

**School District of Kohler**

Kohler, Wisconsin

Financial Statements

Year ended June 30, 2025

School District of Kohler  
Financial Statements  
Year ended June 30, 2025

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
School District of Kohler  
Kohler, Wisconsin

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Kohler ("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 Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, during the year ended June 30, 2025, the District adopted new accounting guidance, GASB Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62. Our opinions are not modified with respect to this matter.

Additionally, as discussed in Note 1 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards and schedule of state financial assistance 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 and individual nonmajor fund financial statements, schedule of expenditures of federal awards and schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Corson, Peterson & Hamann S.C.*

Sheboygan, Wisconsin  
December 12, 2025

## Management's Discussion and Analysis

School District of Kohler  
Management's Discussion and Analysis  
Year ended June 30, 2025

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

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources at the close of the 2024-2025 fiscal year by \$16,263,738 (net position). For the 2024-2025 year, net position decreased by \$55,453.
- Total District revenues were \$12,992,505, including \$6,255,411 of property taxes and \$1,199,211 of state aid not restricted for any specific purpose. Total District expenditures were \$13,047,958, including \$6,772,162 for direct instruction.
- The District retired \$825,000 of general obligation bonds during the year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

- The *statement of net position* and *statement of activities* provide information on a district-wide basis. The statements present an aggregate view of the District's finances. Government-wide statements contain useful long-term information as well as information for the just-completed fiscal year.
- The remaining statements are *fund financial statements* that focus on individual parts of the District. Fund statements generally report operations in more detail than the government-wide statements.

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

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



School District of Kohler  
Management's Discussion and Analysis  
Year ended June 30, 2025

Major features of the government-wide and fund financial statements

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

	Government-Wide Financial Statements	Fund Financial Statements Governmental Funds
Scope	Entire District	The activities of the District that are not proprietary or fiduciary, such as instruction, support services, debt service, food service and community services
Required financial statements	Statement of Net Position  Statement of Activities	Balance Sheet  Statement of Revenues, Expenditures and Changes in Fund Balances
Basis of accounting and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

School District of Kohler  
Management's Discussion and Analysis  
Year ended June 30, 2025

Government-Wide Financial Statements

The government-wide financial statements are the *statement of net position* and the *statement of activities*. These statements provide both long-term and short-term information about the District's overall financial status and are designed to provide readers with a broad overview of the District's finances in a manner similar to private-sector business.

- The *statement of net position* presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the differences reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The *statement of activities* presents information showing how the District's net position changed during the fiscal year. This statement reports the cost of governmental functions and how those functions were financed for the fiscal year.
- The government-wide financial statements are shown on pages 14 to 15 of this report.

Fund Financial Statements

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

The District has the following type of funds:

- *Governmental funds* - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for funding future basic services. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Governmental fund information does not report on long-term commitments as they are reported on the government-wide statements. Therefore, an explanation of the differences between governmental funds and the government-wide statements is included either at the bottom of the governmental funds statements or as a separate statement.
- *Governmental funds* include the District's five permanent funds (general, special revenue trust, debt service, food service and community service) and individual capital project funds as needed. In the current fiscal year, the District had one capital project fund.
- The governmental fund financial statements are shown on pages 16 and 18 of this report.

School District of Kohler  
Management's Discussion and Analysis  
Year ended June 30, 2025

**FINANCIAL ANALYSIS**

The District as a Whole

Net position - Table 1, below, provides a summary of the District's net position for the year ended June 30, 2025 compared to 2024.

Table 1  
Condensed Statement of Net Position  
June 30, 2025 and 2024

	Governmental Activities		Increase (Decrease)
	2025	2024	2025-2024
<b>Assets</b>			
Current assets	\$ 8,019,895	\$ 7,204,033	\$ 815,862
Non-current assets			
Capital assets - net	<u>27,478,624</u>	<u>28,379,388</u>	<u>(900,764)</u>
Total assets	<u>\$ 35,498,519</u>	<u>\$ 35,583,421</u>	<u>\$ (84,902)</u>
Deferred outflows of resources	<u>\$ 2,290,899</u>	<u>\$ 3,284,887</u>	<u>\$ (993,988)</u>
<b>Liabilities</b>			
Long-term liabilities	\$ 18,927,411	\$ 19,789,356	\$ (861,945)
Other liabilities	<u>1,263,926</u>	<u>566,504</u>	<u>697,422</u>
Total liabilities	<u>\$ 20,191,337</u>	<u>\$ 20,355,860</u>	<u>\$ (164,523)</u>
Deferred inflows of resources	<u>\$ 1,334,343</u>	<u>\$ 2,120,846</u>	<u>\$ (786,503)</u>
<b>Net position</b>			
Net investment in capital assets	\$ 9,236,373	\$ 9,209,073	\$ 27,300
Restricted	2,745,099	2,552,507	192,592
Unrestricted	<u>4,282,266</u>	<u>4,630,022</u>	<u>(347,756)</u>
Total net position	<u>\$ 16,263,738</u>	<u>\$ 16,391,602</u>	<u>\$ (127,864)</u>

- Current assets increased \$815,862. Current assets consist mainly of cash and investments, taxes receivable and amounts due from other governments.
- The deferred outflows and inflows of resources are related to the District's pension and OPEB plans.

School District of Kohler  
Management's Discussion and Analysis  
Year ended June 30, 2025

Change in net position - Table 2 shows the change in net position for the years ended June 30, 2025 and 2024.

Table 2  
Change in Net Position  
Years ended June 30, 2025 and 2024

	Governmental Activities		Increase (Decrease)
	2025	2024	2025-2024
Revenues			
Program revenues			
Charges for services	\$ 3,744,682	\$ 3,494,086	\$ 250,596
Operating grants and contributions	1,335,824	1,173,672	162,152
Capital grants and contributions	218,045	201,146	16,899
General revenues			
Property taxes	6,255,411	6,135,729	119,682
General state aids	1,199,211	771,889	427,322
Other	239,332	220,384	18,948
Total revenues	\$ 12,992,505	\$ 11,996,906	\$ 995,599
Expenses			
Instruction	\$ 6,772,162	\$ 6,263,873	\$ 508,289
Pupil and instructional staff services	1,126,822	875,425	251,397
Administration and business services	1,548,183	1,262,104	286,079
Operations, maintenance and remodeling	1,098,325	1,366,164	(267,839)
Pupil transportation	159,170	146,475	12,695
Food service	360,539	355,699	4,840
Community service	348,131	317,405	30,726
Interest and related expense on debt	370,773	402,414	(31,641)
Other	1,263,853	1,144,670	119,183
Total expenses	\$ 13,047,958	\$ 12,134,229	\$ 913,729
Change in net position	\$ (55,453)	\$ (137,323)	\$ 81,870
Net position - Beginning of year	16,391,602	16,528,925	(137,323)
Restatement	(72,411)	-	(72,411)
Net position - End of year	\$ 16,263,738	\$ 16,391,602	\$ (127,864)

- Program revenues, in the form of charges for services, operating grants and contributions and capital grants and contributions, totaled \$5,298,551. In total, program revenues increased \$429,647 compared to 2024.
- General revenues, including property taxes and general state aids, totaled \$7,693,954. General revenues account for approximately 59% of all revenues.

School District of Kohler  
Management's Discussion and Analysis  
Year ended June 30, 2025

Net cost of governmental activities - Table 3 reports the cost of nine major District activities for the years ended June 30, 2025 and 2024. The table also shows each activity's net cost (total cost less fees generated by the activities, intergovernmental aid provided for specific programs and other grants and contributions). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

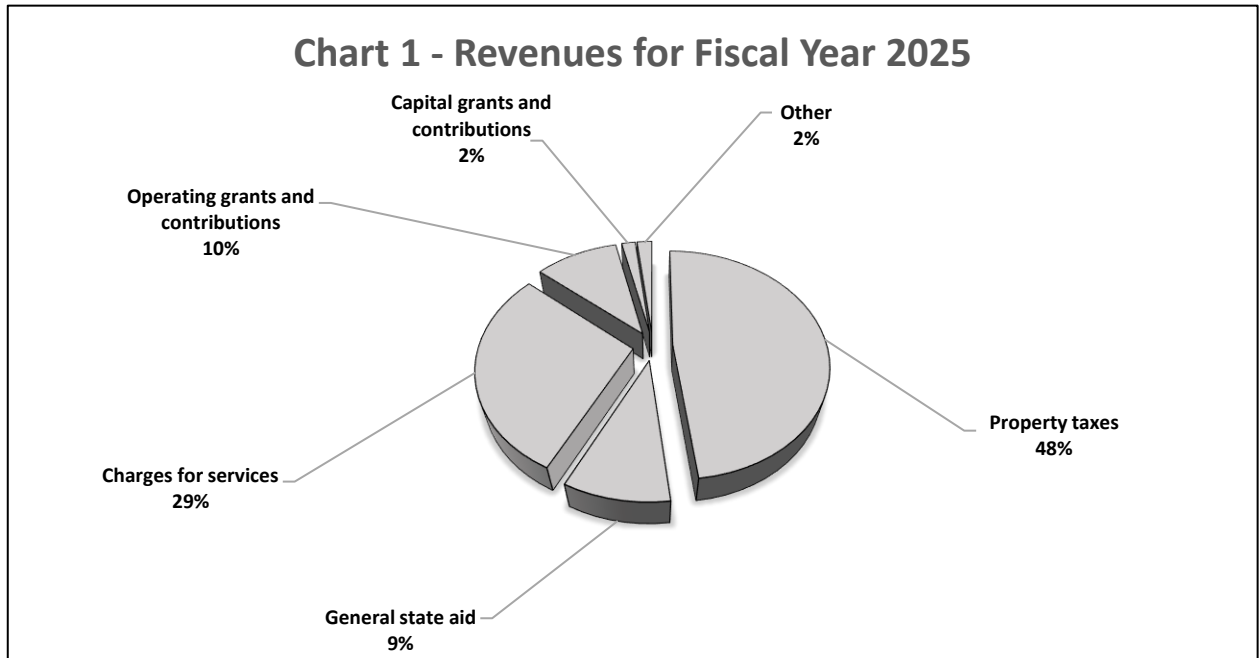
Table 3  
Net Cost of Governmental Activities  
Years ended June 30, 2025 and 2024

	Total Cost of Services		Net Cost of Services	
	2025	2024	2025	2024
Instruction	\$ 6,772,162	\$ 6,263,873	\$ 3,175,572	\$ 2,899,272
Pupil and instructional staff services	1,126,822	875,425	530,607	396,006
Administration and business services	1,548,183	1,262,104	1,304,640	1,038,898
Operations, maintenance and remodeling	1,098,325	1,366,164	841,417	1,140,190
Pupil transportation	159,170	146,475	156,472	132,535
Food service	360,539	355,699	26,039	41,848
Community service	348,131	317,405	105,827	71,992
Interest and related expense on debt	370,773	402,414	370,773	402,414
Other	1,263,853	1,144,670	1,238,060	1,142,170
Totals	<u>\$ 13,047,958</u>	<u>\$ 12,134,229</u>	<u>\$ 7,749,407</u>	<u>\$ 7,265,325</u>

