

**WAUSAU SCHOOL DISTRICT
WAUSAU, WISCONSIN**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2019

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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, 2019, 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, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

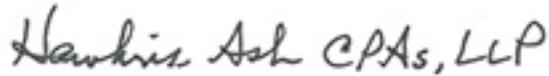
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, schedule of changes in assets and liabilities - agency funds, and schedule of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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2019 , on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

HAWKINS ASH CPAS, LLP

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

Manitowoc, Wisconsin
November 18, 2019

**WAUSAU SCHOOL DISTRICT
WAUSAU, WISCONSIN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2019**

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

FINANCIAL HIGHLIGHTS

- The District's overall financial position, as reflected in total net assets, increased by \$6.5 million to \$76.7 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 .5 million. (Decrease to net position)
 - Capital assets less depreciation increased 2.6 million. (Increase to net position)
 - Wisconsin Retirement System asset increased 7.6 million (Increase to net position)
 - Other Post Employment benefits inflows and outflows decreased 1.2 million (Increase to net position)
 - Governmental Fund Balance decreased by 4.4 million. (Decrease to net position)
- **The District's total Governmental Fund Balance Decreased \$4.4 million to \$33.8 million.**
 - General Fund balance decreased \$.7 million to \$28.0 million which is 25.4% of 2018-19 expenditures. Major positive and negative impacts to fund balance can be attributed to the following:
 - Insurance claims were more than expected (Negative)
 - Insured incurred but not recorded was adjusted higher (Negative)
 - Salary expenses were more than expected (Negative)
 - Benefit expenses were more than expected (Negative)
 - Transportation fuel costs were lower than expected (Positive)
 - Medicaid revenue from prior years was received (Positive)
 - Open enrollment expenses were less than expected (Positive)
 - Open enrollment revenues were less than expected (Negative)
 - Proceeds from sale of capital assets (Positive)
 - Interest on Investments was more than expected (Positive)
 - Refunds of Prior Years Expenses was less than expected (Negative)
 - Debt Service fund balance decreased \$.1 million. Revenue from the debt service levy and interest income was slightly lower than the debt service payments.
 - Capital Projects Fund decreased \$3.4 million. This is the amount of referendum and energy efficiency project costs completed.
 - Other Governmental Funds decreased \$.2 million Food Service Fund decreased \$.2 million, Non-Scholarship Donation Fund decreased, Non- referendum debt decreased, Community Service Fund and Long-term Capital Improvement Trust increased slightly.
- **Long -Term liabilities increased by \$.5 million.**
 - General obligation debt decreased \$12.8 million.
 - Issuance premium decreased \$.4 Million
 - WRS net pension increased \$13.2 Million.
 - Net OPEB obligation increased \$.6 million.

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2019**

- Accrued Interest Payable decreased \$.1 million.
- Capital Leases increased

OVERVIEW OF THE FINANCIAL STATEMENTS

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

District Wide Financial Statements

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

Fund Financial Statements

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

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2019**

- There are two fund financial statements, *the balance sheet* and *the statement of revenues, expenditures and changes in fund balances*. Generally, fund statements focus on near-term inflows and outflows of spendable resources and their impact on fund balance.
- Because the focus of fund financial statements is narrower than that of the district-wide statements it is useful to make comparison between the information presented. By doing so readers may better understand the long-term implication of the government's near-term financial decisions. A reconciliation to facilitate this comparison is provided either at the bottom of the governmental funds statement or as a separate statement.
- The district has two kinds of funds: *governmental*, and *fiduciary*. *Governmental funds* include the district's five permanent funds (general, special education, debt service, food service and Employee Benefit Trust Fund) and individual capital project funds as needed. The only *fiduciary funds* for the district serve as agency funds for student activity funds.
- Financial information is presented separately on both the *balance sheet* and the *statement of revenues, expenditures and changes in fund balance* for the general fund, debt service fund and the capital projects fund as these are considered to be major funds. Data for non-major funds is combined and provided in a separate column. The governmental fund financial statements are on pages 20 and 21 of this report. A detailed balance sheet for nonmajor governmental funds is on page 55 of this report.
- The district serves as a trustee, or *fiduciary*, for student activity funds. The assets of these organizations do not directly benefit nor are under the direct control of the district. The district's responsibility is limited to ensuring the assets reported in these funds are used only for their intended purposes. *Fiduciary* activities are excluded from the district-wide financial statements because the district cannot use these assets to finance its operations. *Fiduciary* fund statements are presented on page 23 and 24.
- The district adopts an annual appropriated budget for its general fund and special education fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget. The budgetary comparison statements are on page 50.

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2019**

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 25 to 49 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, 2019**

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, 2019.

Table 1 Condensed Statement of Net Position June 30, 2019	
Current Assets	\$ 48,776,352
Capital Assets	127,687,947
Deferred Outflows of Resources	<u>58,280,039</u>
Total Assets and Deferred Outflows of Resources	<u>234,744,338</u>
Current Liabilities	23,493,549
Noncurrent portion of long-term obligations	<u>86,857,466</u>
Total Liabilities	<u>110,351,015</u>
Deferred Inflows of Resources	
Wisconsin Retirement System pension	<u>47,669,168</u>
Total Deferred Inflows of Resources	<u>47,669,168</u>
Net Position	
Invested in capital assets, net of related debt	72,657,085
Restricted	7,992,479
Unrestricted	<u>(3,925,409)</u>
Total Net Position	<u>\$ 76,724,155</u>
Total Liabilities and Net Position	<u>\$234,744,338</u>

In governmental activities, total assets increased \$10.0 million.

- Current Assets decreased \$17.0 million. Major positive and negative impacts to Current Assets can be attributed to the following:
 - Decrease in Cash and Investments \$6.6 million (Negative)
 - Increase in Receivables \$1.0 million (Positive)
 - Increase in Due from Other Governments \$.4 million (Positive)
 - Wisconsin Retirement System net pension \$11.8 million (Negative)

- Capital Assets increased \$2.6 million due to Governmental capital assets increasing more than depreciation.

- Deferred Outflows of Resources increased \$24.3 million due to change in Wisconsin Retirement System net pension (See Note 5)

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2019**

**Table 2
Change in Net Position
June 30, 2019**

<u>Revenues</u>	
Program revenues	
Charges for Services	\$ 1,569,703
Operating grants & contributions	9,850,249
General revenues	
Property taxes	45,406,105
State formula aid	71,447,855
Other	<u>1,797,344</u>
Total Revenues	<u>130,071,256</u>
<u>Expenses</u>	
Instruction	68,888,420
Pupil & instructional services	12,276,816
General, building administration	7,194,212
Business Administration, Central Services	27,265,683
Transportation	3,557,703
Interest	1,980,886
Other support services	<u>2,347,652</u>
Total Expenses	<u>123,511,372</u>
Change in net position from Operations	\$ 6,559,884
Net position – Beginning of Year	<u>\$ 70,164,271</u>
Net position – End of Year	<u>\$ 76,724,155</u>

As shown, general revenues provide about 91.2% of the funding for governmental activities. State aid alone, accounts for 54.9% of the funding for governmental activities, while property taxes account for 34.9%.

- Program revenues, in the form of charges for services and operating grants and contributions, accounted for \$11.4 million of the total revenues of \$130.1 million.
- General revenues for operations accounted for \$118.7 million. Local property taxes increased, state aid increased and other revenues decreased.

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2019**

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 2019. These grants allow the district to maintain reduced class sizes, and provide additional services to students during regular instruction and through after school programs.
- The district summer school program continues to provide offerings to meet the needs of all students.
- The health insurance and wellness committees continue to research ways to reduce costs. Three new health plans were offered during 2019.
- The district maintains the Wausau Area Montessori, Enrich Excel Achieve Learning Academy (EEA) and Wausau Area Virtual Education (WAVE) charter schools.
- Cash-flow is monitored and investments with Board approved entities are made to maximize interest income when funds are available.
- The District has maintained an adequate fund balance. The fund balance has helped the District keep a higher bond rating and avoid short term borrowing.
- The district continues to run successful 4K and Early Childhood programs.

