attendance boundary study and additional membership dues were paid out of 2015-16. Legal services were also higher than expected.
- Central Services – Technology spending was deferred to 2016-17 for the Apple lease. Transition cost in salary, benefits and other reduced expenditures in Central Services.
- Non-program transactions – Regular and Special Education open enrollment expenses were higher than expected. The Capital Improvement Trust fund investment was a Non-program transaction that wasn't budgeted for.

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016**

- Debt Service – Current lease payments are included in this account. The only lease charged in 2015-16 was for print management services.
- Capital Outlay - The expenditures in Capital Outlay were higher due to the number of large items (fixed assets) purchased. These items were coded to Capital Outlay instead of Business Services, General Administrative Services, and other support service budgets.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2016, the district had invested \$167.0 million in a broad range of capital assets, including buildings, sites, library books, and equipment. This amount represents a net increase of \$14.4 million over the prior fiscal year. Additional information about capital assets can be found in NOTE 3, page 30. Total accumulated depreciation on these assets is \$49,556,955 resulting in capital assets, net of depreciation, of \$117,495,110.

- Capital assets being depreciated increased due to referendum projects, equipment purchased, land improvements and building improvements.
- Accumulated depreciation increased by \$2.6 million. The District recognized depreciation expense of \$2.6 million and removed less than \$.1 million of equipment that was disposed of or didn't meet the capitalization threshold.

**Table 4
Capital Assets**

	<u>2015</u>	<u>2016</u>	<u>% Change</u>
Land	\$ 7,360,201	\$ 7,360,201	0%
Construction in Progress	122,510	13,950,479	11287%
Total capital assets not being depreciated	\$ 7,482,711	\$ 21,310,680	185%
Land Improvements	\$ 2,094,056	\$ 2,160,670	3%
Buildings	124,523,643	124,580,839	0%
Equipment & Furniture	18,516,430	18,999,876	3%
Accumulated Depreciation	<u>(46,942,646)</u>	<u>(49,556,955)</u>	<u>6%</u>
Total capital assets being depreciated less Accumulated Depreciation	\$ 98,191,483	\$ 96,184,430	(2)%
Total	\$ 105,674,194	\$117,495,110	11%

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016**

Long-Term Obligations

The District's long term obligations consist of long-term General Obligation Debt for buildings and sites and future obligations for post-employment benefits. At year-end, the district had \$86.8 million in long-term obligations. This is an increase of \$42.2 million. The increase is due to additional general obligation debt of \$32.9 million, accrued interest payable of \$.4 million, issuance premium of \$1.3 million, deferred charge on refunding of \$.2 million, Wisconsin Retirement System net pension of \$6.7 million and net OPEB obligation of \$.9 million. Capital leases decreased \$.2 million.

General Obligation/Refunding Bonds

This category represents long-term debt for building and site construction and renovations. Total General Obligation Debt as of June 30, 2016 was \$71.6 million. The legal debt limit in accordance with section 67.03(1)(b) of the Wisconsin statutes is \$378.1 million (10% of the 2016 equalized valuation of the District as certified by the Wisconsin Department of Revenue). More information on general obligation/refunding bonds can be found in Note 4 on page 31-32.

In 1999 a referendum authorizing \$65,383,000 was passed. The 1999 Referendum authorized construction of a new Wausau East High School, a new Stettin Elementary School, and, additions and remodeling at Wausau West High School, Riverview, Maine, Grant, and John Marshall Elementary schools. Even with this large referendum the District has been able to maintain a mill rate of \$2.00 or less for Debt Service. This rate was used as a target since the early 1990's because the average debt mill rate for schools in Wisconsin at that time was approximately two dollars.

In 2015 a referendum authorizing \$29,565,000 was passed. The 2015 referendum authorized construction of additions to G.D. Jones, Hawthorn Hills, Riverview, Thomas Jefferson, Wausau East High School, and Wausau West High School. Capital maintenance projects throughout the District were also authorized. The following table projects the future debt mill rate requirements based on existing obligations and assuming the equalized value will decrease .84% in 2016 and increase 1% in 2017-22.

**Table 5
Future Debt Mill Rate
(2016-2023)**

Levy Year	Current Statutory Debt Per Levy Year	Debt Mill Rate
2016	\$6,477,015	1.72
2017	\$6,579,806	1.74
2018	\$6,579,568	1.72
2019	\$6,582,481	1.70
2020	\$6,735,681	1.72
2021	\$6,735,031	1.71
2022	\$6,736,206	1.69
2023	\$6,734,781	1.67

Wausau School District Management's Discussion and Analysis For the Year Ended June 30, 2016

Post-Employment Benefits

The District's post-employment benefit program provides health and dental insurance to eligible retired employees. The net OPEB obligation account on June 30, 2016 was \$4,440,346. Contributions for the year were \$2,023,684. See note 7 on page 38 of this report for additional information.

Factors Bearing on the District's Future

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

- The current economic conditions and uncertainties make it difficult to plan for the future. Funding in future years, property values, retirements, and employees' salary and benefits are factors that are hard to predict. The District is continuing to work on the teacher compensation model.
- Revenue limit increases are minimal compared to recent history. This causes the District to have a budget that may not increase enough to cover increasing costs.
- The impact of the Affordable Care Act. It may affect the way we administer benefits and the District's ability to attract and retain employees.
- Shifting student demographics, building capacity, boundary changes, open enrollment fluctuations, expansion of voucher programs and associated funding issues.
- A growing list of capital improvements including roofs, windows, and HVAC may be more than the current budget can accommodate. The District continues to take advantage of a revenue limit exemption for energy efficiency projects.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

**WAUSAU SCHOOL DISTRICT
WAUSAU, WISCONSIN**

**BASIC
FINANCIAL STATEMENTS**

**WAUSAU SCHOOL DISTRICT
WAUSAU, WISCONSIN**

**DISTRICT-WIDE
FINANCIAL STATEMENTS**

WAUSAU SCHOOL DISTRICT
STATEMENT OF NET POSITION
 JUNE 30, 2016

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and investments	\$ 55,698,192
Taxes receivable	10,633,637
Accounts receivable	27,024
Interest receivable	1,471
Due from fiduciary funds	484,627
Due from other governments	4,275,851
Capital assets (net of accumulated depreciation)	
Capital assets not being depreciated	21,310,680
Capital assets being depreciated	96,184,430
TOTAL ASSETS	188,615,912
 DEFERRED OUTFLOWS OF RESOURCES	
Charge on refunding	409,934
Wisconsin Retirement System pension	35,445,640
TOTAL DEFERRED OUTFLOWS OF RESOURCES	35,855,574
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
	224,471,486
 LIABILITIES	
Accounts payable	3,814,104
Accrued liabilities	
Payroll, payroll taxes, insurance	14,464,889
Interest	854,969
Deposits payable	267,468
Due to fiduciary funds	238,382
Current portion of long-term obligations	8,279,432
Noncurrent portion of long-term obligations	78,054,304
TOTAL LIABILITIES	105,973,548
 DEFERRED INFLOWS OF RESOURCES	
Wisconsin Retirement System pension	14,284,443
TOTAL DEFERRED INFLOWS OF RESOURCES	14,284,443
 NET POSITION	
Net investment in capital assets	64,155,794
Restricted for	
General	7,336,548
Special revenue	2,401,977
Capital projects	18,537,126
Debt service	2,192,271
Other activities	14,455,799
Unrestricted	(4,866,020)
TOTAL NET POSITION	104,213,495
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
	\$ 224,471,486

The accompanying notes are an integral part of these statements.

