



Sun Prairie Area School District

Futures depend on us...every child, every day.

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

For the Year Ended June 30, 2023

SUN PRAIRIE AREA SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the School Board
Sun Prairie Area School District
Sun Prairie, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School District of Sun Prairie ("District") as of and for the year ended June 30, 2023, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective July 1, 2022, the District adopted provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining nonmajor fund financial statements and 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated December 7, 2023 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.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
December 7, 2023

**SUN PRAIRIE AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

This discussion and analysis of the Sun Prairie Area School District (the "District") financial information provides an overall review of financial activities for the fiscal year.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the school district exceeded liabilities and deferred inflows at the close of the 2022-2023 fiscal year by \$101,896,540 (*net position*).
- The outstanding long-term obligations of the District decreased by \$13,669,598.

The following financial events took place during fiscal year 2023:

- The general fund balance increased by \$5,046,596.
- The general fund transferred \$500,000 to the capital improvement fund for future investments in capital projects.
- The general fund transferred \$6,000,000 to the debt service fund to help with the decrease of tax levy.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

1. District-Wide Financial Statements

District-wide financial statements are the *Statement of Net Position* and *Statement of Activities*. These statements present an aggregate view of the District's finances in a manner similar to private-sector business. Both statements distinguish functions that are supported principally by property taxes and intergovernmental revenues, called *governmental activities*, from functions that are intended to recover all or a significant portion of costs through user fees and charges called *business-type activities*.

- The *Statement of Net Position* presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two 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 year. This statement reports the cost of government and business-type functions, and how those functions were financed for the fiscal year.

2. Fund Financial Statements

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

**SUN PRAIRIE AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

2. Fund Financial Statements (Continued)

There are two fund financial statements, the *Balance Sheet* and the *Statement of Revenues, Expenditures and Changes in Fund Balances*. Generally, fund financial statements focus on near-term inflows and outflows of spendable resources and their impact on fund balance.

Because the focus of fund financial statements is narrower than that of the district-wide statements, it is useful to make comparisons between the various sources of information presented. This helps the reader better understand the long-term implications of the government's near-term financial decisions. A reconciliation to facilitate the comparison of the Statement of Net Position to the Governmental Funds Balance Sheet is presented. A separate statement to reconcile the Statement of Activities to the governmental funds operating statement is presented.

The District has three kinds of funds: *governmental, proprietary and fiduciary*. *Governmental funds* include the District's three major funds (general, capital projects and debt service), nonmajor special revenue funds, non-referendum debt service fund and capital improvement fund as needed. The District has one *proprietary* fund, the food service fund; and one *fiduciary* fund, the private benefit trust fund for scholarships.

Financial information is presented separately on both the *Balance Sheet* and the *Statement of Revenues, Expenditures and Changes in Fund Balances* for the general fund, capital projects fund and the debt service fund, as these are considered to be major funds. Data for the other special projects, special revenue trust, community service, package cooperative, and capital improvement fund are combined into a single, aggregated column.

The proprietary fund statement for the District's food service program is prepared on the same basis of accounting and measurement focus as the district-wide financial statements. This includes a *Statement of Net Position* and a *Statement of Revenue, Expenses and Changes in Net Position*.

The District serves as a trustee, or *fiduciary*, for students. The assets of these organizations do not directly benefit, nor are under the direct control of, the District. The District's responsibility is limited to ensuring the assets reported in these funds are used only for their intended purposes. Fiduciary activities are excluded from the district-wide financial statements, because the District cannot use these assets to finance its operations.

The District adopts an annual appropriation budget for its *general fund, special education fund, debt service fund, and capital projects fund*.

3. Notes to the Financial Statements

The *Notes to the Financial Statements* provide additional information that is essential to the full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

**SUN PRAIRIE AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

FINANCIAL ANALYSIS

The District as a Whole

Table 1 provides a summary of the District's net position for the year ended June 30, 2023 compared to year ended June 30, 2022. Please note, some rounding of amounts occur.

**Table 1
Condensed Statement of Net Position**

	Governmental Activities		Business-type Activities		Total School District	
	2023	2022	2023	2022	2023	2022
Current & other assets	\$ 90,064,805	\$ 140,454,458	\$ 2,963,873	\$ 3,192,351	\$ 93,028,678	\$ 143,646,809
Capital assets	368,068,056	360,863,312	296,333	201,488	368,364,389	361,064,800
Total Assets	458,132,861	501,317,770	3,260,206	3,393,839	461,393,067	504,711,609
Deferred Outflows	73,638,833	58,974,692	1,186,125	829,357	74,824,958	59,804,049
Current Liabilities	40,585,338	46,954,588	155,700	115,110	40,741,038	47,069,698
Non-Current Liabilities	344,265,849	344,309,042	424,234	122,379	344,690,083	344,431,421
Total Liabilities	384,851,187	391,263,630	579,934	237,489	385,431,121	391,501,119
Deferred Inflows	48,207,663	71,162,789	682,701	1,031,993	48,890,364	72,194,782
Net Investment in						
Capital Assets	54,388,996	53,801,316	296,333	201,488	54,685,329	54,002,804
Restricted	23,134,086	38,338,414	2,887,363	2,752,226	26,021,449	41,090,640
Unrestricted	21,189,762	5,726,313	-	-	21,189,762	5,726,313
Total Net Position	\$ 98,712,844	\$ 97,866,043	\$ 3,183,696	\$ 2,953,714	\$ 101,896,540	\$ 100,819,757

In governmental activities, the largest portion of the District's net position is its investment in capital assets (e.g. land, buildings, and equipment); less related outstanding debt used to acquire those assets. These assets are used to provide services to students and, consequently, are not available for future spending. Sun Prairie Area School District's buildings are in excellent condition, as a result of sufficient annual operating funds appropriated for maintenance and repair.

Restricted net position accounts for 26% of total net position. The District is required by state statute to have available in the debt service fund an amount sufficient to make debt payments required between the beginning of the fiscal year (July 1) and receipt of the first tax payments (normally January 20).

**SUN PRAIRIE AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

FINANCIAL ANALYSIS (CONTINUED)

Change in Net position

Table 2 shows the changes in net position for the fiscal years 2023 and 2022.

**Table 2
Change in Net Position**

	Governmental Activities		Business-type Activities		Total School District	
	2023	2022	2023	2022	2023	2022
General Revenues:						
Property taxes	\$ 54,909,485	\$ 46,925,228	\$ -	\$ -	\$ 54,909,485	\$ 46,925,228
Debt property taxes	16,600,000	21,900,000	-	-	16,600,000	21,900,000
Community service property taxes	814,000	814,000	-	-	814,000	814,000
Federal and state aid	62,594,665	61,035,327	-	-	62,594,665	61,035,327
Interest earnings	1,947,784	57,816	80,491	848	2,028,275	58,664
Miscellaneous	891,889	792,490	15,232	7,039	907,121	799,529
Transfers	(3,119)	(39,814)	3,119	39,814	-	-
Total general revenues	137,754,704	131,485,047	98,842	47,701	137,853,546	131,532,748
Program Revenues:						
Charges for service	3,806,483	5,032,566	1,658,992	129,069	5,465,475	5,161,635
Operating grants and contributions	16,732,799	12,680,039	2,537,340	5,177,490	19,270,139	17,857,529
Total program revenues	20,539,282	17,712,605	4,196,332	5,306,559	24,735,614	23,019,164
Total revenues	158,293,986	149,197,652	4,295,174	5,354,260	162,589,160	154,551,912
Program Expenses:						
Instruction	74,835,235	66,351,083	-	-	74,835,235	66,351,083
Support	66,984,208	52,705,537	-	-	66,984,208	52,705,537
Non-program services	5,642,454	5,781,355	-	-	5,642,454	5,781,355
Interest expense	9,985,288	10,191,614	-	-	9,985,288	10,191,614
Food service program	-	-	4,065,192	3,507,257	4,065,192	3,507,257
Total Expenses	157,447,185	135,029,589	4,065,192	3,507,257	161,512,377	138,536,846
Change in Net Position	846,801	14,168,063	229,982	1,847,003	1,076,783	16,015,066
Beginning Net Position	97,866,043	83,697,980	2,953,714	1,106,711	100,819,757	84,804,691
Ending Net Position	\$ 98,712,844	\$ 97,866,043	\$ 3,183,696	\$ 2,953,714	\$ 101,896,540	\$ 100,819,757

**SUN PRAIRIE AREA SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities

The District relies primarily on property taxes and general state aid to fund governmental activities.

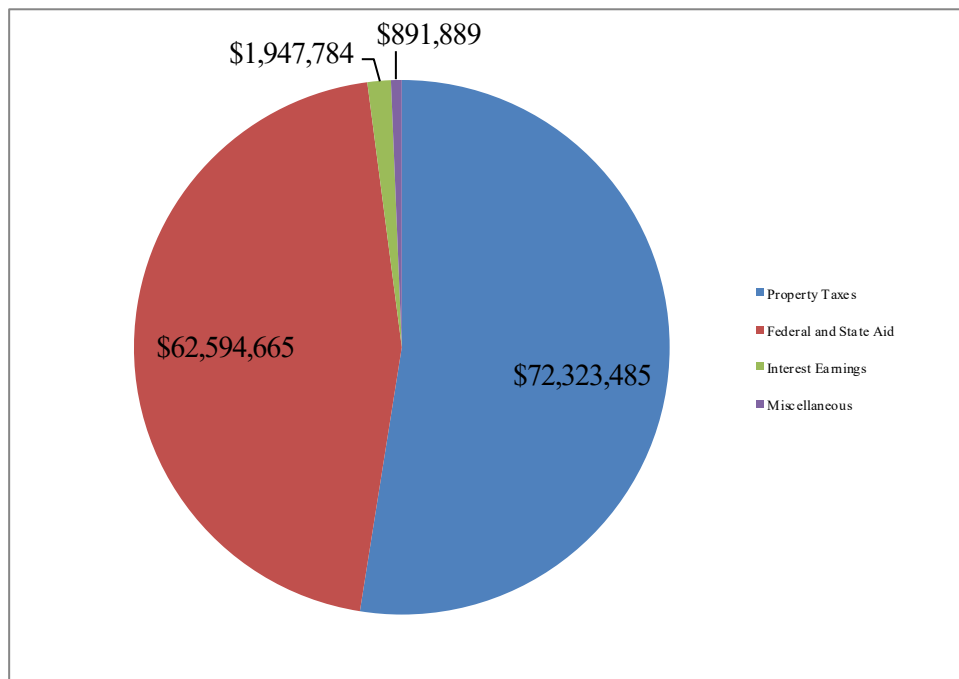
School funding regulations restrict the amount by which these two revenue sources, in combination, may be increased. This restriction, called revenue limit, is intended to help hold down increases in property taxes throughout the state.

General state aid is paid according to a formula taking into consideration spending and property values by District, as compared to spending and property values for the state as a whole. The District is considered a “rich” district by the state and does not receive 2/3 funding.

Chart 1 shows the portion of the District’s general revenues allocated to each source.

Taxes	\$ 72,323,485	52.50%
Federal and State Aid	62,594,665	45.44%
Interest Earnings	1,947,784	1.41%
Miscellaneous	891,889	0.65%
	<u>\$ 137,757,823</u>	<u>100.0%</u>

**Chart 1
General Revenues by Source – Governmental Activities**



**SUN PRAIRIE AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

FINANCIAL ANALYSIS (CONTINUED)

Governmental Funds

As of June 30, 2023, the District's governmental funds reported combined ending fund balance of \$66,991,539, a decrease of \$14,212,871 from the prior year. The following table provides an analysis of the District's fund balances and the total change in fund balances from the prior year.

Fund	June 30, 2023	June 30, 2022	Change	Change (%)
General	\$ 31,668,430	\$ 26,621,834	\$ 5,046,596	16%
Debt Service	14,967,506	14,655,753	311,753	2%
Capital Projects	10,279,119	29,867,185	(19,588,066)	-191%
Non-Major	10,076,484	10,059,638	16,846	0%
Total	<u>\$ 66,991,539</u>	<u>\$ 81,204,410</u>	<u>\$ (14,212,871)</u>	<u>-21%</u>

BUDGETARY ANALYSIS

The District adopts an interim budget at its Annual Meeting for the subsequent year, consistent with current state statutes and regulations. This original budget is amended in October to reflect the actual revenue cap and state aid certification. Subsequent amendments reflect revisions made by the Board.