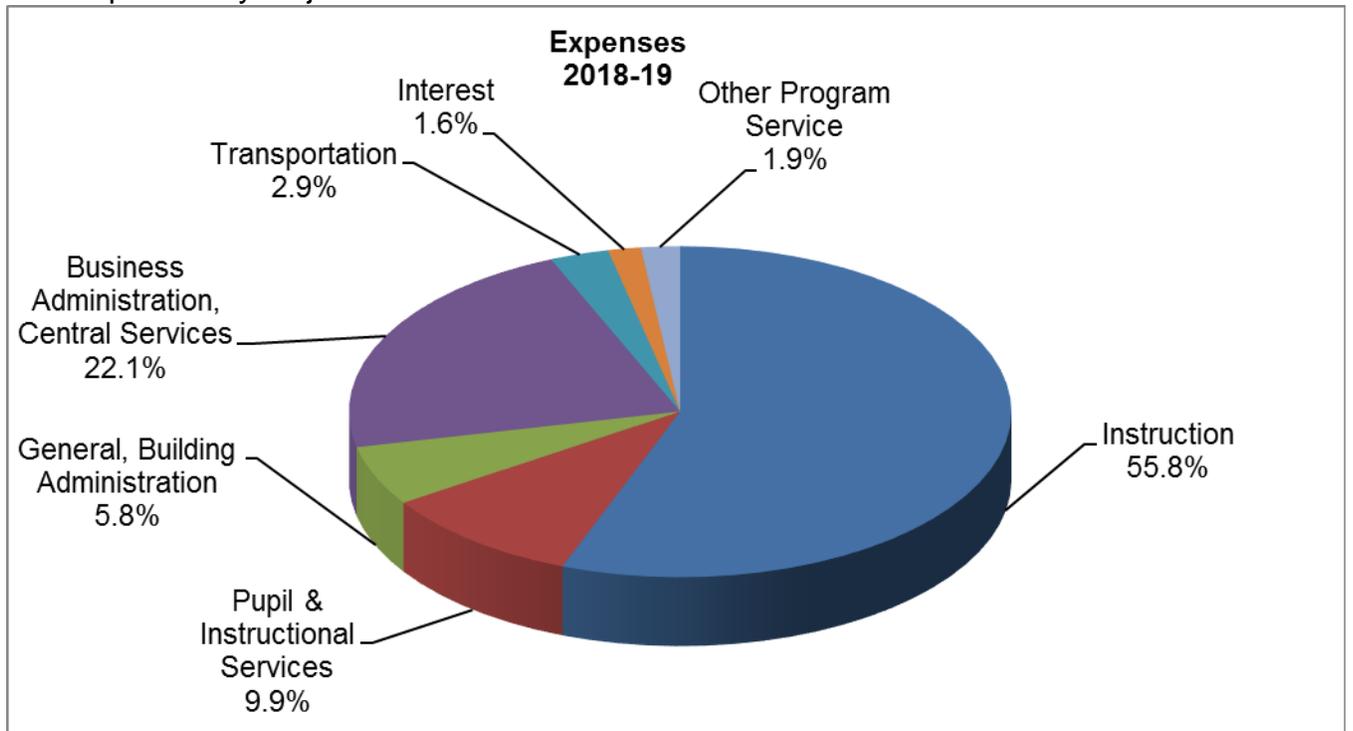
Governmental Activities

Net cost of governmental activities. Table 3 reports the cost of 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).

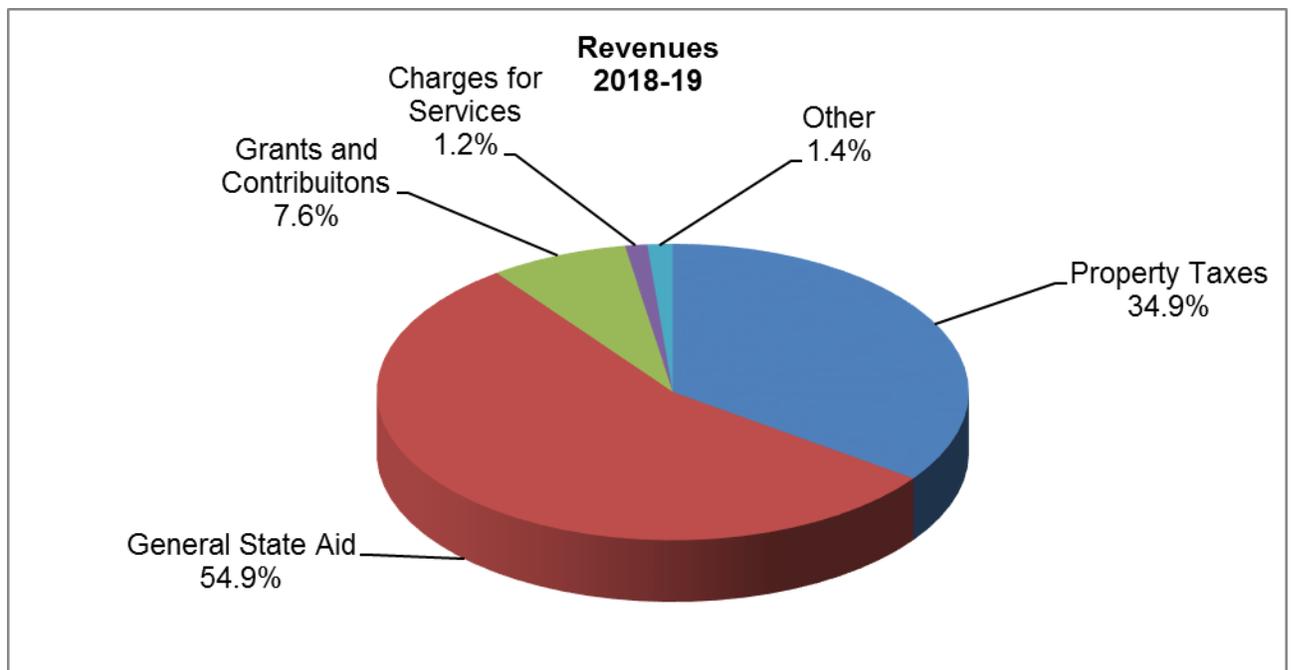
Table 3		
Net Cost of Governmental Activities		
June 30, 2019		
	<u>Total Costs of Services</u>	<u>Net Costs of Services</u>
Instruction	\$68,888,420	\$62,530,227
Pupil & instructional services	12,276,816	11,961,745
General, building administration	7,194,212	7,194,212
Business administration, central services	27,265,683	22,691,292
Transportation	3,557,703	3,385,406
Other support services	2,347,652	2,347,652
Interest	1,980,886	1,980,886
Total Expenses	<u>\$123,511,372</u>	<u>\$112,091,420</u>

Wausau School District Management's Discussion and Analysis For the Year Ended June 30, 2019

- 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, 2019**

Governmental Funds

In governmental funds, total fund balance decreased by \$4.4 million.

- General Fund balance decreased \$.7 million due to higher insurance claims, insured but not recorded adjustment, salary expenses, smaller refunds of prior years' expenses and lower open enrollment revenues. The decreases were offset by proceeds from sale of capital assets, increased interest income, Medicaid revenue from prior years, lower transportation fuel costs, and lower open enrollment expenses than expected.
- Debt Service fund balance decreased \$.1 million. The balance decreased due to the difference in the amount levied (calendar year) and the amount spent (fiscal year).
- Capital Projects Fund decreased \$3.4 million. This is the amount of energy efficiency costs projects completed.
- Other Governmental Funds decreased \$.2 million. Food Service Fund decreased \$.2 million, Non-Scholarship Donation Fund decreased, Non-referendum debt decreased, Community Service Fund and Long-term Capital Improvement Trust increased slightly.

Budget Variances

The Statement of Revenues, Expenditures and Changes in Fund Balances, found on page 50, shows variances between the final budget and actual revenues/expenditures. The variance between the final revenue budget and actual revenues was **.25%**. Significant items that caused this variance were as follows:

- Intermediate Sources – Flow Through Grants that were transferred to fund 10.
- Federal Sources – Grant revenue and expenses were lower than budgeted.
- Proceeds from Sale of Capital Assets – Sale of property.

The variance between the final expenditure budget and actual expenditures was **.67%**. Significant items that caused this variance were as follows:

- Other Support Services – Change in technology account coding.
- 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.

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2019**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2019, the district had invested \$185.5 million in a broad range of capital assets, including buildings, sites, library books, and equipment. This amount represents a net increase of \$4.8 million over the prior fiscal year. Additional information about capital assets can be found in NOTE 3, page 32. Total accumulated depreciation on these assets is \$57,766,081 resulting in capital assets, net of depreciation, of \$127,687,947.

- Capital assets not being depreciated increased due to remaining construction in progress outpacing decreases in land and construction in progress.
- Accumulated depreciation increased by \$2.2 million. The District recognized depreciation expense of \$3.2 million and removed \$1.0 million of equipment that was disposed.

**Table 4
Capital Assets**

	<u>2018</u>	<u>2019</u>	<u>% Change</u>
Land	\$ 7,384,663	\$ 7,270,037	(2)%
Construction in Progress	<u>1,687,332</u>	<u>6,603,721</u>	<u>291%</u>
Total capital assets not being depreciated	<u>\$ 9,071,995</u>	<u>\$ 13,873,758</u>	<u>53%</u>
Land Improvements	\$ 2,352,903	\$ 2,383,384	1%
Buildings	148,084,348	148,389,238	0%
Equipment & Furniture	21,190,388	20,807,648	(2)%
Accumulated Depreciation	<u>(55,613,523)</u>	<u>(57,766,081)</u>	<u>4%</u>
Total capital assets being depreciated less Accumulated Depreciation	<u>\$ 116,014,116</u>	<u>\$113,814,189</u>	<u>(2)%</u>
Total	<u>\$ 125,086,111</u>	<u>\$127,687,947</u>	<u>2%</u>

**Wausau School District
Management's Discussion and Analysis
For the Year Ended June 30, 2019**

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 \$94.8 million in long-term obligations. This is an increase of \$.5 million. The increase is due to reduced general obligation debt of \$12.8 million, issuance premium of \$.4 million and accrued interest payable of \$.1 million and increases in Wisconsin Retirement System net pension of \$12.2 million, net OPEB obligation of \$.6 million, and capital Leases.

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, 2019 was \$53.8 million. The legal debt limit in accordance with section 67.03(1)(b) of the Wisconsin statutes is \$412.6 million (10% of the 2019 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 33-34.

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

In 2015 a referendum authorizing \$29,565,000 was passed. The 2015 referendum authorized construction of additions to G.D. Jones, Hawthorn Hills, Riverview, Thomas Jefferson, Wausau East High School, and Wausau West High School. Capital maintenance projects throughout the District were also authorized. The following table projects the future debt mill rate requirements based on existing obligations and assuming the equalized value will increase 3.69% in 2019 and increase 1% in 2020-35.

