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OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Audited Financial Statements
Year Ended June 30, 2025

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Year Ended June 30, 2025

Table of Contents

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Year Ended June 30, 2025

Table of Contents
(Continued)

Independent Auditors' Report

To the School Board
Oconomowoc Area School District
Oconomowoc, Wisconsin

Opinions

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

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

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 1.M to the financial statements, during the year ended June 30, 2025, the District adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining nonmajor fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and schedule of expenditures of state awards as required by Wisconsin State Single Audit Guidelines, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, the schedule of expenditures of federal awards and the schedule of expenditures of state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Reilly, Penner & Benton LLP

November 25, 2025
Milwaukee, Wisconsin

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Statement of Net Position
June 30, 2025

	Governmental Activities
Assets:	
Current assets:	
Cash	$ 11,311,772
Investments	53,697,894
Taxes receivable	15,163,783
Accounts receivable	36,108
Interest receivable	213,545
Prepaid expenses	48,984
Due from other governments	343,941
Total current assets	80,816,027
Noncurrent assets:	
Net OPEB asset	44,863
Capital assets:	
Nondepreciable	28,172,539
Depreciable, net of accumulated depreciation	94,433,247
Right to use assets, net of accumulated amortization	1,138,020
Total capital assets	123,743,806
Total noncurrent assets	123,788,669
Total assets	204,604,696
Deferred Outflows of Resources:	
Deferred outflows related to pensions - WRS	16,319,920
Deferred outflows related to pensions - Principal	555,000
Deferred outflows related to OPEB - life insurance	596,831
Total deferred outflows of resources	17,471,751
Liabilities:	
Current liabilities:	
Accounts payable	$ 3,220,440
Accrued interest	709,770
Accrued salaries and related items	6,676,389
Dental insurance deposits payable	70,118
Dental claims payable	32,271
Other deposits payable	573
Unearned revenue	93,727
Current portion of long-term obligations	7,663,347
Current portion of total supplemental pension liability	507,852
Total current liabilities	18,974,487
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	71,502,394
Net pension liability - WRS	2,969,196
Net pension liability - Principal	153,011
Net OPEB liability - life insurance	1,867,473
Noncurrent portion of total supplemental pension liability	1,208,136
Total noncurrent liabilities	77,700,210
Total liabilities	96,674,697
Deferred Inflows of Resources:	
Deferred inflows related to pensions - WRS	8,686,610
Deferred inflows related to pensions - Principal	163,260
Deferred inflows related to OPEB	25,967
Deferred inflows related to OPEB - life insurance	1,301,312
Total deferred inflows of resources	10,177,149
Net Position:	
Net investment in capital assets	56,502,033
Restricted for:	
Debt service	9,753,403
Capital projects	16,481,924
Food service	840,318
Other activities	1,131,614
Unrestricted	30,515,309
Total net position	$ 115,224,601

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

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Statement of Activities
Year Ended June 30, 2025

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position
Governmental activities:				
Instruction:				
Regular instruction	$ 37,745,777	$ 353,356	$ 4,655,126	$ (32,737,295)
Special education instruction	9,577,956	---	4,436,231	(5,141,725)
Vocational instruction	2,032,676	---	---	(2,032,676)
Other instruction	4,413,475	492,646	1,009,270	(2,911,559)
Total instruction	53,769,884	846,002	10,100,627	(42,823,255)
Support services:				
Pupil services	3,839,487	---	2,450	(3,837,037)
Instructional staff services	3,242,521	---	629,482	(2,613,039)
General administration services	934,808	---	---	(934,808)
School administration services	3,494,495	---	840	(3,493,655)
Business services	1,710,386	---	---	(1,710,386)
Operation and maintenance of plant	6,266,143	147,894	---	(6,118,249)
Pupil transportation	2,628,408	12,474	132,275	(2,483,659)
Central services	1,011,639	---	---	(1,011,639)
Other support services	1,713,870	---	---	(1,713,870)
Community services	976,401	36,975	---	(939,426)
Food service	2,527,868	1,686,738	554,952	(286,178)
Interest and fees on long-term debt	2,661,829	---	---	(2,661,829)
Unallocated depreciation and amortization*	3,252,415	---	---	(3,252,415)
Unallocated loss on disposal of assets	5,549	---	---	(5,549)
Total support services	34,265,819	1,884,081	1,319,999	(31,061,739)
Total governmental activities	$ 88,035,703	$ 2,730,083	$ 11,420,626	(73,884,994)

General revenues:	
Taxes:	
Property taxes, levied for general purposes	47,848,982
Property taxes, levied for debt service	12,770,229
Property taxes, levied for specific purposes	929,035
Federal and state aid not restricted to specific purposes:	
General	14,488,242
Other	4,301,558
Interest and investment gain	3,222,997
Miscellaneous	293,598
Changes in net position	9,969,647
Net position - beginning of year	105,063,488
Adjustment due to change in accounting principles	(161,415)
Adjustment due to correction of an error - see note 15	352,881
Net position - beginning of year as adjusted	105,254,954
Net position - end of year	$ 115,224,601

* This amount excludes the depreciation and amortization that is included in the direct expenses of the various programs.

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

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Balance Sheet
Governmental Funds
June 30, 2025

	General	Debt Service	Capital Projects	Nonmajor Funds	Total Governmental Funds
Assets:					
Cash	$ 9,015,086	$ ---	$ 13,966	$ 2,282,720	$ 11,311,772
Investments	14,428,826	10,374,036	28,895,032	---	53,697,894
Taxes receivable	15,163,783	---	---	---	15,163,783
Accounts receivable	27,104	---	---	9,004	36,108
Interest receivable	29,580	89,137	94,828	---	213,545
Prepaid expenditures	48,871	---	---	113	48,984
Due from other funds	---	---	935,000	---	935,000
Due from other governments	343,941	---	---	---	343,941
Total assets	$ 39,057,191	$ 10,463,173	$ 29,938,826	$ 2,291,837	$ 81,751,027
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	$ 591,468	$ ---	$ 2,388,688	$ 240,284	$ 3,220,440
Accrued salaries and related items	6,667,653	---	---	8,736	6,676,389
Dental insurance deposits payable	70,118	---	---	---	70,118
Dental claims payable	32,271	---	---	---	32,271
Other deposits payable	---	---	---	573	573
Unearned revenue	23,418	---	---	70,309	93,727
Due to other funds	935,000	---	---	---	935,000
Total liabilities	8,319,928	---	2,388,688	319,902	11,028,518
Fund Balances:					
Nonspendable	48,871	---	---	3	48,874
Restricted	---	10,463,173	27,550,138	1,971,932	39,985,243
Assigned	752,469	---	---	---	752,469
Unassigned	29,935,923	---	---	---	29,935,923
Total fund balances	30,737,263	10,463,173	27,550,138	1,971,935	70,722,509
Total liabilities and fund balances	$ 39,057,191	$ 10,463,173	$ 29,938,826	$ 2,291,837	$ 81,751,027

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

OCONOMOWOC AREA SCHOOL DISTRICT

Oconomowoc, Wisconsin

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2025

Total fund balances - governmental funds		$ 70,722,509
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:		
Cost of the assets	$ 178,562,994	
Accumulated depreciation and amortization	(55,957,208)	
Right to use assets	2,378,947	
Accumulated amortization	(1,240,927)	
		123,743,806
The following are recorded as assets or liabilities on the statement of net position, but are not reported in the governmental funds		
Net pension liability - WRS	2,969,196	
Net pension liability - Principal	153,011	
Net OPEB liability - life insurance	1,867,473	
Total supplemental pension liability	1,715,988	
Net OPEB asset	(44,863)	
		(6,660,805)
Deferred outflows and inflows of resources related to pension and OPEB plans are applicable to future periods, and therefore, are not reported in the governmental funds.		7,294,602
Long-term obligations, are not due and payable in the current period, and therefore are not reported in the governmental funds. Long-term obligations at year-end consist of:		
Bonds payable	73,350,000	
Financed purchases	611,915	
Lease liability	875,080	
Subscription based IT arrangement liability	43,992	
Unamortized premium on debt issuance	3,429,000	
Compensated absences	855,754	
		(79,165,741)
Accrued interest payable on the bonds is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.		(709,770)
Total net position - governmental activities		$ 115,224,601

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

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

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

	General	Debt Service	Capital Projects	Nonmajor Funds	Total Governmental Funds
Revenues:					
Local	$ 50,350,703	$ 13,254,070	$ 1,457,159	$ 3,783,563	$ 68,845,495
Interdistrict	3,171,616	---	---	---	3,171,616
Intermediate	7,594	---	---	---	7,594
State	22,695,473	---	---	15,120	22,710,593
Federal	2,555,759	---	---	539,832	3,095,591
Other	157,358	---	---	---	157,358
Total revenues	78,938,503	13,254,070	1,457,159	4,338,515	97,988,247
Expenditures:					
Instruction:					
Current	44,143,655	---	---	980,127	45,123,782
Interdistrict	3,926,032	---	---	---	3,926,032
Capital outlay	391,009	---	---	96,005	487,014
Support Services:					
Current	27,988,434	---	149,020	3,427,108	31,564,562
Capital outlay	2,029,994	---	14,710,791	23,204	16,763,989
Debt service	---	12,748,435	---	---	12,748,435
Total expenditures	78,479,124	12,748,435	14,859,811	4,526,444	110,613,814
Excess (deficiency) of revenues over expenditures	459,379	505,635	(13,402,652)	(187,929)	(12,625,567)
Other Financing Sources (Uses):					
Operating transfers	(935,000)	---	935,000	---	---
Face value of debt issued	---	---	19,355,000	---	19,355,000
Lease financing	756,462	---	---	---	756,462
SBITA financing	21,778	---	---	---	21,778
Financed purchases	632,647	---	---	---	632,647
Other financing sources - premiums	---	1,100,329	---	---	1,100,329
Total other financing sources (uses)	475,887	1,100,329	20,290,000	---	21,866,216
Net change in fund balances	935,266	1,605,964	6,887,348	(187,929)	9,240,649
Fund Balances - Beginning of year	29,801,997	8,857,209	20,662,790	2,159,864	61,481,860
Fund Balances - End of year	$ 30,737,263	$ 10,463,173	$ 27,550,138	$ 1,971,935	$ 70,722,509

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

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

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

Total net change in fund balances - governmental funds		$ 9,240,649
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses.		
Depreciation expense	$ (4,797,878)	
Amortization expense on right-to-use leased assets	(647,617)	
Amortization expense on right-to-use subscription based IT arrangement assets	(142,334)	
Capital outlays	17,251,003	
		11,663,174
In the statement of activities, losses on the disposal of assets are shown, whereas in the governmental funds only the proceeds on the disposal (if any) are shown.		(5,549)
In the statement of activities a gain on the early termination of a subscription based IT arrangement liability is reported, whereas in the governmental funds no gain in reported.		37,393
Some of the capital assets acquired this year were financed with leases. The amount of lease fiinancing is reported in the governmental funds as a source of financing. On the other hand, the leases are not revenues in the statement of activities, but rather constitute long-term liabilities in the statement of net position.		(756,462)
Some of the capital assets acquired this year were financed with subscription-based information technology arrangements (SBITAs). The amount financed by SBITA is reported in the governmental funds as a source of financing. On the other hand, the SBITA's are not revenues in the statement of activities, but rather constitute long-term liabilities in the statement of net position.		(21,778)
Some of the capital assets acquired this year were acquired through financed purchases. The amount financed is reported in the governmental funds as a source of financing. On the other hand, the financed purchases are not revenues in the statement of activities, but rather constitute long-term liabilities in the statement of net position.		(632,647)
Proceeds received for the issuance of debt is an other financing source in the governmental funds, but the proceeds increase long-term liabilities in the statement of net position.		
Bonds payable		(19,355,000)
Premiums on the issuance of debt are an other financing source in the governmental funds, but are capitalized on the statement of net position.		
Premium on debt issuance		(1,100,329)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Bonds payable	9,710,000	
Lease liability	608,909	
Subscription based IT arrangement liability	70,660	
Financed purchases	470,877	
		10,860,446
Amortization reduces the balance of the unamortized premium on debt issuance liability The amortization is an expenditure in the statement of net position, but is not shown in the governmental funds.		582,346
In the statement of activities, other post-employment benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.		(1,845)
In the statement of activities, supplemental pension benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.		506,919
In the statement of activities, Principal pension benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.		1,141,322
In the statement of activities, the cost of pension and life insurance benefits earned net of employee contributions is reported as revenue (expenses). In the governmental funds however, expenditures for these items are measured by the amount of financial resources used.		
Cost of WRS pension benefits earned net of employee contributions	(3,945,602)	
District WRS pension contributions	2,524,021	
Cost of OPEB - life insurance benefits earned net of employee contributions	(130,129)	
District OPEB - life insurance contributions	10,041	
		(1,541,669)
In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.		(522,772)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		(124,551)
Change in net position of governmental activities		$ 9,969,647

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

OCONOMOWOC AREA SCHOOL DISTRICT

Oconomowoc, Wisconsin

Statement of Fiduciary Net Position

June 30, 2025

	Employee Benefit Trusts	Employee Retirement Plan
Assets:		
Cash	$ 642,965	$ ---
Investments	---	14,155,731
Total assets	642,965	14,155,731
Net position:		
Restricted	642,965	14,155,731
Total net position	$ 642,965	$ 14,155,731

Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2025

	Employee Benefit Trusts	Employee Retirement Plan
Additions:		
Net investment earnings	$ 33,475	$ 1,483,468
Contributions:		
Employer	---	555,000
Plan members	---	11,909
Total additions	33,475	2,050,377
Deductions:		
Benefits	131,117	940,407
Administrative expenses	300	---
Total deductions	131,417	940,407
Change in net position	(97,942)	1,109,970
Net position - beginning of year	740,907	13,045,761
Net position - end of year	$ 642,965	$ 14,155,731

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

1. Summary of Significant Accounting Policies

A. Introduction

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

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

B. Component Units

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

C. Basis of Presentation

District–Wide Statements

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

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

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 nonmajor funds.