The final 2022-23 General Fund Budget reflected an excess of expenditures over revenues of \$610,134 final budget. Actual results for 2022-23 show an excess of revenues over expenditures of \$5,046,596.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year, the District has an investment of approximately \$368 million net of accumulated depreciation in a broad range of capital assets including buildings, sites, and equipment. This amount represents a net increase of approximately \$7.3 million, which includes construction of the West High School, remodeling projects at Cardinal Heights Upper Middle School and the East High School as well as other equipment additions and building improvements. Total accumulated depreciation on these assets is about \$95 million for governmental activities and \$712 thousand for business-type activities. Table 3 shows the detail of capital assets:

**Table 3
Non-current (Capital) Assets**

	Governmental Activities		Business-type Activities		Total School District	
	2023	2022	2023	2022	2023	2022
Land	\$ 23,802,114	\$ 23,802,114	\$ -	\$ -	\$ 23,802,114	\$ 23,802,114
Capital Assets Being Depreciated	438,933,900	299,837,331	1,008,465	888,272	439,942,365	300,725,603
Construction in Progress	576,373	126,664,026	-	-	576,373	126,664,026
Accumulated Depreciation	<u>(95,244,331)</u>	<u>(89,440,159)</u>	<u>(712,132)</u>	<u>(686,784)</u>	<u>(95,956,463)</u>	<u>(90,126,943)</u>
Total	<u>\$ 368,068,056</u>	<u>\$ 360,863,312</u>	<u>\$ 296,333</u>	<u>\$ 201,488</u>	<u>\$ 368,364,389</u>	<u>\$ 361,064,800</u>

**SUN PRAIRIE AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Obligations

At year-end, the District had \$326.6 million in long-term obligations. Table 4 shows outstanding long-term obligations:

**Table 4
Outstanding Long-Term Obligations**

	2023	2022	% Change
General obligation debt	\$ 313,525,000	\$ 325,710,000	-3.74%
Premium and discount on debt	11,928,161	13,067,832	-8.72%
Financed purchase arrangements	282,528	704,697	-59.91%
Compensated absences	839,883	762,641	10.13%
Total Long-Term Debt	\$ 326,575,572	\$ 340,245,170	-4.02%

FACTORS BEARING ON THE DISTRICT'S FUTURE

Circumstances that could impact the District's financial future:

- The District will continue to closely monitor enrollment and the impact of enrollment on its budget.
- The State of Wisconsin continues to wrestle with how to distribute state aid.
- The State of Wisconsin also continues to wrestle with revenue cap increases.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is prepared to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. In some cases, rounding of amounts occurs. If you have questions about this report or need additional financial information, contact:

Philip Frei
Director of Business & Finance
501 S. Bird Street
Sun Prairie WI 53590

SUN PRAIRIE AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Investments	\$ 33,318,883	\$ 2,530,027	\$ 35,848,910
Restricted Cash and Investments	34,545,265	-	34,545,265
Receivables:			
Taxes	16,833,847	-	16,833,847
Accounts	12,821	51,408	64,229
Internal Balances	(111,215)	111,215	-
Due from Other Governments	4,765,399	102,941	4,868,340
Prepays	168,467	-	168,467
Inventories	54,128	168,282	222,410
Total Current Assets	<u>89,587,595</u>	<u>2,963,873</u>	<u>92,551,468</u>
Capital Assets:			
Land and Construction in Progress	24,378,487	-	24,378,487
Capital Assets Being Depreciated	438,933,900	1,008,465	439,942,365
Less: Accumulated Depreciation	(95,244,331)	(712,132)	(95,956,463)
Net Capital Assets	<u>368,068,056</u>	<u>296,333</u>	<u>368,364,389</u>
Other Noncurrent Assets:			
Net Subscription-Based Information Technology Arrangement			
Assets (SBITA)	322,210	-	322,210
Other Assets	155,000	-	155,000
Total Other Noncurrent Assets	<u>477,210</u>	<u>-</u>	<u>477,210</u>
Total Assets	<u>458,132,861</u>	<u>3,260,206</u>	<u>461,393,067</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Outflows	70,700,215	1,186,125	71,886,340
Deferred OPEB Outflows	1,248,294	-	1,248,294
Deferred Supplemental Pension Benefit Outflows	152,451	-	152,451
Loss on Refunding	1,537,873	-	1,537,873
Total Deferred Outflows of Resources	<u>73,638,833</u>	<u>1,186,125</u>	<u>74,824,958</u>
LIABILITIES			
Current Liabilities:			
Short-term Notes Payable	8,375,000	-	8,375,000
Accounts Payable	2,243,127	62,515	2,305,642
Accrued Liabilities:			
Payroll and Related Items	11,771,097	93,185	11,864,282
Interest	3,663,943	-	3,663,943
Due to Other Governments	1,333	-	1,333
Current Portion of SBITA Liability	88,189	-	88,189
Current Portion of Long-term Obligations	14,442,649	-	14,442,649
Total Current Liabilities	<u>40,585,338</u>	<u>155,700</u>	<u>40,741,038</u>
Noncurrent Liabilities:			
Deposits Payable	-	98,359	98,359
Net Pension Liability	19,424,142	325,875	19,750,017
OPEB Liability	11,486,862	-	11,486,862
Supplemental Pension Benefit Liability	1,127,219	-	1,127,219
Noncurrent Portion of SBITA Liability	94,703	-	94,703
Noncurrent Portion of Long-term Liabilities	312,132,923	-	312,132,923
Total Noncurrent Liabilities	<u>344,265,849</u>	<u>424,234</u>	<u>344,690,083</u>
Total Liabilities	<u>384,851,187</u>	<u>579,934</u>	<u>385,431,121</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Inflows	40,693,080	682,701	41,375,781
Deferred OPEB Inflows	7,187,220	-	7,187,220
Deferred Supplemental Pension Benefit Inflows	327,363	-	327,363
Total Deferred Inflows of Resources	<u>48,207,663</u>	<u>682,701</u>	<u>48,890,364</u>
NET POSITION			
Net Investment in Capital Assets	54,388,996	296,333	54,685,329
Restricted			
Debt Service	11,509,062	-	11,509,062
Community Service	637,445	-	637,445
Self Insurance	1,495,089	-	1,495,089
Future Capital Improvement	8,516,942	-	8,516,942
Food Service	-	2,887,363	2,887,363
Other Funds	975,548	-	975,548
Unrestricted	21,189,762	-	21,189,762
Total Net Position	<u>\$ 98,712,844</u>	<u>\$ 3,183,696</u>	<u>\$ 101,896,540</u>

See accompanying notes to the financial statements

SUN PRAIRIE AREA SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction	\$ 74,835,235	\$ 3,562,988	\$ 9,270,330	\$ (62,001,917)		\$ (62,001,917)
Support Services	66,984,208	243,495	7,462,469	(59,278,244)		(59,278,244)
Non-program Services	5,642,454	-	-	(5,642,454)		(5,642,454)
Interest and Fiscal Charges	9,985,288	-	-	(9,985,288)		(9,985,288)
Total Governmental Activities	<u>157,447,185</u>	<u>3,806,483</u>	<u>16,732,799</u>	<u>(136,907,903)</u>		<u>(136,907,903)</u>
Business-type Activities:						
Food Service Program	4,065,192	1,658,992	2,537,340	-	\$ 131,140	131,140
Total Business-type Activities	<u>4,065,192</u>	<u>1,658,992</u>	<u>2,537,340</u>	<u>-</u>	<u>131,140</u>	<u>131,140</u>
Total	<u>\$ 161,512,377</u>	<u>\$ 5,465,475</u>	<u>\$ 19,270,139</u>	<u>(136,907,903)</u>	<u>131,140</u>	<u>(136,776,763)</u>
General Revenues:						
Taxes:						
Property Taxes, levied for general purposes				54,909,485	-	54,909,485
Property Taxes, levied for debt service				16,600,000	-	16,600,000
Property Taxes, levied for community service				814,000	-	814,000
Federal and State Aid not Restricted to Specific Purpose				62,594,665	-	62,594,665
Interest and Investment Earnings				1,947,784	80,491	2,028,275
Miscellaneous				1,000,312	15,232	1,015,544
Special Item - Gain (Loss) on Sale of Fixed Assets				(108,423)	-	(108,423)
Transfers				(3,119)	3,119	-
Total General Revenues, Special Items and Transfers				<u>137,754,704</u>	<u>98,842</u>	<u>137,853,546</u>
Change in Net Position				<u>846,801</u>	<u>229,982</u>	<u>1,076,783</u>
Net position - Beginning				<u>97,866,043</u>	<u>2,953,714</u>	<u>100,819,757</u>
Net position - Ending				<u>\$ 98,712,844</u>	<u>\$ 3,183,696</u>	<u>\$ 101,896,540</u>

See accompanying notes to the financial statements

**SUN PRAIRIE AREA SCHOOL
DISTRICT BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023**

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Investments	\$ 33,010,869	\$ -	\$ -	\$ 308,014	\$ 33,318,883
Restricted Cash and Investments	849,119	10,711,698	14,967,506	8,016,942	34,545,265
Receivables:					
Taxes	16,833,847	-	-	-	16,833,847
Accounts	12,681	-	-	-	12,681
Other	140	-	-	-	140
Due from Other Funds	700	121,341	-	1,831,533	1,953,574
Due from Other Governments	4,765,399	-	-	-	4,765,399
Inventories	54,128	-	-	-	54,128
Prepaid Expenses	168,467	-	-	-	168,467
Total Assets	<u>\$ 55,695,350</u>	<u>\$ 10,833,039</u>	<u>\$ 14,967,506</u>	<u>\$ 10,156,489</u>	<u>\$ 91,652,384</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 1,626,334	\$ 553,920	\$ -	\$ 62,873	\$ 2,243,127
Accrued Liabilities	5,006,223	-	-	-	5,006,223
Accrued Wages Payable	6,970,373	-	-	-	6,970,373
Due to Other Funds	2,047,657	-	-	17,132	2,064,789
Due to Other Governments	1,333	-	-	-	1,333
Short-term Notes Payable	8,375,000	-	-	-	8,375,000
Total Liabilities	<u>24,026,920</u>	<u>553,920</u>	<u>-</u>	<u>80,005</u>	<u>24,660,845</u>
Fund Balances:					
Nonspendable	222,595	-	-	-	222,595
Restricted	2,470,637	10,279,119	14,967,506	9,154,387	36,871,649
Committed	-	-	-	922,097	922,097
Assigned	5,100,000	-	-	-	5,100,000
Unassigned	23,875,198	-	-	-	23,875,198
Total Fund Balances	<u>31,668,430</u>	<u>10,279,119</u>	<u>14,967,506</u>	<u>10,076,484</u>	<u>66,991,539</u>
Total Liabilities and Fund Balances	<u>\$ 55,695,350</u>	<u>\$ 10,833,039</u>	<u>\$ 14,967,506</u>	<u>\$ 10,156,489</u>	<u>\$ 91,652,384</u>

See accompanying notes to the financial statements

SUN PRAIRIE AREA SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET
June 30, 2023

Total fund balance, governmental funds	\$	66,991,539
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		368,068,056
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Subscription Based Information Technology Arrangements used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds:

Governmental SBITA Asset		485,272
Governmental accumulated amortization		(163,062)

Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

Intangible assets		155,000
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Other items, including OPEB liability, pension liability, and supplemental pension benefit liability, are not due and payable in the current period and, therefore, are either deferred or not reported in the fund financial statements.

Total OPEB liability		(11,486,862)
Total supplemental pension benefit liability		(1,127,219)
Net pension liability		(19,424,142)

Pension and other benefits deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plan and OPEB plan. These items are reflected in the Statement of Net Position and are being amortized with pension and OPEB expenses in the Statement of Activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and, therefore, are not reported in the fund financial statement.

Deferred pension outflows		70,700,215
Deferred OPEB outflows		1,248,294
Deferred supplemental pension benefit outflows		152,451
Deferred pension inflows		(40,693,080)
Deferred OPEB inflows		(7,187,220)
Deferred supplemental pension benefit inflows		(327,363)

Some liabilities (such as Notes Payable, Financed Purchase Arrangements, Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.