**Table 5
Future Debt Mill Rate
(2019-2026)**

Levy Year	Current Statutory Debt Per Levy Year	Debt Mill Rate
2019	\$12,761,769	3.09
2020	\$13,982,057	3.27
2021	\$ 1,567,132	.36
2022	\$ 937,832	.21
2023	\$ 937,832	.21
2024	\$ 2,770,832	.62
2025	\$ 2,769,457	.62
2026	\$ 1,963,832	.43

Wausau School District Management's Discussion and Analysis For the Year Ended June 30, 2019

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, 2019 was \$21,668,282. For the year ended June 30, 2019 the District recognized OPEB healthcare expense of \$1,083,806.

Factors Bearing on the District's Future

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

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

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, 2019

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and investments	\$ 32,623,286
Taxes receivable	11,865,415
Accounts receivable	287,288
Interest receivable	1,020
Receivable from external parties	293,377
Due from other governments	3,705,966
Capital assets (net of accumulated depreciation)	
Capital assets not being depreciated	13,873,758
Capital assets being depreciated	113,814,189
TOTAL ASSETS	176,464,299
DEFERRED OUTFLOWS OF RESOURCES	
Wisconsin Retirement System pension	56,374,569
Wisconsin Retirement System LRLIF	334,400
OPEB healthcare	1,571,070
TOTAL DEFERRED OUTFLOWS OF RESOURCES	58,280,039
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	234,744,338
LIABILITIES	
Accounts payable	1,063,207
Accrued liabilities	
Payroll, payroll taxes, insurance	13,782,220
Interest	624,353
Due to other governments	9,428
Due to external parties	101,816
Current portion of long-term obligations	7,912,525
Noncurrent portion of long-term obligations	86,857,466
TOTAL LIABILITIES	110,351,015
DEFERRED INFLOWS OF RESOURCES	
Wisconsin Retirement System pension	39,707,248
Wisconsin Retirement System LRLIF	784,155
OPEB healthcare	7,177,765
TOTAL DEFERRED INFLOWS OF RESOURCES	47,669,168
NET POSITION	
Net investment in capital assets	72,657,085
Restricted for	
General	2,139,756
Special revenue	1,977,827
Capital projects	1,871,324
Debt service	2,003,572
Unrestricted	(3,925,409)
TOTAL NET POSITION	76,724,155
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 234,744,338

The accompanying notes are an integral part of these statements.

WAUSAU SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

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	\$ 47,846,879	\$ -	\$ -	\$ (47,846,879)
Vocational instruction	2,418,636	-	-	(2,418,636)
Special instruction	13,540,333	28,225	6,329,968	(7,182,140)
Other instruction	5,082,572	-	-	(5,082,572)
Total instruction	<u>68,888,420</u>	<u>28,225</u>	<u>6,329,968</u>	<u>(62,530,227)</u>
Support services				
Pupil services	5,813,849	-	-	(5,813,849)
Instructional staff services	6,462,967	-	315,071	(6,147,896)
General administration services	1,067,135	-	-	(1,067,135)
Building administration services	6,127,077	-	-	(6,127,077)
Business services	5,997,352	1,541,478	3,032,913	(1,422,961)
Operations and maintenance	14,016,512	-	-	(14,016,512)
Pupil transportation	3,557,703	-	172,297	(3,385,406)
Central services	1,213,119	-	-	(1,213,119)
Insurance	810,934	-	-	(810,934)
Interest	1,980,886	-	-	(1,980,886)
Other support services	2,347,652	-	-	(2,347,652)
Total support services	<u>49,395,186</u>	<u>1,541,478</u>	<u>3,520,281</u>	<u>(44,333,427)</u>
Non-program transactions	5,227,766	-	-	(5,227,766)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 123,511,372</u>	<u>\$ 1,569,703</u>	<u>\$ 9,850,249</u>	<u>(112,091,420)</u>
General revenues				
Taxes				
Property taxes, levied for general purposes				29,862,690
Property taxes, levied for debt services				15,056,215
Property taxes, levied for community services				487,200
State and federal aids not restricted to specific functions				
General				71,447,855
Interest and investment earnings				534,507
Miscellaneous				1,108,582
Net gain on disposal of capital assets				154,255
Total general revenues				<u>118,651,304</u>
CHANGE IN NET POSITION				6,559,884
NET POSITION - BEGINNING OF YEAR				<u>70,164,271</u>
NET POSITION - END OF YEAR				<u>\$ 76,724,155</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, 2019

	GENERAL FUND	REFERENDUM APPROVED DEBT SERVICE	CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and investments	\$ 26,478,801	\$ 1,810,129	\$ 2,255,604	\$ 2,078,752	\$ 32,623,286
Taxes receivable	11,865,415	-	-	-	11,865,415
Accounts receivable	285,249	-	-	2,039	287,288
Interest receivable	1,020	-	-	-	1,020
Due from other funds	414,099	-	-	-	414,099
Due from other governments	3,031,037	-	-	674,929	3,705,966
TOTAL ASSETS	42,075,621	1,810,129	2,255,604	2,755,720	48,897,074
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	325,482	-	705,884	31,841	1,063,207
Due to other funds	101,816	-	-	120,722	222,538
Due to other governments	-	-	-	9,428	9,428
Payroll, payroll taxes, insurance	13,681,365	-	-	100,855	13,782,220
TOTAL LIABILITIES	14,108,663	-	705,884	262,846	15,077,393
FUND BALANCES					
Restricted	2,139,756	1,810,129	1,549,720	2,492,874	7,992,479
Assigned	25,827,202	-	-	-	25,827,202
TOTAL FUND BALANCES	27,966,958	1,810,129	1,549,720	2,492,874	33,819,681
TOTAL LIABILITIES AND FUND BALANCES	\$ 42,075,621	\$ 1,810,129	\$ 2,255,604	\$ 2,755,720	

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

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

Governmental capital asset	\$ 185,454,028	
Governmental accumulated depreciation	(57,766,081)	127,687,947

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:

16,217,566

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

(5,606,695)

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

General obligation debt	\$ (53,800,000)	
Premium	(2,099,801)	
Capital leases	(680,781)	
Accrued interest	(624,353)	
WRS liability	(16,521,127)	
Net OPEB obligation	(21,668,282)	(95,394,344)

Total net position - governmental activities

\$ 76,724,155

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, 2019

	GENERAL FUND	REFERENDUM APPROVED DEBT SERVICE	CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Property taxes	\$ 29,862,690	\$ 12,982,057	\$ -	\$ 2,561,358	\$ 45,406,105
Other local sources	792,041	87,026	117,361	1,649,642	2,646,070
Interdistrict sources	2,252,839	-	-	-	2,252,839
Intermediate sources	54,337	-	-	-	54,337
State sources	69,803,239	-	-	75,150	69,878,389
Federal sources	5,395,204	-	-	3,745,560	9,140,764
Other sources	529,254	-	-	9,243	538,497
TOTAL REVENUES	108,689,604	13,069,083	117,361	8,040,953	129,917,001
EXPENDITURES					
Current					
Instruction					
Regular instruction	45,519,120	-	-	51,810	45,570,930
Vocational instruction	2,248,822	-	-	26,638	2,275,460
Special instruction	12,862,614	-	-	1,129	12,863,743
Other instruction	4,867,306	-	-	6,475	4,873,781
Total instruction	65,497,862	-	-	86,052	65,583,914
Support services					
Pupil services	5,143,749	-	-	519,299	5,663,048
Instructional staff services	5,793,740	-	-	149,208	5,942,948
General administration services	621,031	-	-	467,309	1,088,340
Building administration services	5,761,844	-	-	-	5,761,844
Business services	1,032,250	-	-	4,706,321	5,738,571
Operations and maintenance	12,550,114	-	3,504,272	5,956	16,060,342
Pupil transportation	3,529,285	-	-	15,407	3,544,692
Central services	1,012,926	-	-	63,449	1,076,375
Insurance	810,934	-	-	-	810,934
Other support services	2,152,295	-	-	171	2,152,466
Total support services	38,408,168	-	3,504,272	5,927,120	47,839,560
Non-program transactions	5,227,766	-	-	-	5,227,766
Debt service					
Principal	410,230	11,060,000	-	1,745,000	13,215,230
Interest	35,221	1,914,670	-	392,785	2,342,676
Other	-	216,931	-	-	216,931
Total debt service	445,451	13,191,601	-	2,137,785	15,774,837
Capital outlay	514,745	-	-	57,259	572,004
TOTAL EXPENDITURES	110,093,992	13,191,601	3,504,272	8,208,216	134,998,081
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,404,388)	(122,518)	(3,386,911)	(167,263)	(5,081,080)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	268,246	-	-	635	268,881
Capital lease proceeds	415,378	-	-	-	415,378
Transfer (to) from other funds	8,864	-	-	(8,864)	-
TOTAL OTHER FINANCING SOURCES (USES)	692,488	-	-	(8,229)	684,259
NET CHANGE IN FUND BALANCE	(711,900)	(122,518)	(3,386,911)	(175,492)	(4,396,821)
FUND BALANCE - BEGINNING OF YEAR	28,678,858	1,932,647	4,936,631	2,668,366	38,216,502
FUND BALANCE - END OF YEAR	\$ 27,966,958	\$ 1,810,129	\$ 1,549,720	\$ 2,492,874	\$ 33,819,681

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, 2019**

Net change in fund balances - total governmental funds \$ (4,396,821)

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	\$ 572,004	
Capital outlay reported as other expenses in fund statements	6,976,773	
Depreciation expense reported in the statement of activities	(3,142,811)	
Net book value of capital assets disposed	<u>(1,804,130)</u>	
Amount by which capital outlays are greater than depreciation in the current period:		2,601,836

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: (415,378)

Wisconsin Retirement System pension asset, deferred outflows of resources, liability, and deferred inflows of resources changes: (5,363,690)

