

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2023



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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Stevens Point Area Public School District, Stevens Point, Wisconsin (the District) as of and for the year ended June 30, 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, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules relating to pensions and other postemployment benefits as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 combining nonmajor governmental fund financial statements, the schedule of charter school authorizer operating costs, and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining nonmajor governmental fund financial statements, the schedule of charter school authorizer operating costs 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 also issued our report dated December 11, 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.

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

CliftonLarsonAllen LLP

Wausau, Wisconsin
December 11, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS



Management's Discussion and Analysis June 30, 2023

As management of the Stevens Point Area Public School District, we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources as of June 30, 2023 by \$78,699,031 (net position).
- As of June 30, 2023, the District's governmental funds reported combined ending fund balances of \$36,111,026, a decrease of \$7,266,071 in comparison with the prior year. Approximately 62% of this total amount, \$22,234,279, is available for spending at the District's discretion (unassigned fund balance).
- The District's total general obligation debt decreased \$7,305,000 during the fiscal year ended June 30, 2023.

Overview of the Basic Financial Statements

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

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

The *statement of net position* presents information on all of the District's assets, liabilities, and deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

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

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

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

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

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

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

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

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

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

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

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the basic financial statements can be found on pages 23 – 50 of this report.

Other Information. Required supplementary information and the combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the basic financial statements. These statements and schedules can be found on pages 52 – 58.

District-Wide Financial Analysis

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$78,699,031 at the close of 2023.

Stevens Point Area Public School District (in thousands of dollars)		
	Governmental Activities	
	2023	2022
Current and Other Assets	\$ 50,055	\$ 79,886
Capital Assets	125,258	125,317
Total Assets	175,313	205,203
Deferred Outflows of Resources	53,849	43,883
Long-Term Liabilities Outstanding	105,258	99,332
Other Liabilities	14,300	13,681
Total Liabilities	119,558	113,013
Deferred Inflows of Resources	30,905	54,930
Net Position:		
Net Investment in Capital Assets	35,057	31,883
Restricted	12,673	35,481
Unrestricted	30,969	13,779
Total Net Position	\$ 78,699	\$ 81,143

The largest portion of the District's net position (45%) reflects its investment in capital assets (e.g., land, buildings, and machinery and equipment, etc.); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position (16%) represents resources that are subject to external restrictions on how they may be used.

Change in Net Position. Governmental activities decreased the District's net position by \$2,444,022 from current year activities. A summary of the statement of activities follows:

Stevens Point Area Public School District (In thousands of dollars)		
	Governmental Activities	
	2023	2022
Revenues:		
Program Revenues:		
Charges for Services	\$ 4,006	\$ 2,651
Operating Grants and Contributions	23,481	25,457
General Revenues:		
Property Taxes	39,011	39,011
Other Taxes	78	71
Grants and Contributions not Restricted to Specific Programs	49,038	46,275
Other	3,256	967
Total Revenues	118,870	114,432
Expenses:		
General Instruction	67,571	56,954
Support Services	43,813	39,750
Interest and Fiscal Charges	2,622	3,069
Community Service	335	263
Nonprogram	6,973	6,699
Total Expenses	121,314	106,735
Change in Net Position	(2,444)	7,697
Net Position - Beginning of Year	81,143	-
Net Position - End of Year	\$ 78,699	\$ 7,697

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

- High inflation on all goods and services
- Wisconsin Employment Relations Commission (WERC) wage settlement rate of 8%.
- No revenue limit per pupil increase

Financial Analysis of the District's Funds

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

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

As of June 30, 2023, the District's governmental funds reported combined ending fund balances of \$36,111,026, a decrease of \$7,266,071 in comparison with the prior year. Approximately 62% of this amount, \$22,234,279 constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of combined fund balance is nonspendable, restricted, committed, or assigned for specific purposes, so is not available for new spending.

The general fund is the main operating fund of the District. At the end of the current year, unassigned fund balance of the general fund was \$22,234,279. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 21% of total general fund expenditures.

The fund balance of the District's general fund decreased \$2,218,799 during the current year.