General obligation debt		(313,525,000)
SBITA Liability		(182,892)
Deferred outflows - loss on refunding		1,537,873
Financed purchase arrangements		(282,528)
Accrued interest on long-term debt		(3,458,444)
Compensated absences		(839,883)
Discount on long-term debt		88,430
Premium on long-term debt		(12,016,591)

Net Position of Governmental Activities in the Statement of Net Position	\$	98,712,844
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See accompanying notes to the financial statements

SUN PRAIRIE AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	General Fund	Capital Projects	Debt Service	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Local	\$ 56,987,036	\$ 372,303	\$ 16,994,899	\$ 1,716,931	\$ 76,071,169
Interdistrict	2,900,493	-	-	38,223	2,938,716
Intermediate	46,647	-	-	-	46,647
State	70,289,070	-	-	100,000	70,389,070
Federal	7,904,234	-	-	-	7,904,234
Other	624,721	350,000	-	80,972	1,055,693
Total Revenues	<u>138,752,201</u>	<u>722,303</u>	<u>16,994,899</u>	<u>1,936,126</u>	<u>158,405,529</u>
EXPENDITURES					
Current:					
Instruction	67,580,607	3,308,939	-	271,765	71,161,311
Support Service	52,771,224	3,847,087	-	1,307,575	57,925,886
Non-Program Services	5,589,255	-	-	53,200	5,642,455
Debt Service:					
Principal Repayment	515,085	-	12,185,000	-	12,700,085
Interest and Fiscal Charges	319,816	-	10,498,146	-	10,817,962
Capital Outlay	683,661	13,154,343	-	805,386	14,643,390
Total Expenditures	<u>127,459,648</u>	<u>20,310,369</u>	<u>22,683,146</u>	<u>2,437,926</u>	<u>172,891,089</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>11,292,553</u>	<u>(19,588,066)</u>	<u>(5,688,247)</u>	<u>(501,800)</u>	<u>(14,485,560)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	6,000,000	518,646	6,518,646
Transfers Out	(6,521,765)	-	-	-	(6,521,765)
SBITA Proceeds	275,808	-	-	-	275,808
Total Other Financing Sources (Uses)	<u>(6,245,957)</u>	<u>-</u>	<u>6,000,000</u>	<u>518,646</u>	<u>272,689</u>
Net Change in Fund Balances	<u>5,046,596</u>	<u>(19,588,066)</u>	<u>311,753</u>	<u>16,846</u>	<u>(14,212,871)</u>
Fund Balances - Beginning	<u>26,621,834</u>	<u>29,867,185</u>	<u>14,655,753</u>	<u>10,059,638</u>	<u>81,204,410</u>
Fund Balances - Ending	<u>\$ 31,668,430</u>	<u>\$ 10,279,119</u>	<u>\$ 14,967,506</u>	<u>\$ 10,076,484</u>	<u>\$ 66,991,539</u>

See accompanying notes to the financial statements

SUN PRAIRIE AREA SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Net change in fund balances - total governmental funds: \$ (14,212,871)

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlays (\$16,209,250) were more than depreciation (\$8,896,082) in the current period. 7,313,168

Governmental funds report additions for SBITA's as expenditures because such additions use current financial resources. In contrast, the Statement of Activities reports only a portion of the additions as expense. The additions are allocated over the SBITA's estimated useful lives as amortization expense for the period.

This is the amount by which current year SBITA's (\$485,272) were greater than amortization (\$163,062) in the current period. 322,210

Additions from SBITA liabilities are reported as revenue in the governmental funds but increase long-term liabilities in the Statement of Net Position. (275,808)

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the Statement of Net Position and does not affect the Statement of Activities.

The amount of long-term debt principal payments in the current year is: 12,185,000
The amount of financed purchase arrangements principal payments in the current year is: 422,169
The amount of SBITA liabilities in the current year is: 92,916

Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are netted against outstanding debt and amortized in the Statement of Activities.

Amortization of bond premium 1,161,657
Amortization of bond discount (21,986)

In the Statement of Activities, amortization is recorded on the deferred outflows of resources related to bond refunding, whereas in the governmental funds, no related amortization is reported.

Amortization of loss on refunding (381,412)

Payments for an intangible assets are reported expenditures on the fund financial statements, but are capitalized and amortized on the government-wide financial statements.

Amortization of intangible assets (15,000)

Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the Statement of Activities is actuarially determined by the defined benefit pension plan as the difference between the net pension liability (asset) from the prior year to the current year, with some adjustments.

Amount of current year required contributions into the defined benefit pension plan 4,377,442
Actuarially determined change in net pension liability (asset) between years, with adjustments (9,588,337)

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

Accrued interest not reflected on governmental funds 51,474
SBITA interest (6,189)
Compensated absences (77,242)
Total other postemployment benefits obligation expense (377,285)
Total supplemental pension benefit expense (14,683)
Loss on disposal of capital assets (108,422)

Change in net position of governmental activities \$ 846,801

SUN PRAIRIE AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023

	<u>Food Service</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 2,530,027
Accounts Receivable	51,408
Due from Other Funds	111,215
Due from Other Governments	102,941
Inventories	168,282
Total Current Assets	<u>2,963,873</u>
 Furniture and Equipment	 1,008,465
Less Accumulated Depreciation	<u>(712,132)</u>
Net Capital Assets	<u>296,333</u>
Total Noncurrent Assets	<u>296,333</u>
Total Assets	<u>3,260,206</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Outflows	<u>1,186,125</u>
Total Deferred Outflows of Resources	<u>1,186,125</u>
 LIABILITIES	
Current Liabilities:	
Accounts Payable	62,515
Accrued Liabilities	11,437
Accrued Wages Payable	81,748
Total Current Liabilities	<u>155,700</u>
 Noncurrent Liabilities:	
Net Pension Liability	325,875
Deposits Payable	98,359
Total Noncurrent Liabilities	<u>424,234</u>
Total Liabilities	<u>579,934</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Inflows	<u>682,701</u>
Total Deferred Inflows of Resources	<u>682,701</u>
 NET POSITION	
Net Investment in Capital Assets	296,333
Restricted for Food Service	<u>2,887,363</u>
Total Net Position	<u><u>\$ 3,183,696</u></u>

See accompanying notes to the financial statements

SUN PRAIRIE AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2023

	<u>Food Service</u>
OPERATING REVENUES	
Food Sales	\$ 1,658,992
State Sources	58,382
Federal Sources	2,130,913
Commodities	336,059
Miscellaneous Income	27,218
Total Operating Revenues	<u>4,211,564</u>
OPERATING EXPENSES	
Salaries and Wages	1,296,072
Employer Paid Benefits	570,905
Purchased Services	75,974
Food and Materials	2,021,497
Capital Outlay	175
Depreciation	25,348
Other	75,221
Total Operating Expenses	<u>4,065,192</u>
Operating Income (Loss)	<u>146,372</u>
NON-OPERATING REVENUES	
Interest and Investment Revenue	<u>80,491</u>
Total Non-Operating Revenue	<u>80,491</u>
Income (Loss) Before Transfers	<u>226,863</u>
Transfers In	<u>3,119</u>
Net Transfers	<u>3,119</u>
Change in Net Position	229,982
Total Net Position - Beginning	<u>2,953,714</u>
Total Net Position - Ending	<u><u>\$ 3,183,696</u></u>

See accompanying notes to the financial statements

**SUN PRAIRIE AREA SCHOOL
DISTRICT STATEMENT OF CASH
FLOWS PROPRIETARY FUNDS
For the Year Ended June 30, 2023**

	<u>Food Service</u>
Cash Flows from Operating Activities:	
Cash received from user charges	\$ 1,611,312
Cash received from other governmental payments	2,568,437
Cash received from interfund payments	1,224,901
Cash payments to employees for services	(1,783,431)
Cash payments to utilities and other purchased services	(75,974)
Cash payments to suppliers for goods and services	(1,639,607)
Cash payments for other operating activities	(75,395)
Net cash provided (used) by operating activities	<u>1,830,243</u>
Cash Flows from Non-Capital Financing Activities:	
Transfer in (out) from (to) other funds	<u>3,119</u>
Net cash provided (used) by non-capital financing activities	<u>3,119</u>
Cash Flows from Capital Financing Activities:	
Purchase of capital assets	<u>(120,193)</u>
Net cash provided (used) by capital financing activities	<u>(120,193)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>80,491</u>
Net cash provided (used) by investing activities	<u>80,491</u>
Net increase in cash and cash equivalents	1,793,660
Cash and equivalents- beginning of year	<u>736,367</u>
Cash and equivalents- end of year	<u><u>\$ 2,530,027</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 146,372
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	25,348
Changes in assets and liabilities:	
Due to (from) other governments	379,143
Due to (from) other funds	1,224,901
Accounts receivable	(50,878)
Inventory	30,702
Accounts payable	15,129
Pension expense	58,085
Deposits payable	(24,020)
Accrued liabilities	25,461
Net cash provided (used) by operating activities	<u><u>\$ 1,830,243</u></u>
Noncash operating activities:	
Donated food commodities	<u><u>\$ 336,059</u></u>

See accompanying notes to the financial statements

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

1. Summary of Significant Accounting Policies

The accounting policies of the Sun Prairie Area School District (the “District”) conform to the generally accepted accounting principles as applicable to governmental units. The accepted standard setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. Introduction

The Sun Prairie Area School District (the “District”) is organized as a common school district. The District, governed by a seven-member elected school board, operates grades 4K through 12 and is comprised of all or parts of ten taxing districts. As required by accounting principles generally accepted in the United States of America, these financial statements present the District as the primary government.

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

B. Component Units

Accounting principles generally accepted in the United States of America require that these financial statements include the primary government and its component units. Component units are separate organizations that are included in the District’s reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the basic financial statements. The District has no component units, and it is not included in any other governmental reporting entity.

C. District-Wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the District’s governmental and business-type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties.

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

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented.

The emphasis of fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. All remaining funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal value. Non-operating revenues, such as investments earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

General Fund – The General Fund is the operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in other funds. Under GASB 54, the General Fund now includes the operations of the Special Education Fund.

Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary fund).

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

The District also has the following non-major funds:

- Special Revenue Trust
- Community Service
- Package Cooperative
- Capital Improvement

Enterprise Funds

The District operates one major enterprise fund, the Food Service Fund. This fund accounts for the activities of the District's food service programs.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

1. Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Expenditures are generally recognized under the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures when paid. Interest cost on temporary borrowing is recognized as an expenditure of the fiscal period incurred. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Noncurrent portions of long-term receivables due to governmental funds are reported on the balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered “available spendable resources,” since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables is reported as deferred inflows until they become current receivables.

Property taxes are recognized as revenue in the period for which the taxes are levied if they are due in the current year and available to pay current liabilities. The 2022 tax levy is used to finance operations of the District’s fiscal year ended June 30, 2023. All property taxes are considered due on January 1, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30 and are available to pay current liabilities.

State general and categorical aids, federal impact aid, and other entitlements are recognized as revenue at the time of receipt, or earlier if the “susceptible to accrual” criteria are met. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred. Aids received prior to meeting revenue recognition criteria are recorded as deferred inflows.

Charges for services provided to other educational agencies and private parties are recognized as revenue when services are provided. Charges for special educational services are not reduced by anticipated state special aid entitlements.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

1. Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting (Continued)

Interest income on temporary investments is recognized in the fiscal period earned.

Costs for educational services provided to the District by other educational agencies or private organizations are recognized when incurred. Costs for special education services are not reduced by anticipated state special education aid entitlements.

F. Deposits and Investments

The District's cash and equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

The District has pooled the cash resources of its funds in order to maximize investment opportunities. Each fund's portion of total cash and investments is reported as cash and cash equivalents/investments by the District's individual major funds and in the aggregate for non-major funds.

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

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association which is authorized to transact business in the State of Wisconsin.
- Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, local cultural arts district, or by the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- Bonds or securities issued or guaranteed as to principal or interest by the federal government or by a commission, board, or other instrumentality of the federal government (U.S. Treasuries and U.S. Agencies).
- The Local Government Investment Pool (LGIP).
- Any security maturing in seven years or less of the acquisition date and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open-end management investment company or investment trust if the portfolio is limited to the obligations of the U.S. Treasury and U.S. Agencies or repurchase agreements full collateralized by bonds or securities, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

For purposes of the proprietary fund Statement of Cash Flows, the District considers all highly liquid investments with a maturity of less than three months, when purchased, to be cash equivalents. This consists of current cash and investments.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

1. Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments (Continued)

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances.

See footnote 3 for additional information.

G. Receivables and Payables

Property Taxes

The aggregate District tax levy is apportioned and certified in November of the current fiscal year for collection to the comprising municipalities based on the immediate past October 1 full or “equalized” taxable property values. As permitted by a collecting municipality’s ordinance, taxes may be paid in full or two or more installments with the first installment payable the subsequent January 31, and the final payment no later than the following July 31. On or before January 15, and by the 20 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. The County assumes all responsibility for delinquent real property taxes.

Interfunds

The current portion of lending/borrowing arrangements between funds is identified as “due to/from other funds”. The noncurrent portion of outstanding balances between funds is reported as “advances to/from other funds”. Advances between funds are offset by a nonspendable fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

Accounts Receivable

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

H. Other Assets

Expendable supplies or noncapital items acquired for initial use in subsequent fiscal periods are recorded as inventories and/or prepaid expenses. Prepaid insurance or service contracts are not recorded unless their recognition as an expenditure would result in more than one year’s cost being recorded. Inventory and prepaid supplies are valued at the lower of cost (first-in, first-out method) or market. Inventory consists of expendable supplies held for consumption. Costs are recorded as expenditures at the time individual inventory items are consumed.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

1. Summary of Significant Accounting Policies (Continued)

I. Capital Assets

Capital assets are reported at actual cost. Estimated historical costs, based on appraisals conducted by an independent third-party professional appraisal firm, were used when capital asset database was established. Donated assets are reported at estimated acquisition value at the time received.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Building and building improvements	\$ 5,000	Straight-line	20-50 years
Land improvements	5,000	Straight-line	10-20 years
Furniture and equipment	5,000	Straight-line	5-20 years

J. Subscription-Based Information Technology Arrangements (SBITA)

The District recognizes these subscription-based information technology arrangements (SBITA) as a financing right to use an underlying asset. SBITA assets are determined at their fair value, while SBITA liabilities represent the present value of future lease payments over the lease term. This approach aligns with the principles of GASB No. 96 and ensures that the District accurately reflects the economic substance of its SBTIA transactions. See Note 7 for more information.