WAUSAU SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
GOVERNMENTAL ACTIVITIES				
Instruction				
Regular instruction	\$ 47,112,527	\$ -	\$ -	\$ (47,112,527)
Vocational instruction	2,355,653	-	-	(2,355,653)
Special instruction	11,406,953	-	5,711,866	(5,695,087)
Other instruction	4,873,714	-	-	(4,873,714)
Total instruction	<u>65,748,847</u>	<u>-</u>	<u>5,711,866</u>	<u>(60,036,981)</u>
Support services				
Pupil services	5,511,123	-	-	(5,511,123)
Instructional staff services	4,352,319	-	340,017	(4,012,302)
General administration services	1,053,732	-	-	(1,053,732)
Building administration services	5,641,588	-	-	(5,641,588)
Business services	5,703,412	1,673,268	3,057,217	(972,927)
Operations and maintenance	22,961,875	-	-	(22,961,875)
Pupil transportation	3,279,837	-	171,178	(3,108,659)
Central services	4,067,192	-	-	(4,067,192)
Insurance	927,923	-	-	(927,923)
Interest	2,420,211	-	-	(2,420,211)
Other support services	15,149	-	-	(15,149)
Total support services	<u>55,934,361</u>	<u>1,673,268</u>	<u>3,568,412</u>	<u>(50,692,681)</u>
Non-program transactions	3,029,407	-	-	(3,029,407)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 124,712,615</u>	<u>\$ 1,673,268</u>	<u>\$ 9,280,278</u>	<u>(113,759,069)</u>
General revenues				
Taxes				
Property taxes, levied for general purposes				34,828,304
Property taxes, levied for debt services				7,823,587
Property taxes, levied for community services				437,200
State and federal aids not restricted to specific functions				
General				62,241,797
Interest and investment earnings				162,147
Miscellaneous				1,360,210
Net loss on disposal of capital assets				146,068
Total general revenues				<u>106,999,313</u>
CHANGE IN NET POSITION				(6,759,756)
NET POSITION - BEGINNING OF YEAR				<u>110,973,251</u>
NET POSITION - END OF YEAR				<u>\$ 104,213,495</u>

The accompanying notes are an integral part of these statements.

**WAUSAU SCHOOL DISTRICT
WAUSAU, WISCONSIN**

**FUND
FINANCIAL STATEMENTS**

WAUSAU SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	GENERAL FUND	REFERENDUM APPROVED DEBT SERVICE	CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and investments	\$ 29,250,430	\$ 2,066,807	\$ 21,438,992	\$ 2,941,963	\$ 55,698,192
Taxes receivable	10,633,637	-	-	-	10,633,637
Accounts receivable	27,024	-	-	-	27,024
Interest receivable	1,471	-	-	-	1,471
Due from other funds	576,942	-	-	-	576,942
Due from other governments	3,931,356	-	-	344,495	4,275,851
TOTAL ASSETS	44,420,860	2,066,807	21,438,992	3,286,458	71,213,117
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	696,410	-	3,101,880	15,855	3,814,145
Due to other funds	238,382	-	-	92,315	330,697
Payroll, payroll taxes, insurance	14,614,481	-	-	117,835	14,732,316
TOTAL LIABILITIES	15,549,273	-	3,101,880	226,005	18,877,158
FUND BALANCES					
Restricted	7,336,548	2,066,807	18,337,112	2,727,455	30,467,922
Committed	-	-	-	332,998	332,998
Assigned	20,072,804	-	-	-	20,072,804
Unassigned	1,462,235	-	-	-	1,462,235
TOTAL FUND BALANCES	28,871,587	2,066,807	18,337,112	3,060,453	52,335,959
TOTAL LIABILITIES AND FUND BALANCES	\$ 44,420,860	\$ 2,066,807	\$ 21,438,992	\$ 3,286,458	

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

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

Governmental capital asset	\$ 167,052,065	
Governmental accumulated depreciation	(49,556,955)	117,495,110

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

21,161,197

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

General obligation debt	(71,570,000)	
Accrued interest on general obligation debt	(854,969)	
Capital leases	(417,411)	
Issuance premium	(3,200,581)	
Deferred charge on refunding	409,934	
WRS liability	(6,705,398)	
Net OPEB obligation	(4,440,346)	(86,778,771)

Total net position - governmental activities **\$ 104,213,495**

The accompanying notes are an integral part of these statements.

WAUSAU SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	GENERAL FUND	REFERENDUM APPROVED DEBT SERVICE	CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Property taxes	\$ 34,828,304	\$ 6,517,345	\$ -	\$ 1,743,442	\$ 43,089,091
Other local sources	405,537	8,435	58,355	2,276,597	2,748,924
Interdistrict sources	2,212,253	-	-	-	2,212,253
Intermediate sources	1,500	-	-	-	1,500
State sources	60,867,656	-	-	84,205	60,951,861
Federal sources	4,637,632	-	-	3,718,829	8,356,461
Other sources	447,570	1,287,897	-	377,817	2,113,284
TOTAL REVENUES	103,400,452	7,813,677	58,355	8,200,890	119,473,374
EXPENDITURES					
Current					
Instruction					
Regular instruction	44,272,576	-	-	114,715	44,387,291
Vocational instruction	2,144,516	-	7,181	10,290	2,161,987
Special instruction	10,781,124	-	-	-	10,781,124
Other instruction	4,600,447	-	-	-	4,600,447
Total instruction	61,798,663	-	7,181	125,005	61,930,849
Support services					
Pupil services	4,769,336	-	-	569,055	5,338,391
Instructional staff services	3,892,905	-	-	90,847	3,983,752
General administration services	597,631	-	-	413,987	1,011,618
Building administration services	5,330,462	-	-	-	5,330,462
Business services	907,109	-	-	4,576,436	5,483,545
Operations and maintenance	12,773,032	-	21,221,095	68,982	34,063,109
Pupil transportation	3,252,849	-	-	15,953	3,268,802
Central services	3,827,046	-	-	6,175	3,833,221
Insurance	908,872	-	19,051	-	927,923
Other support services	15,000	-	-	-	15,000
Total support services	36,274,242	-	21,240,146	5,741,435	63,255,823
Non-program transactions	3,029,407	-	-	-	3,029,407
Debt service					
Principal	193,331	5,300,000	-	1,340,000	6,833,331
Interest	12,193	1,865,586	-	158,384	2,036,163
Other	-	147,650	-	61,350	209,000
Total debt service	205,524	7,313,236	-	1,559,734	9,078,494
Capital outlay	593,903	-	38,916	262,387	895,206
TOTAL EXPENDITURES	101,901,739	7,313,236	21,286,243	7,688,561	138,189,779
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,498,713	500,441	(21,227,888)	512,329	(18,716,405)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	129,669	-	-	16,399	146,068
Proceeds from issuance of long term debt	-	-	39,565,000	-	39,565,000
Transfer (to) from other funds	(166,147)	-	-	166,147	-
TOTAL OTHER FINANCING SOURCES (USES)	(36,478)	-	39,565,000	182,546	39,711,068
NET CHANGE IN FUND BALANCE	1,462,235	500,441	18,337,112	694,875	20,994,663
FUND BALANCE - BEGINNING OF YEAR	27,409,352	1,566,366	-	2,365,578	31,341,296
FUND BALANCE - END OF YEAR	\$ 28,871,587	\$ 2,066,807	\$ 18,337,112	\$ 3,060,453	\$ 52,335,959

The accompanying notes are an integral part of these statements.

WAUSAU SCHOOL DISTRICT

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016**

Net change in fund balances - total governmental funds \$ 20,994,663

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

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

Capital outlay reported in fund statements	\$ 895,206	
Capital outlay reported as other expenses in fund statements	13,580,905	
Depreciation expense reported in the statement of activities	(2,649,619)	
Net book value of capital assets disposed	<u>(5,576)</u>	
Amount by which capital outlays are greater than depreciation in the current period:		11,820,916

The amount of the loan is reported in the governmental funds as a source of financing. In the statement of net position however, loans are not reported as a financing source, but rather constitute a long-term liability. The amount of loans reported in the governmental funds statement is:

(39,565,000)

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

This year the accrual of these benefits increased by: (868,318)

Certain revenues are unearned in the governmental funds because they are not available to pay current period expenditures. In the statement of activities these are recorded as revenue in the current year.