General Fund Budgetary Highlights

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

Revenues	\$ 615,722
Expenditures	(615,728)
Other Financing Sources (Uses)	-
Total	<u>\$ (6)</u>

During the year, actual revenues exceeded budgeted revenues by \$1,449,375 primarily in other local sources, state sources, and other sources. Actual expenditures were under budgeted expenditures by \$43,672 with instruction functions over budget by \$669,589, support service functions under budget by \$410,324, debt service over budget by \$23,329, and non-program expenditures under budget by \$326,266.

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital and right to use assets for its governmental activities as of June 30, 2023 amounts to \$125,258,126 (net of accumulated depreciation and amortization). This investment in capital assets includes land, land improvements, buildings, and machinery and equipment. The net decrease in the District's investment in capital and right-to-use lease assets for the current year was \$58,653.

Major capital assets acquired or constructed during the year include:

Building Renovations/Additions - Completed Work	\$ 19,734,667
Referendum Project Renovations/Additions - Construction in Progress	86,030
9 Buses	922,618
Total	<u>\$ 20,743,315</u>

Stevens Point Area Public School District (net of accumulated depreciation and amortization)		
	Governmental Activities	
	2023	2022
Capital Assets, net:		
Land	\$ 2,187,617	\$ 2,187,617
Construction in Progress	93,145	16,207,509
Land Improvements	4,067,708	2,711,617
Buildings	109,035,395	93,512,179
Machinery and Equipment	9,313,939	9,752,344
Capital Assets Net of Accumulated Depreciation	124,697,804	124,371,266
Right to Use Lease Assets, net:		
Machinery and Equipment	560,322	945,543
Total Capital and Right to Use Assets, Net of Accumulated Depreciation and Amortization	<u>\$ 125,258,126</u>	<u>\$ 125,316,809</u>

Long-Term Debt. At the end of the current fiscal year, the District had total general obligation debt outstanding of \$84,105,000.

Stevens Point Area Public School District General Obligation Debt		
	Governmental Activities	
	2023	2022
General Obligation Debt:		
Bonds	\$ 84,105,000	\$ 90,595,000
Notes	-	815,000
Total General Obligation Debt	<u>\$ 84,105,000</u>	<u>\$ 91,410,000</u>

The District's total general obligation debt decreased by \$7,305,000 during the current fiscal year.

State statutes limit the amount of general obligation debt the District may issue to 10% of its total equalized valuation. The current debt limitation for the District is \$639,309,376, which is significantly in excess of the District's \$84,105,000 in outstanding general obligation debt.

Factors Bearing on the District's Future

The district is near completion of its construction and remodeling work addressing deferred maintenance and infrastructure needs per a November 2018 approved referendum of \$75.9 million. An estimate of the remaining projects is approximately \$306,504.

The district has experienced no revenue limit per pupil increase in 6 of the last 8 years negatively impacting budgets and contributing to shortfalls. The district will need to ask for a recurring operating referendum to address what is now an estimated \$5.1 million deficit.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 38,261,103
Receivables:	
Taxes	9,256,197
Accounts	58,480
Due from Other Governments	2,337,132
Inventories and Prepaid Items	142,551
Capital Assets:	
Capital Assets Not Being Depreciated	2,280,762
Capital Assets, Net of Depreciation and Amortization	<u>122,977,364</u>
Total Assets	<u>175,313,589</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Pension Related Amounts	53,849,213
 LIABILITIES	
Accounts Payable	434,241
Accrued and Other Current Liabilities	10,384,283
Accrued Interest Payable	355,933
Unearned Revenues	30,352
Deposits Payable	3,043,264
Health and Dental Claims Payable	52,297
Long-Term Obligations:	
Due in One Year	4,633,379
Due in More than One Year	85,870,935
Net Pension Liability	<u>14,754,069</u>
Total Liabilities	<u>119,558,753</u>
 DEFERRED INFLOWS OF RESOURCES	
Pension Related Amounts	30,905,018
 NET POSITION	
Net Investment in Capital Assets	35,056,877
Restricted for:	
Donations	592,368
Food Service	2,840,248
Community Service	520,943
Common School Library Fund	17,528
Get Kids Ahead Mental Health Program	192,410
Debt Service	1,313,764
Long-Term Capital Improvement Plan Projects	6,393,795
Student Activities	802,382
Unrestricted	30,968,716
Total Net Position	<u><u>\$ 78,699,031</u></u>

See accompanying Notes to Basic Financial Statements.