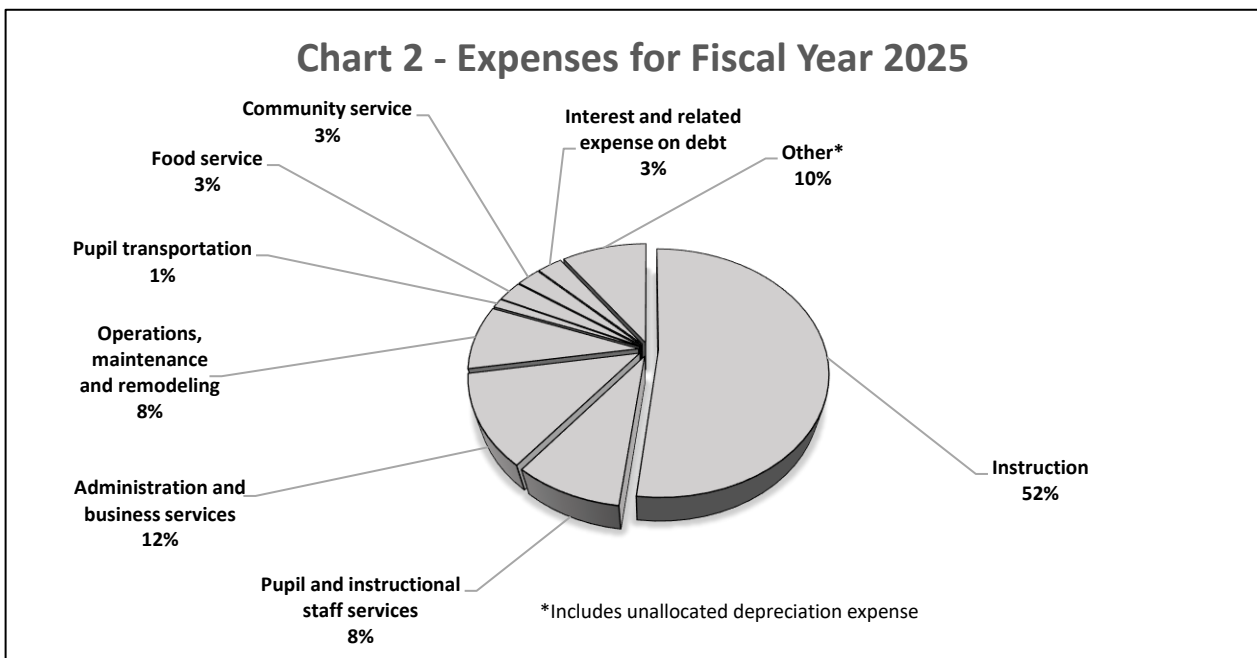
- The total cost of all governmental activities for the year was \$13,047,958, an increase of \$913,729 from the prior year.
- Individuals, other governments and others who directly participated in or benefited from a program paid \$3,744,682 of the costs.
- Governmental and other operating grants and contributions accounted for \$1,335,824 of the costs.
- Governmental and other capital grants and contributions accounted for \$218,045 of the costs.
- Net cost of governmental activities were financed with general revenues, which consist of property taxes, special adjustment aid, per pupil aids, state tax exempt aids, investment income and miscellaneous items.
- The "other" category includes central services, insurance and judgements, other support services and unallocated depreciation expense.

School District of Kohler  
Management's Discussion and Analysis  
Year ended June 30, 2025

- Property taxes account for the greatest portion of revenues for the District as illustrated in Chart 1.



- Expenses by major function are illustrated in Chart 2.



School District of Kohler  
Management's Discussion and Analysis  
Year ended June 30, 2025

Financial Aspects of the District's Funds

The District completed the year with a total governmental fund balance of \$6,904,748, which was \$104,690 more than last year's ending fund balance of \$6,800,058. The following table provides an analysis of the District's fund balances and the total change in fund balances from the prior year.

Table 4  
Fund Balances  
June 30, 2025 and 2024

	Governmental Activities		Increase (Decrease)
	2025	2024	2025-2024
General fund	\$ 4,014,754	\$ 4,134,946	\$ (120,192)
Special revenue trust fund	2,073,183	1,837,282	235,901
Debt service fund	489,155	491,975	(2,820)
Long-term capital improvement trust fund	1,034	1,007	27
Community service fund	326,622	334,848	(8,226)
Total fund balances	<u>\$ 6,904,748</u>	<u>\$ 6,800,058</u>	<u>\$ 104,690</u>

Budgetary Highlights

Consistent with current state statutes and regulations an original budget is adopted in October following determination of official enrollment and certification of state aids. Generally, the original budget is not significantly modified during the year. Budgetary comparison schedules for the general fund and special education fund are shown on pages 50-51 of this report.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital Assets

As of June 30, 2025, the District had invested over \$38.3 million in a broad range of capital assets, including outdoor improvements, buildings and building improvements, furniture and equipment, vehicles and construction in progress. (See Table 5) Additional information about capital assets can be found in Note 4. Accumulated depreciation on these assets totaled \$10,863,388.

- Asset acquisitions during the year totaled \$301,074.
- For the year ended June 30, 2025 the District recognized depreciation expense of \$1,071,830.

School District of Kohler  
Management's Discussion and Analysis  
Year ended June 30, 2025

Capital Assets - Continued

Table 5  
Capital Assets  
June 30, 2025 and 2024

	Governmental Activities		Increase (Decrease)
	2025	2024	2025-2024
Outdoor improvements	\$ 8,474,614	\$ 8,323,219	\$ 151,395
Buildings and building improvements	29,060,451	29,060,451	-
Furniture and equipment	680,086	943,606	(263,520)
Vehicles	8,816	8,816	-
Construction in progress	118,045	-	118,045
	<u>\$ 38,342,012</u>	<u>\$ 38,336,092</u>	<u>\$ 5,920</u>
Accumulated depreciation	<u>(10,863,388)</u>	<u>(9,956,704)</u>	<u>(906,684)</u>
Totals	<u>\$ 27,478,624</u>	<u>\$ 28,379,388</u>	<u>\$ (900,764)</u>

Long-Term Debt

At year end, the District had \$18,322,392 in general obligation bonds and other long-term obligations - a decrease of \$920,334 from the prior year. Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

Table 6  
Outstanding Long-Term Debt  
June 30, 2025 and 2024

	Total School District		Increase (Decrease)
	2025	2024	2025-2024
Bonds	\$ 17,530,000	\$ 18,355,000	\$ (825,000)
Debt premium	712,251	815,315	(103,064)
Compensated absences*	80,141	72,411	7,730
Totals	<u>\$ 18,322,392</u>	<u>\$ 19,242,726</u>	<u>\$ (920,334)</u>

\* Prior year balance restated for GASB Statement No. 101 implementation.



School District of Kohler  
Management's Discussion and Analysis  
Year ended June 30, 2025

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

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

- Unpredictable and dynamic funding levels, combined with continued inflationary cost pressures create ongoing challenges for short and long term fiscal planning. The District is operating within the 2025-2027 biennium State budget which provided welcome increases to revenue limits in each of the two years. Continued increases to revenue limits in future State budgets will be critical for public education to deal with ongoing inflationary pressures and to ensure appropriate levels of investment in staff, students and facilities.
- The new residential housing development in the Village of Kohler has begun to add the expected incremental resident students. Phase 1 of the development plan consists of 77 lots and Phases 2-4 will provide an additional 160 lots. This development is anticipated to reverse the resident enrollment trend in which the District has experienced declines in five of the last nine years. While the District has collected additional revenue from the open enrollment program, of greatest importance is the District's desire to maintain its quality of educational programming while operating under the State imposed revenue cap and supplemented by revenue through the State's Open Enrollment program.
- While state aid to the District continues to decrease with General State aids decreasing by more than 10%, community support remains strong with local donors contributing over \$1 million in support to the District for restricted purposes.
- The District is closely monitoring the increases following students for Open Enrollment. Increases for 2025-2026 were a welcome relief. The State is working to bring open enrollment student dollars closer to the amount collected for members on the levy limit calculations. For the School District of Kohler, this means the dollars will follow the students for any students that transfer to the District. While this has a negative impact on many districts, the School District of Kohler is seeing the positive effects as a district that is sought out for an Open Enrollment option.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Superintendent or Business Manager, at the School District of Kohler, 333 Upper Road, Kohler, WI 53044.

## Basic Financial Statements

School District of Kohler  
Statement of Net Position  
June 30, 2025

	Governmental Activities
Assets	
Cash and investments	\$ 5,345,179
Taxes receivable	1,872,721
Accounts receivable	220,724
Due from other governments	542,652
Prepaid expenses	38,619
Capital assets	
Construction in progress	118,045
Other capital assets (net of accumulated depreciation)	<u>27,360,579</u>
Total assets	<u>\$ 35,498,519</u>
Deferred outflows of resources	
Deferred outflows related to pension	\$ 2,205,958
Deferred outflows related to OPEB	<u>84,941</u>
Total deferred outflows of resources	<u>\$ 2,290,899</u>
Liabilities	
Accounts payable	\$ 388,670
Construction contracts payable	74,929
Accrued salaries and related items	572,743
Accrued interest payable	148,779
Due to other governments	78,805
Long-term obligations	
Due within one year	891,373
Due in more than one year	17,431,019
Net pension liability	404,367
Net OPEB liability	<u>200,652</u>
Total liabilities	<u>\$ 20,191,337</u>
Deferred inflows of resources	
Deferred inflows related to pension	\$ 1,180,607
Deferred inflows related to OPEB	<u>153,736</u>
Total deferred inflows of resources	<u>\$ 1,334,343</u>
Net position	
Net investment in capital assets	\$ 9,236,373
Restricted for	
Common school fund	4,834
Curriculum expansion	1,339,389
Other educational expenses	509,550
Scholarships - nonexpendable	20,000
Scholarships - expendable	72,004
Student activities	131,290
Debt service	340,376
Capital improvements	1,034
Community service	326,622
Unrestricted	<u>4,282,266</u>
Total net position	<u>\$ 16,263,738</u>

See accompanying notes to the basic financial statements.

School District of Kohler  
Statement of Activities  
Year ended June 30, 2025

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities					
Instruction					
Regular instruction	\$ 4,580,675	\$ 2,072,809	\$ 339,669	\$ -	\$ (2,168,197)
Vocational instruction	246,296	80,524	74,773	-	(90,999)
Special instruction	562,831	103,704	233,091	-	(226,036)
Other instruction	1,382,360	634,726	57,294	-	(690,340)
Total instruction	<u>\$ 6,772,162</u>	<u>\$ 2,891,763</u>	<u>\$ 704,827</u>	<u>\$ -</u>	<u>\$ (3,175,572)</u>
Support services					
Pupil services	\$ 582,092	\$ 247,048	\$ 86,403	\$ -	\$ (248,641)
Instructional staff services	544,730	-	262,764	-	(281,966)
General administration services	884,589	-	243,289	-	(641,300)
Building administration services	398,600	-	254	-	(398,346)
Business services	264,994	-	-	-	(264,994)
Operations, maintenance and remodeling	1,098,325	29,067	9,796	218,045	(841,417)
Pupil transportation	159,170	-	2,698	-	(156,472)
Food service	360,539	334,500	-	-	(26,039)
Central services	185,694	-	7,221	-	(178,473)
Insurance and judgements	75,398	-	-	-	(75,398)
Community service	348,131	242,304	-	-	(105,827)
Interest and related expense on debt	370,773	-	-	-	(370,773)
Other support services	430,970	-	18,572	-	(412,398)
Depreciation - unallocated*	571,791	-	-	-	(571,791)
Total support services	<u>\$ 6,275,796</u>	<u>\$ 852,919</u>	<u>\$ 630,997</u>	<u>\$ 218,045</u>	<u>\$ (4,573,835)</u>
Total governmental activities	<u>\$ 13,047,958</u>	<u>\$ 3,744,682</u>	<u>\$ 1,335,824</u>	<u>\$ 218,045</u>	<u>\$ (7,749,407)</u>
General revenues					
Taxes					
Property taxes - levied for general purposes					\$ 4,880,773
Property taxes - levied for debt service					1,291,963
Property taxes - levied for community service					82,675
State aid not restricted to specific purposes					1,199,211
Investment earnings					343,251
Miscellaneous					25,256
Loss on disposal of capital assets					(129,175)
Total general revenues					<u>\$ 7,693,954</u>
Change in net position					<u>\$ (55,453)</u>
Net position - Beginning of year, as previously reported					\$ 16,391,602
Restatement - Implementation of GASB Statement No. 101					(72,411)
Net position - Beginning of year, as restated					<u>\$ 16,319,191</u>
Net position - End of year					<u>\$ 16,263,738</u>

\*This amount excludes the depreciation that is included in the direct expenses of the various functions.

See accompanying notes to the basic financial statements.