1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The District reports the following major governmental funds:

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

Debt Service Fund – This fund accounts for the financial resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental activities.

Capital Projects Fund – This fund accounts for the financial resources of the District to be used for capital expenditures related to buildings and sites.

The District accounts for fiduciary activities for employee post-employment benefits in an employee benefit trust fund. The District accounts for custodial activities for the Oconomowoc Area School District Retirement Plan in an employee retirement plan fund.

D. Measurement Focus and Basis of Accounting

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions through leases, SBITA's, and finance purchases 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 resources may be available to finance the program. It is the District's policy to first apply cost-reimbursement restricted grant resources to such programs, followed by unrestricted general revenues.

1. Summary of Significant Accounting Policies (Continued)

E. Cash

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

F. Investments

The District's investments are stated at fair value, except for highly liquid market investments with maturities of one year or less at the time of purchase, which are stated at amortized cost. Market value is used for those securities for which market quotations are readily available. For securities that lack readily available market quotations, reasonable estimates of fair value are used based on the market value of similar investments. The District generally holds all investments until maturity or until market values equal or exceed cost.

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

Equity Funds and Fixed Income: Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Interest income on commingled investments of district accounting funds is allocated based on average investment balances. Adjustments necessary to record investments at fair value are recorded in the statement of activities, statements of revenues, expenditures and changes in fund balances and statement of changes in fiduciary net position as increases or decreases in investment income.

Investment balances for individual funds are pooled unless maintained in segregated accounts.

G. Receivables

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

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

1. Summary of Significant Accounting Policies (Continued)

H. Interfund Transactions

The current portion of lending/borrowing arrangements between funds is identified as due to/from other funds. The noncurrent portion of outstanding balances between funds is reported as advances to/from other funds. Advances between funds are offset by a fund balance reserve account to indicate that they are not available for appropriation and are not expendable available financial resources. The District does not have any advances between funds. Individual fund transfers and interfund receivables and payable activity for the year ending June 30, 2025 are as follows:

Purpose	Receivable Fund	Payable Fund	Amount
Transfers:			
Fund future capital projects	Capital Projects	General	$ 935,000
Receivables/Payables:			
Fund future capital projects	Capital Projects	General	$ 935,000

I. Capital Assets

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

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Site improvements	$ 5,000	Straight-line	10 - 20 years
Buildings	5,000	Straight-line	50 years
Building improvements	5,000	Straight-line	15 - 20 years
Equipment and furniture	5,000	Straight-line	5 - 15 years

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

J. Right to Use Assets

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

1. Summary of Significant Accounting Policies (Continued)

J. Right to Use Assets (Continued)

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

K. Other Assets

Prepaid insurance represents payments made by the District for which benefits extend beyond June 30th and have not yet been earned by the recipient. Inventory and prepaid supplies are valued at cost using the first-in/first-out (FIFO) method. Costs are recorded as expenditures at the time individual inventory items are consumed. Expendable supplies or noncapital items acquired for initial use in subsequent fiscal periods are recorded as prepaid expenses and/or inventories.

L. Deferred Outflows and Inflows of Resources

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

M. Compensated Absences

The District recognizes a liability for compensated absences in accordance with GASB Statement No. 101, *Compensated Absences*. Employees earn sick leave and vacation leave in accordance with District policy.

Sick leave benefits are not paid upon termination; therefore, the District accrues a liability for the portion of sick leave expected to be used during employment based on historical utilization patterns. The District calculates each employee's three-year average utilization of their regular annual allocation (full-time staff receive between nine and twelve days annually before using accumulated leave). Based on this analysis, employees with an average annual utilization rate below 100% are excluded from the liability calculation, as it is considered unlikely that they will use accumulated sick leave beyond their annual allocation. The liability is measured using pay rates in effect as of June 30 and is reported only in the government-wide financial statements, as it is not expected to be liquidated with expendable available financial resources.

Vacation benefits are paid upon termination. The amount of vacation that may be carried over to the next year varies by employee group. The District accrues 100% of carryover vacation balances as of June 30, representing the amount that would be payable upon termination. The liability is measured based on pay rates in effect as of June 30 and is reported only in the government-wide financial statements.

1. Summary of Significant Accounting Policies (Continued)

M. Compensated Absences (Continued)

Implementation of GASB Statement No. 101

During the fiscal year ending June 30, 2025, the District implemented GASB Statement No. 101, *Compensated absences*. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The implementation of GASB Statement No. 101 had the following effect on net position as of June 30, 2024:

Net position June 30, 2024	$	105,063,488
Restatement for GASB 101 implementation		(161,415)
Net position June 30, 2024, restated for GASB 101	$	104,902,073

N. Net Position

Net position represents the difference between assets, deferred outflows of resources, 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.

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

O. Fund Balance

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

- *Nonspendable* - amounts that cannot be spent either because they are not in spendable form and cannot be converted to cash or because they are legally or contractually required to be maintained intact.
- *Restricted* - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- *Committed* - amounts that can be used only for specific purposes determined by a formal action of the School Board prior to year-end. The School Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the School Board.
- *Assigned* - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, the School Board has authorized the Business Manager to assign funds.
- *Unassigned* - the residual classification for the General Fund (fund balance that has not been restricted, committed, or assigned to specific purposes within the General Fund), and deficit fund balances within other funds.

Order of Fund Balance Spending Policy: The District has established the following order of spending when various funding sources exist: (1) Restricted, (2) Committed, (3) Assigned, (4) Unassigned.

1. Summary of Significant Accounting Policies (Continued)

O. Fund Balance (Continued)

Minimum fund balance policy: The District shall strive to maintain an unassigned year-end fund balance in the general fund that is equivalent to at least 25% of the anticipated general fund expenditure budget for the subsequent fiscal year with a goal of reaching a level where short-term borrowing for operations is not necessary.

P. Estimates

The preparation of the financial statements in conformity with GAAP 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.

Q. Pensions

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

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

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

R. Other Post-Employment Benefits (OPEB) – Life Insurance

The fiduciary net position of the Local Retiree Life Insurance Fund ("LRLIF") has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring:

- Net OPEB Liability
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post-Employment Benefits, and
- OPEB Expense (Revenue)

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

S. Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed (November 25, 2025). On July 29, 2025, the School Board approved the sale of the former Meadowview Elementary School property for the price of $2.005 million. Also, discussed in note 4, the District entered into a subsequent lease agreement and issued two subsequent finance purchases arrangements. Finally, a subsequent commitment is disclosed in note 14. There were no other subsequent events that required recognition or disclosure.

2. Cash and Investments

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

	Custodial Balance	Carrying Amount	Risks
Cash:			
Demand deposits	$ 12,354,716	$ 11,954,637	Custodial
Petty cash	---	100	
Investment:			
Wisconsin Investment Series Coop (WISC):			
Certificates of deposit	4,565,200	4,565,200	Custodial and interest rate
Cash Management Series	9,238,602	9,238,602	Custodial, credit and interest rate
Investment Series Fund	24,281,192	24,281,192	Custodial, credit and interest rate
Limited Term Duration	6,100,411	6,100,411	Custodial, credit and interest rate
Savings Deposit Accounts	19	19	Custodial
Term Series	6,250,000	6,250,000	Custodial, credit and interest rate
U.S. Treasuries	3,262,470	3,262,470	Custodial and interest rate
Oconomowoc Area School District Retirement Plan:			
Principal Investments:			
Equity funds	9,238,251	9,238,251	Custodial
Fixed income (bond funds)	3,981,030	3,981,030	Custodial and interest rate
Other fixed income	936,450	936,450	Custodial
Total cash and investments	$ 80,208,341	$ 79,808,362	

Reconciliation to Financial Statements:	
Per statement of net position:	
Cash	$ 11,311,772
Investments	53,697,894
Per statement of fiduciary net position:	
Cash	642,965
Investments	14,155,731
Total cash and investments	$ 79,808,362

Deposits in each local and area bank are insured by the Federal Deposit Insurance Corporation ("FDIC") in the amount of $250,000. Deposits in each local and area bank, are also insured by the State Deposit Guarantee Fund ("SDGF") in the amount of $1,000,000 per financial institution. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual districts.

2. Cash and Investments (Continued)

Custodial Risk: Is the risk that, in the event of a financial institution failure, the District's deposits may not be returned to the District. The District's carrying value for cash and the WISC Investments were $65,652,531 at June 30, 2025 and the custodians' carrying value was $66,052,610, of which $6,815,200 was fully insured and $59,237,410 was uninsured and uncollateralized. The Principal investments are all uninsured and uncollateralized. The District does not have a policy regarding custodial risk for deposits.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits the maturity of any security to no more than seven years from the date of purchase or in accordance with state statutes.

Average effective duration provides a measure of a fund's interest rate sensitivity. The higher the average effective duration the greater the risk that the fund's value will change as interest rates change. The average effective duration of the Limited Term Duration Series held by WISC is less than one year. The Term Series funds held by WISC all have a duration of less than one year. The average effective duration of the Principal Investments fixed income (bond funds) range from three to six years.

As of June 30, 2025, the certificates of deposit and U.S. Treasury securities had the following maturities (in years):

Investment Type	<1	1 - 5	Total
Certificates of Deposit	$ 4,333,100	$ 232,100	$ 4,565,200
U.S. Treasuries	2,774,161	488,309	3,262,470
Total	$ 7,107,261	$ 720,409	$ 7,827,670

The Cash Management Series has no minimum investment period, allows check writing privileges, and the average weighted maturity managed at sixty days or less. The Investment Series Fund are pooled funds investing in U.S. government obligations, agencies and commercial paper. The Investment Series Fund requires a 14-day minimum investment period and one business day withdrawal notice, and the average weighted maturity managed at sixty days or less.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. This is measured by assignment of a rating by a nationally recognized rating organization. The District's investment policy minimized credit risk by limiting investments to the safest type of securities. The District's policy is that all investment transactions shall be planned to avoid loss of capital from credit risk. The WISC investments were rated as follows:

Investment	Average Credit Quality
Cash Management Series	AAAm
Investment Series Fund	AAAm
Limited Term Duration	AA
Term Series	AAAf

Separate accounts held at The Principal Financial Group are commingled pools, rather than individual securities. As a result, these accounts are not rated. Accounts held at The Principal Financial Group are not subject to concentration of credit risk, custodial credit risk or foreign currency risk.