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 67,570,557	\$ 2,405,757	\$ 16,185,682	\$ -	\$ (48,979,118)
Support Services	43,813,077	1,430,632	6,943,678	-	(35,438,767)
Community Services	335,528	170,062	20,035	-	(145,431)
Nonprogram	6,972,554	-	331,399	-	(6,641,155)
Interest and Fiscal Charges	2,621,792	-	-	-	(2,621,792)
Total Governmental Activities	<u>\$ 121,313,508</u>	<u>\$ 4,006,451</u>	<u>\$ 23,480,794</u>	<u>\$ -</u>	(93,826,263)
GENERAL REVENUES					
Property Taxes					39,010,507
Other Taxes					78,482
State and Federal Aids Not Restricted to Specific Functions					49,037,553
Interest and Investment Earnings					1,182,973
Gain on Disposal of Capital Assets					251,384
Gain on Cash Defeasance of Debt					218,802
Miscellaneous					1,602,540
Total General Revenues					<u>91,382,241</u>
CHANGE IN NET POSITION					(2,444,022)
Net Position - Beginning of Year					<u>81,143,053</u>
NET POSITION - END OF YEAR					<u>\$ 78,699,031</u>

See accompanying Notes to Basic Financial Statements.

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	Long-Term Capital Improvements	Other Governmental Funds	Total
ASSETS				
Cash and Investments	\$ 25,159,324	\$ 6,418,795	\$ 6,682,984	\$ 38,261,103
Receivables:				
Taxes	9,256,197	-	-	9,256,197
Accounts	7,049	-	51,431	58,480
Due from Other Governments	2,031,218	-	305,914	2,337,132
Inventories and Prepaid Items	142,551	-	-	142,551
Total Assets	<u>\$ 36,596,339</u>	<u>\$ 6,418,795</u>	<u>\$ 7,040,329</u>	<u>\$ 50,055,463</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 65,134	\$ 25,000	\$ 344,107	\$ 434,241
Accrued and Other Current				
Liabilities	10,316,204	-	68,079	10,384,283
Unearned Revenues	30,352	-	-	30,352
Deposits Payable	3,043,264	-	-	3,043,264
Health and Dental Claims Payable	52,297	-	-	52,297
Total Liabilities	<u>13,507,251</u>	<u>25,000</u>	<u>412,186</u>	<u>13,944,437</u>
FUND BALANCES				
Nonspendable	142,551	-	-	142,551
Restricted	209,938	6,393,795	6,628,143	13,231,876
Committed	502,320	-	-	502,320
Unassigned	22,234,279	-	-	22,234,279
Total Fund Balances	<u>23,089,088</u>	<u>6,393,795</u>	<u>6,628,143</u>	<u>36,111,026</u>
Total Liabilities and Fund Balances	<u>\$ 36,596,339</u>	<u>\$ 6,418,795</u>	<u>\$ 7,040,329</u>	<u>\$ 50,055,463</u>

See accompanying Notes to Basic Financial Statements.

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
RECONCILIATION TO THE STATEMENT OF NET POSITION – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

Total Fund Balances as Shown on Previous Page	\$ 36,111,026
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	125,258,126
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.	
Deferred Outflows Related to Pensions	53,849,213
Deferred Inflows Related to Pensions	(30,905,018)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and Notes Payable	(84,105,000)
Premium on Debt	(3,857,697)
Leases Payable	(554,434)
Financed Purchases Payable	(1,886,623)
Compensated Absences	(100,560)
Net Pension Liability	(14,754,069)
Accrued Interest on Long-Term Obligations	(355,933)
Net Position of Governmental Activities as Reported on the Statement of Net Position	<u><u>\$ 78,699,031</u></u>

See accompanying Notes to Basic Financial Statements.

