

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
STEVENS POINT, WISCONSIN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2022



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**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
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INDEPENDENT AUDITORS' REPORT

School Board
Stevens Point Area Public School District
Stevens Point, 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 Stevens Point Area Public School District, Stevens Point, Wisconsin (the District) as of and for the year ended June 30, 2022, 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, 2022, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1.F. to the financial statements, effective July 1, 2021, the District adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

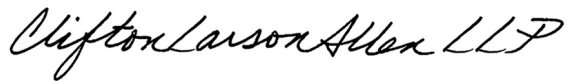
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules relating to pensions and other postemployment benefits as listed in the table of contents be presented to supplement the basic financial statements. Such information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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2022, 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Wausau, Wisconsin
December 6, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Michael Kurtz, Finance Manager
Bliss Educational Services Center
1900 Polk Street, Stevens Point, WI 54481
Ph: (715) 345-5428 Fax: (715) 345-5431



Management's Discussion and Analysis June 30, 2022

As management of the Stevens Point Area Public School District, we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources as of June 30, 2022 by \$81,143,053 (net position).
- As of June 30, 2022, the District's governmental funds reported combined ending fund balances of \$43,377,097, a decrease of \$14,882,699 in comparison with the prior year. Approximately 57% of this total amount, \$24,580,146, is available for spending at the District's discretion (unassigned fund balance).
- The District's total general obligation debt decreased \$3,755,000 during 2021-2022.

Overview of the Basic Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-Wide Financial Statements. The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, liabilities, and deferred inflows and outflows of resources, with the difference 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 most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., earned but unused vacation leave.)

Both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include the District's basic services, such as regular and special education and various support services.

The district-wide financial statements can be found on pages 14 - 15 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Other Capital Projects Fund, and the Long-Term Capital Improvements Fund. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for all its governmental funds. As part of the required supplementary information, budgetary comparison statements have been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 16 - 20 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for the district-wide statements.

The basic fiduciary fund financial statements can be found on pages 21 - 22 of this report.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the basic financial statements can be found on pages 23 - 55 of this report.

Other Information. Required supplementary information and the combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the basic financial statements. These statements and schedules can be found on pages 57 - 63.

District-Wide Financial Analysis

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$81,143,053 at the close of 2022.

Stevens Point Area Public School District (in thousands of dollars)		
	Governmental Activities	
	2022	2021
Current and Other Assets	\$ 79,886	\$ 89,147
Capital Assets	125,317	111,811
Total Assets	205,203	200,958
Deferred Outflows of Resources	43,883	28,739
Long-Term Liabilities Outstanding	99,332	102,712
Other Liabilities	13,681	12,998
Total Liabilities	113,013	115,710
Deferred Inflows of Resources	54,930	40,541
Net Position:		
Net Investment in Capital Assets	31,883	32,060
Restricted	35,481	29,050
Unrestricted	13,779	12,336
Total Net Position	\$ 81,143	\$ 73,446

The largest portion of the District's net position (39%) reflects its investment in capital assets (e.g., land, buildings, and machinery and equipment, etc.); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position (44%) represents resources that are subject to external restrictions on how they may be used.

Change in Net Position. Governmental activities increased the District's net position by \$7,696,559 from current year activities. A summary of the statement of activities follows:

Stevens Point Area Public School District (In thousands of dollars)		
	Governmental Activities	
	2022	2021
Revenues:		
Program Revenues:		
Charges for Services	\$ 2,651	\$ 2,022
Operating Grants and Contributions	25,457	22,603
General Revenues:		
Property Taxes	39,011	40,508
Other Taxes	71	85
Grants and Contributions not Restricted to Specific Programs	46,275	43,259
Other	967	2,147
Total Revenues	114,432	110,624
Expenses:		
General Instruction	56,954	53,913
Support Services	39,750	35,337
Interest and Fiscal Charges	3,069	3,055
Community Service	263	-
Nonprogram	6,699	6,600
Total Expenses	106,735	98,905
Change in Net Position	7,697	11,719
Net Position - Beginning of Year	73,446	61,727
Net Position - End of Year	\$ 81,143	\$ 73,446

Key elements of the increase in net position for the District are as follows:

- COVID ESSER III grant funds of \$3,177,417
- Governor's direct COVID grant \$955,014

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of June 30, 2022, the District's governmental funds reported combined ending fund balances of \$43,377,097, a decrease of \$14,882,699 in comparison with the prior year. Approximately 57% of this amount, \$24,580,146 constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of combined fund balance is nonspendable, restricted, committed, or assigned for specific purposes, so is not available for new spending.

The general fund is the main operating fund of the District. At the end of the current year, unassigned fund balance of the general fund was \$24,580,146. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 25% of total general fund expenditures.

The fund balance of the District's general fund increased \$506,262 during the current year.

General Fund Budgetary Highlights

Generally, the original budget is rarely modified. Changes in budgeted revenues and expenditures can be briefly summarized as follows:

Revenues	\$ 541,200
Expenditures	(541,198)
Other Financing Sources (Uses)	125
Total	<u>\$ 127</u>

During the year, actual revenues exceeded budgeted revenues by \$1,923,085 primarily in state sources, federal sources, and other sources. Actual expenditures were under budgeted expenditures by \$183,212 with instruction functions over budget by \$589,729, support service functions under budget by \$699,084, debt service over budget by \$318,115, and non-program expenditures under budget by \$391,972.

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital and right to use assets for its governmental activities as of June 30, 2022 amounts to \$125,316,809 (net of accumulated depreciation and amortization). This investment in capital assets includes land, land improvements, buildings, and machinery and equipment. The net increase in the District's investment in capital and right to use assets for the current year was \$13,505,876.

Major capital assets acquired or constructed during the year include:

Referendum Project Renovations/Additions -	
Construction in Progress	\$ 16,820,443
Building Renovations/Additions - Completed Work	33,517,941
Camera and Fiber Equipment Updates	3,015,895
9 Buses	849,120
Total	<u>\$ 54,203,399</u>

Stevens Point Area Public School District (net of accumulated depreciation and amortization)		
	Governmental Activities	
	2022	2021
Capital Assets, net:		
Land	\$ 2,187,617	\$ 2,187,617
Construction in Progress	16,207,509	37,235,487
Land Improvements	2,711,617	2,355,313
Buildings	93,512,179	63,504,555
Machinery and Equipment	9,752,344	6,527,961
Capital Assets Net of Accumulated Depreciation	124,371,266	111,810,933
Right to Use Assets, net:		
Machinery and Equipment	945,543	-
Total Capital and Right to Use Assets, Net of Accumulated Depreciation and Amortization	<u>\$ 125,316,809</u>	<u>\$ 111,810,933</u>

Long-Term Debt. At the end of the current fiscal year, the District had total general obligation debt outstanding of \$91,410,000.

Stevens Point Area Public School District General Obligation Debt		
	Governmental Activities	
	2022	2021
General Obligation Debt:		
Bonds	\$ 90,595,000	\$ 93,550,000
Notes	815,000	1,615,000
Total General Obligation Debt	<u>\$ 91,410,000</u>	<u>\$ 95,165,000</u>

The District's total general obligation debt decreased by \$3,755,000 during the current fiscal year.

State statutes limit the amount of general obligation debt the District may issue to 10% of its total equalized valuation. The current debt limitation for the District is \$568,897,555, which is significantly in excess of the District's \$91,410,000 in outstanding general obligation debt.

Factors Bearing on the District's Future

The District continues to complete construction and remodeling work in a timely manner addressing deferred maintenance and infrastructure needs per a November 2018 approved referendum of \$75.9 million.

As of June 30, 2022, Bannach Elementary School remodeling and site work is about two months from completion, and two smaller projects at the support services building and transportation parking lot are nearing completion.

The District experienced an unexpected drop in September 2020 Third Friday student counts including enrollment, membership, and FTE membership, an effect experienced by many districts throughout the state. Enrollment subsequently increased in September 2021 and September 2022. One more year of increased enrollment will denote a growth trend.

The Wisconsin legislature passed a 2021-23 biennial budget that provided no per pupil revenue limit increase. Federal ESSER III funds will be used over this biennial budget period as creatively as possible to offset this loss of needed additional operational funding. The Board continues to levy to the maximum revenue limit allowed.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Director of Business Services, Stevens Point Area Public School District, 1900 Polk Street, Stevens Point, Wisconsin or by calling (715) 345-5432.

BASIC FINANCIAL STATEMENTS

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 45,311,798
Receivables:	
Taxes	9,202,783
Accounts	177,593
Due from Other Governments	1,859,816
Inventories and Prepaid Items	111,161
Net Other Postemployment Benefits Asset	312,077
Net Pension Asset	22,910,570
Capital Assets:	
Nondepreciable	18,395,126
Depreciable, Net	105,976,140
Right to Use, Net	945,543
Total Assets	<u>205,202,607</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related Amounts	43,620,451
Other Postemployment Related Amounts	<u>262,157</u>
Total Deferred Outflows of Resources	<u>43,882,608</u>
LIABILITIES	
Accounts Payable	1,088,333
Accrued and Other Current Liabilities	9,415,605
Accrued Interest Payable	394,641
Unearned Revenues	14,654
Deposits Payable	2,721,349
Health and Dental Claims Payable	46,113
Long-Term Obligations:	
Due in One Year	4,791,408
Due in More than One Year	<u>94,540,694</u>
Total Liabilities	<u>113,012,797</u>
DEFERRED INFLOWS OF RESOURCES	
Pension Related Amounts	53,984,568
Other Postemployment Related Amounts	<u>944,797</u>
Total Deferred Inflows of Resources	<u>54,929,365</u>
NET POSITION	
Net Investment in Capital Assets	31,882,923
Restricted for:	
Donations	619,601
Food Service	2,866,373
Community Service	372,752
Common School Library Fund	11,625
Get Kids Ahead Mental Health Program	104,955
Debt Service	1,314,214
Net Other Postemployment Benefits Asset	312,077
Net Pension Asset	22,910,570
Long-Term Capital Improvement Plan Projects	6,162,858
Student Activities	805,650
Unrestricted	<u>13,779,455</u>
Total Net Position	<u><u>\$ 81,143,053</u></u>

See accompanying Notes to Basic Financial Statements.