2. Cash and Investments (Continued)

At June 30, 2025 the Oconomowoc Area School District Retirement Plan had over 5% of net position invested in the following:

Principal Global Investors – Equity income SEP Acct	$	1,325,239
Principal Global Investors – Large Cap S&P 500 Index		1,834,396
T. Rowe Price/Brown Advisory – Large Cap Growth 1 SEP Acct		1,439,410
Principal Global Investors – Diversified Intl SEP Acct		2,063,659
Principal Global Investors – Bond Market Index SEP Acct		719,915
Principal Global Investors – Core Fixed Income SEP Acct		2,920,239
Causeway/Barrow Hanley – Overseas Separate Account-Pro		724,995
Principal Real Estate – US Property		936,449

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

The following summarizes the classification of investments within the statement of net position by classification and method of valuation in accordance with the requirements of accounting principles generally accepted in the United States of America for the year ending June 30, 2025:

	Fair Value				
	Level 1	**Level 2**	**Level 3**	**Exempt from Disclosure**	**Total**
WISC	$ ---	$ ---	$ ---	$ 53,697,894	$ 53,697,894
Equity funds	9,238,251	---	---	---	9,238,251
Fixed income (bond funds)	3,981,030	---	---	---	3,981,030
Other fixed income	936,450	---	---	---	936,450
Total	$ 14,155,731	$ ---	$ ---	$ 53,697,894	$ 67,853,625

WISC investments are exempt from fair value disclosure due to investments being valued at amortized cost.

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

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

2. Cash and Investments (Continued)

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

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

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

3. Capital Assets

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

	Balance July 1, 2024	Adjustment - See Note 15	Additions	Reductions	Balance June 30, 2025
Capital assets not being depreciated					
Sites	$ 5,079,668	$ ---	$ ---	$ ---	$ 5,079,668
Construction in progress	8,364,232	---	14,728,639	---	23,092,871
Total capital assets not being depreciated	13,443,900	---	14,728,639	---	28,172,539
Capital assets being depreciated					
Site improvements	7,016,612	---	250,557	---	7,267,169
Building and improvements	129,809,619	---	177,858	---	129,987,477
Equipment and vehicles	11,742,006	467,199	1,315,771	(389,167)	13,135,809
Total capital assets being depreciated	148,568,237	467,199	1,744,186	(389,167)	150,390,455
Less accumulated depreciation	51,428,630	114,318	4,797,878	(383,618)	55,957,208
Total capital assets being depreciated, net of accumulated deprecation	97,139,607	352,881	(3,053,692)	(5,549)	94,433,247
Right-to-use assets:					
Leased equipment	2,065,037	---	756,400	(861,774)	1,959,663
SBITA's	538,261	---	21,778	(140,755)	419,284
Total right-to-use assets	2,603,298	---	778,178	(1,002,529)	2,378,947
Less accumulated amortization	1,453,505	---	789,951	(1,002,529)	1,240,927
Net right-to-use assets	1,149,793	---	(11,773)	---	1,138,020
Governmental activities capital assets, net of accumulated depreciation	$ 111,733,300	$ 352,881	$ 11,663,174	$ (5,549)	$ 123,743,806

3. Capital Assets (Continued)

Accumulated amortization on the leased equipment was $1,014,347 as of June 30, 2025. Accumulated amortization on the SBITA assets was $226,580 as of June 30, 2025.

Depreciation and amortization expense is allocated on the Statement of Activities as follows:

		Depreciation		Amortization
Regular instruction	$	233,392	$	142,334
Special education instruction		5,242		---
Vocational instruction		30,625		---
Other instruction		135,224		---
Pupil services		8,457		---
Instructional staff services		470,877		647,617
General administrative services		23,681		---
Operation and maintenance of plant		518,667		---
Pupil transportation		19,259		---
Food service		54,566		---
Central service		45,473		---
Unallocated depreciation		3,252,415		---
Total expense	$	4,797,878	$	789,951

4. Long-Term Liabilities

Long-term liabilities of the District are as follows:

Type		Balance July 1, 2024		Additions		Reductions		Balance June 30, 2025		Amounts due within one year
G.O. Bonds	$	63,705,000	$	19,355,000	$	9,710,000	$	73,350,000	$	6,500,000
Unamortized premium		2,911,017		1,100,329		582,346		3,429,000		---
Financed purchases		450,145		632,647		470,877		611,915		341,434
Lease liability		727,527		756,462		608,909		875,080		453,292
SBITA liability		130,267		21,778		108,053 **		43,992		36,412
Compensated absences (net change)		332,982		522,772		---		855,754		332,209
Total	$	68,256,938	$	22,388,988	$	11,480,185	$	79,165,741	$	7,663,347

*The beginning balance of compensated absences was increased $161,415 for the implementation of GASB 101

**Reduction of the SBITA liability includes $70,660 in current year principal payments and $37,393 for a SBITAs that were terminated early during the year ended June 30, 2025.

Total interest paid and expensed (including accrual) during the year for the year ended June 30, 2025 on long-term liabilities was $2,903,054 and $3,027,605, respectively.

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

4. Long-Term Liabilities (Continued)

Long-term general obligation debt at June 30, 2025 is comprised of the following individual issues:

Description	Issue Dates	Interest Rates (%)	Dates of Maturity	Balance June 30, 2025
$10,000,000 G.O. Refunding Bond	9/17/14	1.00 – 3.00 %	4/1/27	$ 295,000
$8,885,000 G.O. Refunding Bond	12/29/16	3.50	4/1/36	8,885,000
$28,280,000 G.O. Refunding Bond	5/15/17	2.00 – 3.20	4/1/33	15,660,000
$19,990,000 G.O. Refunding Bond	4/20/18	3.30	4/1/38	19,990,000
$15,000,000 G.O. Promissory Note	9/6/23	4.00 – 5.15	4/1/30	13,390,000
$19,355,000 G.O. Refunding Bond	9/10/24	4.00 – 5.00	4/1/35	15,130,000
Total				$ 73,350,000

The 2024 equalized valuation of the District as certified by the Wisconsin Department of Revenue is $10,016,285,766. The legal debt limit and margin of indebtedness as of June 30, 2025, in accordance with Section 67.03(1)(a) of the Wisconsin Statutes follows:

Debt limit (10% of $10,016,285,766)	$ 1,001,628,577
Deduct long-term debt applicable to debt margin	73,350,000
Margin of indebtedness	$ 928,278,577

Aggregate cash flow requirements for the retirement of long-term principal and interest on general obligation debt as of June 30, 2025 is as follows:

Year Ended June 30,	Principal	Interest	Total
2026	$ 6,500,000	$ 2,839,081	$ 9,339,081
2027	6,810,000	2,559,681	9,369,681
2028	7,140,000	2,219,181	9,359,181
2029	5,720,000	1,903,081	7,623,081
2030	5,950,000	1,659,281	7,609,281
2031-2035	32,450,000	4,999,820	37,449,820
2036-2038	8,780,000	506,693	9,286,693
Totals	$ 73,350,000	$ 16,686,818	$ 90,036,818

4. Long-Term Liabilities (Continued)

Lease agreements as of June 30, 2025 are summarized as follows:

Description	Commencement Date	Lease Term	Payment Frequency	Payment Amount	Interest Rate	Balance June 30, 2025
SLI Postage Machine	7/26/2022	5 years	Quarterly	$ 201	2.96%	$ 2,118
NHI Postage Machine	7/1/2024	4 years	Quarterly	267	3.24	3,045
OHS East Postage Machine	4/18/2024	5 years	Quarterly	970	4.33	14,184
Ricoh Copiers	11/18/2021	4 years	Monthly	1,026	1.08	7,158
Ricoh Copiers	11/18/2021	4 years	Monthly	291	1.08	2,604
Ricoh Copiers	7/7/2022	4 years	Monthly	467	2.95	6,413
Ricoh Copiers	2/7/2025	5 years	Monthly	6,076	4.37	307,280
HP - Computers	9/1/2023	3 years	Annually	236,360	4.19	226,855
HP - Computers	9/1/2024	3 years	Annually	147,141	4.02	277,444
Turf Tank	5/8/2023	6 years	Annually	10,000	3.57	27,979
						$ 875,080

Future minimum lease payments are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	$ 453,292	$ 34,737	$ 488,029
2027	219,887	16,383	236,270
2028	81,134	7,327	88,461
2029	72,948	3,841	76,789
2030	47,819	787	48,606
Total	$ 875,080	$ 63,075	$ 938,155

Subsequent to year-end, the District entered into a new lease agreement for HP ProBook Laptops. The lease term is 3 years with annual payments in the amount of $51,401.

Long-term liabilities resulting from subscription-based information technology arrangements as of June 30, 2025 are summarized as follows:

Description	Commencement Date	Lease Term	Payment Frequency	Payment Amount	Interest Rate	Balance June 30, 2025
Pear Deck	9/1/2024	3 years	Annually	$ 7,921	4.49%	$ 14,835
InquirED	5/7/2021	5 years	Annually	29,469	1.07	29,157
						$ 43,992

Future minimum subscription payments are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	$ 36,412	$ 978	$ 37,390
2027	7,580	340	7,920
Total	$ 43,992	$ 1,318	$ 45,310

4. Long-Term Liabilities (Continued)

The District's long-term obligations include financed purchase arrangements, summarized as follows:

Description	Purchase Date	Loan Term	Payment Frequency		Payment Amount	Interest Rate		Balance June 30, 2025
HP – wireless Infrastructure	9/1/2023	5 years	Annually	$	33,447	7.56%	$	86,880
HP- staff and student devices	9/1/2021	5 years	Annually		42,611	3.29		41,254
HP- staff and student devices	9/1/2023	3 years	Annually		84,998	8.64		78,235
HP- staff and student devices	9/1/2024	3 years	Annually		227,101	7.90		405,546
							$	611,915

Future minimum payments on the financed purchase arrangements are as follows:

Year Ended June 30,		Principal		Interest		Total
2026	$	341,434	$	46,722	$	388,156
2027		239,385		21,163		260,548
2028		31,096		2,352		33,448
Total	$	611,915	$	70,237	$	682,152

Subsequent to year-end, the District entered into two new financed purchase agreement for computers. The first finance purchase agreement was at a purchase price of $283,909, carries an interest rate of 7.45% and requires three annual payments of $101,762. The second finance purchase agreement was at a purchase price of $200,557, carries an interest rate of 7.59% and requires four annual payments of $55,765. Future minimum payments on the new purchase agreements is summarized in the below table:

Year Ended June 30,		Principal		Interest		Total
2026	$	157,527	$	---	$	157,527
2027		132,466		25,061		157,527
2028		142,640		14,887		157,527
2029		51,833		3,932		55,765
Total	$	484,466	$	43,880	$	528,346

5. Fund Balances

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

		Nonspendable		Restricted		Assigned
General fund:						
Prepaid expenditures	$	48,871	$	---	$	---
Self-insurance		---		---		104,058
Assignment of unspent insurance proceeds		---		---		648,411
Other special revenue fund		---		1,131,614		---
Food service fund						
Prepaid expenditures		3		---		---
Food service program		---		840,318		---
Debt service		---		10,463,173		---
Capital projects		---		27,550,138		---
Total	$	48,874	$	39,985,243	$	752,469

6. Defined Benefit Pension Plan - WRS

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.

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

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

Vesting

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

Benefits Provided

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

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

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

The WRS also provides death and disability benefits for employees.

6. Defined Benefit Pension Plan – WRS (Continued)

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

Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including Teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee category. Required contributions for protective employees are the same rate as 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 $2,524,021 in contributions from the employer.

Contribution rates as of June 30, 2025 are:

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

6. Defined Benefit Pension Plan – WRS (Continued)

Pension Liability, Pension Expense and Deferred Outflows and Inflows of Resources

At June 30, 2025, the District reported a liability of $2,969,196 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023 rolled forward to December 31, 2024. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2024, the District's proportion was 0.1807%, which was a decrease of 0.0080% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the District recognized pension expense of $3,945,602.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 9,220,978	$ 8,664,828
Changes in assumptions	881,017	---
Net difference between projected and actual earnings on pension plan investments	4,511,851	---
Changes in proportion and differences between employer contributions and proportionate share of contributions	80,332	21,782
Employer contributions subsequent to the measurement date	1,625,742	---
Total	$ 16,319,920	$ 8,686,610

The amount of $1,625,742 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense (revenue) as follows:

Year Ended June 30,	
2026	$ 1,795,792
2027	6,180,985
2028	(1,503,888)
2029	(465,321)

6. Defined Benefit Pension Plan – WRS (Continued)

Actuarial Assumptions

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

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

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

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

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

6. Defined Benefit Pension Plan – WRS (Continued)

Actuarial Assumptions (Continued)

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns[1]
As of December 31, 2024

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %[2]
Public Equity	38%	7.0%	4.3%
Public Fixed Income	27	6.1	3.4
Private Equity/Debt	20	9.5	6.7
Inflation Sensitive	19	4.8	2.1
Real Estate	8	6.5	3.8
Leverage[3]	(12)	3.7	1.1
Total Core Fund	100%	7.5%	4.8%
Variable Fund Asset Class			
U.S. Equities	70%	6.5%	3.8%
International Equities	30	7.4	4.7
Total Variable Fund	100%	6.9%	4.2%

[1]Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

[2]New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.6%

[3]The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. Currently, an asset allocation target of 12% policy leverage is used, subject to an allowable range of up to 20%.