K. Compensated Absences

District policies allow employees to earn varying amounts of reimbursable time off based on employment group and years of service. Upon separation from employment, employees are entitled to severance pay equal to the number of reimbursable days earned at varying daily rates.

Benefits that require payment in future fiscal years, though related to services previously rendered, are recorded as a liability in the governmental funds to the extent they will be liquidated with expendable available resources.

The compensated absences liability accrued in the government-wide statements at June 30, 2023 represents an estimate based on the earned reimbursable time off for employees entitled to severance pay earned as of the end of the fiscal year times the applicable daily rate per District policy.

At retirement, some employee groups can convert unused sick leave into a post-retirement health-care benefit. The anticipated liability for these costs has been included in the District's actuarial determination of post-employment benefits and the liability under GASB 75 and is not part of the estimated accrual reported as compensated absences.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

1. Summary of Significant Accounting Policies (Continued)

L. Other Post-Employment Benefits (OPEB) Plan

As provided in applicable negotiated contracts, qualified employees meeting minimum age and length of service requirements may be eligible for certain other postemployment benefits directly from the District. The District makes annual contributions on a pay-as-you-go basis. See Note 12 for additional information.

M. Supplemental Pension (Stipend) Benefit

The District contributes \$3,200 per year for 3 years to a non-elective post-employment 403(b) plan for eligible retirees. Funding is on a pay-as-you-go basis. The District's supplemental pension liability is actuarially determined. See Note 13 for additional information.

N. Pensions

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

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

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

O. Deferred Outflows and Inflows of Resources

Deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

P. Estimates

The preparation of the 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 may differ from those estimates.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

1. Summary of Significant Accounting Policies (Continued)

Q. Net Position

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

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

R. Fund Balance

The District's fund equity is classified as fund balance. In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

Restricted – resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – resources which are subject to limitation the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned – resources neither restricted nor committed for which a government has a stated intended use as established by the District Board or a body or official of which the District Board has delegated the authority to assign amounts for specific purposes.

Unassigned – resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

When restricted and other fund balance resources are available for use, it is the District's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

1. Summary of Significant Accounting Policies (Continued)

R. Fund Balance (Continued)

The goal for the fund balance is ten percent (10%) of the annual proposed level of general fund expenditures. All assigned and unassigned funds shall be used for this purpose. To provide good fiscal management of the fund balance, two separate motions shall be required to use any portion of these funds for purposes other than meeting cash flow needs. The first motion must identify the amount of dollars to be transferred from the fund balance to the operating budget. A second motion must identify the purpose of the expenditure(s). Both of these motions shall be approved by a minimum of six (6) Board members. If surplus money exists at the end of a fiscal year, the money will be put into the unassigned account for the following fiscal year unless the School Board approves a different plan.

S. Change in Accounting Principle

Effective July 1, 2022, the District adopted GASB statement No. 96, *Subscription-Based Information Technology Arrangements* ("SBITA"). The adoption marks a departure from the previous accounting methodology and introduces a comprehensive framework for the recognition and measurement of SBITA's. The standard has been applied retrospectively to the beginning of the period of adoption. The adoption of GASB No. 96 did not have a material impact on the District's net position or fund balance.

2. Explanation of Certain Differences between Governmental Fund Statements and District-wide Statements

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

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

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities fall into one of four broad categories:

- 1) Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the Statement of Activities.
- 2) Capital related differences include the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.
- 3) Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest expense is recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

2. Explanation of Certain Differences between Governmental Fund Statements and District-wide Statements (Continued)

- 4) Payments for post-employment benefits and pension benefits are recorded when paid in the fund financial statements. Expenses are recorded in the Statement of Activities when incurred, and payments are recorded as a reduction of the post-employment and pension liabilities in the Statement of Net Position.

3. Cash and Investments

For all the District's cash and investments shown below, the market value at the balance sheet date is substantially the same as the fair value. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit. At various times during the year, the District's deposits were higher than the June 30, 2023 balances, detailed below. This means that the District's risk and exposure could be higher at these times.

Depository:	Carrying Amount	Fair Value	Associated Risk
Local Financial Institutions	\$ 1,074,697	\$ 1,077,907	Custodial credit risk
Other Cash and Investments:			
Petty Cash	400	400	Not applicable
WISC Financial Investments:			
WISC SDA	28,409,407	28,409,407	Custodial credit risk
WISC Investment Series	17,317,095	17,317,095	Credit risk, interest rate risk
WISC Cash Management Series	20,052,433	20,052,433	Credit risk, interest rate risk
WISC LTD	3,108,087	3,108,087	Credit risk, interest rate risk
US Treasury Bills	432,056	426,979	Credit risk, interest rate risk
Total June 30, 2023	<u>\$ 70,394,175</u>	<u>\$ 70,392,308</u>	

A reconciliation of cash and investments as shown on the statements is as follows:

Statement of Net Position:	
Cash and Investments	\$ 35,848,910
Restricted Cash and Investments:	
Capital Projects	10,711,698
Debt Service	14,967,506
Other	8,866,061
Total	<u>\$ 70,394,175</u>

The Wisconsin Investment Cooperative Series (WISC) is investment pool established by intergovernmental agreement. The pool invests in investments legally permissible under Wisconsin law. PMA Financial Network is the administrator and investment manager for the WISC. The WISC is not registered with the Securities and Exchange Commission, but invests in funds in accordance with applicable Wisconsin statutes. The WISC has the characteristics of a mutual fund and accordingly, reports the value of its underlying assets at fair value. At June 30, 2023, the District's share of the WISC's assets was substantially equal to the amount reported above.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

3. Cash and Investments (Continued)

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. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investment policy that would further limit its investments choices beyond applicable state statutes.

As of June 30, 2023, The District's investments were rated as follows:

<u>Investment</u>	<u>Rating</u>	<u>Fair Value</u>
U.S. Treasury Securities	Moody's - Aaa	\$ 426,979
WISC Investment Series	S&P - AAAM	17,317,095
WISC Cash Management Series	S&P - AAAM	20,052,433
WISC LTD	S&P - AA	3,108,087
Total		<u>\$ 40,904,594</u>

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 sensitivity its fair value has 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 of 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>Investment Maturities</u>			
	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6 Months to 1 Year</u>	<u>1 Year to 3 Years</u>
US Treasury Bills	\$ 426,979	\$ -	\$ 426,979	\$ -
WISC Cash Management Series	20,052,433	20,052,433	-	-
WISC LTD	3,108,087	3,108,087	-	-
WISC Investment Series	17,317,095	17,317,095	-	-
Total	<u>\$ 40,904,594</u>	<u>\$ 40,477,615</u>	<u>\$ 426,979</u>	<u>\$ -</u>

Concentration of Credit Risk

The District does not have a policy for concentration of credit risk. No District investment (other than U.S. Treasury securities, mutual fund, and external investment pools) represents 5% or more of the total investments.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

3. 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, the District would 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 risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the District would not be able to recover the value of its investment of collateral securities that are in the possession of another party. The District does not have a deposit policy for custodial credit risk.

Deposits in banks are insured by the FDIC in the amount of \$250,000 for demand accounts and \$250,000 for time and savings accounts. Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. Due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities.

As of June 30, 2023, \$102,907 of the District's deposits with financial institutions in excess of federal and state depository insurance limits were exposed to custodial credit risk.

Fair Value Measurement

Financial assets required to be measured on a recurring basis are classified under a three-tier hierarchy for fair value investments. Fair value is the amount that would be received to sell an asset, or paid to settle a liability, in an orderly transaction between market participants at the measurements date.

The District uses the following hierarchical disclosure framework:

Level 1 – Measurement based upon quoted prices for identical assets in an active market as of the reporting date.

Level 2 – Measurement based upon marketplace inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Measurement based on the District's assumptions about a hypothetical marketplace because observable market inputs are not available as of the reporting date.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

3. Cash and Investments (Continued)

Fair Value Measurement (Continued)

The District uses appropriate valuation techniques based on the available inputs to measure the fair values of its assets and liabilities. When available, the District measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs have the lowest priority.

	Fair Value as of 6/30/2023	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Investments by Fair Value Level</u>				
U.S. Treasury securities	\$ 426,979	\$ 426,979	\$ -	\$ -
Total Investments by Fair Value Level	<u>\$ 426,979</u>	<u>\$ 426,979</u>	<u>\$ -</u>	<u>\$ -</u>

4. Due from/Due to Other Funds

Individual fund interfund receivable and payable balances on June 30, 2023 are as follows:

Due To	Amount	Due From	Purpose
General Fund	\$ 700	Package Cooperative	Operations
Subtotal General Fund	<u>700</u>		
Capital Projects	121,341	General Fund	Reimbursement
Subtotal Capital Projects	<u>121,341</u>		
Special Revenue Trust Fund	677,047	General Fund	Operations
Capital Improvement Fund	500,000	General Fund	Contribution
Community Services	653,786	General Fund	Operations
Package Cooperative	700	Special Revenue Trust Fund	Reimbursement
Subtotal Non-major Funds	<u>1,831,533</u>		
Subtotal Governmental Funds	<u>1,953,574</u>		
Food Service	95,483	General Fund	Operations
Food Service	15,732	Special Revenue Trust Fund	Operations
Subtotal Food Service	<u>111,215</u>		
Totals - Fund Financial Statements	<u>2,064,789</u>		
Less: Fund Eliminations	(1,953,574)		
Less: Due to Proprietary Fund Eliminations	(222,430)		
Total Government-Wide Statement of Net Position	<u>\$ (111,215)</u>		

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

4. Due from/Due to Other Funds (Continued)

Interfund balances generally arise from the District's policy not to pool cash and investments. All are expected to be settled in the following year.

5. Interfund Transfers

The District had the following interfund transfers:

Purpose	Receivable Fund	Payable Fund	Amount
Support Operations	Package Cooperative	General	\$ 18,646
Support Capital Projects	Capital Improvement Fund	General	500,000
Support Tax Levy	Referendum Debt	General	6,000,000
Support Operations	Food Service	General	3,119
	Totals - Fund Financial Statements		6,521,765
	Less: Fund Eliminations		(6,518,646)
	Total Government-Wide Statement of Activities		<u>\$ 3,119</u>

6. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance 7/1/2022	Additions	Retirements	Balance 6/30/2023
Governmental Activities				
Non-Depreciable Capital Assets:				
Land	\$ 23,802,114	\$ -	\$ -	\$ 23,802,114
Construction in Progress	126,664,026	13,516,715	(139,604,368)	576,373
Total Non-Depreciable Capital Assets	150,466,140	13,516,715	(139,604,368)	24,378,487
Capital Assets Being Depreciated	299,837,331	142,275,638	(3,179,069)	438,933,900
Total Capital Assets	450,303,471	155,792,353	(142,783,437)	463,312,387
Less Accumulated Depreciation	(89,440,159)	(8,896,082)	3,091,910	(95,244,331)
Net Governmental Capital Assets	<u>\$ 360,863,312</u>	<u>\$ 146,896,271</u>	<u>\$ (139,691,527)</u>	<u>\$ 368,068,056</u>
Business-Type Activities				
Capital Assets Being Depreciated	\$ 888,272	\$ 120,193	\$ -	\$ 1,008,465
Less Accumulated Depreciation	(686,784)	(25,348)	-	(712,132)
Net Business-Type Capital Assets	<u>\$ 201,488</u>	<u>\$ 94,845</u>	<u>\$ -</u>	<u>\$ 296,333</u>
Total Non-Depreciable Capital Assets	\$ 150,466,140	\$ 13,516,715	\$ (139,604,368)	\$ 24,378,487
Total Depreciable Capital Assets	300,725,603	142,395,831	(3,179,069)	439,942,365
Total Accumulated Depreciation	(90,126,943)	(8,921,430)	3,091,910	(95,956,463)
Total Capital Assets Net of Depreciation	<u>\$ 361,064,800</u>	<u>\$ 146,991,116</u>	<u>\$ (139,691,527)</u>	<u>\$ 368,364,389</u>

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

6. Capital Assets (Continued)

Depreciation expense was charged to the following functions:

Instruction	\$ 115,245
Support	8,780,837
Total Governmental	<u>8,896,082</u>
Food Service	<u>25,348</u>
Total Depreciation	<u><u>\$ 8,921,430</u></u>

7. Subscription-Based Information Technology Arrangements (SBITA)

The District has entered into subscription-based information technology arrangements (SBITA) involving:

- Various interactive instructional curriculum subscriptions
- Software managing input information on students and academics
- An asset tracking system
- Antivirus software and malware licenses

The total costs of the District's subscription assets are as follows:

	Balance 7/1/2022	Additions	Retirements	Balance 6/30/2023	Amounts Due Within One Year
Lease Assets					
SBITA - GASB 96	\$ -	\$ 485,272	\$ -	\$ 485,272	
Less: Accumulated Amortization	-	(163,062)	-	(163,062)	
Total Lease Assets, net	<u>\$ -</u>	<u>\$ 322,210</u>	<u>\$ -</u>	<u>\$ 322,210</u>	
Lease Liabilities	<u>\$ -</u>	<u>\$ 275,808</u>	<u>\$ 92,916</u>	<u>\$ 182,892</u>	<u>\$ 88,189</u>

The total SBITA costs for the year ended June 30, 2023 are as follows:

Lease expense	2023
Amortization expense by class of underlying asset	
SBITA - GASB 96	<u>\$ 163,062</u>
Total amortization expense	163,062
Interest on lease liabilities	8,015
Total	<u><u>\$ 171,077</u></u>

The future minimum SBITA principal and interest payments under noncancelable contracts with terms greater than one year are listed below as of June 30, 2023:

	Principal	Interest	Total
2024	\$ 88,189	\$ 6,189	\$ 94,378
2025	94,703	3,858	98,561
Total	<u>\$ 182,892</u>	<u>\$ 10,047</u>	<u>\$ 192,939</u>

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

8. Short-term Notes Payable

Short-term notes payable at June 30, 2023 are as follows:

Description	Issue Date	Interest Rate %	Date of Maturity	Balance
Levy & Aid Anticipation Notes	10/28/2022	4.00%	9/27/2023	\$ 8,375,000
Total Short-Term Notes Payable				<u>\$ 8,375,000</u>

Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
<u>\$ 9,900,000</u>	<u>\$ 8,375,000</u>	<u>\$ 9,900,000</u>	<u>\$ 8,375,000</u>

The District is a participant in the PMA Levy and Aid Anticipation Notes Program Taxable Note Participations, Series 2022B. The participations are delivered under a Master Indenture of Trust dated October 28, 2022. The District's participation consists of \$8,375,000 borrowed with a maturity date of September 27, 2023.

The purpose of issuing the notes is to provide interim financing for meeting the immediate expenses of operating and maintaining the public instruction in the District for the school year.

9. Long-term Obligations

Long-term obligations of the District are as follows:

	Balance 7/1/2022	Issued	Retired	Balance 6/30/2023	Amount Due Within One Year
General obligation bonds	\$ 325,710,000	\$ -	\$ 12,185,000	\$ 313,525,000	\$ 13,070,000
Subtotal G.O. Debt	325,710,000	-	12,185,000	313,525,000	13,070,000
Premium on debt	13,178,248	-	1,161,657	12,016,591	1,161,656
Discount on debt	(110,416)	-	(21,986)	(88,430)	(21,985)
Financed purchase arrangements	704,697	-	422,169	282,528	232,978
Compensated absences	762,641	77,242	-	839,883	-
Total Long-Term Obligations	<u>\$ 340,245,170</u>	<u>\$ 77,242</u>	<u>\$ 13,746,840</u>	<u>\$ 326,575,572</u>	<u>\$ 14,442,649</u>

The compensated absences liability attributed to governmental activities are typically being liquidated in the general fund.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

9. Long-term Obligations (Continued)

General Obligation Debt

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt at June 30, 2023 is comprised of the following individual issues:

Description	Issue Dates	Interest Rate %	Dates of Maturity	Balance	Amount Due Within One Year
GO QSCB Bonds	9/28/2009	1.10%	9/15/2024	\$ 11,300,000	\$ 5,650,000
GO Refunding Bonds	6/24/2014	2.00-3.50%	3/1/2028	8,960,000	75,000
GO Refunding Bonds	4/23/2015	2.50%	3/1/2026	6,930,000	2,855,000
GO Refunding Bonds	12/2/2015	2.00%	3/1/2024	2,180,000	2,180,000
GO Refunding Bonds	4/20/2016	2.00-2.375%	3/1/2028	9,995,000	-
GO Refunding Bonds	3/2/2017	3.50-4.00%	3/1/2037	87,430,000	-
GO Refunding Bonds	3/21/2019	4.00-5.00%	3/1/2029	28,790,000	310,000
GO Refunding Bonds	8/29/2019	3.00-5.00%	3/1/2039	84,280,000	-
GO Refunding Bonds	8/18/2020	2.0-3.0%	3/1/2040	38,045,000	-
GO Refunding Bonds	4/15/2021	2.0-5.0%	3/1/2041	35,615,000	2,000,000
Total General Obligation Debt				<u>\$ 313,525,000</u>	<u>\$ 13,070,000</u>

The 2022 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$7,185,075,607. The legal debt limit and margin of indebtedness as of June 30, 2023, in accordance with §67.03(1)(b) of the Wisconsin statutes follows:

Debt Limit (10% of \$7,185,075,607)	\$ 718,507,561
Deduct long-term debt applicable to debt margin	<u>313,525,000</u>
Margin of indebtedness	<u>\$ 404,982,561</u>

Aggregate cash flow requirements for the retirement of general obligation long-term principal and interest as of June 30, 2023 are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 13,070,000	\$ 10,337,922	\$ 23,407,922
2025	20,680,000	9,979,264	30,659,264
2026	14,330,000	9,250,882	23,580,882
2027	14,935,000	8,667,732	23,602,732
2028	15,595,000	8,040,532	23,635,532
2029-2033	79,580,000	31,179,980	110,759,980
2034-2038	92,890,000	15,993,828	108,883,828
2039-2041	62,445,000	2,685,850	65,130,850
Totals	<u>\$313,525,000</u>	<u>\$ 96,135,990</u>	<u>\$ 409,660,990</u>

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

9. Long-term Obligations (Continued)

Cash Defeasance

The District issued a General Obligation Qualified School Construction Bonds in 2009 in the amount of \$22,965,000. Starting from 2012, the District deposited cash into a sinking fund to purchase securities for the purpose of generating resources for future debt payments when it matures in 2024. As a result, a portion of the general obligation bonds are considered to be defeased and the liability has been removed from the governmental activities on the Statement of Net Position. No economic gain resulted from the defeasance. The total of the defeased debt outstanding at June 30, 2023 is \$11,665,000. The entire amount of defeased debt will be called on September 15, 2024 and will be settled by funds from the sinking fund. The risk-free monetary assets of the trust cannot be replaced.

10. Financed Purchase Arrangements

The District is obligated under certain leases that meet the criteria to be accounted for as financed purchases. The leased assets have a stated cost of \$2,276,260 and interest rates ranging from 3.98% to 8.15%. Future minimum lease payments are as follows:

<u>Year Ended June 30,</u>	Financed Purchase Arrangements		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 232,978	\$ 11,173	\$ 244,151
2025	49,550	1,315	50,865
	<u>\$ 282,528</u>	<u>\$ 12,487</u>	<u>\$ 295,015</u>

Equipment capitalized with outstanding financed purchase arrangements have an original cost of \$132,571 and accumulated depreciation of \$94,578.

11. Employee Retirement 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.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

11. Employee Retirement Plan (Continued)

Vesting

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

Benefits Provided

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

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

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

The WRS also provides death and disability benefits for employees.

Post-Retirement Adjustments

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

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
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
2022	7.4	15.0

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

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

During the reporting period, the WRS recognized \$4,450,882 in contributions from the employer.

Contribution rates as of June 30, 2023 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives and elected officials)	6.80%	6.80%
Protective with Social Security	6.80%	13.20%
Protective without Social Security	6.80%	18.10%

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

At June 30, 2023, the District reported a liability of \$19,750,017 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the District's proportion was 0.37280335%, which was an increase of 0.00290738% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$10,067,071.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

11. Employee Retirement Plan (Continued)

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

At June 30, 2023, 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	\$ 31,455,658	\$ (41,325,671)
Net differences between projected and actual earnings on pension plan investments	33,550,718	-
Changes in assumptions	3,883,670	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	25,740	(50,110)
Employer contributions subsequent to the measurement date	2,970,554	-
Total	<u>\$ 71,886,340</u>	<u>\$ (41,375,781)</u>

\$2,970,554 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 liability (asset) in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense (revenue) as follows:

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2024	\$ 1,148,557
2025	5,691,947
2026	5,839,948
2027	14,859,553
Total	<u>\$ 27,540,005</u>

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

11. Employee Retirement Plan (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2021
Measurement Date of Net Pension Liability (Asset):	December 31, 2022
	January 1, 2018 - December 31 2020
Experience Study:	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:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-Retirement Adjustments*	1.7%*

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

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. The Total Pension Liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

11. Employee Retirement Plan (Continued)

Long-term Expected Return on Plan Assets

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

Asset Allocation Targets and Expected Returns¹
As of December 31, 2022

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %²</u>
Public Equity	48	7.6	5.0
Public Fixed Income	25	5.3	2.7
Inflation Sensitive Assets	19	3.6	1.1
Real Estate	8	5.2	2.6
Private Equity/Debt	15	9.6	6.9
Total Core Fund ³	115	7.4	4.8
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.2	4.6
International Equities	30	8.1	5.5
Total Variable Fund	100	7.7	5.1

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

²New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

³The 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%

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

11. Employee Retirement Plan (Continued)

Single Discount Rate

A single discount rate of 6.8% was used to measure the Total Pension Liability for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 4.05% (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, 2022. 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 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
District's proportionate share of the net pension liability (asset)	\$ 65,549,662	\$ 19,750,017	\$ (11,756,211)

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>.

Allocation of Pension Plan

Pension amounts are allocated between the Governmental Activities and Business-Type Activities based on the percentage of required contributions of each opinion unit.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

12. Other Post-Employment Benefits (OPEB) Plan

Plan Description

The District operates a single-employer retiree benefit plan that provides post-employment health insurance benefits to eligible employees and their spouses. Benefits and eligibility are determined through bargaining and other District agreements.

Funding Policy

The District funds the policy on a pay-as-you-go basis.

Benefits Provided

Benefits and eligibility are determined through bargaining and other District agreements. Current approved benefits are as follows:

Administration: At least age 55 with a minimum of 7 years of services:

Premium – Only HRA: Eligible retirees will receive a benefit amount based upon a percentage of their final salary (ranging from 50% for 7 years of service up to 100% for those with 12 years of service or more) into a Premium Only Plan HRA. Resulting funds are to be used towards payment of a retiree's full medical and/or dental premium amounts until it's exhausted. Upon exhaustion of funds, retirees may self-pay the full (100%) premium amounts required to continue coverage in the group plans.

Administrative Support: At least age 55 and subject to the "Rule of 70" wherein sum of age and service at retirement is at least 70:

Premium Only HRA: Eligible retirees will receive a credit of \$500 per year of service in the District, up to maximum of 25 years, as well as \$180 per unused sick day accumulated upon retirement, up to a maximum of 175 days. Resulting HRA funds may either be used to reimburse continued coverage in the District's medical and/or dental plans or an outside plan. Upon exhaustion of funds, retirees may self-pay the full (100%) premium amounts required to continue coverage in the group plans.

Teachers: At least age 55 and subject of the "Rule of 70" wherein sum of age and service at retirement is at least 70 (those hired on or after July 1, 2008 must have a sum of at least 75):

Premium Only HRA: Eligible retirees will receive a credit of \$500 per year of service in the District, as well as \$180 per unused sick day accumulated upon retirement up to a maximum of 175 days and \$120 per day thereafter (i.e. days over 175), not to exceed \$4,800. Resulting funds may either be used to reimburse continued coverage in the District's medical and/or dental plans or placed in a Premium-Only HRA. Upon exhaustion of funds, retirees may self-pay the full (100%) premium amounts required to continue coverage in the group plans.

Support Staff: At least age 55 with a minimum of 15 years of service:

Post-employment HRA: Eligible retirees will receive a one-time contribution of \$3,600 into an HRA. Resulting funds are to be used towards payment of a retiree's full medical and/or dental premium amounts until their exhaustion. Upon exhaustion of funds, retirees may self-pay the full (100%) premium amounts required to continue coverage in the group plans.

**SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023**

12. Other Post-Employment Benefits (OPEB) Plan (Continued)

Employees covered by Benefit Terms

At the June 30, 2022 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	158
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>1,302</u>
	<u><u>1,460</u></u>

Total OPEB Liability

The District's total OPEB liability, reported as of June 30, 2023, of \$11,486,862 was measured at June 30, 2022, as was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless other specified:

Inflation	2.50 percent
Salary increases	3 percent, average, including inflation
Discount rate	4 percent
Healthcare cost trend rates	7.0 percent decreasing to 6.50%, then decreasing by 0.10% per year down to 4.50%, and level thereafter
Retirees' share of benefit-related costs	7.0 percent of projected health insurance premiums for retirees

Actuarial assumptions are based upon an experience study conducted in 2021 using Wisconsin Retirement System (WRS) experience from 2018-2020.

The Discount rate is based upon all years of projected payments discounted at a municipal bond rate of 4.0%.