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 56,954,006	\$ 2,060,371	\$ 15,778,282	\$ -	\$ (39,115,353)
Support Services	39,750,007	527,812	9,483,112	-	(29,739,083)
Community Services	262,799	63,287	14,275	-	(185,237)
Nonprogram	6,699,457	-	181,125	-	(6,518,332)
Interest and Fiscal Charges	3,068,834	-	-	-	(3,068,834)
Total Governmental Activities	<u>\$ 106,735,103</u>	<u>\$ 2,651,470</u>	<u>\$ 25,456,794</u>	<u>\$ -</u>	(78,626,839)
GENERAL REVENUES					
Property Taxes					39,010,507
Other Taxes					70,828
State and Federal Aids not Restricted to Specific Functions					46,274,765
Interest and Investment Earnings					70,137
Gain on Disposal of Capital Assets					353,184
Miscellaneous					543,977
Total General Revenues					<u>86,323,398</u>
CHANGE IN NET POSITION					7,696,559
Net Position - Beginning of Year					<u>73,446,494</u>
NET POSITION - END OF YEAR					<u><u>\$ 81,143,053</u></u>

See accompanying Notes to Basic Financial Statements.

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General	Other Capital Projects	Long-Term Capital Improvements	Other Governmental Funds	Total
ASSETS					
Cash and Investments	\$ 26,226,150	\$ 6,508,447	\$ 6,162,858	\$ 6,414,343	\$ 45,311,798
Receivables:					
Taxes	9,202,783	-	-	-	9,202,783
Accounts	91,803	-	-	85,790	177,593
Due from Other Governments	1,794,989	-	-	64,827	1,859,816
Inventories and Prepaid Items	111,161	-	-	-	111,161
Total Assets	<u>\$ 37,426,886</u>	<u>\$ 6,508,447</u>	<u>\$ 6,162,858</u>	<u>\$ 6,564,960</u>	<u>\$ 56,663,151</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 18,176	\$ 975,326	\$ -	\$ 94,831	\$ 1,088,333
Accrued and Other Current					
Liabilities	9,318,707	-	-	96,898	9,415,605
Unearned Revenues	14,654	-	-	-	14,654
Deposits Payable	2,721,349	-	-	-	2,721,349
Health and Dental Claims Payable	46,113	-	-	-	46,113
Total Liabilities	<u>12,118,999</u>	<u>975,326</u>	<u>-</u>	<u>191,729</u>	<u>13,286,054</u>
FUND BALANCES					
Nonspendable	111,161	-	-	-	111,161
Restricted	116,580	5,533,121	6,162,858	6,373,231	18,185,790
Committed	500,000	-	-	-	500,000
Unassigned	24,580,146	-	-	-	24,580,146
Total Fund Balances	<u>25,307,887</u>	<u>5,533,121</u>	<u>6,162,858</u>	<u>6,373,231</u>	<u>43,377,097</u>
Total Liabilities and Fund Balances	<u>\$ 37,426,886</u>	<u>\$ 6,508,447</u>	<u>\$ 6,162,858</u>	<u>\$ 6,564,960</u>	<u>\$ 56,663,151</u>

See accompanying Notes to Basic Financial Statements.

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
RECONCILIATION TO THE STATEMENT OF NET POSITION – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

Total Fund Balances as Shown on Previous Page	\$ 43,377,097
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	125,316,809
Long-term assets are not available; therefore, are not reported in the funds	
Net Other Postemployment Benefits Asset	312,077
Net Pension Asset	22,910,570
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.	
Deferred Outflows Related to Pensions	43,620,451
Deferred Inflows Related to Pensions	(53,984,568)
Deferred Outflows Related to Other Postemployment Benefits	262,157
Deferred Inflows Related to Other Postemployment Benefits	(944,797)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and Notes Payable	(91,410,000)
Premium on Debt	(4,807,139)
Leases Payable	(947,614)
Financed Purchases Payable	(2,079,543)
Compensated Absences	(87,806)
Accrued Interest on Long-Term Obligations	(394,641)
Net Position of Governmental Activities as Reported on the Statement of Net Position	<u><u>\$ 81,143,053</u></u>

See accompanying Notes to Basic Financial Statements.

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	General	Other Capital Projects	Long-Term Capital Improvements	Other Governmental Funds	Total
REVENUES					
Property Taxes	\$ 31,797,403	\$ -	\$ -	\$ 7,213,104	\$ 39,010,507
Other Local Sources	1,055,315	15,424	7,912	2,288,686	3,367,337
Interdistrict Sources	1,439,769	-	-	-	1,439,769
Intermediate Sources	10,854	-	-	-	10,854
State Sources	55,907,377	-	-	20,075	55,927,452
Federal Sources	9,090,390	-	-	4,688,192	13,778,582
Other Sources	452,100	85,278	-	6,599	543,977
Total Revenues	99,753,208	100,702	7,912	14,216,656	114,078,478
EXPENDITURES					
Instruction:					
Regular Instruction	37,690,349	-	-	967,607	38,657,956
Vocational Instruction	2,513,015	-	-	-	2,513,015
Special Education Instruction	12,923,223	-	-	-	12,923,223
Other Instruction	3,035,366	-	-	570,250	3,605,616
Total Instruction	56,161,953	-	-	1,537,857	57,699,810
Support Services:					
Pupil Services	4,449,613	-	-	-	4,449,613
Instructional Staff Services	4,890,326	-	-	21,289	4,911,615
General Administration Services	2,279,495	-	-	59,968	2,339,463
School Administration Services	4,900,236	-	-	-	4,900,236
Business Services	703,249	-	-	-	703,249
Operations and Maintenance of Plant	9,198,450	16,883,297	-	203,615	26,285,362
Pupil Transportation Services	4,380,109	-	-	4,056	4,384,165
Food Services	-	-	-	4,181,414	4,181,414
Central Services	656,725	-	-	-	656,725
Insurance	884,845	-	-	-	884,845
Other Support Services	3,632,900	-	-	75,436	3,708,336
Total Support Services	35,975,948	16,883,297	-	4,545,778	57,405,023
Debt Service:					
Principal	1,086,060	-	-	3,755,000	4,841,060
Interest and Fiscal Charges	81,250	-	-	3,359,033	3,440,283
Total Debt Service	1,167,310	-	-	7,114,033	8,281,343
Community Service	-	-	-	274,552	274,552

See accompanying Notes to Basic Financial Statements.

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

	General	Other Capital Projects	Long-Term Capital Improvements	Other Governmental Funds	Total
EXPENDITURES (CONTINUED)					
Nonprogram:					
General Tuition Payments	\$ 4,093,145	\$ -	\$ -	\$ -	\$ 4,093,145
Special Education Tuition Payments	577,532	-	-	-	577,532
Adjustments and Refunds	13,531	-	-	-	13,531
Voucher Payments	2,006,749	-	-	-	2,006,749
Revenue Transits to Others	8,500	-	-	-	8,500
Total Nonprogram	<u>6,699,457</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,699,457</u>
Total Expenditures	<u>100,004,668</u>	<u>16,883,297</u>	<u>-</u>	<u>13,472,220</u>	<u>130,360,185</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(251,460)	(16,782,595)	7,912	744,436	(16,281,707)
OTHER FINANCING SOURCES (USES)					
Proceeds from Financed Purchases	584,120	-	-	-	584,120
Proceeds from Leases Payable	461,704	-	-	-	461,704
Proceeds from Sale of Capital Assets	342,464	10,720	-	-	353,184
Transfers In	-	-	630,566	-	630,566
Transfers Out	<u>(630,566)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(630,566)</u>
Total Other Financing Sources (Uses)	<u>757,722</u>	<u>10,720</u>	<u>630,566</u>	<u>-</u>	<u>1,399,008</u>
NET CHANGE IN FUND BALANCES	506,262	(16,771,875)	638,478	744,436	(14,882,699)
Fund Balances - Beginning of Year	<u>24,801,625</u>	<u>22,304,996</u>	<u>5,524,380</u>	<u>5,628,795</u>	<u>58,259,796</u>
FUND BALANCES - END OF YEAR	<u>\$ 25,307,887</u>	<u>\$ 5,533,121</u>	<u>\$ 6,162,858</u>	<u>\$ 6,373,231</u>	<u>\$ 43,377,097</u>

See accompanying Notes to Basic Financial Statements.

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
RECONCILIATION TO THE STATEMENT OF ACTIVITIES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

Net Change in Fund Balances as Shown on Previous Page \$ (14,882,699)

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

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

Capital Assets Reported as Capital Outlay Reported in Governmental Fund Statements	19,422,624
Depreciation Expense Reported in the Statement of Activities	(5,568,664)
Amortization Expense on Right to Use Assets Reported in the Statement of Activities	(298,936)
Net Book Value of Disposals	(49,148)

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

Leases Payable Issued	(1,244,479)
Finance Purchases Payable Issued	(584,120)
Principal Paid on Leases Payable	296,865
Principal Paid on Financed Purchases Payable	789,195
Principal Paid on Long-Term Obligations	3,755,000

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Accrued Interest on Long-Term Debt	19,485
Amortization of Premiums	351,964
Compensated Absences	15,264
Net Pension Liability (Asset)	4,985,538
Deferred Outflows of Resources Related to Pensions	15,190,210
Deferred Inflows of Resources Related to Pensions	(14,629,805)
Net Other Postemployment Benefits Liability (Asset)	(66,625)
Deferred Outflows of Resources Related to Other Postemployment Benefits	(46,065)
Deferred Inflows of Resources Related to Other Postemployment Benefits	<u>240,955</u>

Change in Net Position of Governmental Activities as Reported In the Statement of Activities	<u><u>\$ 7,696,559</u></u>
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**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION- FIDUCIARY FUND
JUNE 30, 2022**

	<u>Employee Benefit Trust</u>
ASSETS	
Cash and Investments	\$ 893,212
LIABILITIES	
Accounts Payable	<u>71,510</u>
NET POSITION	
Restricted for Postemployment Benefits	<u><u>\$ 821,702</u></u>

See accompanying Notes to Basic Financial Statements.