Wisconsin Retirement System LRLIF asset, deferred outflows of resources, liability, and deferred inflows of resources changes: (251,651)

OPEB healthcare deferred outflows of resources, liability, and deferred inflows of resources changes: 591,637

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: 13,215,230

In governmental funds interest payments and other debt costs on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as it accrues.
Amount of interest and other debt costs paid during the current period is \$ 2,559,607
Amount of interest and other debt costs accrued during the current period is (1,980,886)
Interest paid is greater than interest accrued by: 578,721

Change in net position - governmental activities \$ 6,559,884

WAUSAU SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	AGENCY FUND	TRUST FUNDS	
	STUDENT ACTIVITY	SCHOLARSHIP	EMPLOYEE BENEFIT
<u>ASSETS</u>			
Cash and investments	\$ 1,045,635	\$ 460,568	\$ 3,554,485
Accounts receivable	-	530	144,828
Due from other funds	-	-	101,816
TOTAL ASSETS	1,045,635	461,098	3,801,129
<u>LIABILITIES</u>			
Deposits payable	-	-	122,625
Due to other funds	-	-	293,377
Due to student organizations	1,045,635	-	-
TOTAL LIABILITIES	1,045,635	-	416,002
NET POSITION			
Held in trust	-	461,098	3,385,127
TOTAL LIABILITIES AND NET POSITION	\$ 1,045,635	\$ 461,098	\$ 3,801,129

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, 2019

	<u>SCHOLARSHIP TRUST</u>	<u>EMPLOYEE BENEFIT TRUST</u>
ADDITIONS		
Interest	\$ 8,335	\$ 80,025
Contributions	<u>20,373</u>	<u>2,103,610</u>
TOTAL ADDITIONS	<u>28,708</u>	<u>2,183,635</u>
DEDUCTIONS		
Trust expenditures	<u>30,480</u>	<u>1,899,525</u>
TOTAL DEDUCTIONS	<u>30,480</u>	<u>1,899,525</u>
CHANGE IN NET POSITION	(1,772)	284,110
NET POSITION - BEGINNING OF YEAR	<u>462,870</u>	<u>3,101,017</u>
NET POSITION - END OF YEAR	<u>\$ 461,098</u>	<u>\$ 3,385,127</u>

The accompanying notes are an integral part of these statements.

**WAUSAU SCHOOL DISTRICT
WAUSAU, WISCONSIN**

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019

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

Measurement Focus and Basis of Accounting

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

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

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

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2019

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

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

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

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2018 tax levy is used to finance operations of the District's fiscal year ended June 30, 2019. All property taxes are considered due on January 1, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30 and are available to pay current liabilities.

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

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

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

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2019

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

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

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

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

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

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

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

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

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

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

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2019

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

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

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

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

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

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2019

NOTE 1 - Summary of Significant Accounting Policies - Continued

Services to assign fund balances through its financial management policy and 5) unassigned fund balance consists of equity available for any purpose.

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, 2019, the District had the following investments:

<u>Investment</u>	<u>Weighted average maturities</u>	<u>Fair value</u>
State of Wisconsin Investment Pool	Less than one year	\$ 5,855
Wisconsin Investment Trust	Less than one year	13,996,695
Wisconsin Investment Series Cooperative	Less than one year	2,255,354
Certificate of deposit	Less than one year	764,589
Total		<u>\$17,022,493</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, 2019, the Pool's fair value was 100 percent of book value.

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

- 1) 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 1 inputs).
- 3) Wisconsin Investment Series Cooperative is determined based on published market quotations (level 1 inputs).

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2019

NOTE 2 - Cash and Investments - Continued

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.

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

Custodial Credit Risk - Deposits - Custodial credit is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. The State of Wisconsin's Public Deposit Guarantee Fund created under Chapter 34 of the Wisconsin Statutes protects the District's designated public depositories against any losses of public funds up to \$400,000 subject to the total amount of the Guarantee Fund available. As of June 30, 2019, \$13,074,262 of the District's bank balance of \$21,005,473 was exposed to custodial credit risk as uninsured, pledged collateral, collateralized by U.S. Government of municipal securities held by the bank in the bank's name and a letter of credit. There were no deposits that were uninsured and uncollateralized.

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2019

NOTE 3 - Capital Assets

Capital asset balances and activity for the year ended June 30, 2019 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 7,384,663	\$ -	\$ (114,626)	\$ 7,270,037
Construction in progress	<u>1,687,332</u>	<u>6,603,721</u>	<u>(1,687,332)</u>	<u>6,603,721</u>
Total capital assets not being depreciated	<u>9,071,995</u>	<u>6,603,721</u>	<u>(1,801,958)</u>	<u>13,873,758</u>
Capital assets being depreciated:				
Land improvements	2,352,903	30,481	-	2,383,384
Buildings and improvements	148,084,348	304,890	-	148,389,238
Equipment	<u>21,190,388</u>	<u>609,685</u>	<u>(992,425)</u>	<u>20,807,648</u>
Total capital assets being depreciated	<u>171,627,639</u>	<u>945,056</u>	<u>(992,425)</u>	<u>171,580,270</u>
Less accumulated depreciation for:				
Land improvements	(1,431,738)	(62,425)	-	(1,494,163)
Buildings and improvements	(37,840,711)	(2,227,042)	-	(40,067,753)
Equipment	<u>(16,341,074)</u>	<u>(853,344)</u>	<u>990,253</u>	<u>(16,204,165)</u>
Total accumulated depreciation	<u>(55,613,523)</u>	<u>(3,142,811)</u>	<u>990,253</u>	<u>(57,766,081)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>116,014,116</u>	<u>(2,197,755)</u>	<u>(2,172)</u>	<u>113,814,189</u>
Capital assets, net of accumulated depreciation	<u>\$ 125,086,111</u>	<u>\$ 4,405,966</u>	<u>\$ (1,804,130)</u>	<u>\$ 127,687,947</u>

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 22,916
Vocational instruction	9,295
Special education instruction	3,157
Other instruction	2,092
Pupil services	164
Instructional staff services	2,355
General administration services	145
Building administration services	2,707
Business administration services	3,074,855
Central services	<u>25,125</u>
Total	<u>\$ 3,142,811</u>

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

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2019

NOTE 4 - Long-Term Liabilities

Long-term obligations are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds payable	\$ 50,795,000	\$ -	\$ (11,060,000)	\$ 39,735,000	\$ 3,960,000
Notes payable - direct placement	15,810,000	-	(1,745,000)	14,065,000	1,790,000
Leases - direct placement	675,633	415,378	(410,230)	680,781	409,129
Premium	2,523,109	-	(423,308)	2,099,801	340,787
Wisconsin Retirement System					
Net pension liability	-	13,718,434	-	13,718,434	-
LRLIF	3,294,209	-	(491,516)	2,802,693	-
OPEB healthcare	21,066,483	8,863,370	(8,261,571)	21,668,282	1,412,609
Total	<u>\$ 94,164,434</u>	<u>\$ 22,997,182</u>	<u>\$ (22,391,625)</u>	<u>\$ 94,769,991</u>	<u>\$ 7,912,525</u>

Interest costs incurred during the year totaled \$2,187,263. Total interest paid during the year aggregated \$2,342,676 including \$35,221 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, 2019 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	12/3/10	3-4%	3/1/22	\$ 5,060,000
Refunding bonds	11/15/11	2-5%	3/1/21	6,205,000
Bonds	8/4/15	2-5%	3/1/32	18,470,000
Notes - direct placement	8/4/15	2-4%	3/1/25	5,660,000
Bonds	3/1/16	2.5-2.75%	3/1/35	10,000,000
Notes - direct placement	7/6/17	2-2.1%	3/1/27	8,405,000
Total General Obligation Debt				<u>\$ 53,800,000</u>

General Obligation Debt - The 2018 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$4,125,801,916. The legal debt limit and margin of indebtedness as of June 30, 2019 in accordance with section 67.03(1)(b) of the Wisconsin Statutes, follows:

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2019

NOTE 4 - Long-Term Liabilities - Continued

Debt limit (10% of \$4,125,801,916)	\$ 412,580,192
Amount available in debt service fund	2,003,572
Deduct long-term debt applicable to debt margin	<u>(53,800,000)</u>
Margin of indebtedness	<u>\$ 360,783,764</u>

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

Year Ending	Bonds		Notes Payable - Direct Borrowing and Placement		Leases - Direct Placement		Total
	June 30	Principal	Interest	Principal	Interest	Principal	
2020	\$ 3,960,000	\$ 1,493,181	\$ 1,790,000	\$ 357,885	\$ 409,231	\$ 26,616	\$ 8,036,913
2021	2,325,000	1,340,831	1,895,000	313,435	82,265	15,137	5,971,668
2022	2,425,000	1,254,031	1,950,000	266,635	87,738	9,664	5,993,068
2023	2,555,000	1,132,781	2,005,000	209,135	93,575	3,827	5,999,318
2024	1,880,000	1,005,031	2,065,000	149,835	7,972	43	5,107,881
2025-2029	10,735,000	3,652,406	4,360,000	168,455	-	-	18,915,861
2030-2034	12,990,000	1,611,488	-	-	-	-	14,601,488
2035-2039	2,865,000	78,788	-	-	-	-	2,943,788
	<u>\$ 39,735,000</u>	<u>\$ 11,568,537</u>	<u>\$ 14,065,000</u>	<u>\$ 1,465,380</u>	<u>\$ 680,781</u>	<u>\$ 55,287</u>	<u>\$67,569,985</u>

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

Defeased Debt - In prior years, the District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2019, \$15,430,000 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 participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2019

NOTE 5 - Wisconsin Retirement System - Continued

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 occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
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
2016	0.5	(5)
2017	2.0	4
2018	2.4	17

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2019

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. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$3,955,399 in contributions from the employer.