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

	General	Long-Term Capital Improvements	Other Governmental Funds	Total
REVENUES				
Property Taxes	\$ 28,050,323	\$ -	\$ 10,960,184	\$ 39,010,507
Other Local Sources	2,053,526	225,682	3,722,559	6,001,767
Interdistrict Sources	1,462,026	-	-	1,462,026
Intermediate Sources	30,905	-	-	30,905
State Sources	59,217,824	-	93,250	59,311,074
Federal Sources	8,139,940	-	2,840,541	10,980,481
Other Sources	1,593,858	-	8,682	1,602,540
Total Revenues	100,548,402	225,682	17,625,216	118,399,300
EXPENDITURES				
Instruction:				
Regular Instruction	39,497,737	-	932,752	40,430,489
Vocational Instruction	2,619,217	-	-	2,619,217
Special Education Instruction	13,659,478	-	-	13,659,478
Other Instruction	3,116,346	-	877,856	3,994,202
Total Instruction	58,892,778	-	1,810,608	60,703,386
Support Services:				
Pupil Services	4,539,724	-	-	4,539,724
Instructional Staff Services	4,650,317	-	24,268	4,674,585
General Administration Services	2,434,314	-	3,424	2,437,738
School Administration Services	4,974,494	-	-	4,974,494
Business Services	780,410	-	4,690	785,100
Operations and Maintenance of Plant	9,993,314	29,270	5,598,181	15,620,765
Pupil Transportation Services	4,959,652	-	14,231	4,973,883
Food Services	-	-	4,450,389	4,450,389
Central Services	338,785	-	3,709	342,494
Insurance	873,862	-	-	873,862
Other Support Services	2,905,482	-	75,931	2,981,413
Total Support Services	36,450,354	29,270	10,174,823	46,654,447
Debt Service:				
Principal	1,303,055	-	7,305,934	8,608,989
Interest and Fiscal Charges	80,320	-	3,288,491	3,368,811
Total Debt Service	1,383,375	-	10,594,425	11,977,800
Community Service	-	-	326,457	326,457

See accompanying Notes to Basic Financial Statements.

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

	General	Long-Term Capital Improvements	Other Governmental Funds	Total
EXPENDITURES (CONTINUED)				
Nonprogram:				
General Tuition Payments	\$ 3,847,115	\$ -	\$ -	\$ 3,847,115
Special Education Tuition Payments	794,886	-	-	794,886
Adjustments and Refunds	2,819	-	-	2,819
Voucher Payments	2,245,122	-	-	2,245,122
Charter School Payments	74,112	-	-	74,112
Revenue Transits to Others	8,500	-	-	8,500
Total Nonprogram	<u>6,972,554</u>	<u>-</u>	<u>-</u>	<u>6,972,554</u>
 Total Expenditures	 <u>103,699,061</u>	 <u>29,270</u>	 <u>22,906,313</u>	 <u>126,634,644</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 (3,150,659)	 196,412	 (5,281,097)	 (8,235,344)
 OTHER FINANCING SOURCES (USES)				
Proceeds from Financed Purchases	717,889	-	-	717,889
Proceeds from Sale of Capital				
Assets	248,496	-	2,888	251,384
Transfers In	-	34,525	-	34,525
Transfers Out	<u>(34,525)</u>	<u>-</u>	<u>-</u>	<u>(34,525)</u>
Total Other Financing Sources (Uses)	<u>931,860</u>	<u>34,525</u>	<u>2,888</u>	<u>969,273</u>
 NET CHANGE IN FUND BALANCES	 (2,218,799)	 230,937	 (5,278,209)	 (7,266,071)
 Fund Balances - Beginning of Year	 <u>25,307,887</u>	 <u>6,162,858</u>	 <u>11,906,352</u>	 <u>43,377,097</u>
 FUND BALANCES - END OF YEAR	 <u>\$ 23,089,088</u>	 <u>\$ 6,393,795</u>	 <u>\$ 6,628,143</u>	 <u>\$ 36,111,026</u>

See accompanying Notes to Basic Financial Statements.

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
RECONCILIATION TO THE STATEMENT OF ACTIVITIES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balances as Shown on Previous Page \$ (7,266,071)

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

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

Expenditures for Capital Assets	7,007,135
Current Year Depreciation and Amortization	(7,043,489)
Net Book Value of Disposals	(22,329)

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

Finance Purchases Payable Issued	(717,889)
Principal Paid on Long-Term Obligations	7,305,000
Principal Paid on Leases Payable	393,180
Principal Paid on Financed Purchases Payable	910,809