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
EMPLOYEE BENEFIT TRUST FIDUCIARY FUND
YEAR ENDED JUNE 30, 2022**

	<u>Employee Benefit Trust</u>
ADDITIONS	
Investment Earnings	\$ (35,557)
DEDUCTIONS	
Trust Fund Disbursements	<u>118,496</u>
CHANGE IN NET POSITION	(154,053)
Net Position - Beginning of Year	<u>975,755</u>
NET POSITION - END OF YEAR	<u><u>\$ 821,702</u></u>

See accompanying Notes to Basic Financial Statements.

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The District is organized as a unified school district. The District, governed by an elected nine-member board, operates grades 4K through 12 and is comprised of all or parts of eighteen taxing districts. In accordance with U.S. GAAP, the basic financial statements are required to include the District and any separate component units that have a significant operational or financial relationship with the District. The District has not identified any component units that are required to be included in the basic financial statements.

B. District-Wide and Fund Financial Statements

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

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

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

The District reports the following major governmental funds:

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

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Other Capital Projects Fund – This fund accounts for the acquisition or construction of major capital facilities.

Long-Term Capital Improvements Fund – This fund accounts for funds set aside for future capital improvements.

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Cash and Investments

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

2. Property Taxes

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

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

3. Accounts Receivable

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

4. Interfund Receivables and Payables

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

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, and first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

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

6. Prepaid Items

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

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

7. Capital Assets

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

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

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

<u>Assets</u>	<u>Governmental Activities</u>
Land Improvements	20 to 25 Years
Buildings and Improvements	40 Years
Machinery and Equipment	5 to 15 Years

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation benefits in accordance with employee handbook policies and/or bargaining unit agreements. All vacation balances are accrued when incurred in the district-wide financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

9. Deferred Outflows/Inflows of Resources

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

10. Long-Term Obligations

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

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

11. Leases Payable

The District determines if an arrangement is a lease at inception. Leases are included in lease assets and lease liabilities in the statements of net position.

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Leases Payable (Continued)

Lease assets represent the District's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the District will exercise that option.

The District recognizes payments for short-term leases with a lease term of 12 months or less, including options to extend, as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the District has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

The District accounts for contracts containing both lease and non-lease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and non-lease components, and it is impractical to estimate the price of such components, the District treats the components as a single lease unit.

12. Pensions

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

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

13. Other Postemployment Benefits Other Than Pensions (OPEB)

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

14. Fund Equity

Governmental Fund Financial Statements

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

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

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

14. Fund Equity (Continued)

Governmental Fund Financial Statements (Continued)

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

District-Wide Fund Statements

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

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

E. Use of Estimates

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

F. Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Adoption of New Accounting Standards (Continued)

The District adopted the requirements of the guidance effective July 1, 2021, and has elected to apply the provisions of this standard to the beginning of the period of adoption. As a result of the implementation of this standard, the District recorded right-to-use assets of \$782,775 and related lease payable of \$782,775 in the governmental activities as of July 1, 2021. The District also reclassified \$2,284,618 in capital leases as of July 1, 2021 to financed purchases payable.

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The debt service funds account for their transactions through separate and distinct bank and investment accounts as required by State Statutes. In addition, the employee benefit trust fund and long-term capital improvement fund use separate and distinct accounts. All other funds share in common bank and investment accounts.

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

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool. Investments in the private-purpose and employee benefit trust fund may be invested in other types of investments as authorized under Wisconsin Statute 881.01, "Uniform Prudent Investor Act".

The carrying amount of the District's cash and investments totaled \$46,205,010 on June 30, 2022 as summarized below:

Petty Cash	\$ 2,150
Deposits with Financial Institutions	3,001,103
Investments:	
Wisconsin Investment Series Cooperative	<u>43,201,757</u>
Total	<u><u>\$ 46,205,010</u></u>
Government-Wide Statement of Net Position:	
Cash and Investments	\$ 45,311,798
Statement of Fiduciary Net Position:	
Employee Benefit Trust	<u>893,212</u>
Total	<u><u>\$ 46,205,010</u></u>

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Fair Value Measurements

The District uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The District follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the District has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions.

The District has no investments measured at fair value as of June 30, 2022:

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

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk

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

Deposits with financial institutions within the state of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the state of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, the state of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of June 30, 2022, \$1,545,455 of the District's deposits with financial institutions were in excess of federal and state depository insurance limits. \$1,545,455 was collateralized by bonds held by the pledging institution but not in the institution's name.

Credit Risk

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

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Credit Risk (Continued)

<u>Investment Type</u>	<u>Amount</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BB</u>	<u>Not Rated</u>
Wisconsin Investment Series Cooperative:						
Investment Series	\$ 42,117,409	\$ -	\$ -	\$ -	\$ -	\$ 42,117,409
Cash Management Series	1,084,348	-	-	-	-	1,084,348
Total	<u>\$ 43,201,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,201,757</u>

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. There were no investments in any one issuer (other than U.S. treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments.

Interest Rate Risk

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

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

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
Wisconsin Investment Series Cooperative:					
Investment Series	\$ 42,117,409	\$ 42,117,409	\$ -	\$ -	\$ -
Cash Management Series	1,084,348	1,084,348	-	-	-
Total	<u>\$ 43,201,757</u>	<u>\$ 43,201,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Investment in Wisconsin Investment Series Cooperation

The District has investments in the Wisconsin Investment Series Cooperative (WISC) of \$43,201,757 at year-end consisting of \$42,117,409 invested in the Investment Series and \$1,084,348 invested in the Cash Management Series. The Cash Management Series has no minimum investment period, allows check writing privileges, and the average dollar weighted maturity is ninety (90) days or less. The Investment Series requires a 14-day minimum investment period and one business day withdrawal notice, and the average dollar weighted maturity is one hundred twenty (120) days or less.

WISC is organized by and operated exclusively for Wisconsin public schools, technical colleges, and municipal entities. WISC is not registered with the Securities and Exchange Commission, but operates under Wisconsin International Cooperative Statute, Wisconsin Statute, Section 66.031. WISC is governed by the Wisconsin Investment Series Cooperative Commission in accordance with the terms of the Intergovernmental Cooperation Agreement. WISC invests District funds in accordance with Wisconsin law. WISC investments are valued at amortized cost, which approximates market value.

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Adjustment	Increases	Decreases	Ending Balance
Governmental Activities:					
Capital Assets, Nondepreciable:					
Land	\$ 2,187,617	\$ -	\$ -	\$ -	\$ 2,187,617
Construction in Progress	37,235,487	-	16,820,443	37,848,421	16,207,509
Total Capital Assets, Nondepreciable	39,423,104	-	16,820,443	37,848,421	18,395,126
Capital Assets, Depreciable:					
Land Improvements	5,547,247	-	574,654	-	6,121,901
Buildings	106,291,516	-	33,517,941	135,569	139,673,888
Machinery and Equipment	27,515,246	-	5,113,528	882,695	31,746,079
Subtotal	139,354,009	-	39,206,123	1,018,264	177,541,868
Less Accumulated Depreciation for:					
Land Improvements	3,191,934	-	218,350	-	3,410,284
Buildings and Improvements	42,786,961	-	3,461,169	86,421	46,161,709
Machinery and Equipment	20,987,285	-	1,889,145	882,695	21,993,735
Subtotal	66,966,180	-	5,568,664	969,116	71,565,728
Total Capital Assets, Depreciable, Net	72,387,829	-	33,637,459	49,148	105,976,140
Right to Use Assets:					
Machinery and Equipment	-	782,775	461,704	-	1,244,479
Less Accumulated Depreciation for:					
Machinery and Equipment	-	-	298,936	-	298,936
Total Right to Use Assets, Net	-	782,775	162,768	-	945,543
Governmental Activities Capital Assets, Net	<u>\$ 111,810,933</u>	<u>\$ 782,775</u>	<u>\$ 50,620,670</u>	<u>\$ 37,897,569</u>	125,316,809
Less: Capital Related Debt (Net of Unspent Bond Proceeds)					87,655,388
Less: Capital Related Debt Premium					4,803,172
Less: Capital Related Accounts Payable					975,326
Net Investment in Capital Assets					<u>\$ 31,882,923</u>

The \$782,775 adjustment reported above is related to the District's implementation of GASB Statement No. 87, *Leases*, in 2022. See Note 1.F. for additional information

Depreciation and amortization expense was charged to functions of the District as follows:

Governmental Activities:	
Instruction	\$ 3,449,413
Support Services	<u>2,119,251</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 5,568,664</u>
Governmental Activities:	
Support Services:	\$ 298,936
Total Amortization Expense - Governmental Activities	<u>\$ 298,936</u>

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Transfers

Interfund transfers for the year ended June 30, 2022 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ -	\$ 630,566
Long-Term Capital Improvement	630,566	-
Total	<u>\$ 630,566</u>	<u>\$ 630,566</u>

Interfund transfers were made for the following purposes:

To Fund Long-Term Capital Improvement Plan Projects	<u>\$ 630,566</u>
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D. Long-Term Obligations

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2022:

	<u>Beginning Balance</u>	<u>Adjustment</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:						
General Obligation Debt:						
Bonds	\$ 93,550,000	\$ -	\$ -	\$ 2,955,000	\$ 90,595,000	\$ 2,815,000
Notes	1,615,000	-	-	800,000	815,000	815,000
Total General						
Obligation Debt	95,165,000	-	-	3,755,000	91,410,000	3,630,000
Debt Premium	5,159,103	-	-	351,964	4,807,139	-
Financed Purchases	2,284,618	-	584,120	789,195	2,079,543	780,627
Leases Payable	-	782,775	461,704	296,865	947,614	380,781
Compensated Absences	103,070	-	-	15,264	87,806	-
Governmental Activities						
Long-Term Obligations	<u>\$ 102,711,791</u>	<u>\$ 782,775</u>	<u>\$ 1,045,824</u>	<u>\$ 5,208,288</u>	<u>\$ 99,332,102</u>	<u>\$ 4,791,408</u>

The \$782,775 adjustment reported above is related to the District's implementation of GASB Statement No. 87, *Leases*, in 2022. See Note 1.F. for additional information.