6. Defined Benefit Pension Plan – WRS (Continued)

Actuarial Assumptions (Continued)

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

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

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase To Discount Rate (7.80%)
District's proportionate share of the net pension (asset) liability	$ 27,854,939	$ 2,969,196	$ (14,711,410)

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

Payables to the pension plan at June 30, 2025 were $1,077,947. This represents contributions earned as of June 30, 2025, but for which payment was not remitted to the pension plan until subsequent to year-end.

7. Oconomowoc Area School District Retirement Plan

Description of Plan

The Oconomowoc Area School District Retirement Plan ("OASD Retirement Plan") is a single-employer defined benefit pension plan sponsored by the Oconomowoc Area School District.

There are no non-employer contributing entities or special funding situations, as defined by GASB 67 and 68, for this plan.

The Board of Education of the Oconomowoc Area School District has the authority to modify the plan.

Employees participating in the OASD Retirement Plan consisted of the following at June 30, 2024, the date of the latest actuarial valuation:

Active plan members	4
Inactive plan members entitled to but not yet receiving benefits	31
Disabled plan members entitled to benefits	---
Retired plan members or beneficiaries currently receiving benefits	66
Total plan members	101

The OASD Retirement Plan is closed to new entrants as of August 13, 2012.

7. Oconomowoc Area School District Retirement Plan (Continued)

Plan Benefits

The following is a summary of plan provisions:

Plan Eligibility	
Class	Immediate plan entry on date of hire. An eligible employee means a full-time, non-certified staff employee of the employer and excludes an employee customarily employed by the employer for less than 10 months per year or an employee who participates in the Wisconsin Retirement System by nature of his employment with the employer. Entry into the plan was frozen effective 08/13/2012. After that date, no employee or former employee shall become an active participant, and no inactive participant or former participant shall again become an active participant.
Normal Retirement Benefit	
Age	Attained age 65
Service	One year as active participant in plan
Form	Monthly annuity payable for life
Amount (accrued benefit)	1.8% of average compensation times credited service. Maximum benefit equal to 70% of average compensation An active participant's retirement benefit under the normal form on his retirement date will not be less than the greater of his Required Contribution Accrued Benefit on his retirement date, or the monthly benefit under the normal form that is the actuarial equivalent of his Required Contribution Account on such date.
Early Retirement Benefit	
Requirements	Earlier of a) or b): a) Age 58 with 20 years of continuous experience b) Age 60 with 15 years of continuous experience
Form	Same as normal retirement benefits
Amount	Accrued benefit on early retirement date without reduction
Late Retirement Benefit	
Age	No maximum age
Form	Same as normal retirement benefit
Amount	Accrued benefit on late retirement date
Termination Benefit	
Vesting percentage	On or subsequent to six years of service 20%, plus 20% for each additional year in excess of six, up to 100%
Form	Same as Normal Retirement Benefit with income deferred until Normal Retirement Date
Amount	Accrued benefit on date of termination multiplied by vesting percentage
Disability Benefit	
Age	Attained age 45
Service	10 years of continuous service
Form	Monthly income payable until normal retirement, death or recovery
Amount	Accrued benefit as of date of disability adjusted for any plan benefit increases effective prior to retirement date Service while a participant is receiving a monthly disability benefit counts towards continuous service. This also applies to participants who are on long-term disability but not yet eligible for a monthly annuity.
Death benefit	
Active participants	Present value of the deferred Accrued Benefit payable immediately. Interest will be credited at 4% compounded annually from the date of death to the date of payment if over one year.
Inactive participants	Present value of the deferred Accrued Benefit calculated at date of termination with interest credited at 4% compounded annually to date of death.

7. Oconomowoc Area School District Retirement Plan (Continued)

Contributions

The basis for determining contributions is an actuarially determined contribution rate that is calculated each year in the plan's actuarial valuation report. The actuarially determined contribution rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with additional amounts to finance any unfunded accrued liability and plan administrative expenses.

In accordance with the plan's governing document, employees may be required to contribute to the plan.

Participating employees are currently required to contribute 5.00% of their salary.

For the year ended June 30, 2025, the District recognized OASD Retirement Plan contributions of $555,000. Plan members receiving benefits contributed $11,909.

Net Pension Liability

The District's net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the same date. Changes in the District's net pension liability was as follows:

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balance 6/30/24 - measurement date 6/30/23	$ 13,975,566	$ 11,846,374	$ 2,129,192
Benefit payments made in the prior fiscal year	(942,442)	(942,442)	---
Service cost	18,115	---	18,115
Interest	767,493	---	767,493
Differences between expected and actual	(213,902)	---	(213,902)
Change in assumptions or other input	(406,058)	---	(406,058)
Employee contributions	---	10,953	(10,953)
Employer contributions	---	861,000	(861,000)
Net investment income	---	1,304,245	(1,304,245)
Administrative expenses	---	(34,369)	34,369
Net changes	(776,794)	1,199,387	(1,976,181)
Balance 6/30/25 - measurement date 6/30/24	$ 13,198,772	$ 13,045,761	$ 153,011

7. Oconomowoc Area School District Retirement Plan (Continued)

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred inflows of Resources Related to Pensions

At June 30, 2025, the District reported a liability of $153,011 for the OASD Retirement Plan net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024. No material changes to benefit terms occurred between the actuarial valuation date and the measurement date.

For the year ended June 30, 2025, the District recognized pension expense (revenue) of $(586,322).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ ---	$ ---
Changes in assumptions	---	---
Net difference between projected and actual earnings on pension plan investments	---	163,260
Changes in proportion and differences between employer contributions and proportionate share of contributions	---	---
Employer contributions subsequent to the measurement date	555,000	---
Total	$ 555,000	$ 163,260

The amount of $555,000 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense (revenue) as follows:

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2026	$ (141,040)
2027	298,473
2028	(199,877)
2029	(120,846)

7. Oconomowoc Area School District Retirement Plan (Continued)

Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions applied to all periods included in the measurement:

Actuarial Valuation Date:	June 30, 2024
Measurement Date of Net Pension Liability:	June 30, 2024
Asset method:	Market value of assets, as of the measurement date
Discount Rate and basis:	Beginning of period 5.69% Long-term rate of return assumption for periods when projected assets are greater than projected benefit payments, municipal bond rate for periods when projected assets are less than projected benefits payments. End of period 6.00% Long-term rate of return assumption for periods when projected assets are greater than projected benefit payments, municipal bond rate for periods when projected assets are less than projected benefits payments.
Municipal bond rate and basis:	4.01% Bloomberg Barclays Municipal GO Long Term (17+ Y) Index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, as of the measurement date.
Actuarial Cost Method:	Entry age normal cost method, level percent of pay. Attribution is made on an individual basis, beginning with the first period in which the employee's service accrues pension benefit through all assumed exit ages, through retirement.
Interest rate of employee accumulations:	4.00% as defined in plan document
Inflation:	2.40% increase per year
Upcoming salary increases:	Table S-5 from the Actuary's Pension Handbook plus 1.5%
Compensation limit increase:	2.40% increase per year, consistent with inflation assumption
Mortality:	Based on PubG-2010 General base rate mortality table projected to future years with historical and assumed mortality improvement (MI) rates using the MP-2021 mortality improvement scale.
Retirement	Earliest of when age and service are met.
Disability	None, due to size of the plan.
Withdrawal	None, due to size of the plan.
Marriage	100% married; male is 3 years older than the female.
Future employer contributions	Assumed employer contributions are equal to: • Employer Normal Cost assumed to continue at 9.42% of payroll throughout the projection period. This is based on the 07/01/2024 Actuarial valuation report. • Current bases as of the 07/01/2024 Actuarial valuation report will continue to be amortized over their remaining periods. No future experience bases will be established as experience is assumed to match projection assumptions. No future assumption bases will be established as no assumption changes are made during the projection period. No future benefit change bases will be established as no future benefit changes are assumed. • Expenses assumed to be $0 throughout the projection period since they are now billed and not deducted.
Future employee contributions	Employee contributions continue at 5.00% during the projection period

7. Oconomowoc Area School District Retirement Plan (Continued)

Actuarial Assumptions (Continued)

The following changes in actuarial assumption have been made since the prior measurement date:

- The discount rate and basis has changed from 5.69% (Blended) to 6.00% (LTRR).
- Municipal bond rate changed from 3.90% to 4.01%.

Long-Term Rate of Return

The expected long-term rate of return assumption as of the end of period is 6.00%.

The actual weighted average asset allocation for the four quarterly dates from 09/30/2023 to 6/30/2024 is used as an approximation of the plan's target asset allocation over the upcoming period and is shown below. Based on this analysis the assumption selected is believed to be in the range of reasonable rates that could be used for this period.

Asset Class	Expected arithmetic return	Expected geometric return	Target allocation %
US Equity – Large Cap	7.80%	6.35%	34.65%
US Equity – Mid Cap	8.35	6.35	6.44
US Equity – Small Cap	8.70	6.35	3.57
Non-US Equity	8.00	6.35	18.97
US Private Real Estate	6.85	6.20	6.89
High Yield Bond	6.30	5.85	2.46
Core Bond	4.40	4.30	27.01

Basis used to determine expected long-term return on plan assets

The Capital Market Assumptions used were developed focusing on forward-looking market indicators and valuation models, as well as utilizing the analysis of historical data and trends, the outlook and forecasts from credible economic studies, and investment expert opinions.

The long-term rate of return assumptions as of the beginning of the period was 6.00%.

Money-Weighted Rate of Return

The money-weighted rate of return is calculated as a rate of return on pension plan investments incorporating the actual timing and amount of cash flows. This return is calculated net of investment expenses.

The annual money-weighted rate of return on plan investments for the measurement period is 11.18%.

Discount Rate

The discount rate used to determine the end of period Total Pension Liability is 6.00%.

The plan's fiduciary net position and benefit payments were projected to determine if the plan's fiduciary net position was greater than or equal to the expected benefit payments for each period from 2024 to 2102. Benefit payments after 2102 are projected to be $0.

7. Oconomowoc Area School District Retirement Plan (Continued)

Discount Rate (Continued)

The long-term rate of return of 6.00% is used to calculate the actuarial present value of projected payments for each future period when the projected Fiduciary Net Position is greater than the projected expected benefit payments. Otherwise, a municipal bond rate of 4.01% is used. The municipal bond rate is from Bloomberg Barclays Municipal GO Long Term (17+ Y) Index, which includes 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher securities, as of the June 30, 2024 measurement date. The discount rate is a single rate that incorporates the long-term rate of return and municipal bond rate as described.

Sensitivity of the District's net pension liability to changes in the discount rate. The following presents the District's net pension liability calculated using the discount rate of 6.00%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5%) or 1-percentage-point higher (7%) than the current rate:

	1% Decrease to Discount Rate (5.00%)	Current Discount Rate (6.00%)	1% Increase To Discount Rate (7.00%)
District's proportionate share of the net pension (asset) liability	$ 1,542,276	$ 153,011	$ (1,015,748)

8. Other Post-Employment Benefits – Life Insurance

Plan Description

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

OPEB - LRLIF Plan Fiduciary Net Position

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

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can also be found using the link above.

Benefits provided

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

Contributions

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

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

Contributions (Continued)

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

Contribution rates as of June 30, 2025 are:

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

Member 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, 2024 are as listed below:

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

Attained Age	Basic	Supplemental
Under 30	$0.05	$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

*Disabled members under age 70 receive a waiver-of-premium benefit

During the reporting period, the LRLIF recognized $10,041 in contributions from the employer.

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

At June 30, 2025, the District reported a liability of $1,867,473 for its proportionate share of the net OPEB liability – life insurance. The net OPEB liability – life insurance was measured as of December 31, 2024, and the total OPEB liability – life insurance used to calculate the net OPEB liability – life insurance was determined by an actuarial valuation as of January 1, 2024 rolled forward to December 31, 2024. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability – life insurance was based on the District's share of contributions to the OPEB – life insurance plan relative to the contributions of all participating employers. At December 31, 2024, the District's proportion was 0.4773%, which was an increase of 0.0115% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the District recognized OPEB expense of $130,129.