Other unearned revenue recognized in the governmental funds (869)

Wisconsin Retirement System asset, deferred inflows of resources, and deferred outflows of resources changes:

(4,133,717)

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

Amount of long-term debt principal payments in the current year is: 6,833,331

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

Amount of interest and other debt costs paid during the current period is	\$ 579,449	
Amount of interest and other debt costs accrued during the current period is	<u>(2,420,211)</u>	
Interest paid is less than interest accrued by:		<u>(1,840,762)</u>

Change in net position - governmental activities \$ (6,759,756)

WAUSAU SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	<u>SCHOLARSHIP TRUST</u>	<u>EMPLOYEE BENEFIT TRUST</u>	<u>AGENCY FUND STUDENT ACTIVITY</u>
<u>ASSETS</u>			
Cash and investments	\$ 507,722	\$ 3,374,590	\$ 1,104,722
Accounts receivable	412	-	-
Due from other funds	-	238,382	-
	<u>508,134</u>	<u>3,612,972</u>	<u>1,104,722</u>
<u>LIABILITIES</u>			
Deposits payable	-	135,436	-
Due to other funds	-	484,627	-
Due to student organizations	-	-	1,104,722
	<u>-</u>	<u>620,063</u>	<u>\$ 1,104,722</u>
NET POSITION			
Held in trust	<u>508,134</u>	<u>2,992,909</u>	
TOTAL LIABILITIES AND NET POSITION	<u>\$ 508,134</u>	<u>\$ 3,612,972</u>	

The accompanying notes are an integral part of these statements.

WAUSAU SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2016

	SCHOLARSHIP TRUST	EMPLOYEE BENEFIT TRUST
ADDITIONS		
Interest	\$ 1,070	\$ 43,418
Contributions	98,868	2,218,418
TOTAL ADDITIONS	99,938	2,261,836
 DEDUCTIONS		
Trust expenditures	26,066	2,081,654
TOTAL LIABILITIES	26,066	2,081,654
CHANGE IN NET POSITION	73,872	180,182
 NET POSITION - BEGINNING OF YEAR	434,262	2,812,727
 NET POSITION - END OF YEAR	\$ 508,134	\$ 2,992,909

The accompanying notes are an integral part of these statements.

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**WAUSAU SCHOOL DISTRICT
WAUSAU, WISCONSIN**

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - Summary of Significant Accounting Policies

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

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

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

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

Basis Of Presentation

District-Wide Statements

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

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

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2016

NOTE 1 - Summary of Significant Accounting Policies - Continued

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

The District accounts for assets held as an agent for various student organizations and scholarships in a fiduciary agency fund.

Private purpose trust funds are used to report any trust arrangement not properly reported in a pension trust fund under which principal and income benefit individuals, private organizations, or other governments.

Measurement Focus and Basis of Accounting

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

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

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2016

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

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

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

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

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2015 tax levy is used to finance operations of the District's fiscal year ended June 30, 2016. All property taxes are considered due on January 1, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30 and are available to pay current liabilities.

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

Due to/Due from Other Funds - During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as due to and from other funds. The amounts reported on the statement of net position for receivable/payable from external parties represents amount due between different fund types

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2016

NOTE 1 - Summary of Significant Accounting Policies - Continued

(governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type.

Interfund Transactions - Non-exchange transactions which are not borrowing/lending (will not be repaid) are recorded as operating transfers, and exchange transactions are recorded as revenues and expenses. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

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

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

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

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

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

Vested Employee Benefits

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

Retirement Plans - District employees participate in the Wisconsin Retirement System. All contributions made by the District on behalf of its employees are reported as expenditures when paid.

Post-Employment Benefits - The District provides varying amounts of health, dental and life insurance to eligible retired employees age 55 to 64, based on the employment agreement in existence at the date of their retirement. These benefits provide insurance coverage to age 65. The District will cover the cost of insurance premiums based on the applicable employment agreement. An estimate of the present value of future benefits is recognized as a liability in the statement of assets.

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2016

NOTE 1 - Summary of Significant Accounting Policies - Continued

Pension - For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net pension of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows and Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure) until then. The District has two items that qualify for reporting in this category. They are the deferred charge on refunding and Wisconsin Retirement System pension reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The Wisconsin Retirement System pension results from changes in the pension plan.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The District has one item that qualifies for reporting in this category. The Wisconsin Retirement System pension results from changes in the pension plan.

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

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

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

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2016

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

NOTE 2 - Cash and Investments

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

As of June 30, 2016, the District had the following investment:

<u>Investment</u>	<u>Weighted average maturities</u>	<u>Fair value</u>
State of Wisconsin Investment Pool	Less than one year	\$ 5,616
Wisconsin Investment Trust	Less than one year	<u>27,439,309</u>
Total		<u>\$27,444,925</u>

Investment Pool Information - Participation in the State of Wisconsin Local Government Investment Pool is voluntary. The Pool's regulatory oversight is provided by state statutes and its investment board. The fair value of the District's position in the Pool is the same as the value of the Pool shares. At June 30, 2016, the Pool's fair value was 100 percent of book value.

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

- 1) State of Wisconsin Local Government Investment Pool fair value is determined monthly by the Pool's investment board based on published market quotations (level 2 inputs).
- 2) Wisconsin Investment Trust is determined based on published market quotations (level 2 inputs).

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

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

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2016

NOTE 2 - Cash and Investments - Continued

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

Custodial Credit Risk - Deposits - Custodial credit is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. The State of Wisconsin's Public Deposit Guarantee Fund created under Chapter 34 of the Wisconsin Statutes protects the District's designated public depositories against any losses of public funds up to \$400,000 subject to the total amount of the Guarantee Fund available. As of June 30, 2016, \$31,017,178 of the District's bank balance of \$33,547,761 was exposed to custodial credit risk as uninsured collateral pledged by the bank in the District's name.

NOTE 3 - Capital Assets

Capital asset balances and activity for the year ended June 30, 2016 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 7,360,201	\$ -	\$ -	\$ 7,360,201
Construction in progress	122,510	13,950,479	(122,510)	13,950,479
Total capital assets not being depreciated	<u>7,482,711</u>	<u>13,950,479</u>	<u>(122,510)</u>	<u>21,310,680</u>
Capital assets being depreciated:				
Land improvements	2,094,056	66,614	-	2,160,670
Buildings and improvements	124,523,643	57,196	-	124,580,839
Equipment	18,516,430	524,332	(40,886)	18,999,876
Total capital assets being depreciated	<u>145,134,129</u>	<u>648,142</u>	<u>(40,886)</u>	<u>145,741,385</u>
Less accumulated depreciation for:				
Land improvements	(1,260,528)	(52,121)	-	(1,312,649)
Buildings and improvements	(31,928,617)	(1,722,455)	-	(33,651,072)
Equipment	(13,753,501)	(875,043)	35,310	(14,593,234)
Total accumulated depreciation	<u>(46,942,646)</u>	<u>(2,649,619)</u>	<u>35,310</u>	<u>(49,556,955)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>98,191,483</u>	<u>(2,001,477)</u>	<u>(5,576)</u>	<u>96,184,430</u>
Capital assets, net of accumulated depreciation	<u>\$ 105,674,194</u>	<u>\$ 11,949,002</u>	<u>\$ (128,086)</u>	<u>\$ 117,495,110</u>

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2016

NOTE 3 - Capital Assets - Continued

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 19,399
Vocational instruction	7,868
Special education instruction	2,672
Other instruction	1,771
Pupil services	139
Instructional staff services	1,994
General administration services	123
Building administration services	2,291
Business administration services	2,592,093
Central services	<u>21,269</u>
Total	<u>\$ 2,649,619</u>

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

NOTE 4 - Long-Term Liabilities

	Beginning			Ending	Amounts
	Balance	Increases	Decreases	Balance	Due Within
					One Year
Bonds payable	\$ 38,645,000	\$ 29,565,000	\$ (5,300,000)	\$ 62,910,000	\$ 4,325,000
Notes payable	-	10,000,000	(1,340,000)	8,660,000	1,325,000
Leases payable	610,742	-	(193,331)	417,411	197,818
Premium	1,942,797	1,665,714	(407,930)	3,200,581	407,930
Wisconsin Retirement System					
Net Pension Liability	-	6,705,398	-	6,705,398	-
Supplemental pension	-	34,462	(34,462)	-	-
Net OPEB obligation	<u>3,572,028</u>	<u>2,892,002</u>	<u>(2,023,684)</u>	<u>4,440,346</u>	<u>2,023,684</u>
Total	<u>\$ 44,770,567</u>	<u>\$ 50,862,576</u>	<u>\$ (9,299,407)</u>	<u>\$ 86,333,736</u>	<u>\$ 8,279,432</u>

Interest costs incurred during the year totaled \$2,036,163. Total interest paid during the year aggregated \$2,414,174 including \$12,193 for capital leases.