Total interest paid during the year on long-term debt totaled \$3,440,281.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 6/30/22</u>
General Obligation Notes	1/7/14	4/1/23	2.30 - 3.00%	\$ 5,275,000	\$ 815,000
General Obligation Bonds	12/29/17	4/1/37	2.00 - 5.00%	25,600,000	23,495,000
General Obligation Bonds	4/1/19	4/1/39	3.125% - 5.00%	60,000,000	51,200,000
General Obligation Bonds	10/13/20	4/1/40	2.00% - 4.00%	15,900,000	15,900,000
Total Outstanding					
General Obligation Debt					<u>\$ 91,410,000</u>

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of \$91,410,000 on June 30, 2022 are detailed below:

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 3,630,000	\$ 3,200,981	\$ 6,830,981
2024	3,715,000	3,054,256	6,769,256
2025	3,880,000	2,898,206	6,778,206
2026	4,050,000	2,734,906	6,784,906
2027	4,250,000	2,550,556	6,800,556
2028-2032	24,085,000	9,873,231	33,958,231
2033-2037	28,555,000	5,428,894	33,983,894
2038-2040	19,245,000	1,027,594	20,272,594
Total	<u>\$ 91,410,000</u>	<u>\$ 30,768,624</u>	<u>\$ 122,178,624</u>

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

Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2022 was \$477,487,555 as follows:

Equalized Valuation of the District	\$ 5,688,975,546
Statutory Limitation Percentage	<u>(x) 10%</u>
General Obligation Debt Limitation, Per Section 67.03 of the Wisconsin Statutes	568,897,555
Total Outstanding General Obligation Debt Applicable to Debt Limitation	<u>91,410,000</u>
Legal Margin for New Debt	<u>\$ 477,487,555</u>

Leases Payable

The District leases equipment for various terms under long-term, non-cancelable lease agreements. During the current year, the District entered into three new right-to-use lease arrangements for equipment. An initial lease liability was recorded in the amount of \$461,704 during the current fiscal year. The District is required to make various monthly principal and interest payments. The District used the incremental borrowing rate as the interest rate for the right-to-use asset agreements if an interest rate was not provided in the lease agreement.

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Leases Payable

Total principal and interest costs for such leases for governmental funds were \$318,115 for the year ended June 30, 2022. The future minimum lease payments for these agreements are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 380,781	\$ 17,451	\$ 398,232
2024	306,668	8,697	315,365
2025	92,493	4,155	96,648
2026	94,341	2,307	96,648
2027	73,331	496	73,827
Total	<u>\$ 947,614</u>	<u>\$ 33,106</u>	<u>\$ 980,720</u>

Right-to-use assets acquired through outstanding leases are shown in Note 2.B.

Financed Purchases of Capital Assets

The District is obligated under six financed purchase lease agreements as lessee for financing the acquisition of machinery and equipment for use by the District. These lease agreements qualify as a financed purchase for accounting purposes, and therefore, have been recorded at the present value of their future minimum lease payments as of date of their inception. The assets acquired through financed purchase leases at June 30, 2022 are as follows:

	<u>Governmental Activities</u>
Financed Purchase Assets:	
Machinery And Equipment	\$ 5,910,058
Less: Accumulated Depreciation	3,125,660
Total	<u>\$ 2,784,398</u>

The District is required to make various monthly principal and interest payments. The future minimum lease payments under lease agreements at June 30, 2022 are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 780,627	\$ 49,011	\$ 829,638
2024	510,962	29,789	540,751
2025	410,964	16,347	427,311
2026	276,229	6,970	283,199
2027	100,761	1,661	102,422
Total	<u>\$ 2,079,543</u>	<u>\$ 103,778</u>	<u>\$ 2,183,321</u>

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan

Plan Description

The WRS is a cost-sharing, multiple-employer, defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible state of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone 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.

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.

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 December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

Plan Description (Continued)

Final average earnings are 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.

Postretirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2012	-7.0%	-7.0%
2013	-9.6%	9.0%
2014	4.7%	25.0%
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%

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, 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 ending June 30, 2022, the WRS recognized \$3,262,249 in contributions from the District.

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Teachers, Executives, and Elected Officials)	6.50%	6.50%

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

At June 30, 2022, the District reported an asset of \$22,910,570 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. 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 asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the District's proportion was 0.28424377%, which was a decrease of 0.00287194% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized pension revenue of \$2,026,089.

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

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

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 37,010,867	\$ 2,668,883
Net Differences Between Projected And Actual Earnings on Pension Plan Investments	-	51,252,851
Changes in Assumptions	4,274,328	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	19,083	62,834
Employer Contributions Subsequent to the Measurement Date	2,316,173	-
Total	<u>\$ 43,620,451</u>	<u>\$ 53,984,568</u>

The \$2,316,173 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Expense</u>
2023	\$ (1,093,697)
2024	(6,232,267)
2025	(2,736,753)
2026	(2,617,573)
Total	<u>\$ (12,680,290)</u>

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Asset:	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table
Postretirement Adjustments*	1.7%

- * No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from the prior year, including the discount rate, long-term expected rate of return, postretirement adjustment, price inflation, mortality and separation rates. The total pension liability for December 31, 2021, is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

Actuarial Assumptions (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:

	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class:			
Global Equities	52.0%	6.8%	4.2%
Fixed Income	25.0	4.3%	1.8%
Inflation Sensitive Assets	19.0	2.7%	0.2%
Real Estate	7.0	5.6%	3.0%
Private Equity/Debt	12.0	9.7%	7.0%
Cash	-15.0	0.0%	N/A
Total Core Fund	<u>100.0%</u>	6.6%	4.0%
Variable Fund Asset Class:			
U.S. Equities	70.0%	6.3%	3.7%
International Equities	30.0	7.2%	4.6%
Total Variable Fund	<u>100.0%</u>	6.8%	4.2%

New England Pension Consultants Long-Term US CPI (Inflation) Forecast: 2.50%

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

The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

Actuarial Assumptions (Continued)

Single Discount Rate – A single discount rate of 6.80% was used to measure the total pension liability, as opposed to a discount rate of 7.00% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 1.84%. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities.) Because of the unique structure of WRS, the 6.80% 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 members 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 rate:

	Decrease to Discount Rate (5.8%)	Current Discount Rate (6.8%)	Increase to Discount Rate (7.8%)
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 16,256,674</u>	<u>\$ (22,910,570)</u>	<u>\$ (51,103,699)</u>

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>.

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

Payable to the Pension Plan

At June 30, 2022, the District reported a payable of \$892,143 for the outstanding amount of contributions to the pension plan for the year ended June 30, 2022.

F. Other Postemployment Benefits

Plan Description

The Plan is a single-employer defined benefit postemployment health plan that covers retired employees of the District. Eligible retired employees have access to group medical coverage through the District's group plan. District paid medical benefits are paid for as indicated below. The plan is closed and eligible retirees receive grandfathered benefits that are no longer offered by the District. Separate financial statements are not issued by the plan.

Benefits Provided

Eligible retirees received grandfathered benefits that are no longer offered by the District. These benefits include medical/dental contributions subsidized by the District. Benefit amount and duration differ based on classification.

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefit Payments	27
Active Employees	-
Total	<u>27</u>

Contributions

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

Investments

Rate of Return. For the year ended June 30, 2022, the annual money-weighted rate of return, net of investment expense, was 12.06%.

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

Concentrations

The investment policy of the Plan contains no limitations on the amount that can be invested in any one issuer. There were no investments in any one issuer (other than U.S. treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Plan investments.

Net OPEB Liability (Asset)

Total OPEB Liability - Ending (a)	\$ 509,626
Plan Fiduciary Net Position - Ending (b)	821,703
District's Net OPEB Liability (Asset) - Ending (a) - (b)	<u>\$ (312,077)</u>

Plan Fiduciary Net Position as a Percentage of of the Total OPEB Liability	161.24%
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The District's net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2022.

Actuarial Assumptions – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2%
Salary Increases:	0.1% to 5.6% per year depending on years of service plus 3% inflation
Investment Rate of Return:	3.50%
Healthcare Cost Trend Rates:	Medical: 6.50% decreasing by 0.10% per year down to 5.0%, and level thereafter
Dental Cost Trend Rates:	Level at 5.0%

Medical trend rate assumptions changed from the prior valuation by starting at 6.5% compared to starting at actual for first year and then increasing to 7% followed by decreases to 6.5% to an ultimate rate of 5.0%.

Mortality rates are based on Wisconsin 2018 Mortality table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied by 60%). The previous valuation used the Wisconsin 2012 Mortality Table adjusted for future mortality improvements using the MP-2015 fully generated improvement scale (multiplied by 50%).

The actuarial assumptions used in the June 30, 2022 valuation were based on an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-2017. The previous valuation used WRS experience from 2012-2014.

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

Net OPEB Liability (Asset) (Continued)

The long-term expected rate of return on OPEB plan investments was valued at 3.50% compared to 2.25% for the prior year. Since the Plan's assets are held primarily as cash, cash-equivalents, and fixed income, the long-term expected rate of return was based on the 20-year tax-exempt AA Municipal bond rate as of the week of the measurement date and was used for all years of benefit payments.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.50% for the current year and 2.25% for the prior year. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability (Asset)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance at June 30, 2021	\$ 597,053	\$ 975,755	\$ (378,702)
Changes for the Year:			
Service Cost	54,162	-	54,162
Interest	12,710	-	12,710
Differences Between Expected and Actual	-	-	-
Changes of Assumptions	(35,804)	-	(35,804)
Net Investment Income	-	(35,557)	35,557
Benefit Payments	(118,495)	(118,495)	-
Net Changes	(87,427)	(154,052)	66,625
Balance at June 30, 2022	<u>\$ 509,626</u>	<u>\$ 821,703</u>	<u>\$ (312,077)</u>

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

Changes in the Net OPEB Liability (Asset) (Continued)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate –

The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (2.50%) or one-percentage-point higher (4.50%) than the current rate:

	Decrease to Discount Rate (2.5%)	Current Discount Rate (3.5%)	Increase to Discount Rate (4.5%)
Net OPEB Liability (Asset)	<u>\$ (287,995)</u>	<u>\$ (312,077)</u>	<u>\$ (335,553)</u>

Changes in the Net OPEB Liability (Asset)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost

Trend Rates – The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one-percentage-point lower (5.5% decreasing to 4.0%) or one-percentage-point higher (7.5% decreasing to 6.0%) than the current healthcare cost trend rates:

	One Percent Decrease (5.5% Decreasing to 4.0%)	Healthcare Cost Trend Rates (6.5% Decreasing to 5.0%)	One Percent Increase (7.5% Decreasing to 6.0%)
Net OPEB Liability (Asset)	<u>\$ (362,364)</u>	<u>\$ (312,077)</u>	<u>\$ (253,859)</u>

OPEB Plan Fiduciary Net Position – Information about the OPEB plan's fiduciary net position is presented in the Employee Benefit Trust Fund in these financial statements.