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

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ ---	$ 194,282
Net difference between projected and actual earnings on OPEB – life insurance plan investments	25,646	---
Changes in assumptions	458,224	1,047,427
Changes in proportion and differences between employer contributions and proportionate share of contributions	112,961	59,603
Employer contributions subsequent to the measurement date	---	---
Total	$ 596,831	$ 1,301,312

Amount reported as deferred outflows of resources and deferred inflows of resources related to OPEB – life Insurance will be recognized in OPEB – life insurance expense as follows:

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2026	$ (42,808)
2027	(141,748)
2028	(220,592)
2029	(205,361)
2030	(37,632)
2031	(56,340)

Actuarial assumptions

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

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

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

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

Actuarial assumptions (Continued)

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

Long-term expected Return on Plan Asset. 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 – ETF Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2024

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

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

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

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

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

	1% Decrease to Discount Rate (3.09%)	Current Discount Rate (4.09%)	1% Increase to Discount Rate (5.09%)
District's proportionate share of the net OPEB liability – life insurance	$ 2,496,139	$ 1,867,473	$ 1,383,029

Payables to the OPEB – Life Insurance Plan

There were no payables to the OPEB – life insurance plan at June 30, 2025.

9. Supplemental Pension Plan

Description of Plan and Plan Benefits

The District administers a single-employer defined benefit supplemental pension plan to eligible employees. Eligible employees shall receive an annual contribution to a TSA plan upon retirement. Contribution requirements are established through personnel policy guidelines and may be amended by action of the governing board.

Employees participating in the supplemental pension plan consisted of the following at June 30, 2025, the measurement date:

Active employees	60
Retirees currently receiving benefit payments	77
Retirees entitled to but not yet receiving benefits	---
Number of participating employees	137

Benefit Payments

For fiscal year 2025, the District paid $546,900 for supplemental pensions as benefits came due.

9. Supplemental Pension Plan (Continued)

Total Supplemental Pension Liability

The District recognizes its *total supplemental pension liability*, rather than a *net supplemental pension liability*. In order for the District to recognize a *net supplemental pension liability*, assets must be accumulated in a trust that meets all of the following criteria:

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

No assets are accumulated in a trust that meets all of the above criteria because the District's contributions are not irrevocable. Accordingly, the District's total supplemental pension liability is not reduced by any assets accumulated in a trust that meets the criteria and the District must report its total supplemental pension liability.

The District's total supplemental pension liability was determined by an actuarial valuation as of July 1, 2024, using a measurement date of June 30, 2025. Changes in the District's total supplemental pension liability was as follows:

Balance 6/30/24 - measurement date 6/30/24	$	2,222,907
Changes for the year:		
Service cost		27,654
Interest		76,613
Benefit payments		(546,900)
Changes of assumptions or other input		(21,776)
Differences between expected and actual experience		(42,510)
Net changes		(506,919)
Balance 6/30/25- measurement date 6/30/25	$	1,715,988

Actuarial Assumptions

Actuarial assumptions used to determine the total supplemental pension liability as of June 30, 2025 were based upon the Wisconsin Retirement System ("WRS") Experience Report for Public Schools dated November 19, 2021. Key assumptions, applied to all periods included in the measurement, are as follows:

Valuation date	July 1, 2024	
Measurement and reporting date	June 30, 2025	
Actuarial cost method	Entry age normal (level percent of pay)	
	Beginning of Year	End of Year
Discount rate	3.93%	5.20%
Municipal bond rate	3.93%	5.20%
Municipal bond rate source	The 20-Bond GO Index which is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.	
Inflation rate	2.25%	
Total payroll increases	2.00%	
Retirement rates, termination rates, disability rates, and mortality rates	Based on rates from Wisconsin Retirement System Experience Study Report for Public Schools Dated November 19, 2021	

9. Supplemental Pension Plan (Continued)

Discount Rate

The following presents the total supplemental pension liability calculated using the discount rate of 5.20%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1% lower (4.20%) or 1% higher (6.20%) than the current rate:

	1% Decrease to Discount Rate (4.20%)	Current Discount Rate (5.20%)	1% Increase to Discount Rate (6.20%)
Total supplemental pension liability	$ 1,732,541	$ 1,715,988	$ 1,699,078

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

For the year ended June 30, 2025, the District recognized pension expense of $39,981.

At June 30, 2025, the District reported no deferred outflows or inflows of resources related to the supplemental pension.

10. Other Postemployment Benefits

Description of Plan and Plan Benefits

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

The Oconomowoc Area School District Post-Employment Benefits Trust is a trust set up by the District to accumulate funds for the payment of the District's OPEB. The trust does not require any employee contributions.

10. Other Postemployment Benefits (Continued)

Covered Employees

Employees participating in the plan consisted of the following at June 30, 2025, the measurement date:

Retirees currently receiving benefit payments	98
Active employees fully eligible but not yet receiving benefit payments	---
Active employees not fully eligible	---
Number of participating employees	98

Contributions

Premiums under the Plan for post-employment healthcare benefits are funded by retirees desiring such coverage via co-pays paid to the District in accordance with rates established by the District and by the District itself from assets accumulated in the trust and appropriate governmental funds. For the year ended June 30, 2025, Plan members receiving benefits contributed $-0- and the District contributed $-0- to the Plan.

Net OPEB Asset

The District's net OPEB asset was determined by an actuarial valuation as of July 1, 2024; the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of July 1, 2024.

Actuarial Assumptions

Actuarial assumptions used to determine the total OPEB liability as of June 30, 2025 were based upon the Wisconsin Retirement System ("WRS") Experience Report for Public Schools dated November 19, 2021. Key assumptions, applied to all periods included in the measurement, are as follows:

Valuation date	July 1, 2024			
Measurement date	June 30, 2025			
Reporting date	June 30, 2025			
Actuarial cost method	Entry age normal (level percent of pay)			
Asset valuation method	Market value of assets			
Healthcare cost trend rates:	Initial Trend	Ultimate Trend	Amount of Trend Decrease	Year Ultimate Trend Reached
Life Insurance	0.0%	0.0%	0.0%	2024
	Beginning of Year	End of Year		
Discount rate	3.93%	5.20%		
Municipal bond rate	3.93%	5.20%		
Inflation rate	2.25%			
Municipal bond rate source	The 20-Bond GO Index which is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.			
Mortality rates	Based on rates from Wisconsin Retirement System experience study report for Public Schools dated November 19, 2021			
Total payroll increases	2.00%			
Long-term expected rate of return on plan assets	2.20%			

Medical and dental benefits were not included in the current valuation as none of the current retirees have elected these coverages.

10. Other Postemployment Benefits (Continued)

Rate of Return

The annual money-weighted rate of return on plan investments, net of plan investment expense was 5.0%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Changes in the Net OPEB Liability

Changes in the District's net OPEB liability (asset) were as follows:

		Total OPEB Liability (a)		Plan Fiduciary Net Position (b)		Net OPEB Liability (Asset) (a-b)
Balance 6/30/24 - measurement date 6/30/24	$	706,803	$	740,907	$	(34,104)
Changes for the year:						
Service cost		---		---		---
Interest		25,798		---		25,798
Differences between expected and actual experience		---		---		---
Changes of assumptions or other input		(33,757)		---		(33,757)
Employer contributions		---		(30,375)		30,375
Plan expenses		---		(300)		300
Net investment income		---		33,475		(33,475)
Benefit payments		(100,742)		(100,742)		---
Net changes		(108,701)		(97,942)		(10,759)
Balance 6/30/25 - measurement date 6/30/25	$	598,102	$	642,965	$	(44,863)

Discount Rate

The following presents the net OPEB liability (asset) calculated using the discount rate of 5.20%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1% lower (4.20%) or 1% higher (6.20%) than the current rate:

		1% Decrease (4.20%)		Current Discount Rate (5.20%)		1% Increase (6.20%)
Net OPEB liability (asset)	$	18,628	$	(44,863)	$	(68,772)

Healthcare Cost Trend Rates

The following presents the net OPEB liability (asset) calculated using the healthcare cost trend rates that are described in the table on the previous page, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current rates:

		1% Decrease (Varies)		Healthcare Cost Trend Rates (Varies)		1% Increase (Varies)
Net OPEB liability (asset)	$	(44,863)	$	(44,863)	$	(44,863)

10. Other Postemployment Benefits (Continued)

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

For the year ended June 30, 2025, the District recognized OPEB expense (revenue) of $(28,580). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	$ ---	$ 25,967

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

Year Ended June 30,	
2026	$ (4,574)
2027	(9,753)
2028	(8,205)
2029	(3,435)

11. Self-Funded Insurance Program

On July 1, 2023, the District established a self-funded dental benefit plan (the "Plan") for its employees. The Plan administrator, Delta Dental ("Delta"), is responsible for approval, processing, and payments of claims, after which Delta is reimbursed by the District. The District is also responsible for a monthly administrative fee. The Plan reports on a fiscal year ended June 30th.

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

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

At June 30, 2025, the District has reported a liability of $32,271, which represents reported and unreported claims which were incurred on or before June 30, 2025, but were not paid by the District as of that date.

Changes in the claims liability for the years ended June 30 are as follows:

	Year Ended June 30, 2025	Year Ended June 30, 2024
Estimated Claims Outstanding July 1, 2024	$ 28,921	$ ---
Current Year Claims and Changes in Estimates	482,075	522,516
Claim Payments	(478,725)	(493,595)
Estimated Claims Outstanding	$ 32,271	$ 28,921

12. Limitation on School District Revenues

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

13. Risk Management

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

14. Commitments and Contingencies

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

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

The District has entered into contracts for referendum related improvements to the Oconomowoc High School HVAC and roofing, and Ixonia Elementary additions. As of June 30, 2025, the contract amounts for these projects totaled $27,740,563, of which $18,309,070 has been expended.

Subsequent to June 30, 2025, the District entered into a contract with a construction contractor for a health clinic remodeling project. The contract budget is in the amount of $500,000 and will be expended in the 2025-26 fiscal year.

15. Prior period adjustment – Correction of an error

An adjustment has been made to the June 30, 2024, governmental activities net position. During the year ended June 30, 2025, the District discovered that certain capital assets were missing from the prior year fixed asset appraisal records. As a result, an adjustment was made to increase the governmental net capital asset and net position by $352,881 as of June 30, 2024. The table below summarizes the effect of the error correction on beginning net position:

		Governmental Activities
6/30/2024, as previously reported	$	105,063,488
Correction of an error		352,881
6/30/2024, as restated for correction of error	$	105,416,369

16. Concentration Risk Disclosure

As of June 30, 2025, the District is subject to a concentration risk related to its revenue sources. Approximately 29% of the District's general fund revenues are derived from state aid appropriations provided by the State of Wisconsin ("State"). Approximately 61% of the District's general fund revenues are derived from property tax.

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

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

17. Effect of New Accounting Standards on Financial Statements

The Government Accounting Standards Board (GASB) has approved the following:

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

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

OCONOMOWOC AREA SCHOOL DISTRICT

Oconomowoc, Wisconsin

Budgetary Comparison Schedule

General Fund

Year Ended June 30, 2025

	Fund 10 Budget			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
Local	$ 49,884,207	$ 49,884,207	$ 50,350,703	$ 466,496
Interdistrict	3,230,000	3,230,000	3,143,594	(86,406)
Intermediate	10,280	10,280	7,594	(2,686)
State	19,607,762	19,607,762	19,768,845	161,083
Federal	1,285,827	1,285,827	1,215,131	(70,696)
Other	242,701	242,701	157,358	(85,343)
Total revenues	74,260,777	74,260,777	74,643,225	382,448
Expenditures:				
Instruction:				
Current	36,595,309	36,595,309	35,571,681	1,023,628
Interdistrict	4,206,000	4,206,000	3,814,836	391,164
Capital outlay	332,220	332,220	391,009	(58,789)
Support Services:				
Current	25,572,688	25,572,688	25,660,917	(88,229)
Capital outlay	1,838,989	1,838,989	2,029,994	(191,005)
Total expenditures	68,545,206	68,545,206	67,468,437	1,076,769
Excess of revenues over expenditures	5,715,571	5,715,571	7,174,788	1,459,217
Other Financing Sources (uses):				
Operating transfers in (out)	(7,041,794)	(7,041,794)	(7,650,409)	(608,615)
Lease financing	693,576	693,576	756,462	62,886
SBITA financing	---	---	21,778	21,778
Financed purchases	632,647	632,647	632,647	---
Total other financing sources (uses)	(5,715,571)	(5,715,571)	(6,239,522)	(523,951)
Net change in fund balances	---	---	935,266	935,266
Fund Balances - Beginning of year	29,801,997	29,801,997	29,801,997	---
Fund Balances - End of year	$ 29,801,997	$ 29,801,997	$ 30,737,263	$ 935,266

See Independent Auditors' Report and accompanying notes to required supplementary information.