Contribution rates as of June 30, 2019 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

At June 30, 2019, the District reported a liability (asset) of \$13,718,434 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. 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, 2018, the District's proportion was 0.38559986%, which was a decrease of 0.0113185% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$9,268,726.

At June 30, 2019, 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 projected and actual experience	\$ 10,684,584	\$ 18,886,500
Net differences between projected and actual earnings on pension plan investments	40,830,832	20,795,999
Changes in assumptions	2,312,426	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	187,803	24,749
Employer contributions subsequent to the measurement date	2,358,924	-
Total	\$ 56,374,569	\$ 39,707,248

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2019

NOTE 5 - Wisconsin Retirement System - Continued

\$2,358,924 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, 2020. 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
2020	\$ 19,445,655	\$ 14,292,770
2021	12,850,836	11,499,899
2022	12,579,018	10,294,020
2023	9,140,136	3,620,559
Thereafter	-	-

Actuarial Assumptions - The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset)	December 31, 2018
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7%
Discount Rate:	7%
Salary Increases:	
Inflation	3%
Seniority/Merit	.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The total pension liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 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

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2019

NOTE 5 - Wisconsin Retirement System - Continued

percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns
 As of December 31, 2018

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49	8.1	5.5
Fixed Income	24.5	4	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
Variable Fund Asset Class			
U.S. Equities	70	7.6	5
International Equities	30	8.5	5.9
Total Variable Fund	100	8	5.4

New England Pension Consultants Long-Term US CPI (Inflation) Forecast 2.5%

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

Single Discount Rate - A single discount rate of 7% was used to measure the Total Pension Liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7 percent, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6 percent) or 1-percentage-point higher (8 percent) than the current rate:

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2019

NOTE 5 - Wisconsin Retirement System - Continued

	1% Decrease to Discount Rate (6%)	Current Discount Rate (7%)	1% Increase to Discount Rate (8%)
District's proportionate share of the net pension liability (asset)	\$ 54,518,494	\$ 13,718,434	\$ (16,619,575)

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>.

Payables to the Pension Plan - The District reported a payable of \$1,029,585 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

NOTE 6 - Wisconsin Retirement System Local Retirement Life Insurance Fund

General Information about the Other Post Employment Benefits

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

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

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

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

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

Contribution rates as of June 30, 2019 are:

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

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2019

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

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2018 are as listed below:

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

During the reporting period, the LRLIF recognized \$20,926 in contributions from the employer.

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

At June 30, 2019, the District reported a liability (asset) of \$2,802,693 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the District's proportion was 1.086173%, which was a decrease of .008765% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of \$272,579.

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2019

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 142,178
Net differences between projected and investment earnings on plan investments	66,980	-
Changes in actuarial assumption	267,420	607,513
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	34,464
Employer contributions subsequent to the measurement date	-	-
Total	\$ 334,400	\$ 784,155

Zero reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2020	\$ 67,455	\$ 128,469
2021	67,455	128,469
2022	67,455	128,469
2023	58,048	128,469
Thereafter	73,987	270,279

Actuarial Assumptions - The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2018
Measurement Date of Net OPEB Liability (Asset)	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
20 Year Tax Exempt Municipal Bond Yield:	4.1%
Long-Term Expected Rate of Return:	5%
Discount Rate:	4.22%
Salary Increases:	
Inflation	3%
Seniority/Merit	.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the total OPEB liability changed from prior year, including the discount rate, wage inflation rate, mortality and separation rates. The total OPEB liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2019

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

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

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2018

Asset Class	Index	Target Allocation %	Long-Term Expected Geometric Real Rate of Return %
US Government Bonds	Barclays Government	1	1.44
US Credit Bonds	Barclays Credit	40	2.69
US Long Credit Bonds	Barclays Long Credit	4	3.01
US Mortgages	Barclays MBS	54	2.25
US Municipal Bonds	Bloomberg Barclays Muni	1	1.68
Inflation			2.3
Long-term Expected Rate of Return			5

Single Discount Rate - A single discount rate of 4.22% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 3.63% for the prior year. The plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

Sensitivity of the District's proportionate share of the Net OPEB Liability (Asset) to changes in the discount rate - The following presents the District's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 4.22 percent, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.22 percent) or 1-percentage-point higher (5.22 percent) than the current rate:

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2019

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

	1% Decrease to Discount Rate (3.22%)	Current Discount Rate (4.22%)	1% Increase to Discount Rate (5.22%)
District's proportionate share of the net OPEB liability (asset)	\$ 3,987,016	\$ 2,802,693	\$ 1,889,257

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

Payables to the Pension Plan - The District reported a payable of zero for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2019.

NOTE 7 - Interfund Balances and Activity

Interfund receivable and payable balances on June 30, 2019, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Employee benefit trust	\$ 293,377
General	Federal grant	120,722
Employee benefit trust	General	101,816
		<u>\$ 515,915</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, 2019 were as follows:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General	Federal grant fund	\$ 55,041
Non-referendum debt service	General	46,177
		<u>\$ 101,218</u>

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

NOTE 8 - Post Employment Benefits Other Than Pensions

General Information about the Post Employment Benefits Other Than Pensions

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

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2019

NOTE 8 - Post Employment Benefits Other Than Pensions - Continued

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

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

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

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

Employees Covered - As of the June 30, 2018 measurement date, the following employees were covered by the benefit terms. The plan is not closed to new entrants.

Inactive employees or beneficiaries currently receiving benefits	106
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>416</u>
Total	<u>522</u>

Contributions - The Board of Education has the authority to establish the contribution requirements for the plan. The Board establishes contribution rates based on premiums and an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the unfunded accrued liability. For the year ended June 30, 2019, contribution rates for Plan members were \$0 - \$996 per participant per month and \$400 - \$1,976 from the District, depending on the type of retiree plan. Plan members receiving benefits contributed \$507,947 and the District contributed \$1,412,609 to the plan.

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

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2019

NOTE 8 - Post Employment Benefits Other Than Pensions - Continued

Actuarial Valuation Date:	June 30, 2017
Measurement Date:	June 30, 2018
Actuarial Cost Method:	Entry Age Normal - Level %
Amortization Period:	30 years
Long-Term Expected Rate of Return:	3.75%
Discount Rate:	3.75%
Salary Increases:	3%
Mortality:	Wisconsin 2012 Mortality Table
Medical Care Cost Trend:	7.5% decreasing by .5% per year to 6.5%, then by .1% per year to 5%, and level thereafter
Dental Care Cost Trend:	5%

The actuarial valuation was based upon the data provided by the District and utilized the health plan claims as well as the premium equivalent rate history of the District's self-funded health care plans and projected a stream of expected premium equivalent rates for each year in the future based on the data as of July 1, 2018. Actuarial assumptions are approximately the same as those used in the December 31, 2015 Wisconsin Retirement System's annual report. There were no material changes in assumptions or benefit terms which occurred between the actuarial valuation date and the measurement date.

The OPEB liability for June 30, 2018 is based upon an update of the liability calculated from the June 30, 2017 actuarial valuation. There were no material changes in assumptions or benefit terms which occurred between the actuarial valuation date and the measurement date.

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

Asset Class	Long-Term Real Rate of Return	Target Allocation
Fixed Income	2.25%	95%
Cash	-%	5%

Discount Rate - A discount rate of 3.75% was used to measure the total OPEB healthcare liability. The discount rate was based on a 20 year municipal bond rate. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB healthcare liability.

WAUSAU SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2019

NOTE 8 - Post Employment Benefits Other Than Pensions - Continued

Changes in the Net OPEB Healthcare Liability

	Increase (Decrease)		
	Total OPEB Healthcare Liability	Fiduciary Net Position	Net OPEB Healthcare Liability
	(a)	(b)	(a) - (b)
Beginning balance	\$ 24,119,141	\$ 3,052,658	\$ 21,066,483
Changes for the year:			
Service cost	1,206,085	-	1,206,085
Interest	847,749	-	847,749
Changes of assumptions or other input	(402,122)	-	(402,122)
Contributions - employer	-	1,083,806	(1,083,806)
Net investment income	-	(15,470)	15,470
Benefit payments	(1,001,554)	(1,001,554)	-
Administrative expense	-	(18,423)	18,423
Net changes	<u>650,158</u>	<u>48,359</u>	<u>601,799</u>
Ending balance	<u>\$ 24,769,299</u>	<u>\$ 3,101,017</u>	<u>\$ 21,668,282</u>

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

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

	1% Decrease to Healthcare Cost Rate (6.5% decreasing to 4%)	Current Healthcare Cost Rate (7.5% decreasing to 5%)	1% Increase to Healthcare Cost Rate (8.5% decreasing to 6%)
Net OPEB healthcare liability	\$ 19,405,020	\$ 21,668,282	\$ 24,266,483

Sensitivity of the Net OPEB Healthcare Liability to Changes in the Discount Rate - The following presents the net OPEB healthcare liability calculated using the discount rate of 3.75 percent, as well as what the net OPEB healthcare liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	1% Decrease to Discount Rate (2.75%)	Current Discount Rate (3.75%)	1% Increase to Discount Rate (4.75%)
Net OPEB healthcare liability	\$ 23,308,445	\$ 21,668,282	\$ 20,114,393

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2019

NOTE 8 - Post Employment Benefits Other Than Pensions - Continued

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

For the year ended June 30, 2019, the District recognized OPEB healthcare expense of \$1,083,806.