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the District recognized OPEB revenue of \$128,265. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 43,146	\$ 882,434
Changes in Assumptions	219,011	32,224
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	30,139
Total	<u>\$ 262,157</u>	<u>\$ 944,797</u>

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

<u>Year Ended June 30,</u>	<u>Expense</u>
2023	\$ (130,882)
2024	(130,401)
2025	(124,010)
2026	(103,406)
2027	(114,640)
Thereafter	(79,301)
Total	<u>\$ (682,640)</u>

Payable to the OPEB Plan

At June 30, 2022, the District reported no outstanding amount of contribution to the Plan required for the year ended June 30, 2022.

G. Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The Plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Contributions to this plan are entirely from employee voluntary contributions. The District makes no employer contributions to this plan.

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Fund Equity

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At June 30, 2022, nonspendable fund balance was as follows:

	<u>General</u>
Nonspendable:	
Inventories and Prepaid Items	\$ 111,161

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At June 30, 2022, restricted fund balance was as follows:

General Fund:	
Restricted for:	
Common School Library Fund	\$ 11,625
Get Kids Ahead Mental Health Program	104,955
Total General Fund Restricted	
Fund Balance	116,580
Special Revenue Funds:	
Restricted for:	
Donations	619,601
Student Activities	805,650
Food Service	2,866,373
Community Service	372,752
Total Special Revenue Funds	
Restricted Fund Balance	4,664,376
Debt Service Funds:	
Restricted for:	
Debt Service	1,708,855
Capital Projects Funds:	
Restricted for:	
Long-Term Capital Improvement	6,162,858
Capital Projects	5,533,121
Total Capital Projects Funds	
Restricted Fund Balance	11,695,979
Total Restricted Fund Balance	\$ 18,185,790

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Fund Equity (Continued)

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by District Board action. At June 30, 2022, fund balance was committed as follows:

General Fund:

Committed for:

Playground PTO Grant Program	<u>\$ 500,000</u>
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Minimum General Fund Balance Policy

The District has also adopted a minimum fund balance policy of 20% of subsequent year budgeted expenditures for the General Fund (both Fund 10 General Fund and Fund 27 Special Education Fund). The minimum fund balance is maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Budgeted 2023 General Fund Expenditures	\$ 115,433,483
Minimum Fund Balance %	<u>20%</u>
Minimum Fund Balance Amount	<u>\$ 23,086,697</u>

The District's unassigned General Fund balance of \$24,580,146 is above the minimum fund balance amount. The entire unassigned general fund balance is expected to be utilized for cash flow needs.

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The District completes an annual review of its insurance coverage to ensure adequate coverage. A description of the District's risk management programs is presented below:

Property and Liability Insurance

The District purchases commercial insurance policies for various property and other liability risks. Payments of premiums for these policies are also recorded as expenditures in the General Fund. Settled claims have not exceeded commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from coverage in the prior year.

Self-Funded Insurance Program

On July 1, 2014, the District established a self-funded dental benefit plan for its employees. The Plan Administrator, Delta Dental, is responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The plan reports on a fiscal year ended June 30, 2022.

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

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

At June 30, 2022, the District has reported a liability of \$46,113 which represents reported and unreported claims which were incurred on or before June 30, 2022, but were not paid by the District as of that date. The amounts not reported to the District were determined by the Plan administrator. Changes in the claims liability for the years ended June 30, 2021 and June 30, 2022 are as follows:

<u>Year</u>	<u>Liability July 1</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Liability June 30</u>
2021	\$ 42,507	\$ 715,688	\$ 715,498	\$ 42,697
2022	42,697	689,900	686,484	46,113

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Contingencies

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

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

C. Limitation on School District Revenues

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

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

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

D. Commitments

The District has active construction projects as of June 30, 2022. Work that has been completed but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures. Estimated future costs to complete the construction projects is approximately \$5,332,912.

REQUIRED SUPPLEMENTARY INFORMATION

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS
YEAR ENDED JUNE 30, 2022

	Budget			Variance Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property Taxes	\$ 31,797,403	\$ 31,797,403	\$ 31,797,403	\$ -
Other Local Sources	1,095,823	1,096,311	1,055,315	(40,996)
Interdistrict Sources	1,462,000	1,462,000	1,439,769	(22,231)
Intermediate Sources	4,200	10,854	10,854	-
State Sources	51,434,345	51,494,368	51,764,645	270,277
Federal Sources	3,500,976	3,975,011	5,488,487	1,513,476
Other Sources	240,000	240,000	442,559	202,559
Total Revenues	89,534,747	90,075,947	91,999,032	1,923,085
EXPENDITURES				
Instruction:				
Regular Instruction	36,865,807	37,163,910	37,690,349	(526,439)
Vocational Instruction	2,496,887	2,507,867	2,513,015	(5,148)
Other Instruction	2,974,790	2,977,224	3,035,366	(58,142)
Total Instruction	42,337,484	42,649,001	43,238,730	(589,729)
Support Services:				
Pupil Services	2,197,145	2,358,383	2,248,834	109,549
Instructional Staff Services	4,614,072	4,608,994	4,341,335	267,659
General Administration Services	2,403,903	2,395,473	2,279,495	115,978
School Administration Services	5,285,933	5,296,937	4,900,236	396,701
Business Services	727,723	737,601	703,249	34,352
Operations and Maintenance of Plant	9,358,679	9,410,331	9,164,434	245,897
Pupil Transportation Services	4,603,387	4,607,488	3,991,977	615,511
Central Services	276,081	252,773	647,839	(395,066)
Insurance	865,040	865,040	884,845	(19,805)
Other Support Services	2,930,263	2,961,208	3,632,900	(671,692)
Total Support Services	33,262,226	33,494,228	32,795,144	699,084
Debt Service:				
Principal	789,195	789,195	1,086,060	(296,865)
Interest and Fiscal Charges	60,000	60,000	81,250	(21,250)
Total Debt Service	849,195	849,195	1,167,310	(318,115)

See accompanying Notes to Required Supplementary Information.

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS (CONTINUED)
YEAR ENDED JUNE 30, 2022

	Budget			Variance Final Budget - Positive (Negative)
	Original	Final	Actual	
EXPENDITURES (CONTINUED)				
Nonprogram:				
General Tuition Payments	\$ 4,485,480	\$ 4,483,159	\$ 4,093,145	\$ 390,014
Adjustments and Refunds	5,000	5,000	13,531	(8,531)
Voucher Payments	2,017,238	2,017,238	2,006,749	10,489
Revenue Transits to Others	8,500	8,500	8,500	-
Total Nonprogram	<u>6,516,218</u>	<u>6,513,897</u>	<u>6,121,925</u>	<u>391,972</u>
Total Expenditures	<u>82,965,123</u>	<u>83,506,321</u>	<u>83,323,109</u>	<u>183,212</u>
EXCESS OF REVENUES OVER EXPENDITURES	6,569,624	6,569,626	8,675,923	2,106,297
OTHER FINANCING SOURCES (USES)				
Proceeds from Financed Purchases	-	-	584,120	584,120
Proceeds from Leases Payable	584,120	584,120	461,704	(122,416)
Proceeds from Sale of Capital Assets	265,000	265,000	342,464	77,464
Transfers In	-	125	-	(125)
Transfers Out	<u>(10,193,261)</u>	<u>(10,193,261)</u>	<u>(9,557,949)</u>	<u>635,312</u>
Total Other Financing Sources (Uses)	<u>(9,344,141)</u>	<u>(9,344,016)</u>	<u>(8,169,661)</u>	<u>1,174,355</u>
NET CHANGE IN FUND BALANCE	(2,774,517)	(2,774,390)	506,262	3,280,652
Fund Balance - Beginning of Year	<u>24,801,625</u>	<u>24,801,625</u>	<u>24,801,625</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 22,027,108</u>	<u>\$ 22,027,235</u>	<u>\$ 25,307,887</u>	<u>\$ 3,280,652</u>

See accompanying Notes to Required Supplementary Information.

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – SPECIAL EDUCATION SPECIAL REVENUE FUND –
BUDGETARY BASIS
YEAR ENDED JUNE 30, 2022

	Budget			Variance Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
State Sources	\$ 3,600,000	\$ 3,600,000	\$ 4,142,732	\$ 542,732
Federal Sources	3,912,068	3,913,572	3,601,903	(311,669)
Other Sources	-	-	9,541	9,541
Total Revenues	7,512,068	7,513,572	7,754,176	240,604
EXPENDITURES				
Instruction:				
Special Education Instruction	13,403,068	13,504,930	12,923,223	581,707
Other Instruction	6,076	6,076	-	6,076
Total Instruction	13,409,144	13,511,006	12,923,223	587,783
Support Services:				
Pupil Services	2,180,698	2,325,099	2,200,779	124,320
Instructional Staff Services	1,121,042	788,311	548,991	239,320
Operations and Maintenance of Plant	10,500	11,000	34,016	(23,016)
Pupil Transportation Services	341,131	375,931	388,132	(12,201)
Central Services	17,700	17,700	8,886	8,814
Total Support Services	3,671,071	3,518,041	3,180,804	337,237
Nonprogram:				
Special Education Tuition Payments	625,114	677,661	577,532	100,129
Total Expenditures	17,705,329	17,706,708	16,681,559	1,025,149
EXCESS OF REVENUES UNDER EXPENDITURES	(10,193,261)	(10,193,136)	(8,927,383)	1,265,753
OTHER FINANCING SOURCES (USES)				
Transfers In	10,193,261	10,193,261	8,927,383	(1,265,878)
Transfers Out	-	(125)	-	125
Total Other Financing Sources (Uses)	10,193,261	10,193,136	8,927,383	(1,265,753)
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Required Supplementary Information.