General Obligation Debt - All long-term debt is secured by the full faith and credit and unlimited taxing powers of the District. The long-term debt is expected to be repaid with general property taxes. Long-term debt at June 30, 2016 is comprised of the following individual issues:

<u>Issue Description</u>	<u>Issue Dates</u>	<u>Interest Rates (%)</u>	<u>Dates of Maturity</u>	<u>Balance</u>
Refunding bonds	9/29/09	3.5%	3/1/21	2,010,000

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2016

NOTE 4 - Long-Term Liabilities - Continued

Refunding bonds	12/3/10	3-4%	3/1/22	15,140,000
Refunding bonds	11/15/11	2-5%	3/1/21	11,475,000
Refunding bonds	12/29/14	2-3%	3/1/19	5,815,000
Bonds	8/4/15	2-5%	3/1/32	18,470,000
Notes	8/4/15	2-4%	3/1/25	8,660,000
Bonds	3/1/16	2.5-2.75%	3/1/35	<u>10,000,000</u>
Total General Obligation Debt				<u>\$ 71,570,000</u>

General Obligation Debt - The 2015 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$3,759,146,896. The legal debt limit and margin of indebtedness as of June 30, 2016 in accordance with section 67.03(1)(b) of the Wisconsin Statutes, follows:

Debt limit (10% of \$3,759,146,896)	\$ 375,914,690
Amount available in debt service fund	2,192,271
Deduct long-term debt applicable to debt margin	<u>(71,570,000)</u>
Margin of indebtedness	<u>\$ 306,536,961</u>

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 5,650,000	\$ 2,564,906	\$ 8,214,906
2018	5,295,000	2,415,506	7,710,506
2019	5,470,000	2,241,331	7,711,331
2020	5,815,000	2,067,831	7,882,831
2021	6,030,000	1,854,881	7,884,881
2022-2026	20,770,000	5,837,106	26,607,106
2027-2031	11,540,000	2,844,119	14,384,119
2032-2035	<u>11,000,000</u>	<u>775,250</u>	<u>11,775,250</u>
	<u>\$ 71,570,000</u>	<u>\$ 20,600,930</u>	<u>\$ 92,170,930</u>

Prior-Year Defeasance of Debt - In prior years, the District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2016, \$11,630,000 of bonds outstanding are considered defeased.

NOTE 5 - Wisconsin Retirement System

General Information about the Pension Plan

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

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2016

NOTE 5 - Wisconsin Retirement System - Continued

participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

Benefits Provided - Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2016

NOTE 5 - Wisconsin Retirement System - Continued

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

During the reporting period, the WRS recognized \$4,040,371 in contributions from the employer.

Contribution rates as of June 30, 2016 are:

Employee Category	Employee	Employer
General (including teachers)	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

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

At June 30, 2016, the District reported a liability (asset) of 6,705,398 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the District's proportion was 0.41264480%, which was a decrease of 0.00174403% from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$8,039,443.

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,129,569	\$ 14,111,395
Changes in assumptions	4,691,388	-
Net differences between projected and actual earnings on pension plan investments	27,438,253	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	25,124	173,048
Employer contributions subsequent to the measurement date	2,161,306	-
Total	\$ 35,445,640	\$ 14,284,443

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2016

NOTE 5 - Wisconsin Retirement System - Continued

\$2,161,306 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ending June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$ 8,640,152	\$ 3,466,088
2018	8,640,152	3,466,087
2019	8,640,152	3,466,087
2020	7,212,984	3,434,720
2021	150,894	451,461

Actuarial Assumptions - The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset)	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 - 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

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

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2016

NOTE 5 - Wisconsin Retirement System - Continued

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Destination Target Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
U.S. Equities	27%	23%	7.6%	4.7%
International Equities	24.5	22	8.5	5.6
Fixed Income	27.5	37	4.4	1.6
Inflation Sensitive Assets	10	20	4.2	1.4
Real Estate	7	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.7	3.8
Total Core Fund	107%	120%	7.4%	4.5%
<u>Variable Fund Asset Class</u>				
U.S. Equities	70%	70%	7.6%	4.7%
International Equities	30	30	8.5	5.6
Total Variable Core Fund	100%	100%	7.9%	5%

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

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

Single Discount Rate - A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% 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 long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	<u>1% Decrease to Discount Rate (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase To Discount Rate (8.20%)</u>
District's proportionate share of the net pension liability (asset)	\$ 47,031,789	\$ 6,705,398	\$ (24,790,233)

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

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2016

NOTE 5 - Wisconsin Retirement System - Continued

Payables to the Pension Plan -The District reported a payable of \$1,030,653 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

NOTE 6 - Interfund Balances and Activity

Interfund receivable and payable balances on June 30, 2016, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Employee benefit trust	\$ 484,627
General	Federal grant	92,315
Employee benefit trust	General	<u>238,382</u>
		<u>\$ 815,324</u>

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

Interfund transfers at June 30, 2016 were as follows:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General	Long-term Capital Improvement Trust	\$ 200,000
Federal Grant Fund	General Fund	<u>33,853</u>
		<u>\$ 233,853</u>

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

NOTE 7 - Post Employment Benefits Other Than Pensions

Plan Description - The District, through its substantive commitment to provide other post employment benefits (OPEB), maintains a single-employer defined benefit plan to provide certain post retirement healthcare benefits to former employees who meet retirement eligibility requirements and continue retiree medical coverage for a specified period. The District is under contractual obligation to provide these healthcare benefits. Because the Plan consists solely of the District's firm commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

Funding Policy - Premiums under the Plan for post employment healthcare benefits are funded by retirees via co-pays paid to the District in accordance with rates established by the District and from the District itself from the appropriate governmental funds on a pay-as-you-go basis. The District may make additional contributions as determined by management. For the year ended June 30, 2016, contribution rates for Plan members were \$0 - \$920 per participant per month and \$350 - \$1,900 from the District, depending on the type of retiree plan. Plan members receiving benefits paid \$536,079 and the District paid \$1,428,308 for current year premiums due.

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2016

NOTE 7 - Post Employment Benefits Other Than Pensions - Continued

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 30 years. The following illustrates the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation:

Annual required contribution	\$ 2,955,715
Interest on net OPEB obligation	142,882
Adjustment to annual required contribution	<u>(206,595)</u>
Annual OPEB cost	2,892,002
Contributions made	<u>(2,023,684)</u>
Increase in net OPEB obligation	868,318
Net OPEB obligation - beginning of year	<u>3,572,028</u>
Net OPEB obligation - end of year	<u>\$ 4,440,346</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation End of Year</u>
6/30/14	\$ 2,683,469	66.5%	\$ 2,918,213
6/30/15	2,671,033	75.5%	3,572,028
6/30/16	2,892,002	70.0%	4,440,346

Funding Status and Funding Progress - As of July 1, 2015, the most recent actuarial valuation date, the Plan was funded in the amount of \$2,812,727 or 10.08% of the actuarial accrued liability (AAL). The AAL for benefits equaled \$27,892,309, resulting in an unfunded actuarial accrued liability (UAAL) of \$25,079,582. The covered payroll (annual payroll of active employees covered by the Plan) equaled \$42,385,104, and the ratio of the UAAL to the covered payroll is 59.2%

Actuarial Methods and Assumptions - Actuarial valuations of the Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The actuarial determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits are based on the types of benefits provided under the Plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and Plan members. Projections of benefits for financial reporting purposes does not explicitly incorporate the potential effects of unknown legal or contractual funding limitations on the pattern of cost sharing between the employer and Plan members in the future. The actuarial calculations reflect a long-term perspective and actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and assets.