School District of Kohler  
Balance Sheet  
Governmental Funds  
June 30, 2025

	General	Special Revenue Trust	Debt Service	Nonmajor Governmental	Total
<b>Assets</b>					
Cash and investments	\$ 1,916,837	\$ 2,161,573	\$ 918,570	\$ 348,199	\$ 5,345,179
Taxes receivable	1,872,721	-	-	-	1,872,721
Accounts receivable	21,140	168,787	-	30,797	220,724
Due from other funds	429,415	-	-	-	429,415
Due from other governments	542,652	-	-	-	542,652
Prepaid expenses	37,669	950	-	-	38,619
<b>Total assets</b>	<b>\$ 4,820,434</b>	<b>\$ 2,331,310</b>	<b>\$ 918,570</b>	<b>\$ 378,996</b>	<b>\$ 8,449,310</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 109,505	\$ 257,904	\$ -	\$ 21,261	\$ 388,670
Construction contracts payable	74,929	-	-	-	74,929
Accrued salaries and related items	569,978	223	-	2,542	572,743
Due to other funds	-	-	429,415	-	429,415
Due to other governments	51,268	-	-	27,537	78,805
<b>Total liabilities</b>	<b>\$ 805,680</b>	<b>\$ 258,127</b>	<b>\$ 429,415</b>	<b>\$ 51,340</b>	<b>\$ 1,544,562</b>
<b>Fund balances</b>					
Nonspendable	\$ 37,669	\$ 20,950	\$ -	\$ -	\$ 58,619
Restricted	4,834	2,052,233	489,155	327,656	2,873,878
Committed	3,571,428	-	-	-	3,571,428
Unassigned	400,823	-	-	-	400,823
<b>Total fund balances</b>	<b>\$ 4,014,754</b>	<b>\$ 2,073,183</b>	<b>\$ 489,155</b>	<b>\$ 327,656</b>	<b>\$ 6,904,748</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,820,434</b>	<b>\$ 2,331,310</b>	<b>\$ 918,570</b>	<b>\$ 378,996</b>	<b>\$ 8,449,310</b>

See accompanying notes to the basic financial statements.

School District of Kohler  
Reconciliation of the Governmental Funds Balance Sheet  
to the Government-Wide Statement of Net Position  
June 30, 2025

Total fund balances - governmental funds	\$	6,904,748
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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 in the fund statements. Amounts reported for governmental activities in the statement of net position include:

Governmental capital assets	\$ 38,342,012		
Governmental accumulated depreciation	<u>(10,863,388)</u>		27,478,624

Deferred outflows of resources related to pensions and other post-employment benefits are applicable to future periods and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position include:

Deferred outflows of resources	2,290,899
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Deferred inflows of resources related to pensions and other post-employment benefits are applicable to future periods and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position include:

Deferred inflows of resources	(1,334,343)
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Long-term obligations, including long-term debt, are not due in the current period and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position include:

General obligation debt	\$ 17,530,000		
Debt premium	712,251		
Compensated absences	80,141		
Net pension liability	404,367		
Net OPEB liability	200,652		
Accrued interest on long-term debt	<u>148,779</u>		<u>(19,076,190)</u>

Total net position - governmental activities	\$	<u>16,263,738</u>
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School District of Kohler  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year ended June 30, 2025

	General	Special Revenue Trust	Debt Service	(Formerly Major Fund) Community Service	Nonmajor Governmental	Total
<b>Revenues</b>						
Property taxes	\$ 4,880,773	\$ -	\$ 1,291,963	\$ -	\$ 82,675	\$ 6,255,411
Other local sources	286,448	1,502,035	17,804	-	585,010	2,391,297
Interdistrict sources	2,698,023	-	-	-	-	2,698,023
Intermediate sources	3,101	-	-	-	-	3,101
State sources	1,471,509	-	-	-	-	1,471,509
Federal sources	282,583	-	-	-	-	282,583
Other sources	19,756	-	-	-	-	19,756
<b>Total revenues</b>	<b>\$ 9,642,193</b>	<b>\$ 1,502,035</b>	<b>\$ 1,309,767</b>	<b>\$ -</b>	<b>\$ 667,685</b>	<b>\$ 13,121,680</b>
<b>Expenditures</b>						
<b>Instruction</b>						
Regular instruction	\$ 4,195,027	\$ 264,382	\$ -	\$ -	\$ -	\$ 4,459,409
Vocational instruction	162,185	65,760	-	-	-	227,945
Special instruction	549,816	-	-	-	-	549,816
Other instruction	677,795	256,150	-	-	-	933,945
<b>Total instruction</b>	<b>\$ 5,584,823</b>	<b>\$ 586,292</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,171,115</b>
<b>Support services</b>						
Pupil services	\$ 564,207	\$ 3,004	\$ -	\$ -	\$ -	\$ 567,211
Instructional staff services	387,132	145,788	-	-	-	532,920
General administration services	727,100	141,642	-	-	-	868,742
Building administration services	374,521	5,374	-	-	-	379,895
Business services	256,422	2,885	-	-	-	259,307
Operations, maint. and remodeling	1,143,395	245,414	-	-	-	1,388,809
Pupil transportation	159,170	-	-	-	-	159,170
Food service	-	-	-	-	359,100	359,100
Central services	163,681	7,587	-	-	-	171,268
Insurance and judgements	75,398	-	-	-	-	75,398
Community service	-	-	-	-	341,384	341,384
Principal, interest and related expense	-	-	1,312,587	-	-	1,312,587
Other support services	302,769	128,148	-	-	-	430,917
<b>Total support services</b>	<b>\$ 4,153,795</b>	<b>\$ 679,842</b>	<b>\$ 1,312,587</b>	<b>\$ -</b>	<b>\$ 700,484</b>	<b>\$ 6,846,708</b>
<b>Total expenditures</b>	<b>\$ 9,738,618</b>	<b>\$ 1,266,134</b>	<b>\$ 1,312,587</b>	<b>\$ -</b>	<b>\$ 700,484</b>	<b>\$ 13,017,823</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (96,425)</b>	<b>\$ 235,901</b>	<b>\$ (2,820)</b>	<b>\$ -</b>	<b>\$ (32,799)</b>	<b>\$ 103,857</b>
<b>Other financing sources (uses)</b>						
Compensation for fixed assets	\$ 833	\$ -	\$ -	\$ -	\$ -	\$ 833
Transfer to food service fund	(24,600)	-	-	-	24,600	-
<b>Net other financing sources (uses)</b>	<b>\$ (23,767)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 24,600</b>	<b>\$ 833</b>
<b>Net change in fund balances</b>	<b>\$ (120,192)</b>	<b>\$ 235,901</b>	<b>\$ (2,820)</b>	<b>\$ -</b>	<b>\$ (8,199)</b>	<b>\$ 104,690</b>
<b>Fund balances - Beginning of year, as previously reported</b>	<b>\$ 4,134,946</b>	<b>\$ 1,837,282</b>	<b>\$ 491,975</b>	<b>\$ 334,848</b>	<b>\$ 1,007</b>	<b>\$ 6,800,058</b>
<b>Change within financial reporting entity (major to nonmajor)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(334,848)</b>	<b>334,848</b>	<b>-</b>
<b>Fund balances - Beginning of year, as restated</b>	<b>\$ 4,134,946</b>	<b>\$ 1,837,282</b>	<b>\$ 491,975</b>	<b>\$ -</b>	<b>\$ 335,855</b>	<b>\$ 6,800,058</b>
<b>Fund balances - End of year</b>	<b>\$ 4,014,754</b>	<b>\$ 2,073,183</b>	<b>\$ 489,155</b>	<b>\$ -</b>	<b>\$ 327,656</b>	<b>\$ 6,904,748</b>

See accompanying notes to the basic financial statements.

School District of Kohler  
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures  
and Changes in Fund Balances to the Government-Wide Statement of Activities  
Year ended June 30, 2025

Net change in fund balances - total governmental funds	\$	104,690
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in the governmental funds. However, in the statement of activities, the cost of capital assets are allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	\$	301,074
Depreciation expense	<u>(1,071,830)</u>	(770,756)
In the statement of activities, the gain or loss on the sale, trade or disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. In the current period, these amounts are:		
Loss on disposal of capital assets		(130,008)
In governmental funds, pension contributions are reported as an expenditure when paid or payable. However, in the statement of activities, pension expense is measured by the amounts earned during the year. In the current period, these amounts are:		
Change in pension related items		(182,811)
In governmental funds, OPEB contributions are reported as an expenditure when paid or payable. However, in the statement of activities, OPEB expense is measured by the amounts earned during the year. In the current period, these amounts are:		
Change in OPEB related items		(10,652)
In governmental funds, compensated absences are reported as an expenditure when paid or payable. However, in the statement of activities, compensated absences are measured by the amounts earned during the year and more likely than not to be used in a subsequent year. In the current period, these amounts are:		
Compensated absences		(7,730)
Repayment of principal on long-term debt is reported as an expenditure in the governmental funds, but is reported as a reduction in long-term liabilities in the statement of net position. In the current period, these amounts are:		
Principal paid on general obligation debt		825,000
In governmental funds premium associated with the issuance of long-term debt is reported as other financing sources when the debt is issued, but this item is deferred and amortized over the life of the debt issue and included in interest expense in the statement of activities. In the current period, these amounts are:		
Amortization of debt issuance premium		103,064
In governmental funds, interest payments on long-term debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred. In the current period, these amounts are:		
Interest paid	\$	487,587
Interest accrued	<u>(473,837)</u>	<u>13,750</u>
Change in net position - governmental activities	\$	<u><u>(55,453)</u></u>

See accompanying notes to the basic financial statements.



School District of Kohler  
Notes to the Basic Financial Statements  
Year ended June 30, 2025

Note 1. Summary of Significant Accounting Policies

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

The significant accounting principles and policies utilized by the District are described below.

A. Reporting Entity

The School District of Kohler is organized as a common school district governed by a five member elected school board. The District operates grades pre-kindergarten through grade 12 and is comprised of all or parts of four taxing districts. As required by accounting principles generally accepted in the United States of America, these financial statements present the District as the primary government.

Accounting principles generally accepted in the United States of America 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 basic financial statements. The School District of Kohler is not a component unit of another reporting entity nor does it have any component units.

B. Basis of Presentation

Government-Wide Financial 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. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through property taxes, intergovernmental revenues and other nonexchange transactions. The District does not report any business-type or fiduciary activities.

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

School District of Kohler  
Notes to the Basic Financial Statements  
Year ended June 30, 2025

Note 1. Summary of Significant Accounting Policies - Continued

B. Basis of Presentation - Continued

Fund Financial Statements

The fund financial statements provide information about the District's funds. 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 governmental funds.

The District reports the following major governmental funds:

General Fund - This fund is the District's primary operating fund. It is used to account for all financial activity of the District that is not required to be accounted for in another fund. It is also used to account for the financial activity associated with providing educational programs for students with disabilities.

Special Revenue Trust Fund - This fund is used to account for the proceeds of non-trust revenues of which the expenditures are limited to specific purposes related to District operations. The most common source of funds include gifts and donations.

Debt Service Fund - This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental activities. The debt service fund includes only referendum debt.

The District also reports the following nonmajor governmental funds:

Long-Term Capital Improvement Trust Fund - This fund accounts for the resources accumulated for the District's long-term capital improvement plan. The trust was established with a transfer from the general fund, after the approval of a 10 year capital improvement plan. The District is prohibited from removing money deposited in the fund for a period of 5 years after the fund is created. After the initial 5 year wait period is over, funds may only be used for the purposes identified in the approved long-term capital improvement plan.

Food Service Fund - This fund is used to account for all revenues and expenditures related to the District's food service program.

Community Service Fund - This fund is used to account for activities which are not elementary and secondary educational programs, but have the primary function of serving the community, including the day care/after school care program and recreational activities.

School District of Kohler  
Notes to the Basic Financial Statements  
Year ended June 30, 2025

Note 1. Summary of Significant Accounting Policies - Continued

C. Measurement Focus and Basis of Accounting

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

The governmental fund financial 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 are reported as other financing sources.