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST 10 MEASUREMENT PERIODS *

	2022	2021	2020	2019	2018	2017
Total OPEB Liability:						
Service Cost	\$ 54,162	\$ 30,570	\$ 25,138	\$ -	\$ -	\$ -
Interest	12,710	10,670	28,462	90,515	163,999	242,138
Differences Between Expected and Actual Experience	-	53,932	-	(1,470,726)	(282,956)	(39,609)
Changes of Assumptions	(35,804)	165,046	22,880	118,267	50,268	-
Benefit Payments	(118,495)	(244,167)	(592,203)	(1,316,983)	(1,521,417)	(1,980,465)
Net Change in Total OPEB Liability	(87,427)	16,051	(515,723)	(2,578,927)	(1,590,106)	(1,777,936)
Total OPEB Liability - Beginning	597,053	581,002	1,096,725	3,675,652	5,265,758	7,043,694
Total OPEB Liability - Ending (A)	<u>\$ 509,626</u>	<u>\$ 597,053</u>	<u>\$ 581,002</u>	<u>\$ 1,096,725</u>	<u>\$ 3,675,652</u>	<u>\$ 5,265,758</u>
Plan Fiduciary Net Position:						
Contributions - Employer	\$ -	\$ -	\$ -	\$ -	\$ 49,167	\$ 462,435
Net Investment Income	(35,557)	124,913	77,934	64,452	60,700	121,232
Benefit Payments	(118,495)	(244,167)	(592,203)	(1,046,926)	(1,389,662)	(1,706,381)
Net Change in Plan Fiduciary Net Position	(154,052)	(119,254)	(514,269)	(982,474)	(1,279,795)	(1,122,714)
Plan Fiduciary Net Position - Beginning	975,755	1,095,009	1,609,278	2,591,752	3,871,547	4,994,261
Plan Fiduciary Net Position - Ending (B)	<u>\$ 821,703</u>	<u>\$ 975,755</u>	<u>\$ 1,095,009</u>	<u>\$ 1,609,278</u>	<u>\$ 2,591,752</u>	<u>\$ 3,871,547</u>
District's Net OPEB Liability - Ending (A) - (B)	<u>\$ (312,077)</u>	<u>\$ (378,702)</u>	<u>\$ (514,007)</u>	<u>\$ (512,553)</u>	<u>\$ 1,083,900</u>	<u>\$ 1,394,211</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	161.24%	163.43%	188.47%	146.73%	70.51%	73.52%
Covered-Employee Payroll	<u>\$ 44,918,359</u>	<u>\$ 44,918,359</u>	<u>\$ 41,752,198</u>	<u>\$ 41,752,198</u>	N/A	N/A
District's Net OPEB Liability as a Percentage of Covered-Employee Payroll	-0.69%	-0.84%	-1.23%	-1.23%	N/A	N/A
Annual Money-Weighted Rate of Return, Net of Investment Expenses	12.06%	12.06%	5.76%	3.07%	1.88%	2.73%

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

See accompanying Notes to Required Supplementary Information.

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS – OTHER POSTEMPLOYMENT BENEFIT PLAN
LAST 10 MEASUREMENT PERIODS *

	2022	2021	2020	2019	2018	2017
Actuarially Determined Contribution (ADC)	\$ 35,491	\$ 35,491	\$ 3,372	\$ 3,372	\$ 49,166	\$ 49,166
Contributions in Relation to the ADC	-	-	-	-	49,167	462,435
Contribution Deficiency (Excess)	<u>\$ 35,491</u>	<u>\$ 35,491</u>	<u>\$ 3,372</u>	<u>\$ 3,372</u>	<u>\$ (1)</u>	<u>\$ (413,269)</u>
Covered-Employee Payroll	<u>\$ 44,918,359</u>	<u>\$ 44,918,359</u>	<u>\$ 41,752,198</u>	<u>\$ 41,752,198</u>	N/A	N/A
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%	N/A	N/A

Key Methods and Assumption Used to Calculate ADC

Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Market Value	Market Value	Market Value
Amortization Method	30-Year Level Dollar	30-Year Level Dollar	5-Year Level Dollar
Discount Rate	2.25%	3.5%	3.0%
Inflation	2.00%	2.50%	3.0%

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

See accompanying Notes to Required Supplementary Information.

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY (ASSET) – WISCONSIN RETIREMENT SYSTEM
LAST 10 MEASUREMENT PERIODS**

<u>Plan Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
12/31/14	0.29066080%	\$ (7,139,424)	\$ 40,034,258	17.83%	102.74%
12/31/15	0.29484910%	4,791,241	43,414,112	11.04%	98.20%
12/31/16	0.29572680%	2,437,495	42,381,572	5.75%	99.12%
12/31/17	0.30477494%	(9,049,129)	43,093,273	21.00%	102.93%
12/31/18	0.29893846%	10,635,293	44,380,614	23.96%	96.45%
12/31/19	0.29685106%	(9,571,833)	46,154,698	20.74%	102.96%
12/31/20	0.28711571%	(17,925,032)	47,260,546	37.93%	105.26%
12/31/21	0.28424377%	(22,910,570)	48,564,798	47.18%	106.02%

See accompanying Notes to Required Supplementary Information.

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS – WISCONSIN RETIREMENT SYSTEM
LAST 10 MEASUREMENT PERIODS**

<u>District Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
6/30/15	\$ 2,843,593	\$ 2,843,593	\$ -	\$ 41,296,560	6.89%
6/30/16	2,812,735	2,812,735	-	41,997,168	6.70%
6/30/17	2,844,921	2,844,921	-	42,452,401	6.70%
6/30/18	2,816,778	2,816,778	-	41,752,198	6.75%
6/30/19	2,882,298	2,882,298	-	43,532,044	6.62%
6/30/20	3,158,126	3,158,126	-	47,468,768	6.65%
6/30/21	3,317,436	3,317,436	-	49,878,160	6.65%
6/30/22	3,262,249	3,262,249	-	49,395,318	6.60%

See accompanying Notes to Required Supplementary Information.

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

NOTE 1 OTHER POSTEMPLOYMENT BENEFITS

Changes of Benefit Terms

There were no changes of benefit terms.

Changes of Assumptions

Medical trend rate assumptions changed from the prior valuation by starting at 6.5% compared to starting at actual for first year and then increasing to 7% followed by decreases to 6.5% to an ultimate rate of 5.0%. Mortality rates in the June 30, 2020 valuation are based on Wisconsin 2018 Mortality table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied by 60%). The previous valuation used the Wisconsin 2012 Mortality Table adjusted for future mortality improvements using the MP-2015 fully generated improvement scale (multiplied by 50%). The actuarial assumptions used in the June 30, 2020 valuation were based on an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-2017. The previous valuation used WRS experience from 2012-2014.

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

NOTE 2 WISCONSIN RETIREMENT SYSTEM

Changes of Benefit Terms

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

Changes of Assumptions

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

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

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

NOTE 2 WISCONSIN RETIREMENT SYSTEM (CONTINUED)

Changes of Assumptions (Continued)

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2027, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.2%
- 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 transition from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

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

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING

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

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

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

- Based upon requests from District staff, District administration recommends budget proposals to the 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. The portion of fund balance representing carryover appropriations is reported as a committed or assigned fund balance in the fund financial statements.
- Encumbrance accounting is used by the District as an extension of formal budgetary control during the year.
- The DPI requires the District to separate special education revenues and expenditures from other General Fund amounts.

The District did not have any material violation of legal or contractual provisions for the fiscal year ended June 30, 2022.

Budgetary Information

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

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

	<u>General</u>	<u>Special Education Fund</u>
Revenues:		
Actual Amounts (Budgetary Basis)	\$ 91,999,032	\$ 7,754,176
Reclassification of Special Education	<u>7,754,176</u>	<u>(7,754,176)</u>
Total Revenues	99,753,208	-
Expenditures:		
Actual Amounts (Budgetary Basis)	83,323,109	16,681,559
Reclassification of Special Education	<u>16,681,559</u>	<u>(16,681,559)</u>
Total Expenditures	100,004,668	-
Excess of Revenues Over (Under) Expenditures:		
Actual Amounts (Budgetary Basis)	8,675,923	(8,927,383)
Reclassification of Special Education	<u>(8,927,383)</u>	<u>8,927,383</u>
Excess of Revenues Over (Under) Expenditures	(251,460)	-
Other Financing Sources (Uses):		
Actual Amounts (Budgetary Basis)	(8,169,661)	8,927,383
Reclassification of Special Education	<u>8,927,383</u>	<u>(8,927,383)</u>
Total Other Financing Sources (Uses)	757,722	-
Net Change In Fund Balance:		
Actual Amounts (Budgetary Basis)	506,262	-
Reclassification of Special Education	<u>-</u>	<u>-</u>
Net Change In Fund Balance	506,262	-
Fund Balance - July 1:		
Actual Amounts (Budgetary Basis)	24,801,625	-
Reclassification of Special Education	<u>-</u>	<u>-</u>
Fund Balance - July 1	24,801,625	-
Fund Balance - June 30:		
Actual Amounts (Budgetary Basis)	25,307,887	-
Reclassification of Special Education	<u>-</u>	<u>-</u>
Fund Balance - June 30	<u>\$ 25,307,887</u>	<u>\$ -</u>

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Excess of Expenditures Over Budget Appropriations

The following expenditure accounts of the governmental funds had actual expenditures in excess of budget appropriations for the year ended June 30, 2022 as follows:

<u>Funds</u>	<u>Excess Expenditures</u>
General:	
Instruction:	
Regular Instruction	\$ 526,439
Vocational Instruction	5,148
Other Instruction	58,142
Support Services:	
Central Services	395,066
Insurance	19,805
Other Support Services	671,692
Debt Service:	
Principal	296,865
Interest and Fiscal Charges	21,250
Nonprogram:	
Adjustments and Refunds	8,531
Special Education:	
Support Services:	
Operations and Maintenance of Plant	23,016
Pupil Transportation Services	12,201

Excess expenditures were funded with positive variances in other general fund appropriation accounts.