OCONOMOWOC AREA SCHOOL DISTRICT

Oconomowoc, Wisconsin

Budgetary Comparison Schedule

Special Education Fund

Year Ended June 30, 2025

	Fund 27 Budget			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
Interdistrict	$ 25,000	$ 25,000	$ 28,022	$ 3,022
State	2,942,708	2,942,708	2,926,628	(16,080)
Federal	1,698,850	1,698,850	1,340,628	(358,222)
Total revenues	4,666,558	4,666,558	4,295,278	(371,280)
Expenditures:				
Instruction:				
Current	8,963,639	8,963,639	8,571,974	391,665
Interdistrict	125,000	125,000	111,196	13,804
Support Services:				
Current	2,619,713	2,619,713	2,327,517	292,196
Total expenditures	11,708,352	11,708,352	11,010,687	697,665
Excess (deficiency) of revenues over expenditures	(7,041,794)	(7,041,794)	(6,715,409)	326,385
Other Financing Sources (uses):				
Operating transfers in (out)	7,041,794	7,041,794	6,715,409	(326,385)
Net change in fund balances	---	---	---	---
Fund Balances - Beginning of year	---	---	---	---
Fund Balances - End of year	$ ---	$ ---	$ ---	$ ---

See Independent Auditors' Report and accompanying notes to required supplementary information.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

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

Wisconsin Retirement System
Last 10 Fiscal Years*

WRS Fiscal Year End Date	Proportion of the Net Pension Asset (Liability)	Proportionate Share of the Net Pension Asset (Liability)	Covered Payroll	Proportionate Share of the Net Pension Asset (Liability) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Asset (Liability)
12/31/2015	0.1631%	$ (2,650,790)	$ 23,459,384	11.30%	98.20%
12/31/2016	0.1648%	(1,358,099)	24,061,306	5.64%	99.12%
12/31/2017	0.1668%	4,953,838	25,039,290	19.78%	102.93%
12/31/2018	0.1676%	(5,962,934)	25,742,711	23.16%	96.45%
12/31/2019	0.1773%	5,718,073	31,292,287	18.27%	102.96%
12/31/2020	0.1867%	11,633,873	32,735,734	35.54%	105.26%
12/31/2021	0.1956%	15,764,450	33,581,490	46.94%	106.02%
12/31/2022	0.1932%	(10,235,360)	34,200,274	29.93%	95.72%
12/31/2023	0.1887%	(2,805,543)	35,563,025	7.89%	98.85%
12/31/2024	0.1807%	(2,969,196)	36,580,066	8.12%	98.79%

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

Schedule of Contributions
Year Ended June 30, 2025

Wisconsin Retirement System
Last 10 Fiscal Years

Year ended	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2016*	$ 1,595,228	$ 1,595,228	$ ---	$ 23,459,385	6.80%
6/30/2017*	1,590,654	1,590,654	---	24,061,306	6.61%
6/30/2018*	1,702,671	1,702,671	---	25,039,290	6.80%
6/30/2019	1,856,945	1,856,945	---	28,056,498	6.62%
6/30/2020	2,146,902	2,146,902	---	32,270,299	6.65%
6/30/2021	2,241,568	2,241,568	---	33,208,423	6.75%
6/30/2022	2,231,155	2,231,155	---	33,691,307	6.62%
6/30/2023	2,330,116	2,330,116	---	35,017,912	6.65%
6/30/2024	2,767,374	2,767,374	---	40,361,640	6.86%
6/30/2025	2,575,520	2,575,520	---	37,156,869	6.93%

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

See Independent Auditors' Report and accompanying notes to required supplementary information.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

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

Wisconsin Retirement System

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions

	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Valuation Date:	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions										
Net Investment Rate of Return:	5.4%	5.4%	5.4%	5.4%	5.4%	5.5%	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:										
Pre-retirement:	6.8%	6.8%	7.0%	7.0%	7.0%	7.2%	7.2%	7.2%	7.2%	7.2%
		5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Post-retirement:	5.0%									
Salary Increases:										
Wage Inflation	3.0%	3.0%	3.0%	3.0%	3.0%	3.2%	3.2%	3.2%	3.2%	3.2%
Seniority/Merit	0.1%-5.7%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement benefit Adjustments**	1.7%	1.7%	1.9%	1.9%	1.9%	2.1%	2.1%	2.1%	2.1%	2.1%
Retirement Age (Experience based table of rates that are specific to the type of eligibility condition):	Last updated for the 2021 valuation pursuant to an experience study of the period 2018-2020	Last updated for the 2021 valuation pursuant to an experience study of the period 2018-2020	Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017	Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017	Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017	Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014	Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014	Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014	Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011	Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011
Mortality:										
Table	2020 WRS Experience Tables	2020 WRS Experience Table	Wisconsin 2018	Wisconsin 2018	Wisconsin 2018	Wisconsin 2012	Wisconsin 2012	Wisconsin 2012	Wisconsin 2012	Wisconsin 2012
Rate	Actual WRS experience adjustment for future mortality improvements using the MP-2021 fully generational improvement scale from a base year of 2010	Actual WRS experience adjustment for future mortality improvements using the MP-2021 fully generational improvement scale from a base year of 2010	Actual WRS experience adjustment for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%)	Actual WRS experience adjustment for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%)	Actual WRS experience adjustment for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%)	Actual WRS experience adjustment for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%)	Actual WRS experience adjustment for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%)	Actual WRS experience adjustment for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%)	Actual WRS projected to 2017 with scale BB to all for future improvements (margin) in mortality	Actual WRS projected to 2017 with scale BB to all for future improvements (margin) in mortality

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

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Schedule of Changes in Net Pension Liability and Related Ratios
Year Ended June 30, 2025

Oconomowoc Area School District Retirement Plan
Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost	$ 18,115	$ 29,000	$ 18,200	$ 45,253	$ 70,473	$ 182,205	$ 200,531	$ 220,165	$ 218,183	$ 215,060
Interest	767,493	768,692	798,526	800,122	812,241	865,003	866,122	845,526	882,292	833,064
Benefit payments	(942,442)	(968,586)	(937,336)	(910,633)	(913,693)	(907,365)	(894,399)	(837,777)	(836,090)	(825,983)
Differences between expected and actual	(213,902)	(83,382)	111,047	154,876	84,393	(1,307,448)	(103,159)	117,352	(268,103)	59,792
Changes of assumptions	(406,058)	(314,459)	763,593	(68,936)	304,104	438,046	(60,950)	(90,807)	1,054,344	421,208
Net change in total pension liability	(776,794)	(568,735)	754,030	20,682	357,518	(729,559)	8,145	254,459	1,050,626	703,141
Total pension liability - beginning	13,975,566	14,544,301	13,790,271	13,769,589	13,412,071	14,141,630	14,133,485	13,879,026	12,828,400	12,125,259
Total pension liability - ending (a)	$ 13,198,772	$ 13,975,566	$ 14,544,301	$ 13,790,271	$ 13,769,589	$ 13,412,071	$ 14,141,630	$ 14,133,485	$ 13,879,026	$ 12,828,400
Fiduciary Net Position										
Employee contributions	$ 10,953	$ 32,073	$ 22,411	$ 25,736	$ 28,661	$ 58,789	$ 91,299	$ 98,633	$ 98,272	$ 111,166
Employer contributions	861,000	555,000	555,000	555,000	554,000	605,243	708,524	579,908	523,846	388,834
Net investment income	1,304,245	1,056,123	(1,707,172)	2,832,535	328,465	602,608	859,074	1,113,491	(141,839)	290,135
Benefit payments	(942,442)	(968,586)	(937,336)	(910,633)	(913,693)	(907,365)	(894,399)	(837,777)	(836,090)	(825,983)
Administrative expenses	(34,369)	4,500	---	(4,500)	---	(13,417)	(13,961)	(17,487)	(9,500)	(22,420)
Net change in fiduciary net position	1,199,387	679,110	(2,067,097)	2,498,138	(2,567)	345,858	750,537	936,768	(365,311)	(58,268)
Fiduciary net position - beginning	11,846,374	11,167,264	13,234,361	10,736,223	10,738,790	10,392,932	9,642,395	8,705,627	9,070,938	9,129,206
Fiduciary net position - ending (b)	$ 13,045,761	$ 11,846,374	$ 11,167,264	$ 13,234,361	$ 10,736,223	$ 10,738,790	$ 10,392,932	$ 9,642,395	$ 8,705,627	$ 9,070,938
Net pension liability - ending (a) - (b)	$ 153,011	$ 2,129,192	$ 3,377,037	$ 555,910	$ 3,033,366	$ 2,673,281	$ 3,748,698	$ 4,491,090	$ 5,173,399	$ 3,757,462
Fiduciary net position as a percentage of total pension liability	98.84%	84.76%	76.78%	95.97%	77.97%	80.07%	73.49%	68.22%	62.73%	70.71%
Covered payroll	$ 229,076	$ 221,315	$ 210,362	$ 375,751	$ 561,928	$ 561,928	$ 1,730,464	$ 1,922,063	$ 1,976,451	$ 2,251,278
Net pension liability as a percentage of covered payroll	66.79%	962.06%	1605.35%	147.95%	539.81%	475.73%	216.63%	233.66%	261.75%	166.90%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
End of period assumptions:										
Long-term rate of return on assets	6.00%	6.00%	6.00%	6.00%	6.00%	6.25%	6.25%	6.25%	6.25%	7.00%
Interest rate	6.00%	5.69%	5.47%	6.00%	6.00%	6.25%	6.25%	6.25%	6.25%	7.00%
Salary increase assumption	S5 + 1.50%	S5 + 1.50%	S5 + 1.50%	S5 + 1.50%	S5 + 1.50%	S5 + 1.50%	S5 + 1.50%	S5 + 1.50%	S5 + 1.50%	S5 + 1.50%
COLA increase assumption	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Retirement age assumption	Table	Table	Table	Table	Table	Table	Table	Table	Table	Table
Plan changes	None	None	None	None	None	None	None	None	None	None

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

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Schedule of Employer Contributions
Year Ended June 30, 2025

Oconomowoc Area School District Retirement Plan
Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarial determined ER contributions	$ 87,813	$ 137,765	$ 158,292	$ 253,676	$ 294,795	$ 470,722	$ 511,332	$ 523,492	$ 465,979	$ 446,701
ER contributions received by the plan	861,000	555,000	555,000	555,000	554,000	605,243	708,524	579,908	523,846	388,834
Contribution deficiency/(excess)	$ (773,187)	$ (417,235)	$ (396,708)	$ (301,324)	$ (259,205)	$ (134,521)	$ (197,192)	$ (56,416)	$ (57,867)	$ 57,867
Covered payroll	$ 229,076	$ 221,315	$ 210,362	$ 375,751	$ 561,928	$ 561,928	$ 1,730,464	$ 1,922,063	$ 1,976,451	$ 2,251,278
ER contributions received as a percentage of covered employee payroll	375.86%	250.77%	263.83%	147.70%	98.59%	107.71%	40.94%	30.17%	26.50%	17.27%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarial Determined Contributions Methods and Assumptions:										
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Asset valuation method	Market value	Market value	Market value	Market value	Market value	Market value	Market value	Market value	Market value	Market value
Long-term rate of return on assets	6.00%	6.00%	6.00%	6.00%	6.00%	6.25%	6.25%	6.25%	6.25%	7.00%
Interest rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.25%	6.25%	6.25%	6.25%	7.00%
Salary increase assumption	S5 + 1.50%	S5 + 1.50%	S5 + 1.50%	S5 + 1.50%	S5 + 1.50%	S5 + 1.50%	S5 + 1.50%	S5 + 1.50%	S5 + 1.50%	S5 + 1.50%
COLA increase assumption	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Retirement age assumption	Table	Table	Table	Table	Table	Table	Table	Table	Table	Table
Plan changes	None	None	None	None	None	None	None	None	None	None

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

Schedule of Investment Returns
Year Ended June 30, 2025

Oconomowoc Area School District Retirement Plan
Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted return on plan investments, net of investment	11.18%	9.59%	-13.06%	26.76%	3.13%	6.03%	8.97%	13.28%	-1.62%	3.26%