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2016

NOTE 7 - Post Employment Benefits Other Than Pensions - Continued

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The actuarial valuation, dated July 1, 2015, used the projected unit credit cost method. The assumptions and methods used in the valuation were: value of assets-fair market value, 4.0% investment return, 3% per annum salary increases, 7.5% - 5% medical healthcare cost trend rate, 5% dental healthcare cost trend rate and level dollar amortization method over 30 years with open period.

NOTE 8 - Supplemental Pension

Description and Funding Policy - The District will provide a lump sum payout upon retirement to clerical employees. The amount is based on the average scheduled hours in the last three years of employment with the District.

Supplemental Pension (Stipend) Benefit - Clerical employees at least age 57 with a minimum of 20 consecutive years of service will receive a cash benefit based upon the average number of hours worked over the last three years of employment. This benefit will be paid out in cash as one lump sum upon retirement.

Annual Supplemental Pension Costs and Obligation - The District's annual pension costs for the year ended June 30, 2016, and related actuarial assumptions used for the current year and related information for each Plan is as follows:

Annual required contribution	\$	34,462
Interest on net pension obligation		-
Adjustment to annual required contribution		-
Annual pension cost		34,462
Contributions made		(34,462)
Increase (decrease) in net pension obligation		-
Net supplemental pension obligation - beginning of year		-
Net supplemental pension obligation - end of year	\$	-

The District's annual pension cost, the percentage of annual pension cost contributed to the Plan, and the net pension obligation are as follows:

Fiscal Year Ended	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation - End of Year
6/30/16	\$ 34,462	100%	\$ -

Funding Status and Funding Progress - As of July 1, 2015, the most recent actuarial valuation date, the Plan was not funded. The AAL for benefits equaled \$266,336, resulting in an unfunded actuarial accrued liability (UAAL) of \$266,336. The covered payroll (annual payroll of active employees covered by the Plan) equaled \$6,251,511, and the ratio of the UAAL to the covered payroll is 4.3%

Actuarial Methods and Assumptions - The actuarial valuation, dated July 1, 2015, used the projected unit credit cost method. The assumptions and methods used in the valuation were: value of assets-fair

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2016

NOTE 8 - Supplemental Pension - Continued

market value, 4% investment return, 3% per annum salary increases, and level percentage amortization method over 30 years with open period.

NOTE 9 - Fund Balance and Net Position

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

<u>Governmental Fund</u>	<u>Purpose</u>	<u>Amount</u>
Restricted		
General	Specific expenses	\$ 7,336,548
Referendum approved debt service	Principal and interest	\$ 2,066,807
Capital projects	DPI regulation	\$ 18,337,112
Non-scholarship donation	Specific expenses	\$ 381,914
Community service	Specific expenses	\$ 2,271
Food service	DPI regulation	\$ 2,017,792
Non-referendum debt service	Principal and interest	\$ 125,464
Long-term capital improvement trust	DPI regulation	\$ 200,014
Committed		
Community service	Specific expenses	\$ 332,998
Assigned		
General	Specific expenses	\$ 20,072,804
<u>Governmental Activities</u>	<u>Purpose</u>	<u>Amount</u>
Restricted		
General	DPI regulation	\$ 7,336,548
Special revenue	DPI regulation	\$ 2,401,977
Capital projects	DPI regulation	\$ 18,537,126
Debt service	Principal and interest	\$ 2,192,271
Other activities	Wisconsin Retirement System pension	\$ 14,455,799

NOTE 10 - Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters. The District manages these risks through the purchase of various forms of commercial insurance except for self-insured health and dental benefits as described in Note 12. Settled claims have not exceeded commercial coverage in any of the past three years and there has been no significant reduction in insurance coverage from coverage in the prior year.

NOTE 11 - Limitation of School District Revenue

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

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2016

NOTE 12 - Capital Leases

The District leases equipment under capital leases. These assets are included in the capital assets with a cost value of \$1,249,835. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2017	\$ 205,524
2018	205,524
2019	<u>17,127</u>
Total minimum lease payments	428,175
Less: amount representing interest	<u>10,764</u>
Present value of net minimum lease payments	<u><u>\$ 417,411</u></u>

NOTE 13 - Commitments and Contingent Liabilities

The District has a service agreement with Cooperative Education Service Agency #9 for services to be provided to the District in 2016-2017. Expected costs are \$143,652.

During the year, the District entered into an estimated \$25,875,000 contract for upgrades to various district buildings.

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

2016-2017	\$	3,334,178
2017-2018		3,400,862
2018-2019		<u>3,468,879</u>
		<u><u>\$ 10,203,919</u></u>

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

NOTE 14 - Self-Funded Insurance Program

Self-Insured Risk - The District's Self Insurance is accounted for in the general fund, with appropriate charges to other funds as payroll is incurred in the other funds.

Benefit maximums contained in the plan limit the District's total liability under the plan. An administrator processes claims filed and the District is liable for administrative expenses.

Claims Liabilities - The District records an estimated liability for health and dental care claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience.

Unpaid Claims Liabilities - The following represent the changes in approximate aggregate liabilities for health and dental care for the current and prior year.

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2016

NOTE 14 - Self-Funded Insurance Program - Continued

	Year Ended <u>June 30, 2016</u>	Year Ended <u>June 30, 2015</u>
Beginning liability balance	\$ 4,799,449	\$ 4,557,458
Claims and changes in estimates	16,950,884	20,605,941
Claim payments	<u>(15,613,882)</u>	<u>(20,363,950)</u>
Ending liability balance	<u>\$ 6,136,451</u>	<u>\$ 4,799,449</u>