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

Accrued Interest on Long-Term Debt	38,708
Amortization of Premiums	949,442
Compensated Absences	(12,754)
Net Pension Liability (Asset)	(37,664,639)
Deferred Outflows of Resources Related to Pensions	10,228,762
Deferred Inflows of Resources Related to Pensions	23,079,550
Net Other Postemployment Benefits Liability (Asset)	(312,077)
Deferred Outflows of Resources Related to Other Postemployment Benefits	(262,157)
Deferred Inflows of Resources Related to Other Postemployment Benefits	944,797

Change in Net Position of Governmental Activities as Reported In the Statement of Activities	\$ (2,444,022)
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**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
STATEMENT OF NET POSITION– FIDUCIARY FUND
JUNE 30, 2023**

	<u>Employee Benefit Trust</u>
ASSETS	
Cash and Investments	\$ -
LIABILITIES	
Accounts Payable	<u>-</u>
NET POSITION	
Restricted for Postemployment Benefits	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUND
YEAR ENDED JUNE 30, 2023**

	<u>Employee Benefit Trust</u>
ADDITIONS	
Investment Earnings	\$ 15,320
DEDUCTIONS	
Trust Fund Disbursements	<u>837,022</u>
CHANGE IN NET POSITION	(821,702)
Net Position - Beginning of Year	<u>821,702</u>
NET POSITION - END OF YEAR	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. District-Wide and Fund Financial Statements

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

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

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

The District reports the following major governmental funds:

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

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Cash and Investments

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

2. Property Taxes

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

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

3. Accounts Receivable

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

4. Interfund Receivables and Payables

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

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Inventories

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

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

6. Prepaid Items

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

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

7. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, and equipment assets, and are reported in the district-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of a year.

Capital assets are capitalized and reported at cost or estimated historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized. Donated capital assets are recorded at acquisition value at the date of donation.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, and equipment of the governmental activities are depreciated/amortized using the straight-line method over the following estimated useful lives:

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

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Capital Assets (Continued)

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

8. Compensated Absences

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

9. Deferred Outflows/Inflows of Resources

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

10. Long-Term Obligations

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

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

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. 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 the 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 the 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.

12. Other Postemployment Benefits Other Than Pensions (OPEB)

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

13. Fund Equity

Governmental Fund Financial Statements

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

- **Nonspendable Fund Balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- **Restricted Fund Balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

13. Fund Equity (Continued)

Governmental Fund Financial Statements (Continued)

- **Committed Fund Balance.** Amounts that are constrained for specific purposes by action of the School Board. These constraints can only be removed or changed by the School Board using the same action that was used to create them.
- **Assigned Fund Balance.** Amounts that are constrained for specific purposes by action of District management. The School Board has authorized the Director of Business Services to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- **Unassigned Fund Balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

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

District-Wide Fund Statements

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

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

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Use of Estimates

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

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

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

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

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

The carrying amount of the District's cash and investments totaled \$38,261,103 on June 30, 2023 as summarized below:

Petty Cash	\$ 2,150
Deposits with Financial Institutions	3,062,872
Investments:	
Wisconsin Investment Series Cooperative	35,196,081
Total	<u>\$ 38,261,103</u>

Government-Wide Statement of Net Position:

Cash and Investments	<u>\$ 38,261,103</u>
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Fair Value Measurements

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

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Fair Value Measurements (Continued)

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

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

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

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

The District has no investments measured at fair value as of June 30, 2023.

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

Custodial Credit Risk

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

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk (Continued)

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

As of June 30, 2023, \$1,767,346 of the District's deposits with financial institutions were in excess of federal and state depository insurance limits. \$1,605,000 was collateralized by bonds held by the pledging institution but not in the institution's name.

Credit Risk

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

<u>Investment Type</u>	<u>Amount</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BB</u>	<u>Not Rated</u>
Wisconsin Investment Series Cooperative:						
Investment Series	\$ 35,120,944	\$ 35,120,944	\$ -	\$ -	\$ -	\$ -
Cash Management Series	75,137	75,137	-	-	-	-
Total	<u>\$ 35,196,081</u>	<u>\$ 35,196,081</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Concentration of Credit Risk

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

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Interest Rate Risk

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

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

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
Wisconsin Investment Series Cooperative:					
Investment Series	\$ 35,120,944	\$ 35,120,944	\$ -	\$ -	\$ -
Cash Management Series	75,137	75,137	-	-	-
Total	<u>\$ 35,196,081</u>	<u>\$ 35,196,081</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Investment in Wisconsin Investment Series Cooperation

The District has investments in the Wisconsin Investment Series Cooperative (WISC) of \$35,196,081 at year-end consisting of \$35,120,944 invested in the Investment Series and \$75,137 invested in the Cash Management Series. The Cash Management Series has no minimum investment period, allows check writing privileges, and the average dollar weighted maturity is ninety (90) days or less. The Investment Series requires a 14-day minimum investment period and one business day withdrawal notice, and the average dollar weighted maturity is one hundred twenty (120) days or less.