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

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

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

Local Retiree Life Insurance
Last 10 Fiscal Years*

ETF Fiscal Year End Date	District's Proportion of the Net OPEB - Life Insurance Asset (Liability)	District's Proportionate Share of the Net OPEB - Life Insurance Asset (Liability)	District's Covered-Employee Payroll	Net OPEB - Life Insurance Asset (Liability) as a Percentage of Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of Total OPEB - Life Insurance Asset (Liability)
12/31/2017	0.4175%	$ (1,256,031)	$ 17,556,354	7.15%	44.81%
12/31/2018	0.4332%	(1,117,720)	26,376,000	4.24%	48.69%
12/31/2019	0.4601%	(1,959,221)	27,829,000	7.04%	37.58%
12/31/2020	0.4853%	(2,669,473)	27,705,000	9.64%	31.36%
12/31/2021	0.4758%	(2,812,349)	27,561,000	10.20%	29.57%
12/31/2022	0.4592%	(1,749,316)	26,439,000	6.62%	38.81%
12/31/2023	0.4658%	(2,142,994)	27,443,000	7.81%	33.90%
12/31/2024	0.4773%	(1,867,473)	27,931,000	6.69%	37.20%

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

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

Schedule of Contributions - OPEB - Life Insurance
Year Ended June 30, 2025

Local Retiree Life Insurance
Last 10 Fiscal Years*

ETF Fiscal Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
12/31/2017	$ 7,928	$ 7,928	$ ---	$ 17,556,354	0.05%
12/31/2018	8,345	8,345	---	26,376,000	0.03%
12/31/2019	8,317	8,317	---	27,829,000	0.03%
12/31/2020	9,677	9,677	---	27,705,000	0.03%
12/31/2021	9,739	9,739	---	27,561,000	0.04%
12/31/2022	9,212	9,212	---	26,439,000	0.03%
12/31/2023	9,492	9,492	---	27,443,000	0.03%
12/31/2024	10,041	10,041	---	27,931,000	0.04%

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

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

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total Supplemental Pension Liability									
Service Cost	$ 27,654	$ 48,931	$ 47,886	$ 61,186	$ 66,153	$ 69,635	$ 20,941	$ 22,723	$ 38,949
Interest	76,613	93,353	110,659	61,275	74,869	80,312	11,759	12,783	60,609
Differences between expected and actual experiences	(42,510)	(141,177)	(54,060)	873,374	---	922,692	---	---	---
Changes of assumptions or other input	(21,776)	(8,549)	(5,319)	(78,223)	---	294,742	---	---	---
Effect of plan changes**	---	---	---	---	---	---	---	1,647,553	5,653,916
Benefit payments	(546,900)	(654,500)	(680,500)	(473,306)	(456,143)	(393,838)	(403,222)	(555,919)	(580,417)
Net change in total supplemental pension liability	(506,919)	(661,942)	(581,334)	444,306	(315,121)	973,543	(370,522)	1,127,140	5,173,057
Total supplemental pension liability - beginning	2,222,907	2,884,849	3,466,183	3,021,877	3,336,998	2,363,455	2,733,977	1,606,837	(3,566,220)
Total supplemental pension liability - ending	$ 1,715,988	$ 2,222,907	$ 2,884,849	$ 3,466,183	$ 3,021,877	$ 3,336,998	$ 2,363,455	$ 2,733,977	$ 1,606,837
Covered payroll	$ 37,975,910	$ 37,165,865	$ 36,270,161	$ 36,049,603	$ 35,196,263	$ 34,451,720	$ 33,117,408	$ 31,593,543	$ 31,052,000
Total supplemental pension liability as a percentage of covered payroll	4.52%	5.98%	7.95%	9.62%	8.59%	9.69%	7.14%	8.65%	5.17%
Measurement Date	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

**Plan changes reflect change from OPEB to pension benefit for those retiring after 6/30/18.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

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

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Interest	$ 25,798	$ 35,751	$ 40,992	$ 41,877	$ 54,245	$ 67,583	$ 137,886	$ 167,027
Differences between expected and actual experiences	---	(215,698)	---	(410,678)	---	35,141	---	---
Changes of assumptions or other input	(33,757)	(9,502)	(5,799)	(79,502)	---	270,545	---	---
Benefit payments	(100,742)	(166,471)	(260,848)	(333,618)	(451,974)	(671,500)	(920,145)	(1,072,549)
Net change in total OPEB liability	(108,701)	(355,920)	(225,655)	(781,921)	(397,729)	(298,231)	(782,259)	(905,522)
Total OPEB liability - beginning	706,803	1,062,723	1,288,378	2,070,299	2,468,028	2,766,259	3,548,518	4,454,040
Total OPEB liability - ending (a)	$ 598,102	$ 706,803	$ 1,062,723	$ 1,288,378	$ 2,070,299	$ 2,468,028	$ 2,766,259	$ 3,548,518
Fiduciary Net Position								
Contributions - employer	$ (30,375)	$ (36,857)	$ 68,704	$ 139,200	$ 820,967	$ 748,760	$ ---	$ ---
Net investment income	33,475	43,673	31,111	1,698	1,415	827	---	---
Benefit payments	(100,742)	(166,471)	(260,848)	(333,618)	(238,445)	(77,919)	---	---
Administrative expenses	(300)	(300)	(300)	(300)	(300)	(90)	---	---
Net change in fiduciary net position	(97,942)	(159,955)	(161,333)	(193,020)	583,637	671,578	---	---
Fiduciary net position - beginning	740,907	900,862	1,062,195	1,255,215	671,578	---	---	---
Fiduciary net position - ending (b)	$ 642,965	$ 740,907	$ 900,862	$ 1,062,195	$ 1,255,215	$ 671,578	$ ---	$ ---
Net OPEB liability (asset) - ending (a) - (b)	$ (44,863)	$ (34,104)	$ 161,861	$ 226,183	$ 815,084	$ 1,796,450	$ 2,766,259	$ 3,548,518
Fiduciary net position as a percentage of the total OPEB liability (asset)	107.50%	104.83%	84.77%	82.44%	60.63%	27.21%	0.00%	0.00%
Covered-employee payroll	N/A	N/A	N/A	N/A	$ 35,196,263	$ 34,451,720	$ 33,117,408	$ 31,593,543
Net OPEB liability (asset) as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	2.3%	5.2%	8.4%	11.2%
Measurement Date	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

There is no covered-employee payroll as there are no active plan members.

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

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

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Schedule of Employer Contributions - OPEB
Year Ended June 30, 2025
Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contributions (ADC)	$ 2,299	$ 18,268	$ 22,013	$ 47,053	$ 155,497	$ 152,448	$ ---	$ ---
Contributions in relation to the ADC	---	---	---	---	820,967	748,760	---	---
Contribution deficiency (excess)	$ 2,299	$ 18,268	$ 22,013	$ 47,053	$ (665,470)	$ (596,312)	$ ---	$ ---
Covered-employee payroll	N/A	N/A	N/A	N/A	$ 35,196,263	$ 34,451,720	$ 33,117,408	$ 31,593,543
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	2.3%	2.2%	0.0%	0.0%
Measurement date	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

There is no covered-employee payroll as there are no active plan members.

Assumptions used to calculate ADC						
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Asset valuation method	Market value	Market value	Market value	Market value	Market value	Market value
Amortization method	15 year level percent of payroll	16 year level percent of payroll	17 year level percent of payroll	18 year level percent of payroll	18 year level percent of payroll	19 year level percent of payroll
Discount rate	5.20%	3.93%	3.65%	3.54%	2.20%	2.20%
Asset earnings rate	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%

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

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

Schedule of Investment Returns - OPEB
Year Ended June 30, 2025
Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018
Annual money-weighted rate of return, net of invesment expenses	5.0%	5.6%	2.9%	0.2%	0.2%	0.0%	N/A	N/A

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

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Notes to Required Supplementary Information
June 30, 2025

Note A – Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.D to the financial statements; however, the District adopts a budget for the special education fund which is reported with the general fund in accordance with GAAP. An explanation of the differences between revenues, expenditures, and other financing sources (uses) for budgetary funds on budgetary fund basis and a GAAP general fund basis is summarized below.

	General Fund	Special Education Fund
Revenues		
Actual amounts (budgetary basis)	$ 74,643,225	$ 4,295,278
Reclassification of special education	4,295,278	(4,295,278)
Total revenues (GAAP)	78,938,503	---
Expenditures		
Actual amounts (budgetary basis)	67,468,437	11,010,687
Reclassification of special education	11,010,687	(11,010,687)
Total expenditures (GAAP)	78,479,124	---
Excess of Revenues Over (Under) Expenditures		
Actual amounts (budgetary basis)	7,174,788	(6,715,409)
Reclassification of special education	(6,715,409)	6,715,409
Excess of revenues over (under) expenditures (GAAP)	459,379	---
Other Financing Sources (Uses)		
Actual amounts (budgetary basis)	(6,239,522)	6,715,409
Reclassification of special education	6,715,409	(6,715,409)
Total other financing sources (uses) (GAAP)	475,887	---
Net Change in Fund Balance		
Actual amounts (budgetary basis and GAAP)	935,266	---
Fund Balance – Beginning of year		
Actual amounts (budgetary basis and GAAP)	29,801,997	---
Fund Balance – End of year		
Actual amounts (budgetary basis and GAAP)	$ 30,737,263	$ ---

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

The following general fund functions had an excess of actual expenditures over budget for the year ended June 30, 2025:

General:	
School building administration	$ 17,100
Business administration	1,024,552
Debt services	94,924
Other support services	82,978
Transfers to another fund	606,615
Other non-program transactions	57,352
Special education:	
Other non-program transactions	5,206

The excess expenditures were funded with revenues in excess of budget and existing fund balances.

Note C – Wisconsin Retirement System

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

Changes of assumptions:

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

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

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

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

Note D – Oconomowoc Area School District Retirement Plan

There were no changes of benefit terms. The end of period total pension liability was determined using the assumptions and methods described in Footnote 7, with the following changes noted:

- The discount rate and basis has changed from 5.69% (Blended) to 6.00% (LTRR).
- Municipal bond rate changed from 3.90% to 4.01%.

Note E – Local Retiree Life Insurance Fund

Benefit Terms: There were no recent changes in benefit terms.

Changes of assumptions: In addition to the rate changes detailed in footnote 8, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retiree System. These assumptions are used in the actual valuations of OPEB liabilities for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liability – life insurance, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

The assumption changes that were used to measure the December 31, 2018 total OPEB liability – life insurance, include the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

Note F – Supplemental Pension Plan Information

No assets are accumulated in a trust that meets all of the following criteria of GASB No. 73, paragraph 4:

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

There were no changes to the plan provisions.

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

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

Year Ended June 30	Discount Rate
2020	2.20%
2021	2.20%
2022	3.54%
2023	3.65%
2024	3.93%
2025	5.20%

Note G – OPEB Plan Information

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

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

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

Year Ended June 30	Discount Rate
2020	2.20%
2021	2.20%
2022	3.54%
2023	3.65%
2024	3.93%
2025	5.20%

OTHER SUPPLEMENTARY INFORMATION

OCONOMOWOC AREA SCHOOL DISTRICT

Oconomowoc, Wisconsin

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2025

	Special Revenue Funds			
	Other Special Revenue	Food Service	Community Service	Total
Assets:				
Cash	$ 1,134,735	$ 1,031,127	$ 116,858	$ 2,282,720
Accounts receivable	4,637	4,259	108	9,004
Prepaid expenditures	---	3	110	113
Total assets	$ 1,139,372	$ 1,035,389	$ 117,076	$ 2,291,837
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	$ 7,358	$ 124,458	$ 108,468	$ 240,284
Accrued salaries and related items	---	128	8,608	8,736
Other deposits payable	400	173	---	573
Unearned revenue	---	70,309	---	70,309
Total liabilities	7,758	195,068	117,076	319,902
Fund Balances:				
Nonspendable	---	3	---	3
Restricted	1,131,614	840,318	---	1,971,932
Total fund balance	1,131,614	840,321	---	1,971,935
Total liabilities and fund balances	$ 1,139,372	$ 1,035,389	$ 117,076	$ 2,291,837

See Independent Auditors' Report.