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

D. Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources

Cash and Investments

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. For investments subject to market fluctuation, fair values are based on methods and inputs as outlined in Note 3. Adjustments necessary to record investments at fair value are recorded in the financial statements as increases or decreases in investment income. Fair values may have changed significantly after year end.

School District of Kohler  
Notes to the Basic Financial Statements  
Year ended June 30, 2025

Note 1. Summary of Significant Accounting Policies - Continued

D. Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources - Continued

Cash and Investments - Continued

Wisconsin state statutes permit the District to invest available cash balances in the following:

1. Time deposits in any credit union, bank, savings bank or trust company which is authorized to transact business in the State of Wisconsin.
2. Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the State. Also, bonds issued by a local exposition district, local professional baseball park district, local professional football stadium district, local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

In addition, the special revenue trust fund invests in mutual funds and exchange traded products as required by the donor.

Property Tax Levy

Under Wisconsin law, personal property taxes and first installment real estate taxes are collected by city, town and village treasurers or clerks who then make proportional settlement with the School District and County Treasurer for those taxes collected on their behalf. Second installment real estate taxes and delinquent taxes are collected by the County Treasurer who then makes settlement with the city, town, village and school districts before retaining any taxes for County purposes.

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

School District of Kohler  
Notes to the Basic Financial Statements  
Year ended June 30, 2025

Note 1. Summary of Significant Accounting Policies - Continued

D. Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources - Continued

Property Tax Levy - Continued

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2024 tax levy is used to finance operations of the District's fiscal year ended June 30, 2025. All property taxes are considered due on January 1st, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30th and are available to pay current liabilities.

Accounts Receivable

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

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both the government-wide and fund financial statements. In the fund financial statements, a portion of fund balance is categorized as nonspendable to signify that a portion of fund balance is not available for other subsequent expenditures.

Capital Assets

Capital assets are reported at actual cost or estimated historical costs, if actual costs are not available. Donated capital assets are reported at estimated fair value at the time received.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Outdoor improvements	\$ 10,000	Straight-line	10-30 Years
Buildings and building improvements	10,000	Straight-line	15-50 Years
Furniture and equipment	10,000	Straight-line	5-20 Years
Vehicles	10,000	Straight-line	8 Years

In the fund financial statements, capital assets used in governmental fund operations are reported as an expenditure of the governmental fund upon acquisition.

School District of Kohler  
Notes to the Basic Financial Statements  
Year ended June 30, 2025

Note 1. Summary of Significant Accounting Policies - Continued

D. Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources - Continued

Interfund Balances and Activity

Interfund receivable and payable balances in the fund financial statements as of June 30, 2025 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Debt Service Fund	<u>\$ 429,415</u>

The principal purpose of these interfund receivable and payable transactions are for interfund loans. In the statement of net position, amounts reported in fund balance sheets as interfund balances have been eliminated.

In addition, the general fund transferred \$24,600 to the food service fund to cover the fund balance deficit.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position and or fund balance that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that future time.

Deferred inflows of resources represent an acquisition of net position and or fund balance that applies to a future period and will not be recognized as an inflow of resources (revenue) until that future time.

In the statement of net position, the District reports deferred outflows of resources and deferred inflows of resources for its pension and other post-employment benefit related items. See Notes 7 and 8 for further details.

E. Compensated Absences

District employees earn varying amounts of sick leave and may accumulate up to 120 days of sick leave, however, the District's policy does not allow accumulated sick leave to vest. Unused accumulated sick leave is forfeited upon retirement or termination of employment.

Eligible employees of the District earn two days of personal leave each fiscal year. Unused personal leave days will roll to sick leave or an employee can select to roll over one personal day to the following school year to use three personal days in the following school year.

Accumulated unpaid sick leave and personal leave for employees that has not been used, is attributable to services already rendered and is more likely than not to be used for time off is recorded as an expense and liability in the government-wide financial statements. Compensated absences accrued in the government-wide financial statements are calculated at the pay rate in effect for each employee as of June 30th of each fiscal year.

School District of Kohler  
Notes to the Basic Financial Statements  
Year ended June 30, 2025

Note 1. Summary of Significant Accounting Policies - Continued

F. Pensions - Wisconsin Retirement System

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

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

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 7 for more details.

G. Other Post-Employment Benefits (OPEB) - Local Retiree Life Insurance Fund

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

- Net OPEB Liability (Asset)
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs, 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 the LRLIF. For this purpose, benefit payments (including refunds of member contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 8 for more details.

H. Long-Term Obligations

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide financial statements. The long-term obligations of the District consist primarily of general obligation bonds, other post-employment benefit obligations and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. Debt proceeds (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures.

School District of Kohler  
Notes to the Basic Financial Statements  
Year ended June 30, 2025

Note 1. Summary of Significant Accounting Policies - Continued

I. Net Position

In the government-wide financial statements, equity is classified as net position and displayed in the following three categories:

- Net investment in capital assets - Consists of the historical cost of capital assets, net of accumulated depreciation, less any debt that remains outstanding that was used to finance those assets.
- Restricted net position - Consists of net position with constraints placed on their use through external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments.
- Unrestricted net position - All other net position is reported in this category.

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

J. Fund Balances

In the governmental fund financial statements, fund balances are displayed in the following five categories:

- Nonspendable - Amounts that cannot be spent either because they are not in a spendable form (such as prepaid expenses) 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, 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 District's Board of Education. The Board of Education is the highest level of decision making authority for the District. The formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the District that originally created the commitment.
- Assigned - Amounts the Board intends to use for specific purposes but are neither restricted nor committed, intent can be expressed by the Board or by an official or committee to which the Board delegates the authority.
- Unassigned - The residual classification of the District's general fund.

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

In the general fund it is the policy of the District to maintain a minimum unassigned fund balance that will maintain working capital to meet the cash flow needs of the District thus reducing the need for short-term borrowing, serve as a safeguard for unanticipated expenditures and show fiscal responsibility.



School District of Kohler  
Notes to the Basic Financial Statements  
Year ended June 30, 2025

Note 1. Summary of Significant Accounting Policies - Continued

K. Budgetary Accounting

Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction.

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

- Based upon requests from District staff, District administration recommends budget proposals to the School Board.
- The School Board prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
- Pursuant to the public budget hearing, the School Board may make alterations to the proposed budget.
- Once the School Board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire School Board.
- Appropriations lapse at year end unless authorized as a carryover by the School Board.

GASB Statement No. 34 requires that both the originally adopted budget and final budget, as amended by School Board resolution, be presented for the general fund and any major special revenue funds that have adopted a budget. There was no budget adopted for the special revenue trust fund. The School Board did not amend the budget during the year and accordingly, only one budget amount is presented.

L. Use of Estimates

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

M. Change in Accounting Principles

Effective July 1, 2024, the District adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*. GASB Statement No. 100 was issued to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. This standard requires the restatement of beginning balances to reflect the change in the presentation of major funds. As a result of implementing this Statement the classification and presentation of certain funds have been adjusted to comply with the requirements.

School District of Kohler  
Notes to the Basic Financial Statements  
Year ended June 30, 2025

M. Change in Accounting Principles - Continued

Effective July 1, 2024, the District adopted GASB Statement No. 101, *Compensated Absences*. GASB Statement No. 101 was issued to provide guidance on the accounting and financial reporting for compensated absences. As a result of adopting GASB Statement No. 101, the District has made changes to the way it recognizes and measures its compensated absence liabilities and an adjustment was made to beginning net position in the government-wide statements.

Note 2. Explanation of Differences Between Governmental Fund Statements and Government-Wide Statements

Due to the differences in the measurement focus and basis of accounting used on the governmental fund statements and government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

**Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities**

Differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the statement of activities fall into one of three broad categories. The amounts shown in the columns on the following page represent:

a. Long-Term Revenues/Expenses

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities. The long-term expenses reported on the following page recognize the change in pension, other post-employment benefits and compensated absences.

b. Capital Related Items

Capital related differences include (1) the difference between proceeds from the sale of capital assets reported on governmental fund statements and the gain or loss on the sale or disposal of assets as reported on the statement of activities and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and capitalization and recording depreciation expense on those items as recorded in the statement of activities.

c. Long-Term Debt Transactions

Long-term debt transaction differences occur because long-term debt proceeds are recorded as other financing sources and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability, interest expense is recorded as incurred and principal payments are recorded as a reduction of liabilities.

School District of Kohler  
Notes to the Basic Financial Statements  
Year ended June 30, 2025

Note 2. Explanation of Differences Between Governmental Fund Statements and Government-Wide Statements - Continued

	Total Governmental Funds	(a) Long-term Revenues / Expenses	(b) Capital Related Items	(c) Long-term Debt Transactions	Statement of Activities Total
<u>Revenues and other sources</u>					
Taxes					
Property taxes	\$ 6,255,411	\$ -	\$ -	\$ -	\$ 6,255,411
Other local sources					
Charges for services	1,046,659	-	-	-	1,046,659
Operating grants and contributions	777,842	-	-	-	777,842
Capital grants and contributions	218,045	-	-	-	218,045
Investment income	343,251	-	-	-	343,251
Miscellaneous	5,500	-	-	-	5,500
Interdistrict sources					
Charges for services	2,698,023	-	-	-	2,698,023
Intermediate sources					
Operating grants and contributions	3,101	-	-	-	3,101
State sources					
General state aids	1,199,211	-	-	-	1,199,211
Operating grants and contributions	272,298	-	-	-	272,298
Federal sources					
Operating grants and contributions	282,583	-	-	-	282,583
Other sources					
Compensation for fixed assets	833	-	(130,008)	-	(129,175)
Miscellaneous	19,756	-	-	-	19,756
Total revenues and other sources	<u>\$ 13,122,513</u>	<u>\$ -</u>	<u>\$ (130,008)</u>	<u>\$ -</u>	<u>\$ 12,992,505</u>
<u>Expenditures / expenses</u>					
Regular instruction	\$ 4,459,409	\$ 102,728	\$ 18,538	\$ -	\$ 4,580,675
Vocational instruction	227,945	5,601	12,750	-	246,296
Special instruction	549,816	13,015	-	-	562,831
Other instruction	933,945	9,619	438,796	-	1,382,360
Pupil services	567,211	14,881	-	-	582,092
Instructional staff services	532,920	11,073	737	-	544,730
General administration services	868,742	15,847	-	-	884,589
Building administration services	379,895	9,783	8,922	-	398,600
Business services	259,307	5,687	-	-	264,994
Operations, maint. and remodeling	1,388,809	4,661	(295,145)	-	1,098,325
Pupil transportation	159,170	-	-	-	159,170
Food service	359,100	-	1,439	-	360,539
Central services	171,268	3,930	10,496	-	185,694
Insurance and judgements	75,398	-	-	-	75,398
Community service	341,384	4,315	2,432	-	348,131
Principal, interest and related expense	1,312,587	-	-	(941,814)	370,773
Other support services	430,917	53	-	-	430,970
Depreciation - unallocated	-	-	571,791	-	571,791
Total expenditures / expenses	<u>\$ 13,017,823</u>	<u>\$ 201,193</u>	<u>\$ 770,756</u>	<u>\$ (941,814)</u>	<u>\$ 13,047,958</u>
Net change for year	<u>\$ 104,690</u>	<u>\$ (201,193)</u>	<u>\$ (900,764)</u>	<u>\$ 941,814</u>	<u>\$ (55,453)</u>

School District of Kohler  
Notes to the Basic Financial Statements  
Year ended June 30, 2025

Note 3. Cash and Investments

The debt service fund and long-term capital improvement trust fund account for their transactions through separate and distinct bank and investment accounts. In addition, certain special revenue trust funds use separate and distinct accounts. All other funds share in common bank and investment accounts.

The District's cash and investments at June 30, 2025 are summarized as follows:

	<u>Carrying Value</u>
Checking and money market	\$ 4,001,473
Local government investment pool	2,587
Mutual funds - stock funds	994,826
Mutual funds - bond index funds	309,173
Mutual funds - short-term funds	35,390
Petty cash	<u>1,730</u>
Total cash and investments	<u>\$ 5,345,179</u>

Deposits in each local area bank are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest bearing and non-interest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts. Cash and securities in accounts with brokers are protected in accordance with the Securities Investor Protection Corporation (SIPC) up to \$500,000, with cash claims limited to \$250,000.