Mortality assumptions are based upon the 2020 WRS Experience Tables for Active Employees and Healthy Retirees projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

12. Other Post-Employment Benefits (OPEB) Plan (Continued)

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at 6/30/2021	<u>\$ 16,493,496</u>
Changes for the year:	
Service cost	1,389,675
Interest	377,733
Differences between expected and actual experience	(4,552,955)
Changes in assumptions or other inputs	(1,420,654)
Benefit payments	<u>(800,433)</u>
Net Changes	<u>(5,006,634)</u>
 Balance at 6/30/2022	 <u><u>\$ 11,486,862</u></u>

There were no changes of benefit terms.

The discount rate was changed to be reflective of a 20-year AA municipal bond rate (4.0%) as of the measurement date. All other major assumptions and methods remained unchanged from the previous valuation performed.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following represents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current discount rate:

	1% Decrease 3.00%	Current Discount Rate 4.00%	1% Increase 5.00%
Total OPEB Liability	<u>\$ 12,248,102</u>	<u>\$ 11,486,862</u>	<u>\$ 10,770,768</u>

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

12. Other Post-Employment Benefits (OPEB) Plan (Continued)

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates

The following represents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.0 percent decreasing to 3.5 percent) or 1-percentage-point higher (8.0 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

	1% Decrease (6.0% decreasing to 3.5%)	Healthcare Cost Trend Rates (7.0% decreasing to 4.5%)	1% Increase (8.0% decreasing to 5.5%)
Total OPEB Liability	<u>\$ 11,099,547</u>	<u>\$ 11,486,862</u>	<u>\$ 11,931,296</u>

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

For the year ended June 30, 2023, the District recognized an OPEB expense of \$1,143,852. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Gain / Loss</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 242,766	\$ (4,807,304)
Changes of assumptions or other inputs	238,961	(2,379,916)
District contributions subsequent to the measurement date	766,567	-
Total	<u>\$ 1,248,294</u>	<u>\$ (7,187,220)</u>

\$766,567 reported as deferred outflows related to OPEB resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. There are no other amounts reported as deferred outflows of resources or deferred inflows of resources related to OPEB that will be recognized in OPEB expense as follows:

<u>Year Ended June 30:</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2024	\$ (623,556)
2025	(623,556)
2026	(623,556)
2027	(623,556)
2028	(623,556)
Thereafter	(3,587,713)
	<u>\$ (6,705,493)</u>

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

13. Supplemental Pension (Stipend) Benefit

Plan Description and Benefits Provided

The District also provides teachers who, upon attaining age 55 with a combined age and service totaling at least 70 (75 for those hired on and after 7/1/2008), an annual amount of \$3,200 per year for three years. This is to be contributed to a non-elective 403 (b) employer contribution plan.

There are 761 active employees and 34 retirees in the plan as of the valuation date of June 30, 2022.

Funding Policy

This is funded on a pay-as-you-go basis. There are no invested plan assets accumulated for payment of future benefits. The general fund is used for funding of all pension/retirement benefits. The employer makes all contributions.

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

For the year ended June 30, 2023, the District recognized a supplemental pension expense of \$123,483. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to supplemental pension benefit from the following sources:

Gain / Loss	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ -	\$ (196,318)
Changes of assumptions or other inputs	43,651	(131,045)
District contributions subsequent to the measurement date	108,800	-
Total	<u>\$ 152,451</u>	<u>\$ (327,363)</u>

\$108,800 reported as deferred outflows related to supplemental pension resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net supplemental pension liability in the year ended June 30, 2024. There are no other amounts reported as deferred outflows of resources or deferred inflows of resources related to supplemental pension that will be recognized in supplemental pension expense as follows:

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2024	\$ (22,358)
2025	(22,358)
2026	(22,358)
2027	(22,358)
2028	(22,358)
Thereafter	(171,922)
	<u>\$ (283,712)</u>

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

13. Supplemental Pension (Stipend) Benefit (Continued)

Change in the Total Supplemental Pension Liability

Below is a schedule of changes in the total supplemental pension liability for the current reporting period:

Beginning Balance	<u>\$ 1,317,210</u>
Changes for the Year	
Service Costs	115,872
Interest	29,969
Differences Between Expected and Actual Experiences	(142,010)
Changes of Assumptions or Other Inputs	(107,422)
Benefit Payments	<u>(86,400)</u>
Net Changes	<u>(189,991)</u>
Ending Balance	<u><u>\$ 1,127,219</u></u>

There were no changes of benefit terms.

The discount rate was based upon all years of projected payments discounted at a municipal bond rate of 4.0%.

Mortality assumptions are based upon the 2020 WRS Experience Tables for Active Employees and Healthy Retirees projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.

Actuarial Assumptions

The total supplemental pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal (level percent of salary)
Discount Rate	4.00% (based upon all years of projected payments discounted at a municipal bond rate of 4.00%)
Actuarial Assumptions	Based on an experience study conducted in 2021 using Wisconsin Retirement System (WRS) experience from 2018-20.
Mortality Assumptions	2020 WRS Experience Tables for Active Employees and Healthy Retirees projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010

Single Discount Rate

A discount rate of 4.00% was used in calculating the District's supplemental pension liabilities (based upon all years of projected payments discounted at a municipal bond rate of 4.00%). It was assumed that the District would continue to fund its retiree benefits out of its general fund assets on a pay-as-you-go basis.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

13. Supplemental Pension (Stipend) Benefit (Continued)

Sensitivity of the District's Total Supplemental Pension Liability to Changes in the Discount Rate

The following presents the District's total supplemental pension liability calculated using the discount rate of 4.00%, as well as what the District's total supplemental pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.00%) or 1-percentage-point higher (5.00%) than the current rate:

	1% Decrease to Discount Rate (3.00%)	Current Discount Rate (4.00%)	1% Increase to Discount Rate (5.00%)
Total Supplemental Pension Liability	\$ 1,194,856	\$ 1,127,219	\$ 1,062,838

14. Fund Balances

The following is a detailed schedule of ending fund balances as reported in the fund financial statements by category:

	General Fund	Debt Service	Capital Projects	Non-Major Governmental Funds	Total
Fund balances:					
<u>Nonspendable:</u>					
Inventory	\$ 54,128	\$ -	\$ -	\$ -	\$ 54,128
Prepays	168,467	-	-	-	168,467
<u>Restricted for:</u>					
Pool Maintenance	400,631	-	-	-	400,631
Performing Arts Center	154,504	-	-	-	154,504
Ashley Field	267,232	-	-	-	267,232
Summit Field	26,751	-	-	-	26,751
Restricted Grants	47,534	-	-	-	47,534
Debt Service Retirement	-	14,967,506	-	-	14,967,506
Capital Projects	-	-	10,279,119	-	10,279,119
Capital Improvement Trust	-	-	-	8,516,942	8,516,942
Community Service	-	-	-	637,445	637,445
Self Insurance	1,495,089	-	-	-	1,495,089
Unspent Common School Fund	78,896	-	-	-	78,896
<u>Committed for:</u>					
Donor Specifications	-	-	-	922,097	922,097
<u>Assigned to:</u>					
Property Acquisition	300,000	-	-	-	300,000
Budget Stabilization	2,800,000	-	-	-	2,800,000
Potential Health Insurance Tax	200,000	-	-	-	200,000
Professional Educator					
2019 Referendum	1,800,000	-	-	-	1,800,000
<u>Unassigned</u>	23,875,198	-	-	-	23,875,198
Total fund balances	\$ 31,668,430	\$ 14,967,506	\$ 10,279,119	\$ 10,076,484	\$ 66,991,539

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

15. Self-Funded Insurance Program

On September 1, 2014, the District established a self-funded dental benefit plan for its employees. The Plan administrator, Delta Dental of Wisconsin, 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 ending June 30.

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, 2023, the District has reported a liability of \$82,589, which represents reported and unreported claims which were incurred on or before June 30, 2023, but were not paid by the District as of that date. This amount consists of claims reported to the District by the Plan administrator (\$42,120), claims reported to the Plan administrator but not the District (\$40,469) and claims which were not yet reported to either the Plan administrator or the District (\$0). The amounts not reported to the District were determined by the Plan administrator.

Changes in the claims liability for the years ended June 30, 2023, 2022 and 2021 are as follows:

	Year Ended June 30, 2023	Year Ended June 30, 2022	Year Ended June 30, 2021
Estimated claims outstanding July 1	\$ 89,086	\$ 59,708	\$ 91,460
Current year claims and changes in estimates	1,333,142	1,150,666	1,018,623
Claim payments	(1,339,639)	(1,121,288)	(1,050,375)
Estimated claims outstanding June 30	<u>\$ 82,589</u>	<u>\$ 89,086</u>	<u>\$ 59,708</u>

16. Limitation on School District Revenues

Wisconsin statutes limit the amount of revenues school districts may derive from general school aids and property taxes unless a higher amount is approved by a referendum. This limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

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

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

17. Contingencies

From time to time, the District is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the District's legal counsel 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.

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

18. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers' compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. There has been no reduction in insurance coverage in the prior year. Settled claims have not exceeded the commercial coverage in any of the past three years.

19. Subsequent Events

Short-term Borrowing

On September 11, 2023, the District authorized the borrowing in amount not to exceed \$10,000,000 for the Issuance of Tax and Revenue Anticipation Promissory Notes.

Fund Balance Assignment

In July 2023, the board approved assigning \$200,000 general fund fund balance for property acquisition and \$1,200,000 general fund fund balance for budget stabilization.

20. Construction Commitments

As of June 30, 2023, the District's facilities were undergoing remodeling and upgrades. The District has the following contract commitments related to construction projects:

	Total Contract	Expenditures through June 30, 2023	Remaining Commitment
West High School Construction	\$ 119,310,904	\$ 118,273,259	\$ 1,037,645
Central Heights Renovation	9,188,312	8,993,919	194,393
East High School Renovation	3,469,070	3,063,023	406,047
Patrick Marsh Renovation	533,967	36,162	497,805
Prairie View Renovation	533,967	38,190	495,777
Old PPA/House Demolition	437,359	14,695	422,664
	<u>\$ 133,473,579</u>	<u>\$ 130,419,248</u>	<u>\$ 3,054,331</u>

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

21. Effect of New Accounting Standards on Current Period Financial Statements

The Governmental Accounting Standards Board (GASB) has adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*, effective for periods beginning after June 15, 2023 and GASB Statement No. 101, *Compensated Absences*, effective for periods beginning after December 15, 2023. When these become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**SUN PRAIRIE AREA SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local	\$ 46,831,842	\$ 56,292,032	\$ 56,987,036	\$ 695,004
Interdistrict	2,737,800	2,737,800	2,860,483	122,683
Intermediate	-	-	46,647	46,647
State	63,482,898	63,784,801	64,170,807	386,006
Federal	4,428,028	4,918,062	5,958,932	1,040,870
Other	358,000	358,000	624,721	266,721
Total Revenues	<u>117,838,568</u>	<u>128,090,695</u>	<u>130,648,626</u>	<u>2,557,931</u>
EXPENDITURES				
Instruction	53,475,530	53,763,118	51,836,320	1,926,798
Support Service	45,390,860	46,414,827	46,316,990	97,837
Non-program Services	5,264,220	5,284,220	5,303,012	(18,792)
Debt Service:				
Principal Repayment	422,165	422,165	515,085	(92,920)
Interest Expense	479,120	479,120	319,816	159,304
Capital Outlay	636,086	561,522	683,661	(122,139)
Total Expenditures	<u>105,667,981</u>	<u>106,924,972</u>	<u>104,974,884</u>	<u>1,950,088</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>12,170,587</u>	<u>21,165,723</u>	<u>25,673,742</u>	<u>4,508,019</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(15,245,969)	(21,775,857)	(20,902,954)	872,903
SBITA Proceeds	-	-	275,808	275,808
Total Other Financing Sources and Uses	<u>(15,245,969)</u>	<u>(21,775,857)</u>	<u>(20,627,146)</u>	<u>1,148,711</u>
Net Change in Fund Balance	(3,075,382)	(610,134)	5,046,596	5,656,730
Fund Balance - Beginning	26,621,834	26,621,834	26,621,834	-
Fund Balance - Ending	<u>\$ 23,546,452</u>	<u>\$ 26,011,700</u>	<u>\$ 31,668,430</u>	<u>\$ 5,656,730</u>