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

**WAUSAU SCHOOL DISTRICT
WAUSAU, WISCONSIN**

**REQUIRED
SUPPLEMENTARY INFORMATION**

WAUSAU SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2016

	ORIGINAL BUDGETED AMOUNTS			FINAL BUDGETED AMOUNTS			ACTUAL AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	GENERAL	SPECIAL EDUCATION	TOTAL	GENERAL	SPECIAL EDUCATION	TOTAL	GENERAL	SPECIAL EDUCATION	TOTAL	
	REVENUES									
Property taxes	\$ 34,831,021	\$ -	\$ 34,831,021	\$ 34,831,021	\$ -	\$ 34,831,021	\$ 34,828,304	\$ -	\$ 34,828,304	\$ (2,717)
Other local sources	352,500	-	352,500	352,500	-	352,500	405,537	-	405,537	53,037
Interdistrict sources	1,775,000	380,000	2,155,000	1,775,000	380,000	2,155,000	1,883,474	328,779	2,212,253	57,253
Intermediate sources	-	-	-	-	-	-	-	1,500	1,500	1,500
State sources	57,448,842	3,280,000	60,728,842	57,448,842	3,280,000	60,728,842	57,515,374	3,352,282	60,867,656	138,814
Federal sources	2,947,582	2,499,471	5,447,053	2,947,582	2,499,471	5,447,053	2,608,327	2,029,305	4,637,632	(809,421)
Other sources	432,916	-	432,916	432,916	-	432,916	447,570	-	447,570	14,654
TOTAL REVENUES	97,787,861	6,159,471	103,947,332	97,787,861	6,159,471	103,947,332	97,688,586	5,711,866	103,400,452	(546,880)
EXPENDITURES										
Current										
Instruction										
Regular instruction	45,358,743	-	45,358,743	45,358,743	-	45,358,743	44,272,576	-	44,272,576	1,086,167
Vocational instruction	2,277,905	-	2,277,905	2,277,905	-	2,277,905	2,144,516	-	2,144,516	133,389
Special instruction	-	11,331,749	11,331,749	-	11,331,749	11,331,749	-	10,781,124	10,781,124	550,625
Other instruction	4,848,730	-	4,848,730	4,848,730	-	4,848,730	4,600,447	-	4,600,447	248,283
Total instruction	52,485,378	11,331,749	63,817,127	52,485,378	11,331,749	63,817,127	51,017,539	10,781,124	61,798,663	2,018,464
Support services										
Pupil services	3,298,522	1,643,891	4,942,413	3,298,522	1,643,891	4,942,413	3,143,034	1,626,302	4,769,336	173,077
Instructional staff services	3,662,816	796,048	4,458,864	3,662,816	796,048	4,458,864	3,076,026	816,879	3,892,905	565,959
General administration services	484,191	-	484,191	484,191	-	484,191	597,631	-	597,631	(113,440)
Building administration services	5,428,263	-	5,428,263	5,428,263	-	5,428,263	5,330,462	-	5,330,462	97,801
Business services	988,375	-	988,375	988,375	-	988,375	907,109	-	907,109	81,266
Operations and maintenance	12,225,190	-	12,225,190	12,225,190	-	12,225,190	12,772,507	525	12,773,032	(547,842)
Pupil transportation	2,530,706	861,175	3,391,881	2,530,706	861,175	3,391,881	2,354,809	898,040	3,252,849	139,032
Central services	4,714,351	-	4,714,351	4,714,351	-	4,714,351	3,827,046	-	3,827,046	887,305
Insurance	850,000	-	850,000	850,000	-	850,000	908,872	-	908,872	(58,872)
Other support services	17,283	-	17,283	17,283	-	17,283	15,000	-	15,000	2,283
Total support services	34,199,697	3,301,114	37,500,811	34,199,697	3,301,114	37,500,811	32,932,496	3,341,746	36,274,242	1,226,569
Non-program transactions	2,246,224	169,200	2,415,424	2,246,224	169,200	2,415,424	2,814,080	215,327	3,029,407	(613,983)
Debt service	370,424	-	370,424	370,424	-	370,424	205,524	-	205,524	164,900
Capital outlay	230,018	-	230,018	230,018	-	230,018	585,735	8,168	593,903	(363,885)
TOTAL EXPENDITURES	89,531,741	14,802,063	104,333,804	89,531,741	14,802,063	104,333,804	87,555,374	14,346,365	101,901,739	2,432,065
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,256,120	(8,642,592)	(386,472)	8,256,120	(8,642,592)	(386,472)	10,133,212	(8,634,499)	1,498,713	1,885,185
OTHER FINANCING SOURCES (USES)										
Proceeds from sale of capital assets	2,000	-	2,000	2,000	-	2,000	129,669	-	129,669	127,669
Capital lease proceeds	-	-	-	-	-	-	-	-	-	-
Transfer (to) from other funds	(8,615,508)	8,642,592	27,084	(8,615,508)	8,642,592	27,084	(8,800,646)	8,634,499	(166,147)	(193,231)
TOTAL OTHER FINANCING SOURCES (USES)	(8,613,508)	8,642,592	29,084	(8,613,508)	8,642,592	29,084	(8,670,977)	8,634,499	(36,478)	(65,562)
NET CHANGE IN FUND BALANCE	(357,388)	-	(357,388)	(357,388)	-	(357,388)	1,462,235	-	1,462,235	1,819,623
FUND BALANCE - BEGINNING OF YEAR	27,409,352	-	27,409,352	27,409,352	-	27,409,352	27,409,352	-	27,409,352	-
FUND BALANCE - END OF YEAR	\$ 27,051,964	\$ -	\$ 27,051,964	\$ 27,051,964	\$ -	\$ 27,051,964	\$ 28,871,587	\$ -	\$ 28,871,587	\$ 1,819,623

The accompanying notes are an integral part of these statements.

WAUSAU SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
JUNE 30, 2016

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

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

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

NOTE 2 - Excess of Actual Expenditure Over Budget - The following functions had an excess of actual expenditures over budget.

General/Special Education	General administration services	\$ 113,440
General/Special Education	Operations and maintenance	547,842
General/Special Education	Insurance	58,872
General/Special Education	Non-program transactions	613,983
General/Special Education	Capital outlay	363,885
General/Special Education	Transfers to other funds	193,231

WAUSAU SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS - POST EMPLOYMENT HEALTHCARE
AND SUPPLEMENTAL PENSION
JUNE 30, 2016

SCHEDULE OF FUNDING PROGRESS

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (AAL) - ENTRY AGE (b)	UNFUNDED AAL (UAAL) (b - a)	FUNDED RATIO (a / b)	COVERED PAYROLL (c)	UAAL AS A PERCENTAGE OF COVERED PAYROLL ((b - a) / c)
<u>Post Employment Healthcare</u>						
2014						
7/1/13	\$ 3,154,763	\$ 25,273,050	\$ 22,118,287	12.48%	\$ 41,758,995	53.0%
2015						
7/1/13	3,154,763	25,273,050	22,118,287	12.48%	42,485,521	52.1%
2016						
7/1/15	2,812,727	27,892,309	25,079,582	10.08%	42,385,104	59.2%
<u>Supplemental Pension</u>						
2016						
7/1/15	-	266,336	266,336	0.00%	6,251,511	4.3%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

YEAR ENDED JUNE 30	ANNUAL REQUIRED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENTAGE CONTRIBUTED
<u>Post Employment Healthcare</u>			
2014	\$ 2,711,371	\$ 1,783,877	65.79%
2015	2,711,371	2,017,128	74.40%
2016	2,955,715	2,023,684	68.47%
<u>Supplemental Pension</u>			
2016	\$ 34,462	\$ 34,462	100.00%

WAUSAU SCHOOL DISTRICT
WISCONSIN RETIREMENT SYSTEM SCHEDULES
JUNE 30, 2016

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

	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.41264480%	0.41090077%
Proportionate share of the net pension liability (asset)	\$ 6,705,398	\$ (10,092,847)
Covered payroll	\$ 59,416,959	\$ 56,913,887
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	11.29%	-17.73%
Plan fiduciary net position as a percentage of the total pension liability	98.20%	102.74%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 4,040,371	\$ 3,985,066
Contributions in relation to the contractually required contribution	<u>(4,040,371)</u>	<u>(3,985,066)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 59,416,959	\$ 56,913,887
Contributions as a percentage of covered payroll	6.80%	7.00%

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

The District implemented the Government Accounting Standards Board Statement No. 68 for the year ended June 30, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 8 proceeding years.

Notes to Required Supplementary Information for the Year Ended June 30, 2016

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

Changes of assumptions - there were no changes in the assumptions.

**WAUSAU SCHOOL DISTRICT
WAUSAU, WISCONSIN**

**OTHER
SUPPLEMENTARY INFORMATION**

WAUSAU SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	<u>SPECIAL REVENUE FUNDS</u>						TOTAL NONMAJOR GOVERNMENTAL FUNDS
	NON- SCHOLARSHIP DONATION FUND	COMMUNITY SERVICES	FEDERAL GRANT FUND	FOOD SERVICE FUND	NON-REFERENDUM DEBT SERVICE	LONG-TERM CAPITAL IMPROVEMENT TRUST	
ASSETS							
Cash and investments	\$ 382,029	\$ 346,781	\$ -	\$ 1,887,675	\$ 125,464	\$ 200,014	\$ 2,941,963
Due from other governments	-	-	161,643	182,852	-	-	344,495
TOTAL ASSETS	382,029	346,781	161,643	2,070,527	125,464	200,014	3,286,458
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	115	14	158	15,568	-	-	15,855
Due to other funds	-	-	92,315	-	-	-	92,315
Accrued liabilities							
Payroll, payroll taxes, insurance	-	11,498	69,170	37,167	-	-	117,835
TOTAL LIABILITIES	115	11,512	161,643	52,735	-	-	226,005
FUND BALANCES							
Restricted	381,914	2,271	-	2,017,792	125,464	200,014	2,727,455
Committed	-	332,998	-	-	-	-	332,998
TOTAL FUND BALANCES	381,914	335,269	-	2,017,792	125,464	200,014	3,060,453
TOTAL LIABILITIES AND FUND BALANCES	\$ 382,029	\$ 346,781	\$ 161,643	\$ 2,070,527	\$ 125,464	\$ 200,014	\$ 3,286,458