In addition, the State of Wisconsin has a State Guarantee Fund, which provides a maximum of \$1,000,000 per public depository above the amount provided by the FDIC. However, due to the relatively small size of the State Guarantee Fund in relation to the fund's coverage, total recovery of insured losses may not be available.

The Wisconsin Local Government Investment Pool (LGIP) does not have a credit quality rating and is also not subject to credit risk disclosures because investments are not issued in securities form. It is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2025, the fair value of the District's share of the LGIP's assets were substantially equal to the amount as reported above. A separate financial report for the SIF can be obtained at <https://doa.wi.gov/Pages/StateFinances/LGIP.aspx>.

School District of Kohler  
Notes to the Basic Financial Statements  
Year ended June 30, 2025

Note 3. Cash and Investments - Continued

Fair Value Measurement

The District categorizes the fair value measurements of its investments within the fair value 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.

As of June 30, 2025, the District's investments were classified within the fair value hierarchy as follows:

<u>Investment Type</u>	<u>Fair Value</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Mutual funds - stock funds	\$ 994,826	\$ -	\$ -	\$ 994,826
Mutual funds - bond index funds	309,173	-	-	309,173
Mutual funds - short-term funds	<u>35,390</u>	<u>-</u>	<u>-</u>	<u>35,390</u>
Totals	<u>\$ 1,339,389</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,339,389</u>

During the school year the District recognized \$243,764 in realized gains on investments and \$107,645 of unrealized losses.

The District's investment in the local government investment pool is not subject to the fair value hierarchy disclosures.

Custodial Credit Risk

Custodial credit 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 does not have a deposit policy for custodial credit risk. As of June 30, 2025, the District's deposits were fully insured or collateralized.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District limits the maturity of any investment to no more than seven years from the date of purchase or in accordance with State statutes.

Credit Risk

Credit risk is the risk that an issuer of a type of investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. The District does not have a formal policy regarding credit risk.

School District of Kohler  
Notes to the Basic Financial Statements  
Year ended June 30, 2025

Note 4. Capital Assets

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

	Balances July 1, 2024	Additions	Deletions	Balances June 30, 2025
Governmental activities				
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 118,045	\$ -	\$ 118,045
Capital assets being depreciated				
Outdoor improvements	\$ 8,323,219	\$ 165,029	\$ (13,634)	\$ 8,474,614
Buildings and building improvements	29,060,451	-	-	29,060,451
Furniture and equipment	943,606	18,000	(281,520)	680,086
Vehicles	8,816	-	-	8,816
Total capital assets being depreciated	\$ 38,336,092	\$ 183,029	\$ (295,154)	\$ 38,223,967
Less accumulated depreciation for				
Outdoor improvements	\$ (1,413,698)	\$ (449,638)	\$ 13,634	\$ (1,849,702)
Buildings and building improvements	(8,066,451)	(559,646)	-	(8,626,097)
Furniture and equipment	(470,218)	(61,444)	151,512	(380,150)
Vehicles	(6,337)	(1,102)	-	(7,439)
Total accumulated depreciation	\$ (9,956,704)	\$ (1,071,830)	\$ 165,146	\$ (10,863,388)
Total capital assets being depreciated, net	\$ 28,379,388	\$ (888,801)	\$ (130,008)	\$ 27,360,579
Governmental activities capital assets, net	\$ 28,379,388	\$ (770,756)	\$ (130,008)	\$ 27,478,624

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 18,538
Vocational instruction	12,750
Other instruction	438,796
Instructional staff services	737
Building administration services	8,922
Operations, maintenance and remodeling	5,929
Food service	1,439
Central services	10,496
Community service	2,432
Depreciation - unallocated	571,791
Total depreciation expense for governmental activities	\$ 1,071,830

School District of Kohler  
Notes to the Basic Financial Statements  
Year ended June 30, 2025

Note 5. Long-Term Liabilities

Long-term liability balances and activity for the year ended June 30, 2025 were as follows:

<u>Type</u>	<u>Balances July 1, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances June 30, 2025</u>	<u>Amounts Due In One Year</u>
General obligation debt					
Bonds	\$ 18,355,000	\$ -	\$ 825,000	\$ 17,530,000	\$ 865,000
Debt premium	815,315	-	103,064	712,251	-
Compensated absences*	<u>72,411</u>	<u>7,730</u>	<u>-</u>	<u>80,141</u>	<u>26,373</u>
Total long-term liabilities	<u>\$ 19,242,726</u>	<u>\$ 7,730</u>	<u>\$ 928,064</u>	<u>\$ 18,322,392</u>	<u>\$ 891,373</u>

\* Beginning balance restated for GASB Statement No. 101 implementation.

\* The change in compensated absences liability is presented as a net change.

Bond payments are made by the debt service fund.

The above long-term liabilities are reported in the governmental activities on the government-wide statements.

Total interest paid and accrued during the year on long-term liabilities was as follows:

<u>Type</u>	<u>Paid</u>	<u>Accrued</u>
Bonds	<u>\$ 487,587</u>	<u>\$ 473,837</u>

General Obligation Debt

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District.

General obligation debt at June 30, 2025 is comprised of the following individual issue:

<u>Description</u>	<u>Issue Date</u>	<u>Interest Rate (%)</u>	<u>Date of Maturity</u>	<u>Balance June 30, 2025</u>
Refunding bonds	07-14-21	1.625-5.000%	03-01-41	<u>\$ 17,530,000</u>

School District of Kohler  
Notes to the Basic Financial Statements  
Year ended June 30, 2025

Note 5. Long-Term Liabilities - Continued

General Obligation Debt Limit Calculation

The 2024 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$980,994,811. The legal debt limit and margin of indebtedness as of June 30, 2025 in accordance with Section 67.03 of the Wisconsin Statutes follows:

Debt limit (10% of \$980,994,811)	\$ 98,099,481
Deduct long-term debt applicable to debt margin	_____ -
Margin of indebtedness	<u>\$ 98,099,481</u>

Maturities of General Obligation Debt

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 <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 865,000	\$ 446,337	\$ 1,311,337
2027	910,000	403,088	1,313,088
2028	960,000	357,588	1,317,588
2029	1,000,000	309,588	1,309,588
2030	1,030,000	279,588	1,309,588
2031-2035	5,455,000	1,053,212	6,508,212
2036-2040	6,030,000	494,600	6,524,600
2041	<u>1,280,000</u>	<u>25,600</u>	<u>1,305,600</u>
Totals	<u>\$ 17,530,000</u>	<u>\$ 3,369,601</u>	<u>\$ 20,899,601</u>



School District of Kohler  
Notes to the Basic Financial Statements  
Year ended June 30, 2025

Note 6. Fund Balances

Details of the District's fund balances as of June 30, 2025 are as follows:

	General	Special Revenue Trust	Debt Service	Nonmajor Governmental	Total
Fund balances					
Nonspendable					
Prepaid expenses	\$ 37,669	\$ 950	\$ -	\$ -	\$ 38,619
Corpus of permanent fund	-	20,000	-	-	20,000
Restricted for					
Common school fund	4,834	-	-	-	4,834
Curriculum expansion	-	1,339,389	-	-	1,339,389
Other educational expenses	-	509,550	-	-	509,550
Scholarships	-	72,004	-	-	72,004
Student activities	-	131,290	-	-	131,290
Debt service	-	-	489,155	-	489,155
Long-term capital improvements	-	-	-	1,034	1,034
Community service	-	-	-	326,622	326,622
Committed to					
Facilities and maintenance projects	1,805,311	-	-	-	1,805,311
Declining enrollment reserve	1,141,117	-	-	-	1,141,117
Professional development	25,000	-	-	-	25,000
Ebben Field master plan	270,357	-	-	-	270,357
Learning environment improvements	329,643	-	-	-	329,643
Unassigned	400,823	-	-	-	400,823
Total fund balances	<u>\$ 4,014,754</u>	<u>\$ 2,073,183</u>	<u>\$ 489,155</u>	<u>\$ 327,656</u>	<u>\$ 6,904,748</u>

School District of Kohler  
Notes to the Basic Financial Statements  
Year ended June 30, 2025

Note 7. Defined Benefit Pension Plan

*General Information about the Pension Plan*

*Plan Description*

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

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

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

*Vesting*

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

*Benefits Provided*

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

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

Vested participants may retire at 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.

School District of Kohler  
Notes to the Basic Financial Statements  
Year ended June 30, 2025

Note 7. Defined Benefit Pension Plan - 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:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
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 \$349,521 in contributions from the District.

Contribution rates as of June 30, 2025 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General, Teachers, Executive and Elected Officials	6.95%	6.95%
Protective Occupation with Social Security	6.95%	14.95%
Protective Occupation without Social Security	6.95%	18.95%
Act 4 Protective County Jailers	14.95%	6.95%

School District of Kohler  
Notes to the Basic Financial Statements  
Year ended June 30, 2025

Note 7. Defined Benefit Pension Plan - Continued

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

At June 30, 2025, the District reported a liability of \$404,367 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 0.02460904%, which was a decrease of 0.00038352% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$561,857.

At June 30, 2025, the District reported Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 1,255,781	\$ 1,180,040
Net differences between projected and actual earnings on pension plan investments	614,458	-
Changes in assumptions	119,983	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,334	567
Employer contributions subsequent to the measurement date	<u>210,402</u>	<u>-</u>
Totals	<u>\$ 2,205,958</u>	<u>\$ 1,180,607</u>

\$210,402 reported as Deferred Outflows of Resources related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction (increase) of the Net Pension Liability (Asset) in the year ended June 30, 2026. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension will be recognized in pension expense (revenue) as follows:

Year ended June 30,

2026	\$ 247,322
2027	839,705
2028	(207,521)
2029	<u>(64,557)</u>
Total	<u>\$ 814,949</u>

School District of Kohler  
Notes to the Basic Financial Statements  
Year ended June 30, 2025

Note 7. Defined Benefit Pension Plan - 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	
Wage Inflation	3.0%
Seniority / Merit	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 the prior year, including seniority (merit) and separation rates. The Total Pension Liability for December 31, 2024 is based upon a roll-forward of the liability calculated from the December 31, 2023 actuarial valuation.

School District of Kohler  
Notes to the Basic Financial Statements  
Year ended June 30, 2025

Note 7. Defined Benefit Pension Plan - Continued

*Long-Term Expected Return on Plan Assets*

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

Asset Allocation Targets and Expected Returns<sup>1</sup>  
As of December 31, 2024

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %<sup>2</sup></u>
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 <sup>3</sup>	<u>(12)%</u>	3.7%	1.1%
Total Core Fund	<u>100%</u>	7.5%	4.8%
<u>Variable Fund Asset Class</u>			
U.S. Equities	70%	6.5%	3.8%
International Equities	<u>30%</u>	7.4%	4.7%
Total Variable Fund	<u>100%</u>	6.9%	4.2%

<sup>1</sup> Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations.

<sup>2</sup> New England Pension Consultants Long Term U.S. CPI (Inflation) Forecast: 2.6%.

<sup>3</sup> 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%.

School District of Kohler  
Notes to the Basic Financial Statements  
Year ended June 30, 2025

Note 7. Defined Benefit Pension Plan - Continued

*Single Discount Rate*

A single discount rate of 6.8% was used to measure the Total Pension Liability for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.8% 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 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate*

The following presents the District's proportionate share of the Net Pension Liability (Asset) calculated using the discount rate of 6.80%, as well as what the District's proportionate share of the Net Pension Liability (Asset) would be if it were calculated using a discount rate that is one percentage point lower (5.80%) or one percentage point higher (7.80%) than the current discount rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
District's proportionate share of the Net Pension Liability (Asset)	<u>\$ 3,793,492</u>	<u>\$ 404,367</u>	<u>\$ (2,003,509)</u>

*Payables to the Pension Plan*

Payables to the pension plan at June 30, 2025 were \$99,615. This represents the outstanding amount of contributions to the pension plan required for the year ended June 30, 2025.