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

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,187,617	\$ -	\$ -	\$ 2,187,617
Construction in Progress	16,207,509	5,357,666	21,472,030	93,145
Total Capital Assets, Not Being Depreciated	18,395,126	5,357,666	21,472,030	2,280,762
Capital Assets, Being Depreciated				
Land Improvements	6,121,901	1,591,590	-	7,713,491
Buildings	139,673,888	19,734,667	-	159,408,555
Machinery and Equipment	31,746,079	1,795,242	1,325,491	32,215,830
Subtotal	177,541,868	23,121,499	1,325,491	199,337,876
Less Accumulated Depreciation for:				
Land Improvements	3,410,284	235,499	-	3,645,783
Buildings and Improvements	46,161,709	4,211,451	-	50,373,160
Machinery and Equipment	21,993,735	2,233,647	1,325,491	22,901,891
Subtotal	71,565,728	6,680,597	1,325,491	76,920,834
Total Capital Assets, Being Depreciated and Amortized, Net	105,976,140	16,440,902	-	122,417,042
Right-to-Use Lease Assets:				
Machinery and Equipment	1,244,479	-	22,329	1,222,150
Less Accumulated Amortization for:				
Machinery and Equipment	298,936	362,892	-	661,828
Total Right-to-Use Lease Assets, Net	945,543	(362,892)	22,329	560,322
Governmental Activities Capital Assets, Net	<u>\$ 125,316,809</u>	<u>\$ 21,435,676</u>	<u>\$ 21,494,359</u>	125,258,126
Less: Capital Related Debt (Net of Unspent Bond Proceeds)				86,100,052
Less: Capital Related Debt Premium				3,857,697
Less: Capital Related Accounts Payable				<u>243,500</u>
Net Investment in Capital Assets				<u>\$ 35,056,877</u>

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

Governmental Activities:	
Instruction	\$ 4,214,883
Support Services	<u>2,465,714</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 6,680,597</u>
Governmental Activities:	
Support Services:	<u>\$ 362,892</u>
Total Amortization Expense - Governmental Activities	<u>\$ 362,892</u>

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Transfers

Interfund transfers for the year ended June 30, 2023 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ -	\$ 34,525
Long-Term Capital Improvement	34,525	-
Total	<u>\$ 34,525</u>	<u>\$ 34,525</u>

Interfund transfers were made for the following purposes:

To Fund Long-Term Capital Improvement Plan Projects	<u>\$ 34,525</u>
--	------------------

D. Long-Term Obligations

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2023:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Debt:					
Bonds	\$ 90,595,000	\$ -	\$ 6,490,000	\$ 84,105,000	\$ 3,715,000
Notes	815,000	-	815,000	-	-
Total General Obligation Debt	91,410,000	-	7,305,000	84,105,000	3,715,000
Debt Premium	4,807,139	-	949,442	3,857,697	-
Financed Purchases	2,079,543	717,889	910,809	1,886,623	618,758
Leases Payable	947,614	-	393,180	554,434	299,621
Compensated Absences	87,806	12,754	-	100,560	-
Governmental Activities Long-Term Obligations	<u>\$ 99,332,102</u>	<u>\$ 730,643</u>	<u>\$ 9,558,431</u>	<u>\$ 90,504,314</u>	<u>\$ 4,633,379</u>

Total interest paid during the year on long-term debt totaled \$3,353,683.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 6/30/23</u>
General Obligation Bonds	12/29/17	4/1/37	2.00 - 5.00%	\$ 25,600,000	\$ 23,070,000
General Obligation Bonds	4/1/19	4/1/39	3.125% - 5.00%	60,000,000	45,725,000
General Obligation Bonds	10/13/20	4/1/40	2.00% - 4.00%	15,900,000	15,310,000
Total Outstanding General Obligation Debt					<u>\$ 84,105,000</u>