SUPPLEMENTARY INFORMATION

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Special Revenue		
	Donations	Food Service	Community Service
ASSETS			
Cash and Investments	\$ 1,399,692	\$ 2,820,066	\$ 485,730
Receivables:			
Accounts	85,790	-	-
Due from Other Governments	-	64,827	-
Total Assets	<u>\$ 1,485,482</u>	<u>\$ 2,884,893</u>	<u>\$ 485,730</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ 94,831
Accrued and Other Current Liabilities	60,231	18,520	18,147
Total Liabilities	<u>60,231</u>	<u>18,520</u>	<u>112,978</u>
FUND BALANCES			
Restricted	<u>1,425,251</u>	<u>2,866,373</u>	<u>372,752</u>
Total Fund Balances	<u>1,425,251</u>	<u>2,866,373</u>	<u>372,752</u>
Total Liabilities and Fund Balances	<u>\$ 1,485,482</u>	<u>\$ 2,884,893</u>	<u>\$ 485,730</u>

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022**

Debt Service		Total Nonmajor Governmental Funds
Nonreferendum Debt Service	Referendum Debt Service	
\$ 463,233	\$ 1,245,622	\$ 6,414,343
-	-	85,790
-	-	64,827
<u>\$ 463,233</u>	<u>\$ 1,245,622</u>	<u>\$ 6,564,960</u>
\$ -	\$ -	\$ 94,831
-	-	96,898
-	-	191,729
<u>463,233</u>	<u>1,245,622</u>	<u>6,373,231</u>
<u>463,233</u>	<u>1,245,622</u>	<u>6,373,231</u>
<u>\$ 463,233</u>	<u>\$ 1,245,622</u>	<u>\$ 6,564,960</u>

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	Special Revenue		
	Donations	Food Service	Community Service
REVENUES			
Property Taxes	\$ -	\$ -	\$ 500,904
Other Local Sources	1,689,869	531,367	64,287
State Sources	-	20,075	-
Federal Sources	-	4,673,917	14,275
Other Sources	-	6,599	-
Total Revenues	1,689,869	5,231,958	579,466
EXPENDITURES			
Instruction:			
Regular Instruction	967,607	-	-
Other Instruction	570,250	-	-
Total Instruction	1,537,857	-	-
Support Services:			
Instructional Staff Services	21,289	-	-
General Administration Services	-	-	59,968
Operations and Maintenance of Plant	9,576	-	194,039
Pupil Transportation Services	4,056	-	-
Food Services	-	4,181,414	-
Other Support Services	75,436	-	-
Total Support Services	110,357	4,181,414	254,007
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Total Debt Service	-	-	-
Total Expenditures	1,648,214	4,181,414	528,559
NET CHANGE IN FUND BALANCES	41,655	1,050,544	50,907
Fund Balances - Beginning of Year	1,383,596	1,815,829	321,845
FUND BALANCES - END of YEAR	<u>\$ 1,425,251</u>	<u>\$ 2,866,373</u>	<u>\$ 372,752</u>

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Debt Service		Total Nonmajor Governmental Funds
Nonreferendum Debt Service	Referendum Debt Service	
\$ 2,060,000	\$ 4,652,200	\$ 7,213,104
858	2,305	2,288,686
-	-	20,075
-	-	4,688,192
-	-	6,599
<u>2,060,858</u>	<u>4,654,505</u>	<u>14,216,656</u>
-	-	967,607
-	-	570,250
-	-	<u>1,537,857</u>
-	-	21,289
-	-	59,968
-	-	203,615
-	-	4,056
-	-	4,181,414
-	-	75,436
-	-	<u>4,545,778</u>
1,205,000	2,550,000	3,755,000
878,676	2,480,357	3,359,033
<u>2,083,676</u>	<u>5,030,357</u>	<u>7,114,033</u>
<u>2,083,676</u>	<u>5,030,357</u>	<u>13,472,220</u>
(22,818)	(375,852)	744,436
<u>486,051</u>	<u>1,621,474</u>	<u>5,628,795</u>
<u>\$ 463,233</u>	<u>\$ 1,245,622</u>	<u>\$ 6,373,231</u>

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOL AUTHORIZER OPERATING COSTS
YEAR ENDED JUNE 30, 2022**

OPERATING ACTIVITY	<u>Object</u>	<u>Point of Discovery School</u>
Employee Salaries	100	\$ 6,524
Employee Benefits	200	2,352
Purchased Services	300	-
Noncapital Objects	400	-
Capital Objects	500	-
Short-Term Debt	600	-
Insurance and Judgments	700	-
Other	900	-
Total		<u>\$ 8,876</u>

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



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

School Board
Stevens Point Area Public School District
Stevens Point, 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 Stevens Point Area Public School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Stevens Point Area Public School District's basic financial statements, and have issued our report thereon dated December 6, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Stevens Point Area Public School 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 Stevens Point Area Public School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Stevens Point Area Public School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

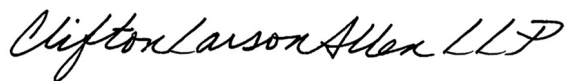
As part of obtaining reasonable assurance about whether Stevens Point Area Public School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Stevens Point Area Public School District's Response to Finding

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

Purpose of This Report

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



CliftonLarsonAllen LLP

Wausau, Wisconsin
December 6, 2022

FEDERAL AND STATE AWARDS



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

School Board
Stevens Point Area Public School District
Stevens Point, Wisconsin

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Stevens Point Area Public School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and *Wisconsin State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of Stevens Point Area Public School District's major federal and state programs for the year ended June 30, 2022. Stevens Point Area Public School District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Stevens Point Area Public School 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 federal and state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*. Our responsibilities under those standards, the Uniform Guidance, and the *State Single Audit Guidelines* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Stevens Point Area Public School 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 GAAS, *Government Auditing Standards*, the Uniform Guidance, and the *State Single Audit Guidelines* 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 Stevens Point Area Public School District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the *State Single Audit Guidelines* 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 Stevens Point Area Public School 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 Stevens Point Area Public School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of Stevens Point Area Public School 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.

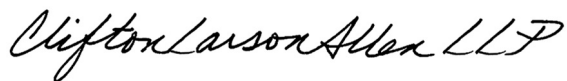
Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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



CliftonLarsonAllen LLP

Wausau, Wisconsin
December 6, 2022

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

<u>Grantor Agency/Federal Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Agency</u>	<u>Pass-Through Entity Identifying Number</u>	<u>(Accrued) Deferred Revenue 7/1/21</u>	<u>Cash Received (Refunded)</u>	<u>Accrued (Deferred) Revenue 6/30/22</u>	<u>Total Expenditures</u>	<u>Subrecipient Payments</u>
U.S. DEPARTMENT OF AGRICULTURE								
Child Nutrition Cluster:								
COVID-19 School Breakfast Program	10.553	WI DPI	2022-495607-DPI-SB-546	\$ -	\$ 583,271	\$ 9,365	\$ 592,636	\$ -
COVID-19 School Breakfast Program	10.553	WI DPI	2022-495607-DPI-SB-SEVERE-546	-	524,890	8,662	533,552	-
Total School Breakfast Program				-	1,108,161	18,027	1,126,188	-
COVID-19 School Lunch Program	10.555	WI DPI	2022-495607-DPI-NSL-547	-	2,979,913	45,762	3,025,675	-
National School Lunch Program	10.555	WI DPI	Unknown	-	329,673	-	329,673	-
Total National School Lunch Program				-	3,309,586	45,762	3,355,348	-
Summer Food Service Program for Children	10.559	WI DPI	Unknown	-	9,614	-	9,614	-
COVID-19 Summer School Program	10.559	WI DPI	2021-495607-DPI-SFSP-566	(161,204)	161,204	-	-	-
COVID-19 Summer School Program	10.559	WI DPI	2022-495607-DPI-SFSP-561	-	90,794	-	90,794	-
Total Summer Food Service Program for Children				(161,204)	261,612	-	100,408	-
Total Child Nutrition Cluster				(161,204)	4,679,359	63,789	4,581,944	-
Child and Adult Care Food Program	10.558	WI DPI	2021-495607-DPI-AR-566	(852)	852	-	-	-
Child and Adult Care Food Program	10.558	WI DPI	2021-495607-DPI-AR-566	-	90,935	1,039	91,974	-
Total Child and Adult Care Food Program				(852)	91,787	1,039	91,974	-
Total U.S. Department of Agriculture				(162,056)	4,771,146	64,828	4,673,918	-
FEDERAL COMMUNICATIONS COMMISSION								
COVID-19 Emergency Connectivity Fund Program	32.009	Direct Program	N/A	-	360,000	-	360,000	-
U.S. DEPARTMENT OF EDUCATION								
Title I Grants to Local Educational Agencies	84.010A	WI DPI	2021-495607-DPI-TIA-141	(177,670)	177,670	-	-	-
Title I Grants to Local Educational Agencies	84.010A	WI DPI	2022-495607-DPI-TIA-141	-	663,534	210,555	874,089	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2021-495607-DPI-TI-D N&D-144	(2,814)	2,814	-	-	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2022-495607-DPI-TID-144	-	52,189	3,511	55,700	-
Total Title I Grants to Local Educational Agencies				(180,484)	896,207	214,066	929,789	-
Migrant Education State Grant Program	84.011	WI DPI	2022-495607-DPI-TIC-142	-	24,881	-	24,881	-
Special Education Cluster (IDEA):								
Special Education Grants to States	84.027A	WI DPI	2021-495607-DPI-IDEA-FT-341	(257,245)	257,245	-	-	-
Special Education Grants to States	84.027A	WI DPI	2022-495607-DPI-FLOW-341	-	1,115,746	391,663	1,507,409	-
COVID-19 Special Education Grants to States	84.027X	WI DPI	2022-495607-DPI-ARPAIDEAFT-344	-	334,123	-	334,123	-
Special Education Grants to States	84.027A	WI DPI	2021-495607-DPI-UDLSUP-342	(1,276)	1,276	-	-	-
Special Education Grants to States	84.027A	WI DPI	2022-495607-DPI-UDLSUP-342	-	8,343	1,070	9,413	-
Total Special Education Grants to States				(258,521)	1,716,733	392,733	1,850,945	-

See accompanying Notes to Schedule of Expenditures of Federal and State Awards.