*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>.

School District of Kohler  
Notes to the Basic Financial Statements  
Year ended June 30, 2025

Note 8. Other Post-Employment Benefits (OPEB) - Local Retiree Life Insurance Fund

*General Information about the Other Post-Employment Benefits*

*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 Plan Fiduciary Net Position*

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

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

*Benefits Provided*

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

*Contributions*

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

Employers are required to pay the following contributions based on member 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 member premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2024 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post Retirement Coverage	40% of Member Contribution
25% Post Retirement Coverage	20% of Member 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 members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active).



School District of Kohler  
Notes to the Basic Financial Statements  
Year ended June 30, 2025

Note 8. Other Post-Employment Benefits (OPEB) - Local Retiree Life Insurance Fund - Continued

*Contributions* - Continued

The member contribution rates in effect for the year ended December 31, 2024 are as listed below:

Life Insurance Member 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 \$1,078 in contributions from the employer.

*OPEB Liabilities, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs*

At June 30, 2025, the District reported a liability of \$200,652 for its proportionate share of the Net OPEB Liability. The Net OPEB Liability was measured as of December 31, 2024, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of January 1, 2024 rolled forward to December 31, 2024. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the Net OPEB Liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2024, the District's proportion was 0.05128800%, which was a decrease of 0.00249800% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the District recognized OPEB expense of \$13,924.

School District of Kohler  
Notes to the Basic Financial Statements  
Year ended June 30, 2025

Note 8. Other Post-Employment Benefits (OPEB) - Local Retiree Life Insurance Fund - Continued

*OPEB Liabilities, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs - Continued*

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ -	\$ 20,875
Net differences between projected and actual earnings on OPEB plan investments	2,755	-
Changes in assumptions	49,235	112,541
Changes in proportion and differences between employer contributions and proportionate share of contributions	32,238	20,320
Employer contributions subsequent to the measurement date	<u>713</u>	<u>-</u>
Totals	<u>\$ 84,941</u>	<u>\$ 153,736</u>

\$713 reported as deferred outflows related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows:

Year ended June 30,

2026	(2,962)
2027	(12,807)
2028	(17,512)
2029	(19,844)
2030	(7,888)
Thereafter	<u>(8,495)</u>
Total	<u>\$ (69,508)</u>

School District of Kohler  
Notes to the Basic Financial Statements  
Year ended June 30, 2025

Note 8. Other Post-Employment Benefits (OPEB) - Local Retiree Life Insurance Fund - Continued

*Actuarial Assumptions*

The Total OPEB Liability in the January 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

\* Based on the Bond Buyers GO 20-Bond Municipal Index.

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

*Long-Term Expected Return on Plan Assets*

The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian Financial Group, 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.

School District of Kohler  
Notes to the Basic Financial Statements  
Year ended June 30, 2025

Note 8. Other Post-Employment Benefits (OPEB) - Local Retiree Life Insurance Fund - Continued

*Long-Term Expected Return on Plan Assets - Continued*

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

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interm Credit	40.00%	2.41%
U.S. Mortgages	Bloomberg U.S. MBS	60.00%	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 retiring prior to age 65.

School District of Kohler  
Notes to the Basic Financial Statements  
Year ended June 30, 2025

Note 8. Other Post-Employment Benefits (OPEB) - Local Retiree Life Insurance Fund - Continued

*Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate*

The following presents the District's proportionate share of the Net OPEB Liability (Asset) calculated using the discount rate of 4.09%, as well as what the District's proportionate share of the Net OPEB Liability (Asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.09%) 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 (Asset)	<u>\$ 268,199</u>	<u>\$ 200,652</u>	<u>\$ 148,600</u>

*Payables to the OPEB Plan*

Payables to the OPEB plan at June 30, 2025 were \$1,250. This represents the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2025.

Note 9. Limitation on School District Revenues

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

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

Note 10. Risk Management

The 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. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

School District of Kohler  
Notes to the Basic Financial Statements  
Year ended June 30, 2025

Note 11. Risks and Uncertainties

Mutual Funds and Exchange Traded Products

The District's special revenue trust fund invests in various mutual funds and exchange traded products, which are exposed to various risks of loss including market and credit risks. Due to the level of risk associated with these investments, it is reasonably possible that changes in fair values will occur in the near term and that such changes could materially affect the investment balances and amounts reported in the financial statements.

Note 12. Commitments and Contingencies

Construction Contracts

At June 30, 2025, the District had contractual commitments related to construction projects totaling approximately \$485,616 for building renovation projects.

Claims and Judgements

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

Federal and State Grants

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 agencies for expenditures disallowed under the terms of the grant agreements. Management believes such disallowances, if any, would be immaterial.

Note 13. Effect of New Accounting Standards on Current Period Financial Statements

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

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

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

Note 14. Subsequent Events

Management has evaluated all subsequent events for possible recognition and disclosure through December 12, 2025, which is the date the financial statements were available to be issued. There are no subsequent events that require recognition or disclosure.

## Required Supplementary Information

School District of Kohler  
 Budgetary Comparison Schedule - General Fund  
 Year ended June 30, 2025

	Original and Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Property taxes	\$ 4,880,773	\$ 4,880,773	\$ -
Other local sources	302,800	286,448	(16,352)
Interdistrict sources	2,658,242	2,655,085	(3,157)
Intermediate sources	5,000	3,101	(1,899)
State sources	798,835	1,262,731	463,896
Federal sources	147,442	159,957	12,515
Other sources	6,000	19,756	13,756
Total revenues	<u>\$ 8,799,092</u>	<u>\$ 9,267,851</u>	<u>\$ 468,759</u>
Expenditures			
Instruction			
Regular instruction	\$ 4,067,720	\$ 4,195,027	\$ (127,307)
Vocational instruction	165,938	162,185	3,753
Special instruction	350	200	150
Other instruction	593,146	677,795	(84,649)
Total instruction	<u>\$ 4,827,154</u>	<u>\$ 5,035,207</u>	<u>\$ (208,053)</u>
Support services			
Pupil services	\$ 384,267	\$ 411,624	\$ (27,357)
Instructional staff services	356,164	266,268	89,896
General administration services	630,280	727,100	(96,820)
Building administration services	389,527	374,521	15,006
Business services	268,404	255,982	12,422
Operations, maintenance and remodeling	941,817	1,143,395	(201,578)
Pupil transportation	128,000	159,170	(31,170)
Central services	169,021	163,681	5,340
Insurance and judgements	70,000	75,398	(5,398)
Principal, interest and related expense	475	-	475
Other support services	128,925	281,631	(152,706)
Total support services	<u>\$ 3,466,880</u>	<u>\$ 3,858,770</u>	<u>\$ (391,890)</u>
Total expenditures	<u>\$ 8,294,034</u>	<u>\$ 8,893,977</u>	<u>\$ (599,943)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 505,058</u>	<u>\$ 373,874</u>	<u>\$ (131,184)</u>
Other financing sources (uses)			
Compensation for fixed assets	\$ -	\$ 833	\$ 833
Transfer to special education fund	(479,010)	(470,299)	8,711
Transfer to food service fund	(186)	(24,600)	(24,414)
Net other financing sources (uses)	<u>\$ (479,196)</u>	<u>\$ (494,066)</u>	<u>\$ (14,870)</u>
Net change in fund balance	\$ 25,862	\$ (120,192)	\$ (146,054)
Fund balance - Beginning of year	4,134,946	4,134,946	-
Fund balance - End of year	<u>\$ 4,160,808</u>	<u>\$ 4,014,754</u>	<u>\$ (146,054)</u>

See accompanying notes to the required supplementary information.



School District of Kohler  
 Budgetary Comparison Schedule - Special Education Fund  
 Year ended June 30, 2025

	Original and Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Interdistrict sources	\$ 42,775	\$ 42,938	\$ 163
Intermediate sources	1,000	-	(1,000)
State sources	180,000	208,778	28,778
Federal sources	123,277	122,626	(651)
Total revenues	<u>\$ 347,052</u>	<u>\$ 374,342</u>	<u>\$ 27,290</u>
Expenditures			
Instruction			
Special instruction	\$ 555,406	\$ 549,616	\$ 5,790
Support services			
Pupil services	\$ 147,192	\$ 152,583	\$ (5,391)
Instructional staff services	123,014	120,864	2,150
Business services	450	440	10
Other support services	-	21,138	(21,138)
Total support services	<u>\$ 270,656</u>	<u>\$ 295,025</u>	<u>\$ (24,369)</u>
Total expenditures	<u>\$ 826,062</u>	<u>\$ 844,641</u>	<u>\$ (18,579)</u>
Excess (deficiency) of revenues over expenditures	\$ (479,010)	\$ (470,299)	\$ 8,711
Other financing sources (uses)			
Transfer from general fund	479,010	470,299	(8,711)
Net change in fund balance	\$ -	\$ -	\$ -
Fund balance - Beginning of year	-	-	-
Fund balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the required supplementary information.

School District of Kohler  
Schedules of the District's Proportionate Share of the Net Pension  
Liability (Asset) and District Contributions  
Wisconsin Retirement System  
Last Ten Fiscal Years  
June 30, 2025

Schedule of District's Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System

WRS Year-End Date	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered Payroll	District's Collective Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/15	0.02873149%	\$ 466,881	\$ 4,137,727	11.28%	98.20%
12/31/16	0.02866219%	236,245	4,152,051	5.69%	99.12%
12/31/17	0.02865387%	(850,767)	4,178,748	20.36%	102.93%
12/31/18	0.02787943%	991,862	4,126,988	24.03%	96.45%
12/31/19	0.02696409%	(869,445)	4,154,779	20.93%	102.96%
12/31/20	0.02588838%	(1,616,247)	4,166,978	38.79%	105.26%
12/31/21	0.02523714%	(2,034,159)	4,290,432	47.41%	106.02%
12/31/22	0.02490965%	1,319,639	4,514,966	29.23%	95.72%
12/31/23	0.02499256%	371,590	4,843,765	7.67%	98.85%
12/31/24	0.02460904%	404,367	5,065,527	7.98%	98.79%

Schedule of District Contributions - Wisconsin Retirement System

WRS Year-End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 281,365	\$ 281,365	\$ -	\$ 4,137,727	6.80%
12/31/16	274,035	274,035	-	4,152,051	6.60%
12/31/17	284,154	284,154	-	4,178,748	6.80%
12/31/18	276,508	276,508	-	4,126,988	6.70%
12/31/19	272,138	272,138	-	4,154,779	6.55%
12/31/20	281,270	281,270	-	4,166,978	6.75%
12/31/21	289,608	289,608	-	4,290,432	6.75%
12/31/22	293,472	293,472	-	4,514,966	6.50%
12/31/23	332,927	332,927	-	4,843,765	6.87%
12/31/24	349,521	349,521	-	5,065,527	6.90%

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

See accompanying notes to the required supplementary information.