See accompanying notes to the required supplementary information

**SUN PRAIRIE AREA SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL EDUCATION**

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interdistrict	\$ -	\$ -	\$ 40,010	\$ 40,010
State	6,050,000	6,050,000	6,118,263	68,263
Federal	1,220,989	2,557,961	1,945,302	(612,659)
Total Revenues	<u>7,270,989</u>	<u>8,607,961</u>	<u>8,103,575</u>	<u>(504,386)</u>
EXPENDITURES				
Instruction	16,156,510	16,798,643	15,744,287	1,054,356
Support Service	6,202,448	6,585,543	6,454,234	131,309
Non-program Services	118,000	359,544	286,243	73,301
Capital Outlay	-	70,200	-	70,200
Total Expenditures	<u>22,476,958</u>	<u>23,813,930</u>	<u>22,484,764</u>	<u>1,329,166</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(15,205,969)</u>	<u>(15,205,969)</u>	<u>(14,381,189)</u>	<u>824,780</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>15,205,969</u>	<u>15,205,969</u>	<u>14,381,189</u>	<u>(824,780)</u>
Total Other Financing Sources and Uses	<u>15,205,969</u>	<u>15,205,969</u>	<u>14,381,189</u>	<u>(824,780)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the required supplementary information

SUN PRAIRIE AREA SCHOOL DISTRICT
EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS
AND GAAP REVENUES AND EXPENDITURES
For the Year Ended June 30, 2023

	<u>General Fund</u>	<u>Special Education Fund</u>
A) Sources/Inflows of Resources:		
Actual amounts "total revenues"		
from the budgetary comparison schedules	\$ 130,648,626	\$ 8,103,575
Reclassification:		
Special education fund revenues are reclassified to		
the general fund, required for GAAP reporting	<u>8,103,575</u>	<u>(8,103,575)</u>
The general fund revenues as reported on the Statement		
of Revenues, Expenditures and Changes in Fund Balances		
- governmental funds	<u><u>\$ 138,752,201</u></u>	<u><u>\$ -</u></u>
	<u>General Fund</u>	<u>Special Education Fund</u>
B) Uses/Outflows of Resources:		
Actual amounts "total expenditures"		
from the budgetary comparison schedules	\$ 104,974,884	\$ 22,484,764
Reclassification:		
Special education fund expenditures are reclassified to		
the general fund, required for GAAP reporting	<u>22,484,764</u>	<u>(22,484,764)</u>
The general fund expenditures as reported on the Statement		
of Revenues, Expenditures and Changes in Fund Balances		
- governmental funds	<u><u>\$ 127,459,648</u></u>	<u><u>\$ -</u></u>

See accompanying notes to the required supplementary information

**SUN PRAIRIE AREA SCHOOL DISTRICT
WISCONSIN RETIREMENT SYSTEM SCHEDULES
June 30, 2023**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY (ASSET) AS OF THE MEASUREMENT DATE
Last 10 Calendar Years***

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Collective net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2022	0.37280335%	\$ 19,750,017	\$ 68,467,574	28.85%	95.72%
2021	-0.36989597%	(29,814,295)	64,291,914	(46.37%)	106.02%
2020	-0.36528395%	(22,805,183)	61,415,396	(37.13%)	105.26%
2019	-0.35702734%	(11,512,191)	59,095,195	(19.48%)	102.96%
2018	0.35391283%	12,591,109	55,130,178	22.84%	96.45%
2017	-0.35255134%	(10,467,667)	50,900,700	(20.56%)	(102.93%)
2016	0.35149899%	2,897,191	52,117,594	5.56%	99.12%
2015	0.34092145%	5,539,907	50,401,282	10.99%	98.20%
2014	-0.33457131%	(8,217,987)	47,507,723	(17.30%)	(102.74%)

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

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS
FOR THE YEAR ENDED
Last 10 Fiscal Years****

Year ended June 30,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2023	\$ 4,793,175	\$ (4,793,175)	\$ -	\$ 71,724,939	6.68%
2022	4,366,484	(4,366,484)	-	66,186,022	6.60%
2021	4,225,712	(4,225,712)	-	62,603,048	6.75%
2020	4,098,259	(4,098,259)	-	61,427,425	6.67%
2019	3,801,408	(3,801,408)	-	57,449,753	6.62%
2018	3,609,504	(3,609,504)	-	53,562,779	6.74%
2017	3,532,354	(3,532,354)	-	52,751,175	6.70%
2016	3,427,533	(3,427,533)	-	50,401,282	6.80%
2015	3,325,839	(3,325,839)	-	47,570,723	6.99%

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

SUN PRAIRIE AREA SCHOOL DISTRICT

**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY
AND RELATED RATIOS For the Year Ended June 30, 2023**

Last 10 Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total OPEB Liability							
Beginning Balance	\$16,493,496	\$15,718,114	\$14,364,865	\$ 13,310,619	\$ 14,659,821	\$ 14,393,230	\$ 13,417,245
Changes for the Year							
Service costs	1,389,675	1,359,095	1,073,443	999,835	1,177,647	1,268,368	1,268,368
Interest	377,733	358,349	510,296	505,002	520,148	436,894	410,992
Difference between expected and actual experience	(4,552,955)	-	315,597	-	(982,436)	-	-
Changes in assumptions or other inputs	(1,420,654)	-	97,309	237,043	(1,290,034)	(510,108)	-
	<u>(800,433)</u>	<u>(942,062)</u>	<u>(643,396)</u>	<u>(687,634)</u>	<u>(774,527)</u>	<u>(928,563)</u>	<u>(703,375)</u>
Net change in total OPEB	<u>(5,006,634)</u>	<u>775,382</u>	<u>1,353,249</u>	<u>1,054,246</u>	<u>(1,349,202)</u>	<u>266,591</u>	<u>975,985</u>
Total OPEB Liability-Ending	<u>\$11,486,862</u>	<u>\$16,493,496</u>	<u>\$15,718,114</u>	<u>\$ 14,364,865</u>	<u>\$ 13,310,619</u>	<u>\$ 14,659,821</u>	<u>\$ 14,393,230</u>
 Covered Employee Payroll	 \$ 64,603,792	 \$ 60,164,734	 \$ 60,164,734	 \$ 53,299,349	 \$ 53,299,349	 \$ 48,293,508	 \$ 48,293,508
 Total OPEB Liability as a percentage of covered- employee payroll	 17.78%	 27.41%	 26.13%	 26.95%	 24.97%	 30.36%	 29.80%

* Data presented as of the measurement date.

See accompanying notes to the required supplementary information

SUN PRAIRIE AREA SCHOOL DISTRICT

**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL SUPPLEMENTAL PENSION
LIABILITY AND RELATED RATIOS For the Year Ended June 30, 2023**

		Last 10 Years*						
		2022	2021	2020	2019	2018	2017	2016
Total Supplemental Pension Liability								
Beginning Balance		\$ 1,317,210	\$ 1,293,247	\$ 1,243,344	\$ 1,196,049	\$ 1,262,259	\$ 1,264,066	\$ 1,206,210
Changes for the Year								
Service Costs		115,872	113,322	104,200	97,316	94,591	101,349	101,349
Interest		29,969	29,041	43,257	44,577	43,818	37,858	36,507
Differences Between Expected and Actual Experiences		(142,010)	-	(17,123)	-	(75,118)	-	-
Changes of Assumptions or Other Inputs		(107,422)	-	38,611	17,402	(14,301)	(35,414)	-
Benefit Payments		(86,400)	(118,400)	(119,042)	(112,000)	(115,200)	(105,600)	(80,000)
Net Changes		(189,991)	23,963	49,903	47,295	(66,210)	(1,807)	57,856
Ending Balance		\$ 1,127,219	\$ 1,317,210	\$ 1,293,247	\$ 1,243,344	\$ 1,196,049	\$ 1,262,259	\$ 1,264,066
Covered Employee Payroll		\$43,557,400	\$40,661,125	\$40,661,125	\$ 35,837,498	\$ 35,837,498	\$ 32,872,999	\$ 32,872,999
Total Supplemental Pension Liability as a percentage of Covered Employee Payroll		2.59%	3.24%	3.18%	3.47%	3.34%	3.84%	3.85%

* Data presented as of the measurement date

See accompanying notes to the required supplementary information

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2023

1. Budget Schedule

Budgets are adopted each fiscal year for all funds in accordance with Section 65.9 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction, which is in accordance with generally accepted accounting principles. The legally adopted budget and budgetary expenditure control is exercised at the fund level for all funds. Reported budget amounts are as originally adopted or as amended by School Board resolution.

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

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

2. Expenditures in Excess of Appropriations

The following individual funds had functions that had an excess of actual expenditures over budget for the year ended June 30, 2023:

<u>Fund</u>	<u>Function</u>	<u>Amount</u>
General	Non-program Services	\$ 18,792
General	Capital Outlay	122,139

In each of the funds, the District had sufficient revenues, fund balance, other financing sources and/or expenditures less than the budget in other functions to support the amounts listed above.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2023

3. District Total OPEB Liability Schedules

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 3 preceding years.

Changes of benefit terms. There were no changes of benefit terms since the prior valuation.

Changes of assumptions. The following changes in assumptions were made for the year ended June 30, 2023:

- The inflation rate was changed from 2.00% to 2.50%
- The discount rate was changed from 2.25% to 4.00%

Assets. There are no assets accumulated in a trust that meet the criteria in Governmental Accounting Standards to pay related benefits.

4. Supplemental Pension (Stipend) Benefit

Governmental Accounting Standards Board Statement No. 73 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 3 preceding years.

Changes of benefit terms. There were no changes of benefit terms since the prior valuation.

Changes of assumptions. The following changes in assumptions were made for the year ended June 30, 2023:

- The inflation rate was changed from 2.00% to 2.50%
- The discount rate was changed from 2.25% to 4.00%

Assets. There are no assets accumulated in a trust that meet the criteria in Governmental Accounting Standards to pay related benefits.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2023

5. Wisconsin Retirement System

Governmental Accounting Standards No. 68 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 1 preceding year.

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 transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

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

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

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2023

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

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

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

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2023

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

	2017	2016	2015	2014	2013
Valuation Date:	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.5%	5.5%	5.5%	5.5%	5.5%
rate for:					
Pre-retirement:	7.2%	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.2%	3.2%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	2.1%	2.1%	2.1%	2.1%	2.1%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2006 - 2008.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality	Wisconsin Projected Experience Table - 2005 for women and 90% of the Wisconsin Projected Experience Table - 2005 for men.

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

OTHER SUPPLEMENTAL INFORMATION

**SUN PRAIRIE AREA SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2023**

	Special Revenue Funds			Capital Improvement Fund	Total Non-Major Governmental Funds
	Special Revenue Trust Fund	Community Service	Package Cooperative		
ASSETS					
Cash and Investments	\$ 308,014	\$ -	\$ -	\$ -	\$ 308,014
Restricted Cash and Investments	-	-	-	8,016,942	8,016,942
Due from Other Funds	677,047	653,786	700	500,000	1,831,533
Total Assets	<u>\$ 985,061</u>	<u>\$ 653,786</u>	<u>\$ 700</u>	<u>\$ 8,516,942</u>	<u>\$ 10,156,489</u>
 LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 46,532	\$ 16,341	\$ -	\$ -	\$ 62,873
Due to Other Funds	16,432	-	700	-	17,132
Total Liabilities	<u>62,964</u>	<u>16,341</u>	<u>700</u>	<u>-</u>	<u>80,005</u>
Fund Balances:					
Restricted	-	637,445	-	8,516,942	9,154,387
Committed	922,097	-	-	-	922,097
Total Fund Balances	<u>922,097</u>	<u>637,445</u>	<u>-</u>	<u>8,516,942</u>	<u>10,076,484</u>
Total Liabilities and Fund Balances	<u>\$ 985,061</u>	<u>\$ 653,786</u>	<u>\$ 700</u>	<u>\$ 8,516,942</u>	<u>\$ 10,156,489</u>

SUN PRAIRIE AREA SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	Special Revenue Funds				
	Special Revenue Trust Fund	Community Service	Package Cooperative	Capital Improvement Fund	Total Non-Major Governmental Funds
REVENUES					
Local	\$ 699,807	\$ 814,450	\$ 6,236	\$ 196,438	\$ 1,716,931
Interdistrict	-	-	38,223	-	38,223
State	-	100,000	-	-	100,000
Other	-	-	-	80,972	80,972
Total Revenues	<u>699,807</u>	<u>914,450</u>	<u>44,459</u>	<u>277,410</u>	<u>1,936,126</u>
EXPENDITURES					
Instruction	252,075	-	19,690	-	271,765
Support Service	388,746	875,414	43,415	-	1,307,575
Non-program Services	53,200	-	-	-	53,200
Capital Outlay	-	-	-	805,386	805,386
Total Expenditures	<u>694,021</u>	<u>875,414</u>	<u>63,105</u>	<u>805,386</u>	<u>2,437,926</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>5,786</u>	<u>39,036</u>	<u>(18,646)</u>	<u>(527,976)</u>	<u>(501,800)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	18,646	500,000	518,646
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>18,646</u>	<u>500,000</u>	<u>518,646</u>
Net Change in Fund Balances	<u>5,786</u>	<u>39,036</u>	<u>-</u>	<u>(27,976)</u>	<u>16,846</u>
Fund Balances - Beginning	<u>916,311</u>	<u>598,409</u>	<u>-</u>	<u>8,544,918</u>	<u>10,059,638</u>
Fund Balances - Ending	<u>\$ 922,097</u>	<u>\$ 637,445</u>	<u>\$ -</u>	<u>\$ 8,516,942</u>	<u>\$ 10,076,484</u>

SINGLE AUDIT



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

To the School Board
Sun Prairie Area School District
Sun Prairie, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Sun Prairie Area School District (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Sun Prairie Area School District's basic financial statements, and have issued our report thereon dated December 7, 2023.