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of \$84,105,000 on June 30, 2023 are detailed below:

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 3,715,000	\$ 2,925,631	\$ 6,640,631
2025	3,880,000	2,769,581	6,649,581
2026	4,050,000	2,606,281	6,656,281
2027	4,250,000	2,421,931	6,671,931
2028	4,445,000	2,214,181	6,659,181
2029-2033	25,000,000	8,317,806	33,317,806
2034-2038	29,415,000	3,903,556	33,318,556
2039-2040	9,350,000	350,569	9,700,569
Total	<u>\$ 84,105,000</u>	<u>\$ 25,509,536</u>	<u>\$ 109,614,536</u>

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

Cash Defeasance

During the year ended June 30, 2023, the District placed \$3,747,293 of existing resources in an account held by an escrow agent to defease \$3,675,000 of debt. The defeasance was undertaken to reduce the District's outstanding debt balance. Total cash flows to service the defeased debt is \$3,747,293.

At June 30, 2023, \$3,675,000 of outstanding general obligation bonds are considered defeased.

Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2023 was \$555,204,376 as follows:

Equalized Valuation of the District	\$ 6,393,093,758
Statutory Limitation Percentage	(x) 10%
General Obligation Debt Limitation, Per Section 67.03 of the Wisconsin Statutes	639,309,376
Total Outstanding General Obligation Debt Applicable to Debt Limitation	84,105,000
Legal Margin for New Debt	<u>\$ 555,204,376</u>

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Leases Payable

The District leases printers, copiers, and other office equipment for various terms under long-term, non-cancelable lease agreements. The District is required to make various monthly principal and interest payments. The leases expire at various dates through 2027. The District used the incremental borrowing rate as the interest rate for the right-to-use asset agreements if an interest rate was not provided in the lease agreement. The future minimum lease payments for these agreements are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 299,621	\$ 17,780	\$ 317,401
2025	88,045	10,640	98,685
2026	92,688	5,998	98,686
2027	74,080	1,304	75,384
Total	<u>\$ 554,434</u>	<u>\$ 35,722</u>	<u>\$ 590,156</u>

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

Financed Purchases of Capital Assets

The District is obligated under six financed purchase lease agreements as lessee for financing the acquisition of machinery and equipment for use by the District. These lease agreements qualify as a financed purchase for accounting purposes, and therefore, have been recorded at the present value of their future minimum lease payments as of date of their inception. The assets acquired through financed purchase leases at June 30, 2023 are as follows:

	<u>Governmental Activities</u>
Financed Purchase Assets:	
Machinery And Equipment	\$ 6,832,676
Less: Accumulated Depreciation	<u>4,264,438</u>
Total	<u>\$ 2,568,238</u>

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Financed Purchases of Capital Assets (Continued)

The District is required to make various monthly principal and interest payments. The future minimum lease payments under lease agreements at June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 618,758	\$ 54,766	\$ 673,524
2025	523,341	36,743	560,084
2026	393,382	22,590	415,972
2027	222,893	12,302	235,195
2028	128,249	4,525	132,774
Total	<u>\$ 1,886,623</u>	<u>\$ 130,926</u>	<u>\$ 2,017,549</u>

E. Pension Plan

Plan Description

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

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

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

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

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

Plan Description (Continued)

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

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

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

The WRS also provides death and disability benefits for employees.

Postretirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
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%

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, executives, and elected officials. Starting on January 1, 2016, the executives and elected officials category was merged into the general employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period ending June 30, 2023, the WRS recognized \$3,434,735 in contributions from the District.

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Teachers, Executives, and Elected Officials)	6.80%	6.80%

Pension Assets, 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 \$14,754,069 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability 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 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 0.27849933%, which was a decrease of 0.00574444% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$7,507,632.