OCONOMOWOC AREA SCHOOL DISTRICT

Oconomowoc, Wisconsin

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

Year Ended June 30, 2025

	Special Revenue Funds			
	Other Special Revenue	Food Service	Community Service	Total
Revenues:				
Local	$ 1,130,815	$ 1,686,738	$ 966,010	$ 3,783,563
State	---	15,120	---	15,120
Federal	---	539,832	---	539,832
Total revenues	1,130,815	2,241,690	966,010	4,338,515
Expenditures:				
Instruction:				
Current	963,953	---	16,174	980,127
Capital outlay	96,005	---	---	96,005
Support Services:				
Current	4,982	2,472,290	949,836	3,427,108
Capital outlay	---	23,204	---	23,204
Total expenditures	1,064,940	2,495,494	966,010	4,526,444
Net change in fund balances	65,875	(253,804)	---	(187,929)
Fund Balances - Beginning of year	1,065,739	1,094,125	---	2,159,864
Fund Balances - End of year	$ 1,131,614	$ 840,321	$ ---	$ 1,971,935

See Independent Auditors' Report.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

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

Awarding Agency / Pass-Through Agency / Award Description	State I.D. Number	Pass-Through Entity Identifying Number	Accrued or (Unearned) Revenue at 7/1/24	Receipts	State Disbursements/ Expenditures	Accrued or (Unearned) Revenue at 6/30/25	Subrecipient Awards
Wisconsin Department of Public Instruction							
Special education and school-age parents **	255.101	674060-100	$ ---	$ 2,852,045	$ 2,852,045	$ ---	$ ---
State school lunch aid	255.102	674060-107	---	12,555	12,555	---	---
Common school fund library aid	255.103	674060-104	(703)	485,960	486,663	---	---
General transportation aid	255.107	674060-102	---	132,275	132,275	---	---
General Aids Cluster:							
Equalization aid	255.201	674060-116	---	2,815,168	2,815,168	---	---
Special adjustment aid	255.203	674060-118	---	5,900,262	5,900,262	---	---
Total General Aids Cluster			---	8,715,430	8,715,430	---	---
High cost special education aid	255.210	674060-119	---	60,369	60,369	---	---
Aid for school mental health programs	255.227	674060-176	---	55,596	55,596	---	---
School based mental health services	255.297	674060-177	(509)	155,076	155,585	---	
Alcohol and other drug abuse	255.306	674060-143	18,223	18,223	18,748	18,748	---
State school breakfast aid	255.344	674060-108	---	2,565	2,565	---	---
Early college credit program	255.445	674060-178	---	268	268	---	---
Educator effectiveness evaluation system grant	255.940	674060-154	---	---	35,482	35,482	---
Per pupil aid	255.945	674060-113	---	3,705,548	3,705,548	---	---
Career and technical education initiative grant	255.950	674060-152	---	108,040	108,040	---	---
Aid for special education transition grant BBL	255.960	674060-168	---	14,214	14,214	---	---
Total Wisconsin Department of Public Instruction			17,011	16,318,164	16,355,383	54,230	---
Wisconsin Higher Educational Aids Board							
Dual enrollment credential grant	235.150	Not available	18,896	32,894	13,998	---	---
Wisconsin Department of Workforce Development							
Passed through Waukesha County Technical College							
Youth apprenticeship grant	455.112	Not available	40,748	67,421	26,673	---	---
Total			$ 76,655	$ 16,418,479	$ 16,396,054	$ 54,230	$ ---

** Total DPI aidable expenditures for the year ended June 30, 2025 were $9,744,038.

See Independent Auditors' Report and accompanying notes to schedules of expenditures of federal and state awards.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

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

Awarding Agency / Pass-Through Agency / Award Description	Assistance Listing Number	Pass-Through Entity Identifying Number	Accrued or (Unearned) Revenue at 7/1/24	Receipts	Federal Disbursements/ Expenditures	Accrued or (Unearned) Revenue at 6/30/25	Subrecipient Awards
U.S. Department of Agriculture							
Passed through Wisconsin Department of Public Instruction:							
Child Nutrition Cluster:							
School Breakfast Program:							
Food Service Aid School Breakfast	10.553	2025-674060-DPI-SB-546	$ ---	$ 45,244	$ 45,244	$ ---	$ ---
National School Lunch Program:							
Donated Commodities - noncash	10.555	N/A	---	134,144	134,144	---	---
Food Service Aid National School Lunch	10.555	2025-674060-DPI-NSL-547	---	360,444	360,444	---	---
Total National School Lunch Program			---	494,588	494,588	---	---
Total Child Nutrition Cluster			---	539,832	539,832	---	---
Total U.S. Department of Agriculture			---	539,832	539,832	---	---
U.S. Department of Health and Human Services							
Passed through Wisconsin Department of Health Services:							
Medicaid Cluster:							
Medical Assistance Program	93.778	44208700	84,099	477,667	468,442	74,874	---
Total U.S. Department of Health and Human Services			84,099	477,667	468,442	74,874	---
U.S. Department of Education							
Passed through Wisconsin Department of Public Instruction:							
Title II-A Teacher and Principal Training	84.367A	2025-674060-DPI-TII-A-365	17,123	67,390	70,455	20,188	---
Title IV-A Student Support and Academic Enrichment	84.424A	2025-674060-DPI-TIV-A-381	32,460	39,472	18,202	11,190	---
Carl Perkins Act Formula Allocation Grant	84.048	2025-674060-DPI-CTE-400	7,753	35,078	28,763	1,438	---
Education Stabilization Funds:							
COVID-19 - Elementary and Secondary School Emergency Relief III	84.425U	2022-674060-DPIESSERFIII-165	265,300	876,571	611,271	---	---
COVID-19 - ARPA-General Education	84.425U	2022-674060-DPIEBIS-165	254,387	254,387	---	---	---
COVID-19 - ARPA Homeless Children and Youth	84.425W	2022-674060-DPIARPHCYII-173	600	4,311	3,711	---	---
Total Education Stabilization Funds			520,287	1,135,269	614,982	---	---
ESEA - Title I, Part A	84.010A	2025-674060-DPI-TI-A-141	74,257	237,148	190,036	27,145	---
Special Education Cluster:							
Special Education - Grants to State:							
IDEA Flow Through	84.027A	2025-674060-DPI-FLOW-341	188,251	1,281,174	1,140,049	47,126	---
Special Education - Preschool Grants:							
IDEA Preschool Entitlement	84.173A	2025-674060-DPI-PRESCH-347	5,883	22,787	24,830	7,926	---
Total Special Education Cluster			194,134	1,303,961	1,164,879	55,052	---
Passed through CESA 1:							
Title III, Part A - English Language Acquisition State Grants	84.365A	2025-749901-DPI-TIII-A-391	---	7,594	7,594	---	---
Total U.S. Department of Education			846,014	2,825,912	2,094,911	115,013	---
Total			$ 930,113	$ 3,843,411	$ 3,103,185	$ 189,887	$ ---

See Independent Auditors' Report and accompanying notes to schedules of expenditures of federal and state awards.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

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

1. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) includes the federal and state award activity of the District under programs of the federal and state government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *Wisconsin State Single Audit Guide*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements. All federal and state awards received directly from federal and state agencies as well as federal and state financial awards passed through other government agencies are included on the schedule.

2. Summary of Significant Accounting Policies

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

3. Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

4. Noncash Awards

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

RPB CPAs

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

To the School Board
Oconomowoc Area School District
Oconomowoc, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oconomowoc Area School District (the "District") as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 25, 2025.

Report on Internal Control Over Financial Reporting

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

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

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Report Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2025-001.

District’s Response to Findings

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

Purpose of this Report

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

Reilly, Penner & Benton LLP

November 25, 2025
Milwaukee, Wisconsin

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

To the School Board
Oconomowoc Area School District
Oconomowoc, Wisconsin

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

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

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

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the Wisconsin State Single Audit Guidelines, and the DHS Audit Guide. Our responsibilities under those standards, Uniform Guidance, the Wisconsin State Single Audit Guidelines, and the DHS Audit Guide are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

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Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, the Wisconsin State Single Audit Guidelines, and the DHS Audit Guide, we:

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

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, the Wisconsin State Single Audit Guidelines, and the DHS Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance, the Wisconsin State Single Audit Guidelines, and the DHS Audit Guide and which are described in the accompanying schedule of findings and questioned costs as item 2025-001. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

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 program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a material weakness.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, the Wisconsin State Single Audit Guidelines, and the DHS Audit Guide. Accordingly, this report is not suitable for other purposes.

Reilly, Penner & Benton LLP

November 25, 2025
Milwaukee, Wisconsin

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Schedule of Prior Audit Findings
Year Ended June 30, 2025

None reported

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

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

A. Summary of Auditors Results

Financial Statements

1. Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
2. Internal control over financial reporting:	
A. Material weakness(es) identified?	No
B. Significant deficiency(ies) identified?	None reported
3. Noncompliance material to financial statements noted?	Yes

Federal Awards

4. Internal control over major programs:	
A. Material weakness(es) identified:	Yes
B. Significant deficiency(ies) identified?	None reported
5. Type of auditor's report issued on compliance for major programs:	Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	Yes

7. Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
	Medicaid Cluster:
93.778	Medical Assistance Program
	Education Stabilization Funds:
84.425U	COVID-19 - Elementary and Secondary School Emergency Relief III
84.425W	COVID-19 - ARPA Homeless Children and Youth

8. Dollar threshold used to distinguish between type A and type B programs	$750,000
9. Auditee qualified as low-risk auditee?	Yes

A. Summary of Auditors Results (Continued)

State Awards

10. Internal control over major programs:

A. Material weakness(es) identified	No
B. Significant deficiency(ies) identified that are not considered to be material weakness?	None reported
11. Type of auditor's report issued on compliance for major programs:	Unmodified
12. Any audit findings disclosed that are required to be reported in accordance with Wisconsin State Single Audit Guidelines?	Yes

13. Identification of major state programs:

State ID Number	Name of State Program or Cluster
255.101	Special Education and School-Age Parents
	General Aids Cluster:
255.201	Equalization aid
255.203	Special adjustment aid

14. Dollar threshold used to distinguish between type A and type B programs	$491,882
15. Auditee qualified as low-risk auditee?	Yes

B. Financial Statement Findings

None reported

C. Federal and State Award Findings and Questioned Costs

Reference Number: 2025-001
Program Name: 93.778 Medicaid Cluster
Description: Unallowable Costs and Reporting

Condition and Criteria: The District charged payroll costs to the Medicaid program that were also charged to another federal program (IDEA Flow-Through), resulting in duplicate federal reimbursement for the same expenditures (“double-dipping”). Under 2 CFR 200.403 and 2 CFR 200.405, costs must be allocable to a single federal award and must not be charged to multiple programs. During audit testing of payroll charges, we identified employees whose salaries were allocated to both the Medicaid and IDEA Flow-Through programs for overlapping pay periods.

Effect: The District’s internal controls failed to prevent or detect duplicate charges of federal payroll costs, resulting in noncompliance with federal cost principles and inaccurate Medicaid claiming.

Cause: The condition resulted from control deficiencies in the District’s implementation of the new Skyward “Qmlative” accounting system. Specifically, the District did not select a configuration setting (“cross-reference other federal codes”) necessary to prevent duplicate allocations when importing payroll data for Medicaid claiming. Additionally, the District’s quarterly payroll review procedures focused on verifying employee totals rather than reconciling detailed payroll allocations across federal programs, which contributed to the oversight.

Questioned Costs: $345,925 (projected)

Auditors’ Recommendation: We recommend that the District strengthen internal controls over payroll cost allocation and Medicaid claiming to ensure that costs are charged to only one federal program. Specifically, the District should review and update the Skyward Qmlative configuration to properly identify and exclude payroll costs already charged to other federal projects, and implement detailed quarterly review procedures to verify that payroll data reconciles across all federal program codes.

Views of Responsible Officials and Corrective Action Plan: See attachment for District’s corrective action plan.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

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

D. Other Issues

1.	Does the auditors' report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern?	No
2.	Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the Wisconsin State Single Audit Guidelines:	
	Department of Public Instruction	No
	Wisconsin Department of Health Services	Yes
3.	Was a Management Letter or other document conveying audit comments issued as a result of this audit?	Yes
4.	Name and signature of partner	Carrie Gindt Carrie A. Gindt
5.	Date of Report	November 25, 2025

OCONOMOWOC
AREA SCHOOL DISTRICT
EMPOWERING A COMMUNITY OF LEARNERS AND LEADERS

Beth Sheridan, CPA
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Corrective Action Plan

Reference Number: 2025-001
Description: Finding 2025-001 – Federal ALN 93.778 Medicaid Cluster

Corrective Action Plan: The District will update the setup for Medicaid reporting in Skyward Qmlativ to back out expenditures coded to federal grants, specifically project numbers 341 and 347.

Anticipated Corrective Action Plan Completion Date: Corrective action was implemented on July 23, 2025. The district has reviewed reports generated after this date and verified the accuracy of reporting.

Contact Information: For additional information regarding this finding please contact Beth Sheridan, Assistant Superintendent of Finance and Operations, at 262-560-2119.

Beth Sheridan
Assistant Superintendent of Finance and Operations