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Grantor Agency/Federal Program Title	Assistance Listing Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 7/1/21	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/22	Total Expenditures	Subrecipient Payments
U.S. DEPARTMENT OF EDUCATION (CONTINUED)								
Special Education Preschool Grants	84.173A	WI DPI	2021-495607-DPI-IDEA-P-347	(7,472)	7,472	-	-	-
Special Education Preschool Grants	84.173A	WI DPI	2022-495607-DPI-PRESCH-347	-	33,372	10,166	43,538	-
COVID-19 Special Education Preschool Grants	84.173X	WI DPI	2022-495607-DPI-ARPAIDEAPS-346	-	37,882	-	37,882	-
Total Special Education Preschool Grants				(7,472)	78,726	10,166	81,420	-
Total Special Education Cluster (IDEA)				(265,993)	1,795,459	402,899	1,932,365	-
Career and Technical Education - Basic Grants to States	84.048	WI DPI	2021-495607-CTE-400	-	42,992	7,163	50,155	-
English Language Acquisition State Grants	84.365A	WI DPI	2021-495607-DPI-TIIIA-391	(6,284)	6,284	-	-	-
English Language Acquisition State Grants	84.365A	WI DPI	2022-495607-DPI-TIIIA-391	-	46,897	1,186	48,083	-
Total English Language Acquisition State Grants				(6,284)	53,181	1,186	48,083	-
Improving Teacher Quality State Grants	84.367A	WI DPI	2021-495607-DPI-TIIA-365	(36,061)	36,061	-	-	-
Improving Teacher Quality State Grants	84.367A	WI DPI	2022-495607-DPI-TIIA-365	-	106,862	51,123	157,985	-
Total Improving Teacher Quality State Grants				(36,061)	142,923	51,123	157,985	-
Student Support and Academic Enrichment Program	84.424A	WI DPI	2022-495607-DPI-TIV-A-381	-	68,621	-	68,621	-
COVID-19 Elementary and Secondary School Emergency Relief	84.425D	WI DPI	2022-495607-DPI-ESSERFII-163	(2,753,505)	2,758,043	-	4,538	-
COVID-19 Elementary and Secondary School Emergency Relief	84.425U	WI DPI	2022-495607-DPI-ESSERFIII-165	-	2,435,844	741,573	3,177,417	-
Total Elementary and Secondary School Emergency Relief				(2,753,505)	5,193,887	741,573	3,181,955	-
Total U.S. Department of Education				(3,242,327)	8,218,151	1,418,010	6,393,834	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Medicaid Cluster:								
Medical Assistance Program	93.778	WI DHS	4421590	-	1,227,350	-	1,227,350	-
Block Grants for Prevention and Treatment of Substance Abuse COVID 19	93.959	Portage County, WI	Unknown	-	19,712	29,526	49,238	-
Total U.S. Department of Health and Human Services				-	1,247,062	29,526	1,276,588	-
Total Federal Expenditures				<u>\$ (3,404,383)</u>	<u>\$ 14,596,359</u>	<u>\$ 1,512,364</u>	<u>\$ 12,704,340</u>	<u>\$ -</u>

RECONCILIATION TO THE BASIC FINANCIAL STATEMENTS

Federal Sources	\$ 13,778,582
Less: federal funds not subject to single audit requirements	(1,074,242)
Total Expenditures of Federal Awards	<u>\$ 12,704,340</u>

See accompanying Notes to Schedule of Expenditures of Federal and State Awards.

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED JUNE 30, 2022**

Grantor Agency/State Program Title	State I.D. Number	Pass-Through Agency	State Identifying Number	(Accrued) Deferred Revenue 7/1/21	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/22	Total Expenditures	Subrecipient Payments
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION								
Special Education and School Age Parents	255.101	Direct Program	495607-100	\$ -	\$ 3,918,748	\$ -	\$ 3,918,748	\$ -
Common School Fund (School Library) Aid	255.103	Direct Program	495607-104	-	361,119	-	361,119	-
Bilingual Bicultural Aid Lea	255.106	Direct Program	495607-111	-	103,272	-	103,272	-
General Transportation Aid	255.107	Direct Program	495607-102	-	255,965	-	255,965	-
WI School Day Milk Program	255.115	Direct Program	495607-109	-	20,075	-	20,075	-
Equalization Aids	255.201	Direct Program	495607-116	(673,703)	45,305,028	-	44,631,325	-
High Cost Special Education Aid	255.210	Direct Program	495607-119	-	187,640	-	187,640	-
Special Education Transition Readiness Grant	255.257	Direct Program	495607-174	378	(378)	-	-	-
Peer Review and Mentoring	255.301	Direct Program	495607-141	-	24,900	-	24,900	-
Tuition Payments by State	255.401	Direct Program	495607-157	-	110,859	-	110,859	-
Early College Credit Program	255.445	Direct Program	495607-178	-	3,807	-	3,807	-
Educator Effective Evaluation System	255.940	Direct Program	495607-154	-	44,720	-	44,720	-
Per Pupil Aid	255.945	Direct Program	495607-113	-	5,299,364	-	5,299,364	-
High Cost Transportation Aid	255.947	Direct Program	495607-114	-	295,180	-	295,180	-
Assessments of Reading Readiness	255.956	Direct Program	495607-166	-	10,785	-	10,785	-
Aid for Special Ed Transition Grant BBL	255.960	Direct Program	495607-168	-	36,344	-	36,344	-
Total Wisconsin Department of Public Instruction				(673,325)	55,977,428	-	55,304,103	-
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT								
		Mid-State						
Youth Apprenticeship	445.107	Technical College	Unknown	-	9,454	-	9,454	-
Wisconsin Fast Forward	445.109	Direct Program	Unknown	-	41,742	-	41,742	-
Total Wisconsin Department of Workforce Development				-	51,196	-	51,196	-
Total State Programs				\$ (673,325)	\$ 56,028,624	\$ -	\$ 55,355,299	\$ -
RECONCILIATION TO THE BASIC FINANCIAL STATEMENTS								
State Sources							\$ 55,927,452	
Intermediate Sources							10,854	
Less: State Sources not Considered State Financial Assistance								
Exempt Computer Aid							(347,454)	
Personal Property Aid							(184,445)	
State Medical Records Payments							(260)	
Payment in Lieu of Taxes and Other Revenues							(50,848)	
Total Expenditures of State Awards							<u>\$ 55,355,299</u>	

See accompanying Notes to Schedule of Expenditures of Federal and State Awards.

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2022

NOTE 1 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards for the Stevens Point Area Public School District are presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration.

The schedules of expenditures of federal and state awards include all federal and state awards of the District. Because the schedules present only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the District's 2022 fund financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and *State Single Audit Guidelines*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the District in the succeeding year while unearned revenue represents advances for federal and state programs that exceed recorded District expenditures. Because of subsequent program adjustments, these amounts may differ from the prior year's ending balances.

The District has not elected to charge a de minimis rate of 10% of modified total costs.

NOTE 3 SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

The 2021-2022 eligible costs under the State Special Education Program as reported by the District are \$13,439,936. Compiled information required by compliance requirement 1-1 of the Special Education Audit Program was reported to the Wisconsin Department of Public Instruction.

NOTE 4 FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule of expenditures of federal awards at the fair market value of the commodities received and disbursed.

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2022**

NOTE 5 OVERSIGHT AGENCIES

The federal and state oversight agencies for the District are as follows:

Federal – U.S. Department of Education
State – Wisconsin Department of Public Instruction

NOTE 6 PASS-THROUGH ENTITIES

Federal awards have been passed through the following entities:

WI DHS – Wisconsin Department of Health Services
WI DPI – Wisconsin Department of Public Instruction

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section I – Summary of the Auditors' Results

Basic Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes _____ ☒ no
 - Significant deficiency(ies) identified? _____ ☒ yes _____ none reported
3. Noncompliance material to basic financial statements noted? _____ yes _____ ☒ no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes _____ ☒ no
 - Significant deficiency(ies) identified? _____ yes _____ ☒ none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes _____ ☒ no

Identification of Major Federal Programs

Assistance Listing Numbers

84.425D & 84.425U

84.027
84.173

Name of Federal Program or Cluster

Elementary and Secondary School
Emergency Relief
IDEA Cluster
Special Education Grants to States
Special Education Preschool Grants

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____ ☒ yes _____ no

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Section I – Summary of the Auditors' Results (Continued)

State Financial Assistance

1. Internal control over state programs:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified? _____ Yes x none reported

2. Type of auditors' report issued on compliance for major state programs Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with the *State Single Audit Guidelines*? _____ Yes x no

Identification of Major State Programs:

State ID Number

255.101
255.201
255.947

Name of State Program

Special Education and School Age Parents
Equalization Aids
High Cost Transportation Aid

Audit threshold used to determine between
Type A and Type B programs:
State Awards

\$ 250,000

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

2022-001 Preparation of Annual Financial Report

Repeat of Finding 2021-001

Type of Finding

Significant Deficiency in Internal Control Over Financial Reporting.

Condition

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

Criteria or Specific Requirement

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

Cause

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

Effect

Without our involvement, the District may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.

Recommendation

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

Views of Reasonable Officials

There is no disagreement with the audit finding.

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Section III – Federal and State Award Findings and Questioned Costs

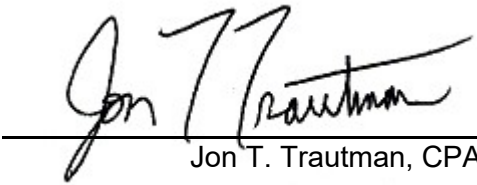
There are no audit findings and questioned costs required to be reported in accordance with 2 CFR 200.516(a) and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration for the year ended June 30, 2022.

Section IV – Other Issues

1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? No

2. Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue, or excess reserve) related to grant/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:
 - a. Department of Health Services No
 - b. Department of Public Instruction No

3. Was a management letter or other document conveying audit comments issued as a result of this audit? Yes

4. Name and signature of partner 
Jon T. Trautman, CPA

5. Date of report December 6, 2022