Report on Internal Control over Financial Reporting

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

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



Report on Compliance and Other Matters

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

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
December 7, 2023



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

To the School Board
Sun Prairie Area School District
Sun Prairie, Wisconsin

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Sun Prairie Area School District's ("District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2023. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District compiled, 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, 2023.

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 (*Government Auditing Standards*); 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

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



Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in 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 the 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 the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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



Report on Internal Control over Compliance

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 and 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. 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 *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
December 7, 2023

SUN PRAIRIE AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Awarding Agency Pass-Through Agency <u>Award Description</u>	Federal Assistance Listing Number	Pass-Through Entity ID Number	Receivable July 1, 2022	Receipts	Expenditures	Receivable June 30, 2023
U.S. Department of Agriculture						
Passed through Wisconsin Department of Public Instruction:						
<u>Child Nutrition Cluster</u>						
Food Service Aid School Breakfast	10.553	2023-135656-DPI-SB-546	\$ 94,544	\$ 449,964	\$ 376,970	\$ 21,550
National School Lunch Program	10.555	2023-135656-DPI-NSL-547	378,341	2,041,196	1,742,782	79,927
NSL Snack Program	10.555	2023-135656-DPI-SK_NSL-561	368	1,880	1,799	287
NSL Area Eligible Snack Program	10.555	2023-135656-DPI-SK_NSLAE-566	522	4,678	5,122	966
Donated Commodities	10.555	Not Available	-	336,059	336,059	-
Summer Food Service Program	10.559	2023-135656-DPI-SFSP-586	8,005	11,816	3,811	-
Total Child Nutrition Cluster			<u>481,780</u>	<u>2,845,593</u>	<u>2,466,543</u>	<u>102,730</u>
Total U.S. Department of Agriculture			<u>481,780</u>	<u>2,845,593</u>	<u>2,466,543</u>	<u>102,730</u>
U.S. Department of Treasury						
Passed through Boys and Girls Club of Sun Prairie						
Coronavirus State and Local Fiscal Recovery Funds	21.027	Not Available	-	-	6,822	6,822
Total U.S. Department of Treasury			<u>-</u>	<u>-</u>	<u>6,822</u>	<u>6,822</u>
U.S. Department of Education						
Passed through Wisconsin Department of Public Instruction:						
Carl Perkins Act Formula Allocation	84.048	2023-135656-DPI-CTE-400	22,869	36,891	46,096	32,074
ESEA III-A English Language Acquis	84.365A	2023-135656-DPI-TIIIA-391	34,212	75,250	94,763	53,725
ESEA Title IV A Student Support and Acad Enrich Grants	84.424A	2023-135656-DPI-TIVA-381	7,816	19,160	58,644	47,300
ESEA Title IV 21st Century Community Learning Centers	84.287	2023-135656-DPI-TIVB-367	275,938	337,520	258,024	196,442
Title X Homeless Child Public	84.196A	2023-135656-DPI-EHCY-335	25,810	51,960	55,816	29,666
ESEA Title II-A Teacher/Principal	84.367A	2023-135656-DPI-TIIA-365	23,825	123,966	159,356	59,215
ESEA Title II-A (Discretionary) - Leadership Development	84.367A	2022-135656-DPI-TIIADISC-365	13,609	13,609	-	-
Total Title II-A			<u>37,434</u>	<u>137,575</u>	<u>159,356</u>	<u>59,215</u>
Elementary and Secondary School Emergency Relief - CARES Act - COVID-19	84.425D	2021-135656-DPI-ESSERF-160	-	132	132	-
Elementary and Secondary School Emergency Relief - CRRSA Act - COVID-19	84.425D	2022-135656-DPI-ESSERFII-163	969,052	1,199,302	739,643	509,393
Elementary and Secondary School Emergency Relief - ARPA - COVID-19	84.425U	2022-135656-DPI-ESSERFIII-165	-	448,071	1,975,066	1,526,995
Elementary and Secondary School Emergency Relief - ARPA LETRS - COVID-19	84.425U	2023-135656-DPI-LETRS-165	-	-	4,000	4,000
Elementary and Secondary School Emergency Relief - ARP HCY - COVID-19	84.425W	2022-135656-DPI-ARPHCYII-173	-	2,841	11,068	8,227
Total Education Stabilization Fund			<u>969,052</u>	<u>1,650,346</u>	<u>2,729,909</u>	<u>2,048,615</u>
ESEA Title I-A Basic Grant	84.010A	2023-135656-DPI-TI-A-141	198,769	624,824	695,724	269,669
<u>Special Education Cluster (IDEA)</u>						
IDEA Flow Through	84.027A	2023-135656-DPI-FLOW-341	263,637	1,021,473	1,366,163	608,327
IDEA Flow Through CEIS	84.027A	2023-135656-DPI-FLOW-341	58,081	270,047	345,893	133,927
IDEA Preschool Entitlement	84.173A	2023-135656-DPI-PRESCH-347	-	28,917	73,550	44,633
IDEA Preschool Entitlement	84.173A	2023-135656-DPI-PRESCH-347	8,601	22,479	13,878	-
IDEA UDL Scaling Up	84.027A	2023-135656-DPI-UDLSUP-342	-	-	11,678	11,678
Total Special Education Cluster (IDEA)			<u>330,319</u>	<u>1,342,916</u>	<u>1,811,162</u>	<u>798,565</u>
Total U.S. Department of Education			<u>1,902,219</u>	<u>4,276,442</u>	<u>5,909,494</u>	<u>3,535,271</u>
U.S. Department of Health and Human Services						
Passed through CESA #2						
Public Health Emergency Response: Cooperative Agreement for Emergency Response:						
Public Health Crisis Response	93.354	Not Available	-	6,776	18,225	11,449
Passed through Wisconsin Department of Health Services:						
Medical Assistance Program	93.778	Not Available	13,729	1,131,770	1,118,041	-
Total U.S. Department of Health and Human Services			<u>13,729</u>	<u>1,138,546</u>	<u>1,136,266</u>	<u>11,449</u>
Total Federal Awards			<u>\$ 2,397,728</u>	<u>\$ 8,260,581</u>	<u>\$ 9,519,125</u>	<u>\$ 3,656,272</u>

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

SUN PRAIRIE AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended June 30, 2023

<u>Awarding Agency Award Description</u>	<u>State ID Number</u>	<u>Entity ID Number</u>	<u>Receivable July 1, 2022</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Receivable June 30, 2023</u>
Wisconsin Department of Public Instruction:						
Entitlement Programs:						
Special Education and School Age Parents	255.101	135656-100	\$ -	\$ 5,970,777	\$ 5,970,777	\$ -
Common School Fund Library	255.103	135656-104	-	460,288	460,288	-
Pupil Transportation	255.107	135656-102	-	128,956	128,956	-
Equalization Aid	255.201	135656-116	-	54,717,509	54,717,509	-
Per Pupil Adjustment Aid	255.945	135656-113	-	6,114,822	6,114,822	-
High Cost Special Education	255.210	135656-119	-	116,913	116,913	-
Achievement Gap Reduction (AGR)	255.504	135656-160	-	677,003	677,003	-
Aid for Special Education Transition Grants	255.960	135656-168	-	30,573	30,573	-
Cost Reimbursement Programs:						
State School Lunch	255.102	135656-107	-	38,976	38,976	-
School Based Mental Health Services Grant	255.297	135656-177	-	115,827	146,829	31,002
Aid for School Mental Health Programs	255.227	135656-176	198,821	657,032	458,211	-
School Breakfast Program	255.344	135656-108	-	19,405	19,405	-
Alcohol & Other Drug Abuse	255.306	135656-143	11,575	14,165	3,281	691
Peer Review and Mentoring	255.301	135656-141	15,143	15,143	-	-
Early College Credit Program	255.445	135656-178	-	580	580	-
Educator Effective Evaluation System Grants	255.940	135656-154	60,080	60,080	59,840	59,840
Career and Technical Education Incentive Grants	255.950	135656-152	93,676	171,275	77,599	-
Assessments of Reading Readiness	255.956	135656-166	-	19,143	19,143	-
Total Wisconsin Department of Public Instruction			379,295	69,328,467	69,040,705	91,533
Wisconsin Department of Justice:						
School Safety Grant	455.206	Not Available	-	3,204	3,204	-
Total Wisconsin Department of Justice			-	3,204	3,204	-
Total State Awards			\$ 379,295	\$ 69,331,671	\$ 69,043,909	\$ 91,533

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

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For The Year Ended June 30, 2023

Note 1 Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State Awards include the federal and state grant activity of the Sun Prairie Area School District and are presented on the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because the schedules present only a selected portion of the operations of Sun Prairie Area School District, the schedules are not intended to and does not present the financial position, changes in net position, or cash flows of Sun Prairie Area School District.

Note 2 Special Education and School Age Parents Program

2022-2023 eligible costs under the State Special Education Program are \$19,885,736. The 2023-2024 aid estimate is \$6,264,007.

Note 3 Food Distribution

Nonmonetary assistance of \$336,059 is reported in the schedule at the fair value of the commodities received and disbursed for the USDA Commodities Program (Federal Assistance Listing #10.555).

Note 4 Medical Assistance

Expenditures presented for the Medicaid SBS Benefit represent only the federal funds for the program that the District receives from DHS. District records should be consulted to determine the total amount expended for this program.

Note 5 Subrecipients

The District did not pass-through any federal or state awards to subrecipients.

Note 6 De Minimis Cost Rate

The District did not elect to use the 10% de minimis indirect cost rate.

**SUN PRAIRIE AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

* Material weakness identified? No

* Significant deficiency(ies) identified None Reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

* Material weakness identified? No

* Significant deficiency(ies) identified None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? No

Identification of major federal programs:

<u>Federal Assistance Listing Number</u>	<u>Name of Program or Cluster</u>
84.010	ESEA Title I-A
84.425	Education Stabilization Fund
84.027/84.173	Special Education Cluster (IDEA)
93.778	Medical Assistance Program

Dollar threshold for distinguishing Types A and B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

State Awards

Internal control over major programs:

* Material weakness identified? No

* Significant deficiency(ies) identified None Reported

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

**SUN PRAIRIE AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023**

Section I – Summary of Auditor’s Results (Continued)

Any audit findings disclosed that are required to be reported
in accordance with Wisconsin Public School District Audit Manual
or State Single Audit Guidelines?

No

Identification of major state programs:

<u>ID Number</u>	<u>Name of State Program or Cluster</u>
255.101	Special Education and School Age Parents
255.201	Equalization Aid
255.227	Aid for School Mental Health Programs
255.297	School Based Mental Health Services Grant
255.945	Per Pupil Adjustment Aid

Dollar threshold for distinguishing Types A and B programs:

\$250,000

Section II – Financial Statement Finding

None.

Section III – Federal Award Findings and Questioned Costs

None.

Section IV – State Award Findings and Questioned Costs

None.

**SUN PRAIRIE AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023**

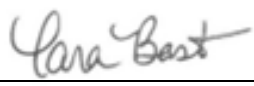
Section V – Other Issues

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 shows audit issues (i.e. material non-compliance, non-material non-compliance, questioned costs material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the State Single Audit Guidelines:

Department of Corrections	N/A
Department of Health Services	No
Department of Workforce Development	N/A
Department of Public Instruction	No
Department of Justice	No
Department of Administration	N/A

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 

Tara Bast, CPA

5. Date of report: December 7, 2023

SUN PRAIRIE AREA SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

Prior Year Financial Statement Finding

None

Prior Year Federal and State Awards Findings and Questioned Costs

2022-001 Staff Reported on Non-Valid License Report

Criteria: For the District to receive State special education aid, staff must be appropriately license for a special education work assignment in order for their salary and benefits to be eligible. DPI audits the staff assignment information reported by the District against each individual's licensure status at the time the audit is conducted.

Condition: As determined by DPI, the District had special education staff members without a current license.

Cause: The staff members' license applications were not complete or in place during 2021/2022.

Effect: Per review of the District's 2021/2022 special education licensure information, DPI listed four staff members that did not have a valid special education license and, therefore, were deemed not valid for special education aid.

Repeat Finding: No.

Questioned Cost: Wages and benefits charged to projects 011 and 340 for staff that were reported to not have a valid license totaled \$103,986.

Auditor's Recommendation: We recommend that special education staff licenses be reviewed and verified prior to charging staff to the special education fund aidable accounts.

Management Response: The District is aware that staff on the non-valid licenses listing did not have a valid license in place during the entire school year.

Current Status: This program was tested as a major state program in the current year. The finding is not repeated in the 2023 audit.