WAUSAU SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS						
	NON- SCHOLARSHIP DONATION FUND	COMMUNITY SERVICES	FEDERAL GRANT FUND	FOOD SERVICE FUND	NON-REFERENDUM DEBT SERVICE	LONG-TERM CAPITAL IMPROVEMENT TRUST	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES							
Property taxes	\$ -	\$ 437,200	\$ -	\$ -	\$ 1,306,242	\$ -	\$ 1,743,442
Other local sources	600,995	-	-	1,674,449	1,139	14	2,276,597
State sources	-	-	-	84,205	-	-	84,205
Federal sources	-	-	745,817	2,973,012	-	-	3,718,829
Other sources	-	-	-	-	377,817	-	377,817
TOTAL REVENUES	600,995	437,200	745,817	4,731,666	1,685,198	14	8,200,890
EXPENDITURES							
Current							
Instruction							
Regular instruction	52,308	-	62,407	-	-	-	114,715
Vocational instruction	10,290	-	-	-	-	-	10,290
Total instruction	62,598	-	62,407	-	-	-	125,005
Support services							
Pupil services	-	-	569,055	-	-	-	569,055
Instructional staff services	12,944	-	77,903	-	-	-	90,847
General administration services	-	413,987	-	-	-	-	413,987
Business services	-	482	-	4,575,954	-	-	4,576,436
Operations and maintenance	68,981	1	-	-	-	-	68,982
Pupil transportation	4,055	11,898	-	-	-	-	15,953
Central services	648	571	2,599	2,357	-	-	6,175
Total support services	86,628	426,939	649,557	4,578,311	-	-	5,741,435
Debt service							
Principal	-	-	-	-	1,340,000	-	1,340,000
Interest	-	-	-	-	158,384	-	158,384
Other	-	-	-	-	61,350	-	61,350
Total debt service	-	-	-	-	1,559,734	-	1,559,734
Capital outlay	227,399	-	-	34,988	-	-	262,387
TOTAL EXPENDITURES	376,625	426,939	711,964	4,613,299	1,559,734	-	7,688,561
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	224,370	10,261	33,853	118,367	125,464	14	512,329
OTHER FINANCING (USES) SOURCES							
Net transfer (to) from other funds	-	-	(33,853)	-	-	200,000	166,147
Sale of capital assets	-	-	-	16,399	-	-	16,399
TOTAL OTHER FINANCING (USES) SOURCES	-	-	(33,853)	16,399	-	200,000	182,546
NET CHANGE IN FUND BALANCE	224,370	10,261	-	134,766	125,464	200,014	694,875
FUND BALANCE - BEGINNING OF YEAR	157,544	325,008	-	1,883,026	-	-	2,365,578
FUND BALANCE - END OF YEAR	\$ 381,914	\$ 335,269	\$ -	\$ 2,017,792	\$ 125,464	\$ 200,014	\$ 3,060,453

WAUSAU SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

Awarding Agency Pass-Through Agency Award Description	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL CATALOG NUMBER	PROGRAM OR AWARD AMOUNT	ACCRUED	REVENUES	EXPENDITURES	ACCRUED	SUBRECIPIENT PASS-THROUGH EXPENDITURES
				RECEIVABLE (UNEARNED REVENUE) JULY 1, 2015	GRANTOR REIMBURSE- MENTS		RECEIVABLE (UNEARNED REVENUE) JUNE 30, 2016	
U.S. DEPARTMENT OF AGRICULTURE								
Wisconsin Department of Public Instruction								
Child Nutrition Cluster								
School Breakfast Program								
July 1, 2014 - June 30, 2015	None	10.553	N/A	\$ 24,249	\$ 24,249	\$ -	\$ -	-
July 1, 2015 - June 30, 2016	None		N/A	-	626,083	645,927	19,844	-
Food Distribution								
July 1, 2015 - June 30, 2016	None	10.555	N/A	-	269,390	269,390	-	-
National School Lunch Program								
July 1, 2014 - June 30, 2015	None	10.555	N/A	65,414	65,414	-	-	-
July 1, 2015 - June 30, 2016	None		N/A	-	1,802,696	1,857,548	54,852	-
Special Milk Program for Children								
July 1, 2014 - June 30, 2015	None	10.556	N/A	397	397	-	-	-
July 1, 2015 - June 30, 2016	None		N/A	-	9,344	10,909	1,565	-
Summer Food Service Program for Children								
July 1, 2014 - June 30, 2015	None	10.559	N/A	66,052	66,052	-	-	-
July 1, 2015 - June 30, 2016	None		N/A	-	87,863	189,239	101,376	-
Total Child Nutrition Cluster				156,112	2,951,488	2,973,013	177,637	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE				156,112	2,951,488	2,973,013	177,637	-
U.S. DEPARTMENT OF EDUCATION								
Indian Education								
July 1, 2014 - June 30, 2015	S060A080465	84.060A	N/A	5,378	5,378	-	-	-
July 1, 2015 - June 30, 2016	S060A080465		17,056	-	11,109	12,289	1,180	-
Holistic, Academic, and Behavior Interventions through Tiered Supports								
October 1, 2014 - September 30, 2015	None	84.184G	N/A	172,845	172,845	-	-	-
October 1, 2015 - September 30, 2016	S184G140215		937,024	-	526,236	686,700	160,464	-
Academic and Behavioral Linked Education								
October 1, 2014 - September 30, 2015	None	84.215E	457,973	127,558	174,387	46,829	-	-
Wisconsin Department of Public Instruction								
Title IA Cluster								
Title IA - Grants to Local Educational Agencies								
July 1, 2014 - June 30, 2015	None	84.010	N/A	356,359	356,359	-	-	-
July 1, 2015 - June 30, 2016	A141-00000-376223		2,110,625	-	1,339,299	1,778,522	439,223	-
Total Title IA Cluster				356,359	1,695,658	1,778,522	439,223	-
Special Education Cluster								
Special Education - Grants to States (IDEA Part B)								
July 1, 2014 - June 30, 2015	2014-6223-730-341	84.027	N/A	701,621	701,621	-	-	-
July 1, 2015 - June 30, 2016	A341-00000-376223		1,783,159	-	879,457	1,179,172	299,715	-
Special Education - High Cost								
July 1, 2015 - June 30, 2016	None	84.027	8,340	-	8,340	8,340	-	-
Special Education - Preschool Grants (IDEA Preschool)								
July 1, 2014 - June 30, 2015	2014-6223-730-347	84.173	N/A	15,894	15,894	-	-	-
July 1, 2015 - June 30, 2016	A347-00000-376223		57,476	-	24,890	49,128	24,238	-
Cooperative Educational Service Agency #11								
Special Education - Grants to States (IDEA Part B)								
July 1, 2015 - June 30, 2016	None	84.027	1,500	-	1,500	1,500	-	-
Total Special Education Cluster				717,515	1,631,702	1,238,140	323,953	-
Wisconsin Department of Public Instruction								
Career and Technical Education - Basic Grants to States (Perkins IV)								
July 1, 2014 - June 30, 2015	15-62231/J30-5	84.048	N/A	15,705	15,705	-	-	-
July 1, 2015 - June 30, 2016	16-62231/J30-5		75,887	-	59,037	75,887	16,850	-
Charter Schools								
July 1, 2014 - June 30, 2015	None	84.282	N/A	14,522	14,522	-	-	-
July 1, 2015 - June 30, 2016	2015-6223-04 10-D		125,000	-	20,646	20,646	-	-
Title IV - Twenty-First Century Community Learning Centers								
July 1, 2014 - June 30, 2015	14-37-6223-CLC	84.287	N/A	37,122	37,122	-	-	-
July 1, 2015 - June 30, 2016	A367-00000-376223		263,139	-	103,710	118,365	14,655	-
Title III - English Language Acquisition Grants								
July 1, 2014 - June 30, 2015	None	84.365	N/A	28,708	28,708	-	-	-
July 1, 2015 - June 30, 2016	A391-00000-376223		168,449	-	91,109	105,039	13,930	-
Title II-B - Math and Science Partnership								
September 1, 2014 - August 31, 2015	14M-6223-MSP	84.366	150,356	22,694	22,694	-	-	-
September 1, 2015 - August 31, 2016	None		N/A	-	52,961	52,961	-	-
Title II-A - Improving Teacher Quality State Grants								
July 1, 2014 - June 30, 2015	None	84.367	N/A	89,744	89,744	-	-	-
July 1, 2015 - June 30, 2016	A365-00000-376223		540,756	-	279,935	318,324	38,389	-
TOTAL U.S. DEPARTMENT OF EDUCATION				1,588,150	5,033,208	4,453,702	1,008,644	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Wisconsin Department of Health Services								
Medical Assistance								
July 1, 2014 - June 30, 2015	None	93.778	N/A	37,080	37,080	-	-	-
July 1, 2015 - June 30, 2016	None		N/A	-	729,002	918,753	189,751	-
Wisconsin Department of Public Instruction								
Center for Disease Control - Basic								
July 1, 2014 - June 30, 2015	None	93.079	4,000	3,804	4,000	196	-	-
July 1, 2015 - June 30, 2016	A334-00000-376223		6,000	-	4,992	6,500	1,508	-
Substance Abuse and Mental Health Services Projects								
July 1, 2015 - June 30, 2016	None	93.243	6,000	-	6,000	6,000	-	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				40,884	781,074	931,449	191,259	-
TOTAL FEDERAL AWARDS				\$ 1,785,146	\$ 8,765,770	\$ 8,358,164	\$ 1,377,540	\$ -