School District of Kohler  
Schedules of the District's Proportionate Share of the Net OPEB  
Liability (Asset) and District Contributions  
Local Retiree Life Insurance Fund  
Last Ten Fiscal Years\*  
June 30, 2025

Schedule of District's Proportionate Share of the Net OPEB Liability (Asset) - Local Retiree Life Insurance Fund

LRLIF Year-End Date	District's Proportion of the Net OPEB Liability (Asset)	District's Proportionate Share of the Net OPEB Liability (Asset)	District's Covered Payroll	District's Collective Net OPEB Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/17	0.05086100%	\$ 153,019	\$ 2,138,851	7.15%	44.81%
12/31/18	0.04464700%	115,204	2,935,000	3.93%	48.69%
12/31/19	0.04666200%	198,696	2,894,000	6.87%	37.58%
12/31/20	0.04052500%	222,917	2,628,000	8.48%	31.36%
12/31/21	0.04636700%	274,046	2,924,000	9.37%	29.57%
12/31/22	0.05457700%	207,929	3,121,000	6.66%	38.81%
12/31/23	0.05378600%	247,451	3,263,000	7.58%	33.90%
12/31/24	0.05128800%	200,652	3,250,000	6.17%	37.20%

Schedule of District Contributions - Local Retiree Life Insurance Fund

LRLIF Year-End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/17	\$ 965	\$ 965	\$ -	\$ 2,138,851	0.0451%
12/31/18	860	860	-	2,935,000	0.0293%
12/31/19	843	843	-	2,894,000	0.0291%
12/31/20	808	808	-	2,628,000	0.0307%
12/31/21	949	949	-	2,924,000	0.0325%
12/31/22	1,095	1,095	-	3,121,000	0.0351%
12/31/23	1,096	1,096	-	3,263,000	0.0336%
12/31/24	1,078	1,078	-	3,250,000	0.0332%

*\*The amounts presented for each year in each schedule were determined as of the calendar year-end that occurred within the fiscal year. The District is required to present the above information for the ten most recent years. However, until a full ten year trend is compiled the District will only report information for those years for which information is available.*

School District of Kohler  
Notes to the Required Supplementary Information  
Year ended June 30, 2025

Note 1. Explanation of Differences Between the Budgetary Basis and GAAP Revenues and Expenditures

The District is required by the State of Wisconsin to maintain and budget separately for the special education fund. Generally accepted accounting principles (GAAP) requires that the special education fund be combined with the general fund in the basic financial statements. Due to the perspective differences in budgeting, the required supplementary information reports the budgetary comparison information separately for the general fund and special education fund.

<u>Revenues</u>	<u>General</u>	<u>Special Education</u>
Actual amounts (budgetary basis) total revenues from the budgetary comparison schedules	\$ 9,267,851	\$ 374,342
Reclassification: Special education fund revenues are reclassified to the general fund, required for GAAP reporting	<u>374,342</u>	<u>(374,342)</u>
General fund total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 9,642,193</u>	<u>\$ -</u>
 <u>Expenditures</u>		
Actual amounts (budgetary basis) total expenditures from the budgetary comparison schedules	\$ 8,893,977	\$ 844,641
Reclassification: Special education fund expenditures are reclassified to the general fund, required for GAAP reporting	<u>844,641</u>	<u>(844,641)</u>
General fund total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 9,738,618</u>	<u>\$ -</u>

Note 2. Excess of Actual Expenditures Over Budget in Individual Funds

The following functions in the general fund, on the budgetary basis, had an excess of actual expenditures over budget for the year ended June 30, 2025.

<u>General Fund</u>	<u>Excess Expenditures</u>
Regular instruction	\$ 127,307
Other instruction	84,649
Pupil services	27,357
General administration services	96,820
Operations, maintenance and remodeling	201,578
Pupil transportation	31,170
Insurance and judgements	5,398
Other support services	152,706
Transfer to food service fund	24,414

School District of Kohler  
Notes to the Required Supplementary Information  
Year ended June 30, 2025

Note 2. Excess of Actual Expenditures Over Budget in Individual Funds - Continued

The following functions in the special education fund, on the budgetary basis, had an excess of actual expenditures over budget for the year ended June 30, 2025.

<u>Special Education Fund</u>	<u>Excess Expenditures</u>
Pupil services	5,391
Other support services	21,138

Note 3. Defined Benefit Pension Plan - Wisconsin Retirement System

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

*Changes of Assumptions:* The assumptions used to measure the total pension liability for the pension plan are summarized below.

Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the Employee Trust Funds Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended 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 Employee Trust Funds 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.

School District of Kohler  
Notes to the Required Supplementary Information  
Year ended June 30, 2025

Note 3. Defined Benefit Pension Plan - Wisconsin Retirement System - Continued

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

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

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

School District of Kohler  
Notes to the Required Supplementary Information  
Year ended June 30, 2025

Note 3. Defined Benefit Pension Plan - Wisconsin Retirement System - Continued

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

	2019	2018	2017	2016	2015
Valuation Date:	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014	Dec 31, 2013
Actuarial Cost Method:	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
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.5%	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.2%	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.2%	3.2%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1 - 5.6%	0.1 - 5.6%	0.1 - 5.6%	0.1 - 5.6%	0.1 - 5.6%
Post-retirement Benefit Adjustments*:	2.1%	2.1%	2.1%	2.1%	2.1%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience 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, actuarial experience, and other factors. Value is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

School District of Kohler  
Notes to the Required Supplementary Information  
Year ended June 30, 2025

Note 4. OPEB - Local Retiree Life Insurance Fund

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

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

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, included 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 liabilities, included 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.



## Other Supplementary Information

School District of Kohler  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2025

	Long-Term Capital Improvement Trust	Food Service	Community Service	Total
<b>Assets</b>				
Cash and investments	\$ 1,034	\$ 7,041	\$ 340,124	\$ 348,199
Accounts receivable	<u>-</u>	<u>9,496</u>	<u>21,301</u>	<u>30,797</u>
Total assets	<u>\$ 1,034</u>	<u>\$ 16,537</u>	<u>\$ 361,425</u>	<u>\$ 378,996</u>
<b>Liabilities and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 16,537	\$ 4,724	\$ 21,261
Accrued salaries and related items	-	-	2,542	2,542
Due to other governments	<u>-</u>	<u>-</u>	<u>27,537</u>	<u>27,537</u>
Total liabilities	\$ -	\$ 16,537	\$ 34,803	\$ 51,340
<b>Fund balances</b>				
Restricted	<u>1,034</u>	<u>-</u>	<u>326,622</u>	<u>327,656</u>
Total liabilities and fund balances	<u>\$ 1,034</u>	<u>\$ 16,537</u>	<u>\$ 361,425</u>	<u>\$ 378,996</u>

See independent auditor's report.

School District of Kohler  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year ended June 30, 2025

	Long-Term Capital Improvement Trust	Food Service	Community Service	Total
Revenues				
Property taxes	\$ -	\$ -	\$ 82,675	\$ 82,675
Other local sources	<u>27</u>	<u>334,500</u>	<u>250,483</u>	<u>585,010</u>
Total revenues	<u>\$ 27</u>	<u>\$ 334,500</u>	<u>\$ 333,158</u>	<u>\$ 667,685</u>
Expenditures				
Support services				
Food service	\$ -	\$ 359,100	\$ -	\$ 359,100
Community service	<u>-</u>	<u>-</u>	<u>341,384</u>	<u>341,384</u>
Total expenditures	<u>\$ -</u>	<u>\$ 359,100</u>	<u>\$ 341,384</u>	<u>\$ 700,484</u>
Excess (deficiency) of revenues over expenditures	\$ 27	\$ (24,600)	\$ (8,226)	\$ (32,799)
Other financing sources (uses)				
Transfer from general fund	<u>-</u>	<u>24,600</u>	<u>-</u>	<u>24,600</u>
Net change in fund balances	<u>\$ 27</u>	<u>\$ -</u>	<u>\$ (8,226)</u>	<u>\$ (8,199)</u>
Fund balances - Beginning of year, as previously reported	\$ 1,007	\$ -	\$ -	\$ 1,007
Change within financial reporting entity (major to nonmajor)	<u>-</u>	<u>-</u>	<u>334,848</u>	<u>334,848</u>
Fund balances - Beginning of year, as restated	<u>\$ 1,007</u>	<u>\$ -</u>	<u>\$ 334,848</u>	<u>\$ 335,855</u>
Fund balances - End of year	<u><u>\$ 1,034</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 326,622</u></u>	<u><u>\$ 327,656</u></u>

See independent auditor's report.

## Federal Awards and State Financial Assistance

School District of Kohler  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Receivable July 1, 2024	Revenues Grantor Reimbursements	Expenditures Grantor	Receivable June 30, 2025	Subrecipient Awards
<u>U.S. Department of Education</u>							
Passed through WI Department of Public Instruction							
<i>Special Education Cluster (IDEA)</i>							
Special Education Grants to States	84.027A	2025-592842-DPI-FLOW-341	\$ 125,528	\$ 125,528	\$ 129,724	\$ 129,724	\$ -
Special Education Preschool Grants	84.173A	2025-592842-DPI-PRESCH-347	6,005	6,005	6,030	6,030	-
<i>Total Special Education Cluster (IDEA)</i>			\$ 131,533	\$ 131,533	\$ 135,754	\$ 135,754	\$ -
Title I Grants to Local Educational Agencies	84.010A	2024-592842-DPI-TI-A-141	5,633	5,633	-	-	-
Supporting Effective Instruction State Grants	84.367A	2025-592842-DPI-TII-A-365	5,587	5,587	4,993	4,993	-
Student Support and Academic Enrichment Program	84.424A	2025-592842-DPI-TIVA-A-381	-	-	10,000	10,000	-
Education Stabilization Fund							
COVID-19 Elementary and Secondary School Emergency Relief III	84.425U	2022-592842-DPI-ESSERFIII-165	153,823	261,726	107,903	-	-
COVID-19 Elementary and Secondary School Emergency Relief III	84.425U	2022-592842-DPI-EBIS-165	178,684	180,886	2,202	-	-
COVID-19 Elementary and Secondary School Emergency Relief III	84.425U	2024-592842-DPI-LETRS-165	399	3,692	3,293	-	-
Total U.S. Department of Education			\$ 475,659	\$ 589,057	\$ 264,145	\$ 150,747	\$ -
<u>U.S. Department of Health and Human Services</u>							
Passed through WI Department of Health Services							
Maternal and Child Health Federal Consolidated Programs	93.110	N/A	\$ -	\$ 1,000	\$ 1,000	\$ -	\$ -
<i>Medicaid Cluster</i>							
Grants to States for Medicaid - School Based Services	93.778	44218000	-	17,438	17,438	-	-
Total U.S. Department of Health and Human Services			\$ -	\$ 18,438	\$ 18,438	\$ -	\$ -
Total Federal Awards			\$ 475,659	\$ 607,495	\$ 282,583	\$ 150,747	\$ -

See accompanying notes to the schedules of expenditures of federal awards and state financial assistance.

School District of Kohler  
Schedule of State Financial Assistance  
Year ended June 30, 2025

State Grantor/Pass-Through Grantor/Program or Cluster Title	State I.D. Number	Pass-Through Entity Identifying Number	Receivable July 1, 2024	Revenues	Expenditures	Receivable June 30, 2025	Subrecipient Awards
				Grantor Reimbursements	Grantor		
<u>Wisconsin Department of Public Instruction</u>							
Special Education and School Age Parents	255.101	592842-100	\$ -	\$ 208,778	\$ 208,778	\$ -	\$ -
Common School Fund Library Aid	255.103	592842-104	-	40,549	40,549	-	-
General Transportation Aid	255.107	592842-102	-	2,698	2,698	-	-
<i>General Aids Cluster</i>							
Special Adjustment Aid	255.203	592842-118	-	71,992	71,992	-	-
School Based Mental Health Services	255.297	592842-177		14,472	14,472		
Early College Credit Program	255.445	592842-178	-	872	872	-	-
Educator Effective Evaluation System Grants	255.940	592842-154	-	-	4,879	4,879	-
Per Pupil Aid	255.945	592842-113	-	343,546	343,546	-	-
Assessments of Reading Readiness	255.956	592842-166	-	49	49	-	-
Total WI Department of Public Instruction			\$ -	\$ 682,956	\$ 687,835	\$ 4,879	\$ -
<u>Wisconsin Department of Revenue</u>							
Tax Exempt Computer Aid	xxx.xxx	-	\$ 325,699	\$ 325,699	\$ 325,699	\$ 325,699	\$ -
Personal Property Aid	xxx.xxx	-	-	457,975	457,975	-	-
Total WI Department of Revenue			\$ 325,699	\$ 783,674	\$ 783,674	\$ 325,699	\$ -
Total State Financial Assistance			\$ 325,699	\$ 1,466,630	\$ 1,471,509	\$ 330,578	\$ -

See accompanying notes to the schedules of expenditures of federal awards and state financial assistance.

School District of Kohler  
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance  
Year ended June 30, 2025

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance (the "Schedules") include the federal and state award activity of the School District of Kohler and are presented in accordance with the requirements of the *2025 Wisconsin Public School District Audit Manual* issued by the Wisconsin Department of Public Instruction. Because the Schedules present only a selected portion of the operations of the School District of Kohler, they are not intended to and do not present the financial position or changes in net position of the School District of Kohler.