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB healthcare from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,415,747
Changes in assumptions	-	2,762,018
Net differences between projected and actual earnings on pension plan investments	158,461	-
Employer contributions subsequent to the measurement date	1,412,609	-
Total	\$ 1,571,070	\$ 7,177,765

\$1,412,609 reported as deferred outflows related to OPEB healthcare resulting from contributions subsequent to the measurement date will be recognized as a reduction on the net OPEB healthcare liability (asset) in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB healthcare will be recognized in expense as follows:

Year ending June 30	Deferred Outflows/Inflows of Resources
2020	\$ 1,143,325
2021	1,143,325
2022	1,143,326
2023	1,163,231
Thereafter	\$ 2,426,097

Payables to the OPEB Healthcare Plan -The District reported a payable of zero for the outstanding amount of contributions to the OPEB healthcare plan required for the year ended June 30, 2019.

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2019

NOTE 10 - 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	Self-insurance	\$ 2,139,756
Referendum approved debt service	Principal and interest	\$ 1,810,129
Capital projects	DPI regulation	\$ 1,549,720
Non-scholarship donation	Specific expenses	\$ 309,649
Food service	DPI regulation	\$ 1,240,323
Community service	Specific expenses	\$ 427,855
Non-referendum debt service	Principal and interest	\$ 193,443
Long-term capital improvement trust	DPI regulation	\$ 321,604
Assigned		
General	Specific expenses	\$ 25,827,202
<u>Governmental Activities</u>	<u>Purpose</u>	<u>Amount</u>
Restricted		
General	Self-insurance	\$ 2,139,756
Special revenue	DPI regulation	\$ 1,977,827
Capital projects	DPI regulation	\$ 1,871,324
Debt service	Principal and interest	\$ 2,003,572

NOTE 11 - Risk Management

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

NOTE 12 - Commitments and Contingent Liabilities

The District has a service agreement with Cooperative Education Service Agency #9 for services to be provided to the District in 2019-2020. Expected costs are \$109,634.

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

2019-2020	\$	3,619,231
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From time to time, the District is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the District's attorney that the likelihood is remote that any such claims or proceedings will have a material effect on the District's financial position or results of operations.

WAUSAU SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2019

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

NOTE 14 - Self-Funded Insurance Program

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.

	<u>Year Ended</u> <u>June 30, 2019</u>	<u>Year Ended</u> <u>June 30, 2018</u>
Beginning liability balance	\$ 4,697,084	\$ 4,779,926
Claims and changes in estimates	24,361,632	20,733,444
Claim payments	<u>(24,022,825)</u>	<u>(20,816,286)</u>
Ending liability balance	<u>\$ 5,035,891</u>	<u>\$ 4,697,084</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, 2019

	ORIGINAL BUDGETED AMOUNTS			FINAL BUDGETED AMOUNTS			ACTUAL AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	SPECIAL			SPECIAL			SPECIAL			
	GENERAL	EDUCATION	TOTAL	GENERAL	EDUCATION	TOTAL	GENERAL	EDUCATION	TOTAL	
REVENUES										
Property taxes	\$ 29,861,762	\$ -	\$ 29,861,762	\$ 29,861,762	\$ -	\$ 29,861,762	\$ 29,862,690	\$ -	\$ 29,862,690	\$ 928
Other local sources	754,455	-	754,455	754,455	-	754,455	792,041	-	792,041	37,586
Interdistrict sources	2,210,563	155,000	2,365,563	2,210,563	155,000	2,365,563	2,105,805	147,034	2,252,839	(112,724)
Intermediate sources	-	-	-	-	-	-	26,112	28,225	54,337	54,337
State sources	66,535,762	3,293,343	69,829,105	66,535,762	3,293,343	69,829,105	66,381,447	3,421,792	69,803,239	(25,866)
Federal sources	2,874,583	2,695,569	5,570,152	2,874,583	2,695,569	5,570,152	2,634,062	2,761,142	5,395,204	(174,948)
Other sources	580,000	-	580,000	580,000	-	580,000	529,254	-	529,254	(50,746)
TOTAL REVENUES	102,817,125	6,143,912	108,961,037	102,817,125	6,143,912	108,961,037	102,331,411	6,358,193	108,689,604	(271,433)
EXPENDITURES										
Current										
Instruction										
Regular instruction	45,137,966	-	45,137,966	45,137,966	-	45,137,966	45,519,120	-	45,519,120	(381,154)
Vocational instruction	2,159,227	-	2,159,227	2,159,227	-	2,159,227	2,248,822	-	2,248,822	(89,595)
Special instruction	-	12,359,934	12,359,934	-	12,359,934	12,359,934	-	12,862,614	12,862,614	(502,680)
Other instruction	4,920,309	-	4,920,309	4,920,309	-	4,920,309	4,867,306	-	4,867,306	53,003
Total instruction	52,217,502	12,359,934	64,577,436	52,217,502	12,359,934	64,577,436	52,635,248	12,862,614	65,497,862	(920,426)
Support services										
Pupil services	3,541,292	1,708,920	5,250,212	3,541,292	1,708,920	5,250,212	3,417,012	1,726,737	5,143,749	106,463
Instructional staff services	4,728,149	683,732	5,411,881	4,728,149	683,732	5,411,881	5,272,195	521,545	5,793,740	(381,859)
General administration services	577,281	-	577,281	577,281	-	577,281	621,031	-	621,031	(43,750)
Building administration services	5,612,909	-	5,612,909	5,612,909	-	5,612,909	5,761,844	-	5,761,844	(148,935)
Business services	1,013,077	-	1,013,077	1,013,077	-	1,013,077	1,032,250	-	1,032,250	(19,173)
Operations and maintenance	12,972,295	21,700	12,993,995	12,972,295	21,700	12,993,995	12,528,303	21,811	12,550,114	443,881
Pupil transportation	2,704,855	966,950	3,671,805	2,704,855	966,950	3,671,805	2,580,938	948,347	3,529,285	142,520
Central services	1,071,647	2,025	1,073,672	1,071,647	2,025	1,073,672	1,009,425	3,501	1,012,926	60,746
Insurance	883,875	-	883,875	883,875	-	883,875	810,934	-	810,934	72,941
Other support services	2,669,208	-	2,669,208	2,669,208	-	2,669,208	2,152,295	-	2,152,295	516,913
Total support services	35,774,588	3,383,327	39,157,915	35,774,588	3,383,327	39,157,915	35,186,227	3,221,941	38,408,168	749,747
Non-program transactions	5,063,755	123,205	5,186,960	5,063,755	123,205	5,186,960	5,107,909	119,857	5,227,766	(40,806)
Debt service	442,927	-	442,927	442,927	-	442,927	445,451	-	445,451	(2,524)
Capital outlay	-	-	-	-	-	-	508,915	5,830	514,745	(514,745)
TOTAL EXPENDITURES	93,498,772	15,866,466	109,365,238	93,498,772	15,866,466	109,365,238	93,883,750	16,210,242	110,093,992	(728,754)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,318,353	(9,722,554)	(404,201)	9,318,353	(9,722,554)	(404,201)	8,447,661	(9,852,049)	(1,404,388)	(1,000,187)
OTHER FINANCING SOURCES (USES)										
Proceeds from sale of capital assets	10,000	-	10,000	10,000	-	10,000	268,246	-	268,246	258,246
Capital lease proceeds	415,378	-	415,378	415,378	-	415,378	415,378	-	415,378	-
Transfer (to) from other funds	(9,743,731)	9,722,554	(21,177)	(9,743,731)	9,722,554	(21,177)	(9,843,185)	9,852,049	8,864	30,041
TOTAL OTHER FINANCING SOURCES (USES)	(9,318,353)	9,722,554	404,201	(9,318,353)	9,722,554	404,201	(9,159,561)	9,852,049	692,488	288,287
NET CHANGE IN FUND BALANCE	-	-	-	-	-	-	(711,900)	-	(711,900)	(711,900)
FUND BALANCE - BEGINNING OF YEAR	28,678,858	-	28,678,858	28,678,858	-	28,678,858	28,678,858	-	28,678,858	-
FUND BALANCE - END OF YEAR	\$ 28,678,858	\$ -	\$ 28,678,858	\$ 28,678,858	\$ -	\$ 28,678,858	\$ 27,966,958	\$ -	\$ 27,966,958	\$ (711,900)

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, 2019

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

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

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

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

General/Special Education	Regular instruction	\$ 381,154
General/Special Education	Vocational instruction	89,595
General/Special Education	Special instruction	502,680
General/Special Education	Instructional staff services	381,859
General/Special Education	General administration services	43,750
General/Special Education	Building administration services	148,935
General/Special Education	Business services	19,173
General/Special Education	Non-program transactions	40,806
General/Special Education	Debt service	2,524
General/Special Education	Capital outlay	514,745

WAUSAU SCHOOL DISTRICT
WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES
YEAR ENDED JUNE 30, 2019

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

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

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years*

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

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

The District implemented the Government Accounting Standards Board Statement No. 68 for the year ended June 30, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 5 preceding years.

Notes to Required Supplementary Information for the Year Ended June 30, 2019

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

Changes of assumptions - actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 - 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

WAUSAU SCHOOL DISTRICT
WISCONSIN RETIREMENT SYSTEM LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES
YEAR ENDED JUNE 30, 2019

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

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

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years*

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

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

The District implemented the Government Accounting Standards Board Statement No. 75 for the year ended June 30, 2018. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 8 proceeding years.