The accompanying notes are an integral part of these statements.

WAUSAU SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2016

AWARDING AGENCY PASS-THROUGH AGENCY AWARD DESCRIPTION	PASS-THROUGH		RECEIVABLE			RECEIVABLE		SUBRECIPIENT PASS-THROUGH EXPENDITURES
	ENTITY IDENTIFYING NUMBER	STATE I.D. NUMBER	(UNEARNED REVENUE) JULY 1, 2015	REVENUE		(UNEARNED REVENUE) JUNE 30, 2016		
				GRANTOR REIMBURSEMENTS	EXPENDITURES			
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION								
Wisconsin Department of Public Instruction								
Special Education and School Age Parents:	LEA-100	255.101	\$ -	\$ 3,257,880	\$ 3,257,880	\$ -	\$ -	-
State School Lunch Aid	LEA-107	255.102	-	48,075	48,075	-	-	-
Common School Fund Library Aid	LEA-104	255.103	-	340,017	340,017	-	-	-
Bilingual/Bicultural Aid	LEA-111	255.106	-	455,824	455,824	-	-	-
General Transportation Aid	LEA-102	255.107	-	171,178	171,178	-	-	-
Equalization Aid	LEA-116	255.201	914,257	52,222,666	52,211,282	902,873	-	-
Integration Transfer-Resident	LEA-101	255.205	-	263,206	263,206	-	-	-
High Cost Special Education Aid	LEA-119	255.210	-	12,263	12,263	-	-	-
Peer Review and Mentoring	LEA-141	255.301	1,056	1,056	25,000	25,000	-	-
Alcohol and Drug Abuse	LEA-143	255.306	600	600	-	-	-	-
School Breakfast Program	LEA-108	255.344	-	36,130	36,130	-	-	-
Tuition Payments by State	LEA-157	255.401	-	214,970	214,970	-	-	-
Student Achievement Guarantee in Education	LEA-160	255.504	-	1,856,783	1,856,783	-	-	-
Science, Tech, Engineering and Math Grants	LEA-147	255.929	2,653	2,653	-	-	-	-
Educator Effectiveness Evaluation System	LEA-154	255.940	-	8,163	54,560	46,397	-	-
Per Pupil Aid	LEA-113	255.945	-	-	1,269,150	1,269,150	-	-
Career and Technical Education Incentive	LEA-151	255.950	-	46,518	46,518	-	-	-
TOTAL WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION			918,566	58,937,982	60,262,836	2,243,420		-
WISCONSIN DEPARTMENT OF NATURAL RESOURCES								
Payment in Lieu of Taxes	None	None	-	34,574	34,574	-	-	-
WISCONSIN DEPARTMENT OF REVENUE								
Exempt Computer Aid	None	None	503,299	503,299	572,313	572,313	-	-
TOTAL STATE FINANCIAL ASSISTANCE			\$ 1,421,865	\$ 59,475,855	\$ 60,869,723	\$ 2,815,733		\$ -

The accompanying notes are an integral part of these statements.

WAUSAU SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2016

NOTE 1 - Basis of Presentation

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

NOTE 2 - Summary of Significant Accounting Policies

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

NOTE 3 - Special Education and School Age Parents Program

2015-2016 eligible costs under the State Special Education Program are \$12,811,704.

NOTE 4 - Food Distribution Program

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

NOTE 5 - 10% De Minimis Cost Rate

Elected not to use.

WAUSAU SCHOOL DISTRICT
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2016

	<u>BALANCE</u> <u>JULY 1, 2015</u>	<u>RECEIPTS</u>	<u>DISBURSE-</u> <u>MENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2016</u>
<u>ASSETS</u>				
Cash	\$ 1,061,176	\$ 2,400,920	\$ 2,357,374	\$ 1,104,722
TOTAL ASSETS	<u>1,061,176</u>	<u>2,400,920</u>	<u>2,357,374</u>	<u>1,104,722</u>
<u>LIABILITIES</u>				
Due to student organizations:				
West High School	382,423	1,197,528	1,203,825	376,126
East High School	301,089	813,140	787,243	326,986
Horace Mann Middle School	143,092	102,633	85,911	159,814
John Muir Middle School	86,199	160,313	151,902	94,610
A.C. Kiefer Elementary School	8,805	18,222	15,431	11,596
Engineering and Global Leadership	4,793	13,394	14,433	3,754
Franklin Elementary School	13,807	5,067	5,439	13,435
G.D. Jones Elementary School	12,141	7,760	6,730	13,171
Grant Elementary School	4,140	3,877	3,158	4,859
Hawthorn Hills Elementary School	14,951	10,352	10,910	14,393
Hewitt-Texas Elementary School	5,480	2,053	1,568	5,965
Jefferson Elementary School	7,671	10,674	9,592	8,753
John Marshall Elementary School	4,169	10,621	9,739	5,051
Lincoln Elementary School	12,094	3,843	4,356	11,581
Maine Elementary School	10,486	9,061	8,058	11,489
Rib Mountain Elementary School	19,455	8,436	16,692	11,199
Riverview Elementary School	4,574	6,874	6,246	5,202
South Mountain Elementary School	14,679	14,163	13,153	15,689
Stettin Elementary School	11,128	2,909	2,988	11,049
TOTAL LIABILITIES	<u>\$ 1,061,176</u>	<u>\$ 2,400,920</u>	<u>\$ 2,357,374</u>	<u>\$ 1,104,722</u>

**WAUSAU SCHOOL DISTRICT
WAUSAU, WISCONSIN**

OTHER REPORTS



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

To the Board of Education
Wausau School District
Wausau, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wausau School District, (the "District"), as of and for the year ended June 30, 2016, 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 15, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

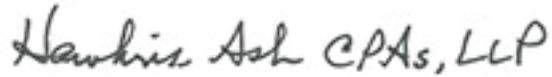
Compliance and Other Matters

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

Purpose of this Report

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

HAWKINS ASH CPAS, LLP

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

Manitowoc, Wisconsin
December 15, 2016



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

To the Board of Education
Wausau School District
Wausau, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited the Wausau School District's ("District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2016. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, the Uniform Guidance and state guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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

HAWKINS ASH CPAS, LLP



Manitowoc, Wisconsin
December 15, 2016

WAUSAU SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of major federal programs:

CFDA Number

84.027/84.173
84.184G

Name of Federal Program or Cluster

Special Education Cluster
Holistic, Academic, and Behavior Interventions
through Tiered Supports

Dollar threshold used to distinguish between:

Type A and Type B federal programs:	\$750,000
Type A and Type B state programs:	\$250,000

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