Note 2. Summary of Significant Accounting Policies

Revenues and expenditures reported in the Schedules are reported on the modified accrual basis of accounting.

Note 3. Oversight Agencies

The District's federal oversight agency for the audit is the U.S. Department of Education and the state oversight agency is the Wisconsin Department of Public Instruction.

# CORSON, PETERSON & HAMANN S.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S 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 Board of Education  
School District of Kohler  
Kohler, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the School District of Kohler (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 12, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2025-001, 2025-002 and 2025-003 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2025-004 to be a significant deficiency.



## **Report on Compliance and Other Matters**

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

## **School District of Kohler'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.

*Corson, Peterson & Hamann S.C.*

Sheboygan, Wisconsin

December 12, 2025

# CORSON, PETERSON & HAMANN S.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION

To the Board of Education  
School District of Kohler  
Kohler, Wisconsin

### **Report on Compliance for Each Major State Program**

#### ***Opinion on Each Major State Program***

We have audited the School District of Kohler's (the District) compliance with the types of compliance requirements identified as subject to audit in the *2025 Wisconsin School District Audit Manual*, issued by the Wisconsin Department of Public Instruction, that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2025. The District's major 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 compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2025.

#### ***Basis for Opinion on Each Major 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; and the audit requirements of Wisconsin Department of Public Instruction in the *2025 Wisconsin School District Audit Manual*. Our responsibilities under those standards are further described in the Auditor's 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 state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

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

### ***Auditor's 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*, and the *2025 Wisconsin School District Audit Manual* 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 state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *2025 Wisconsin School District Audit Manual*, 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 *2025 Wisconsin School District Audit Manual*, 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.

### **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 material weaknesses.

*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 state program on a timely basis. *A material weaknesses 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 state program will not be prevented, or detected and corrected, on a timely basis.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weaknesses in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-001, 2025-002 and 2025-003 to be material weaknesses.

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 *2025 Wisconsin School District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

*Corson, Peterson & Hamann S.C.*

Sheboygan, Wisconsin  
December 12, 2025

School District of Kohler  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2025

Section I - Summary of Auditor's Results

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u>  X  </u>	Yes	<u>      </u>	No
Significant deficiencies identified?	<u>  X  </u>	Yes	<u>      </u>	None reported
Noncompliance material to the financial statements noted?	<u>      </u>	Yes	<u>  X  </u>	No

*State Awards*

Internal control over major state programs:

Material weakness(es) identified?	<u>  X  </u>	Yes	<u>      </u>	No
Significant deficiencies identified?	<u>      </u>	Yes	<u>  X  </u>	None reported

Type of auditor's report issued on compliance  
for major state programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the <i>2025 Wisconsin School District Audit Manual</i> ?	<u>      </u>	Yes	<u>  X  </u>	No
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Identification of major state programs:

<u>State ID Number</u>	<u>Name of State Program or Cluster</u>
255.101	Special Education and School Age Parents
255.203	General Aids Cluster - Special Adjustment Aid
255.945	Per Pupil Aid

Dollar threshold used to distinguish between type A and type B programs:	\$250,000
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School District of Kohler  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2025

Section II - Financial Statement Findings

Finding No. 2025-001 - Audit Adjustments

Type of Finding:	Material Weakness in Internal Control over Financial Reporting
Condition:	After audit fieldwork began, a significant amount of journal entries were provided by the auditor's to prevent the District's financial statements from being materially misstated.
Criteria:	Internal controls should be in place that provides reasonable assurance that all material journal entries that affect the financial statements are recorded prior to the start of the annual audit.
Cause:	Due to a new Business Manager, with very little experience in making sure all material year-end journal entries were recorded, the required year-end adjusting journal entries were not all recorded prior to the start of the annual audit.
Effect:	Without the auditor's adjusting entries, the financial statements of the District would have been materially misstated.
Auditor's Recommendation:	We recommend that management review the nature of the auditor's adjusting journal entries in order to determine if these types of adjustments could be made during the year as part of the ordinary financial reporting process.
Management's Response:	See management's corrective action plan on pages 74 and 75.

Finding No. 2025-002 - Timely Bank Deposits and Revenues not Recorded

Type of Finding:	Material Weakness in Internal Control over Financial Reporting
Condition:	During our audit it was discovered that there were cash receipts that were received by the District and not deposited timely at the bank. Also at the start of the audit there was a significant amount of revenue that had not been recorded in the financial records.
Criteria:	Internal controls should be in place that provides reasonable assurance that all cash received is deposited timely and all revenues received throughout the year are recorded timely in the financial records.
Cause:	Due to a new Business Manager with very little experience there were material revenues not recorded in the financial records prior to the start of the audit.
Effect:	Without the auditor's adjusting entries to record the revenues that were not recorded during the year, the financial statements of the District would have been materially misstated.
Auditor's Recommendation:	We recommend that management adhere to the policies of the School District by making sure cash received is deposited within one week of being collected and making sure all revenues received during the year are recorded in the accounting records in a timely fashion.
Management's Response:	See management's corrective action plan on pages 74 and 75.

School District of Kohler  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2025

Section II - Financial Statement Findings - Continued

Finding No. 2025-003 - Timely Monthly Bank Reconciliations

Type of Finding:	Material Weakness in Internal Control over Financial Reporting
Condition:	Monthly bank reconciliations were not completed timely throughout the year.
Criteria:	Internal controls should be in place that provides reasonable assurance that all monthly bank reconciliations are performed and reviewed by senior management.
Cause:	Do to a new Business Manager with very little experience in the District's software timely monthly bank reconciliations were not performed throughout the year.
Effect:	Do to the fact the bank account was not reconciled timely during the year the auditor's were required to make year-end adjusting journal entries to record revenues and expenditures that would have been recorded prior to the audit if timely monthly bank reconciliations had been performed.
Auditor's Recommendation:	We recommend that management adhere to the policies of the School District by making sure timely bank reconciliations are performed.
Management's Response:	See management's corrective action plan on pages 74 and 75.

Finding No. 2025-004 - Preparation of the Financial Statements

Type of Finding:	Significant Deficiency in Internal Control over Financial Reporting
Condition:	The District does not have an internal control system designed to provide for the preparation of the government-wide financial statements and footnotes being audited. Currently the auditor prepares the necessary entries to convert fund balance statements to the government-wide financial statements and drafts the financial statements and related notes.
Criteria:	The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements.
Cause:	The additional costs associated with hiring additional staff experienced in preparing a complete set of financial statements and footnotes outweigh the derived benefits.
Effect:	Inadequate controls over financial reporting of the District results in more than a remote likelihood that the District would not be able to draft the government-wide financial statements and accompanying notes to the financial statements that are materially correct without the assistance of the auditors.
Auditor's Recommendation:	This circumstance is not unusual in a District of similar size. While it may not be cost beneficial to hire additional staff to prepare the financial statements and accompanying notes, a thorough review by management is necessary to obtain an adequate understanding of the District's financial report.
Management's Response:	See management's corrective action plan on pages 74 and 75.

School District of Kohler  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2025

Section III - Major State Program Findings and Questioned Costs

Finding Nos. 2025-001, 2025-002 and 2025-003 noted in Section II above also applies to internal control procedures over major state programs.

Section IV - Other Issues

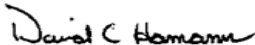
1. Does the auditor's report or the notes to the financial statements include a disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern?        Yes   X   No

2. Does the auditor's report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned costs, material weakness or significant deficiencies) related to state awards with pass-through entities that require audits to be conducted in accordance with the *2025 Wisconsin School District Audit Manual*:

Department of Public Instruction   X   Yes        No

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit?   X   Yes        No

4. Name and signature of partner



David C. Hamann, CPA

5. Date of report

December 12, 2025



School District of Kohler  
Summary Schedule of Prior Audit Findings  
Year ended June 30, 2025

Finding No. 2024-001 - Audit Adjustments

*Condition and Criteria* - It is the responsibility of management to implement proper internal controls to provide reasonable assurance about the achievement of the entity's objectives with regard to the reliability of financial reporting. After audit fieldwork began, a significant amount of journal entries were provided by the auditor's to prevent the District's financial statements from being materially misstated.

*Auditor's Recommendation* - We recommend that management review the nature of the auditor's adjusting entries in order to determine if these types of adjustments could be made during the year as part of the ordinary financial reporting process.

*Current Status* - This condition has not changed.

Finding No. 2024-002 - Preparation of the Financial Statements

*Condition and Criteria* - An ideal system of internal control includes an adequate system for the preparation of the financial statements. The District does not have an internal control system designed to provide for the preparation of the government-wide financial statements and footnotes being audited. Currently the auditor prepares the necessary entries to convert fund balance statements to the government-wide financial statements and drafts the financial statements and related notes.

*Auditor's Recommendation* - This circumstance is not unusual in a District of your size. While it may not be cost beneficial to hire staff to prepare the financial statements and accompanying notes, a thorough review by management is necessary to obtain an adequate understanding of the District's financial audit report.

*Current Status* - This condition has not changed; however, management continues to carefully review the draft of the financial statements and footnotes prior to approving them and accepting responsibility for their content and presentation.

School District of Kohler  
Corrective Action Plan  
Year ended June 30, 2025

Finding No. 2025-001 - Audit Adjustments

*Auditor's Recommendation* - We recommend that management review the nature of the auditor's adjusting journal entries in order to determine if these types of adjustments could be made during the year as part of the ordinary financial reporting process.

*Action Taken* - Management is implementing new procedures and processes to help eliminate the need for some of the year-end adjusting entries that were needed in prior years. The Business Manager is now more comfortable in the position and has a better understanding of the District.

*Anticipated Completion Date* - District management believes this finding has been corrected. Contact Isaac Patterson, Business Manager, 920-803-7204.

Finding No. 2025-002 - Timely Bank Deposits and Revenues not Recorded

*Auditor's Recommendation* - We recommend that management adhere to the policies of the School District by making sure cash received is deposited within one week of being collected and making sure all revenues received during the year are recorded in the accounting records in a timely fashion.

*Action Taken* - To ensure all funds are deposited and recorded within one week of receipt, the Business Manager will prepare a deposit for all items received by the Business Office, by the end of each work week, and complete posting to the accounting system timely. These deposits will be reviewed in the bank reconciliations completed monthly. The Business Office also purchased a check reader to be able to deposit checks remotely once received.

*Anticipated Completion Date* - District management believes this finding has already been corrected. Contact Isaac Patterson, Business Manager, 920-803-7204.

Finding No. 2025-003 - Timely Monthly Bank Reconciliations

*Auditor's Recommendation* - We recommend that management adhere to the policies of the School District by making sure timely bank reconciliations are performed.

*Action Taken* - To ensure timely bank reconciliations, the Business Manager has implemented a standard procedure to finalize all monthly bank reconciliations within 10 business days after month end, allowing time for the bank statement to be issued and work to be completed. These reconciliations will be provided for review to knowledgeable District staff for review and internal control. Although the final bank reconciliations were not completed timely during the 2024-2025 fiscal year, the Business Manager successfully completed all monthly bank reconciliations without assistance once trained in the District's software.

*Anticipated Completion Date* - District management believes this finding has already been corrected. Contact Isaac Patterson, Business Manager, 920-803-7204.

School District of Kohler  
Corrective Action Plan  
Year ended June 30, 2025

Finding No. 2025-004 - Preparation of the Financial Statements

*Auditor's Recommendation* - This circumstance is not unusual in a District of similar size. While it may not be cost beneficial to hire additional staff to prepare the financial statements and accompanying notes, a thorough review by management is necessary to obtain an adequate understanding of the District's financial report.

*Action Taken* - Management believes the cost of additional staff time and training to prepare the financial statements and footnotes outweigh the benefits received. The District will carefully review the draft of the financial statements and footnotes prior to approving them and accept responsibility for their content and presentation.

*Anticipated Completion Date* - This review process has already been implemented. Contact Isaac Patterson, Business Manager, 920-803-7204.