Notes to Required Supplementary Information for the Year Ended June 30, 2019

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

Changes of assumptions - actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 - 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total OPEB Liability changed, including the discount rate, wage inflation rate, and mortality and separation rates.

WAUSAU SCHOOL DISTRICT
OPEB HEALTHCARE DEFINED BENEFIT PLAN SCHEDULES
YEAR ENDED JUNE 30, 2019

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

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

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

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

The District implemented the Government Accounting Standards Board Statement No. 75 for the year ended June 30, 2018. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 8 preceding years.

Notes to Required Supplementary Information for the Year Ended June 30, 2019

Methods and assumptions used to determine actuarial calculations - entry age normal cost, level % open amortization, 3.75% discount rate, 2.5% inflation, 3% salary increases, Wisconsin 2012 mortality table.

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

Changes of assumptions - the discount rate increased to 3.75% from 3.5%.

**WAUSAU SCHOOL DISTRICT
WAUSAU, WISCONSIN**

**OTHER
SUPPLEMENTARY INFORMATION**

WAUSAU SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>SPECIAL REVENUE FUNDS</u>						
	<u>NON- SCHOLARSHIP DONATION FUND</u>	<u>FEDERAL GRANT FUND</u>	<u>FOOD SERVICE FUND</u>	<u>COMMUNITY SERVICES</u>	<u>NON-REFERENDUM DEBT SERVICE</u>	<u>LONG-TERM CAPITAL IMPROVEMENT TRUST</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
ASSETS							
Cash and investments	\$ 307,639	\$ -	\$ 814,231	\$ 441,835	\$ 193,443	\$ 321,604	\$ 2,078,752
Accounts receivable	2,010	-	-	29	-	-	2,039
Due from other governments	-	190,293	484,636	-	-	-	674,929
TOTAL ASSETS	<u>309,649</u>	<u>190,293</u>	<u>1,298,867</u>	<u>441,864</u>	<u>193,443</u>	<u>321,604</u>	<u>2,755,720</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	-	-	29,564	2,277	-	-	31,841
Due to other funds	-	120,722	-	-	-	-	120,722
Due to other governments	-	9,428	-	-	-	-	9,428
Accrued liabilities							
Payroll, payroll taxes, insurance	-	60,143	28,980	11,732	-	-	100,855
TOTAL LIABILITIES	<u>-</u>	<u>190,293</u>	<u>58,544</u>	<u>14,009</u>	<u>-</u>	<u>-</u>	<u>262,846</u>
FUND BALANCES							
Restricted	<u>309,649</u>	<u>-</u>	<u>1,240,323</u>	<u>427,855</u>	<u>193,443</u>	<u>321,604</u>	<u>2,492,874</u>
TOTAL FUND BALANCES	<u>309,649</u>	<u>-</u>	<u>1,240,323</u>	<u>427,855</u>	<u>193,443</u>	<u>321,604</u>	<u>2,492,874</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 309,649</u>	<u>\$ 190,293</u>	<u>\$ 1,298,867</u>	<u>\$ 441,864</u>	<u>\$ 193,443</u>	<u>\$ 321,604</u>	<u>\$ 2,755,720</u>

WAUSAU SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	SPECIAL REVENUE FUNDS						TOTAL NONMAJOR GOVERNMENTAL FUNDS
	NON- SCHOLARSHIP DONATION FUND	FEDERAL GRANT FUND	FOOD SERVICE FUND	COMMUNITY SERVICES	NON-REFERENDUM DEBT SERVICE	LONG-TERM CAPITAL IMPROVEMENT TRUST	
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ 487,200	\$ 2,074,158	\$ -	\$ 2,561,358
Other local sources	80,896	-	1,554,218	-	6,815	7,713	1,649,642
State sources	-	-	75,150	-	-	-	75,150
Federal sources	-	787,797	2,957,763	-	-	-	3,745,560
Other sources	-	-	9,243	-	-	-	9,243
TOTAL REVENUES	80,896	787,797	4,596,374	487,200	2,080,973	7,713	8,040,953
EXPENDITURES							
Current							
Instruction							
Regular instruction	41,911	9,899	-	-	-	-	51,810
Vocational instruction	26,638	-	-	-	-	-	26,638
Special instruction	1,129	-	-	-	-	-	1,129
Other instruction	6,475	-	-	-	-	-	6,475
Total instruction	76,153	9,899	-	-	-	-	86,052
Support services							
Pupil services	5,081	514,218	-	-	-	-	519,299
Instructional staff services	1,732	147,476	-	-	-	-	149,208
General administration services	-	-	-	467,309	-	-	467,309
Business services	-	-	4,706,024	297	-	-	4,706,321
Operations and maintenance	5,956	-	-	-	-	-	5,956
Pupil transportation	2,618	-	-	12,789	-	-	15,407
Central services	-	60,992	2,191	266	-	-	63,449
Other support services	-	171	-	-	-	-	171
Total support services	15,387	722,857	4,708,215	480,661	-	-	5,927,120
Debt service							
Principal	-	-	-	-	1,745,000	-	1,745,000
Interest	-	-	-	-	392,785	-	392,785
Total debt service	-	-	-	-	2,137,785	-	2,137,785
Capital outlay	-	-	57,259	-	-	-	57,259
TOTAL EXPENDITURES	91,540	732,756	4,765,474	480,661	2,137,785	-	8,208,216
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(10,644)	55,041	(169,100)	6,539	(56,812)	7,713	(167,263)
OTHER FINANCING (USES) SOURCES							
Net transfer (to) from other funds	-	(55,041)	-	-	46,177	-	(8,864)
Sale of capital assets	-	-	635	-	-	-	635
TOTAL OTHER FINANCING (USES) SOURCES	-	(55,041)	635	-	46,177	-	(8,229)
NET CHANGE IN FUND BALANCE	(10,644)	-	(168,465)	6,539	(10,635)	7,713	(175,492)
FUND BALANCE - BEGINNING OF YEAR	320,293	-	1,408,788	421,316	204,078	313,891	2,668,366
FUND BALANCE - END OF YEAR	\$ 309,649	\$ -	\$ 1,240,323	\$ 427,855	\$ 193,443	\$ 321,604	\$ 2,492,874

WAUSAU SCHOOL DISTRICT
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2019

	<u>BALANCE</u> <u>JULY 1, 2018</u>	<u>RECEIPTS</u>	<u>DISBURSE-</u> <u>MENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2019</u>
ASSETS				
Cash	\$ 1,073,449	\$ 3,200,384	\$ 3,228,198	\$ 1,045,635
TOTAL ASSETS	<u>1,073,449</u>	<u>3,200,384</u>	<u>3,228,198</u>	<u>1,045,635</u>
LIABILITIES				
Due to student organizations:				
West High School	425,289	1,671,415	1,634,298	462,406
East High School	336,671	946,777	984,559	298,889
Horace Mann Middle School	99,314	171,933	192,322	78,925
John Muir Middle School	93,815	270,627	268,824	95,618
A.C. Kiefer Elementary School	15,483	16,391	17,035	14,839
Engineering and Global Leadership	1,711	3,962	5,673	-
Franklin Elementary School	4,523	10,276	12,196	2,603
G.D. Jones Elementary School	12,492	10,485	9,986	12,991
Grant Elementary School	3,512	4,946	5,887	2,571
Hawthorn Hills Elementary School	3,177	6,998	7,381	2,794
Hewitt-Texas Elementary School	2,261	4,432	5,927	766
Jefferson Elementary School	11,543	12,119	9,284	14,378
John Marshall Elementary School	6,724	12,354	8,213	10,865
Lincoln Elementary School	11,389	5,747	6,968	10,168
Maine Elementary School	6,666	15,011	15,780	5,897
Rib Mountain Elementary School	7,160	8,950	9,103	7,007
Riverview Elementary School	6,244	6,960	8,323	4,881
South Mountain Elementary School	16,708	15,569	18,111	14,166
EAA Charter School	89	868	868	89
Stettin Elementary School	8,678	4,564	7,460	5,782
TOTAL LIABILITIES	<u>\$ 1,073,449</u>	<u>\$ 3,200,384</u>	<u>\$ 3,228,198</u>	<u>\$ 1,045,635</u>

WAUSAU SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOL AUTHORIZER OPERATING COSTS
YEAR ENDED JUNE 30, 2019

OPERATING ACTIVITY	WUFAR OBJECT CODE	COST
Employee salary	100	\$ -
Employee benefits	200	-
Purchased services	300	-
Non-capital objects	400	-
Capital objects	500	-
Debt retirement	600	-
Insurance and judgements	700	-
Other objects	900	-
Total		<u>\$ -</u>

WAUSAU SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

Awarding Agency Pass-Through Agency Award Description	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL CATALOG NUMBER	PROGRAM OR AWARD AMOUNT	ACCRUED RECEIVABLE (UNEARNED REVENUE) JULY 1, 2018	REVENUES GRANTOR REIMBURSE- MENTS	EXPENDITURES	ACCRUED RECEIVABLE (UNEARNED REVENUE) JUNE 30, 2019	SUBRECIPIENT PASS-THROUGH EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE								
Wisconsin Department of Public Instruction								
Child Nutrition Cluster								
School Breakfast Program								
July 1, 2017 - June 30, 2018	2018-376223-SB-546	10.553	N/A	\$ 90,968	\$ 90,968	\$ -	\$ -	\$ -
July 1, 2018 - June 30, 2019	2019-376223-SB-546		N/A	-	478,889	567,683	88,794	-
Food Distribution								
July 1, 2018 - June 30, 2019	None	10.555	N/A	-	274,306	274,306	-	-
National School Lunch Program								
July 1, 2017 - June 30, 2018	2018-376223-NSL-547	10.555	N/A	280,231	280,231	-	-	-
July 1, 2018 - June 30, 2019	2019-376223-NSL-547		N/A	-	1,627,307	1,925,685	298,378	-
Special Milk Program for Children								
July 1, 2017 - June 30, 2018	2018-376223-SMP-548	10.556	N/A	932	932	-	-	-
July 1, 2018 - June 30, 2019	2019-376223-SMP-548	10.556	N/A	-	6,444	7,497	1,053	-
Summer Food Service Program for Children								
July 1, 2017 - June 30, 2018	2018-376223-SFSP-586	10.559	N/A	103,625	103,625	-	-	-
July 1, 2018 - June 30, 2019	2019-376223-SFSP-586		N/A	-	72,698	169,108	96,410	-
Total Child Nutrition Cluster				475,756	2,935,400	2,944,279	484,635	-
Fresh Fruit and Vegetable Program								
July 1, 2018 - June 30, 2019	2019-376223-CNP Grants to ST. Fruit-594		N/A	-	13,483	13,483	-	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE				475,756	2,948,883	2,957,762	484,635	-
U.S. DEPARTMENT OF EDUCATION								
Holistic, Academic, and Behavior Interventions through Tiered Supports								
October 1, 2017 - September 30, 2018	S184G140215	84.184G	N/A	177,584	177,584	-	-	-
October 1, 2018 - September 30, 2019	S184G140215		N/A	-	597,504	787,797	190,293	-
				177,584	775,088	787,797	190,293	-
Wisconsin Department of Public Instruction								
Special Education Cluster								
Special Education - Grants to States (IDEA Part B)								
July 1, 2017 - June 30, 2018	2018-376223-IDEA-FT-341	84.027	N/A	302,995	302,995	-	-	-
July 1, 2018 - June 30, 2019	2019-376223-IDEA-FT-341			\$ 2,009,980	-	1,495,937	2,009,980	514,043
Special Education - High Cost								
July 1, 2018 - June 30, 2019	2019-376223-UDL SU - 342	84.027	N/A	-	11,567	11,567	-	-
Special Education - Preschool Grants (IDEA Preschool)								
July 1, 2017 - June 30, 2018	2018-376223-IDEA-PS-347	84.173	N/A	7,642	7,642	-	-	-
July 1, 2018 - June 30, 2019	2019-376223-IDEA-PS-341		53,104	-	37,386	41,642	4,256	-
Total Special Education Cluster				310,637	1,855,527	2,063,189	518,299	-
Wisconsin Department of Public Instruction								
Title IA - Grants to Local Educational Agencies								
July 1, 2017 - June 30, 2018	2018-376223-TIA-141	84.010	N/A	497,976	497,976	-	-	-
July 1, 2018 - June 30, 2019	2019-376223-TIA-141		1,914,617	-	1,294,293	1,683,174	388,881	-
Career and Technical Education - Basic Grants to States (Perkins IV)								
July 1, 2017 - June 30, 2018	2018-376223-CP-CTE	84.048	N/A	5,520	5,520	-	-	-
July 1, 2018 - June 30, 2019	2019-376223-CTE-400		82,844	-	66,236	82,844	16,608	-
Title IV - Twenty-First Century Community Learning Centers								
July 1, 2017 - June 30, 2018	2018-376223-21st Century	84.287	N/A	14,995	14,995	-	-	-
July 1, 2018 - June 30, 2019	2019-376223-21st Century CLC-367		131,590	-	83,809	101,865	18,056	-
Title III - English Language Acquisition Grants								
July 1, 2017 - June 30, 2018	2018-376223-TIIIA-391	84.365	N/A	29,624	29,624	-	-	-
July 1, 2018 - June 30, 2019	2019-376223-TIIIA-391		254,741	-	78,980	90,583	11,603	-
Title II-A - Supporting Effective Instruction State Grant								
July 1, 2017 - June 30, 2018	2018-376223-TIIA-365	84.367	N/A	130,455	130,455	-	-	-
July 1, 2018 - June 30, 2019	2019-376223-TIIA-365		342,106	-	196,489	340,938	144,449	-
Title IV-A-Student Support and Acad Enrich Grants								
July 1, 2018 - June 30, 2019	2019-376223-TIVA-381	84.424		117,943	-	9,177	26,077	16,900
TOTAL U.S. DEPARTMENT OF EDUCATION				1,166,791	5,038,169	5,176,467	1,305,089	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Wisconsin Department of Health Services								
Medical Assistance								
July 1, 2018 - June 30, 2019	None	93.778	N/A	-	912,901	1,006,533	93,632	-
Total Medicaid Cluster				-	912,901	1,006,533	93,632	-
Wisconsin Department of Public Instruction								
Center for Disease Control - Basic								
August 1, 2016 - July 31, 2017	A334-N/A-376223	93.079	N/A	572	572	-	-	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				572	913,473	1,006,533	93,632	-
TOTAL FEDERAL AWARDS				\$ 1,643,119	\$ 8,900,525	\$ 9,140,762	\$ 1,883,356	\$ -

The accompanying notes are an integral part of these statements.

WAUSAU SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2019

AWARDING AGENCY PASS-THROUGH AGENCY AWARD DESCRIPTION	PASS-THROUGH		RECEIVABLE			RECEIVABLE		SUBRECIPIENT PASS-THROUGH
	ENTITY IDENTIFYING NUMBER	STATE I.D. NUMBER	(UNEARNED REVENUE) JULY 1, 2018	REVENUE GRANTOR REIMBURSEMENTS	EXPENDITURES	(UNEARNED REVENUE) JUNE 30, 2019	EXPENDITURES	
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION								
Wisconsin Department of Public Instruction								
Special Education and School Age Parents	376223-100	255.101	\$ -	\$ 3,316,164	\$ 3,316,164	\$ -	\$ -	37,357
State School Lunch Aid	376223-107	255.102	-	46,653	46,653	-	-	-
Common School Fund Library Aid	376223-104	255.103	-	315,071	315,071	-	-	-
Bilingual/Bicultural Aid	376223-111	255.106	-	480,914	480,914	-	-	-
General Transportation Aid	376223-102	255.107	-	172,297	172,297	-	-	-
Equalization Aid	376223-116	255.201	942,450	56,233,589	56,233,114	941,975	-	-
Integration Transfer-Resident	376223-105	255.205	-	119,023	119,023	-	-	-
High Cost Special Education Aid	376223-119	255.210	-	43,271	43,271	-	-	-
Aid for School Mental Health Programs	376223-176	255.227	-	21,875	21,875	-	-	-
Personal Electronic Computing Device	376223-175	255.296	-	75,000	75,000	-	-	-
School Breakfast Program	376223-108	255.344	-	28,497	28,497	-	-	-
Tuition Payments by State	376223-157	255.401	-	218,090	218,090	-	-	-
Achievement Gap Reduction	376223-160	255.504	-	1,815,469	1,815,469	-	-	-
Educator Effectiveness Evaluation System	376223-154	255.940	-	56,320	56,320	-	-	-
Per Pupil Aid	376223-113	255.945	-	5,479,212	5,479,212	-	-	-
Career and Technical Education Incentive	376223-151	255.950	-	81,000	81,000	-	-	-
Assessments of Reading Readiness	376223-166	255.956	-	18,121	18,121	-	-	-
Robotics Lead Participation	376223-167	255.959	-	-	1,989	-	1,989	-
Aid for Special Education Transition	376223-168	255.960	-	25,000	25,000	-	-	-
TOTAL WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION			942,450	68,545,566	68,547,080	943,964		37,357
WISCONSIN DEPARTMENT OF NATURAL RESOURCES								
Payment in Lieu of Taxes	None	None	-	36,921	36,921	-	-	-
WISCONSIN DEPARTMENT OF REVENUE								
Exempt Computer Aid	None	None	550,792	550,792	564,122	564,122	-	-
Exempt Personal Property Aid	None	255.301	-	405,921	405,921	-	-	-
TOTAL WISCONSIN DEPARTMENT OF REVENUE			550,792	956,713	970,043	564,122		-
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT								
North Central Technical College Youth Apprenticeship Grant	None	445.107	-	15,622	15,622	-	-	-
WISCONSIN DEPARTMENT OF JUSTICE								
School Safety Initiative	None	445.315	-	165,192	286,988	121,796	-	-
TOTAL STATE FINANCIAL ASSISTANCE			\$ 1,493,242	\$ 69,720,014	\$ 69,856,654	\$ 1,629,882		\$ 37,357

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, 2019

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

2018-2019 eligible costs under the State Special Education Program are \$14,071,843.

NOTE 4 - Food Distribution Program

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

NOTE 5 - 10% De Minimis Cost Rate

Elected not to use.

**WAUSAU SCHOOL DISTRICT
WAUSAU, WISCONSIN**

OTHER REPORTS



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

To the Board of Education
Wausau School District
Wausau, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wausau School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 18, 2019.

Internal Control Over Financial Reporting

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

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

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

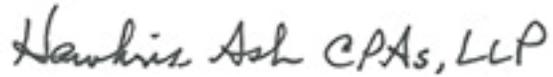
Compliance and Other Matters

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

Purpose of this Report

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

HAWKINS ASH CPAS, LLP

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

Manitowoc, Wisconsin
November 18, 2019



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

To the Board of Education
Wausau School District
Wausau, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited the Wausau School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of the Wausau School District's major federal and state programs for the year ended June 30, 2019. The Wausau School District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the Wausau School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

HAWKINS ASH CPAS, LLP



Manitowoc, Wisconsin
November 18, 2019

WAUSAU SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173	IDEA Cluster
None	HABITS

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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