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

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

At June 30, 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	\$ 23,498,660	\$ 30,871,964
Net Differences Between Projected And Actual Earnings on Pension Plan Investments	25,063,757	-
Changes in Assumptions	2,901,260	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	114,255	33,054
Employer Contributions Subsequent to the Measurement Date	2,271,281	-
Total	<u>\$ 53,849,213</u>	<u>\$ 30,905,018</u>

The \$2,271,281 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Expense</u>
2024	\$ 862,363
2025	4,287,547
2026	4,404,460
2027	11,118,544
Total	<u>\$ 20,672,914</u>

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2021, 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:	December 31, 2022
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table
Postretirement Adjustments*	1.7%

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

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. 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.

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

Actuarial Assumptions (Continued)

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

	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class:			
Public Equity	48.0 %	7.6%	5.0%
Public Fixed Income	25.0	5.3%	2.7%
Inflation Sensitive Assets	19.0	3.6%	1.1%
Real Estate	8.0	5.2%	2.6%
Private Equity/Debt	15.0	9.6%	6.9%
Cash	(15.0)	N/A	N/A
Total Core Fund	<u>100.0 %</u>	7.4%	4.8%
Variable Fund Asset Class:			
U.S. Equities	70.0 %	7.2%	4.6%
International Equities	30.0	8.1%	5.5%
Total Variable Fund	<u>100.0 %</u>	7.7%	5.1%

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.50%

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

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

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

Actuarial Assumptions (Continued)

Single Discount Rate – A single discount rate of 6.80% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 4.05%. (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 6.80% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.80%) or one-percentage-point higher (7.80%) than the current rate:

	Decrease to Discount Rate (5.8%)	Current Discount Rate (6.8%)	Increase to Discount Rate (7.8%)
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 48,968,275</u>	<u>\$ 14,754,069</u>	<u>\$ (8,782,370)</u>

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

Payable to the Pension Plan

At June 30, 2023, the District reported a payable of \$1,021,543 for the outstanding amount of contributions to the pension plan for the year ended June 30, 2023.

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits

Plan Description

The Plan is a single-employer defined benefit postemployment health plan that covers retired employees of the District. Eligible retired employees have access to group medical coverage through the District's group plan. District paid medical benefits are paid for as indicated below. As of June 30, 2022, there were no retirees left in the Plan. The School Board approved termination of the Plan and trust in accordance with the trust agreement in October 2023.

Investments

Rate of Return. For the year ended June 30, 2023, the annual money-weighted rate of return, net of investment expense, was 3.28%.

OPEB Plan Fiduciary Net Position

Information about the OPEB plan's fiduciary net position is presented in the Employee Benefit Trust Fund in these financial statements. Separate stand-alone financial statements are not issued for the OPEB plan.

Changes in the Net OPEB Liability (Asset)

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at June 30, 2022	\$ 509,626	\$ 821,702	\$ (312,076)
Changes for the Year:			
Service Cost	-	-	-
Interest	-	-	-
Differences Between Expected and Actual	-	-	-
Changes of Assumptions	-	-	-
Net Investment Income	-	15,320	(15,320)
Benefit Payments	-	-	-
Distribution to District at Termination of Plan	-	(837,022)	837,022
End of Year Adjustment*	(509,626)	-	(509,626)
Administrative Expense	-	-	-
Net Changes	(509,626)	(821,702)	312,076
Balance at June 30, 2022	\$ -	\$ -	\$ -

*An adjustment was made to account for the fact that all remaining benefits have been paid out.

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The Wisconsin Deferred Compensation Plan (the Plan), available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Contributions to this Plan are entirely from employee voluntary contributions. Employees can elect to contribute to the Plan by selecting a specific percentage of their salary or selecting a dollar amount. Annual amounts to be contributed by the employee may not exceed IRS limits. The District makes no employer contributions to this Plan. Wisconsin Department of Employee Trust Funds is the administrator of the Wisconsin Deferred Compensation Plan. The deferred compensation Plan assets are placed in trust for the sole benefit of employees and beneficiaries participating in the Plan and, therefore, are not recorded on these financial statements.

H. Fund Equity

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At June 30, 2023, nonspendable fund balance was as follows:

	<u>General</u>
Nonspendable:	
Inventories and Prepaid Items	<u>\$ 142,551</u>

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Fund Equity (Continued)

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At June 30, 2023, restricted fund balance was as follows:

General Fund:

Restricted for:

Common School Library Fund	\$ 17,528
Get Kids Ahead Mental Health Program	192,410
Total General Fund Restricted	<u>209,938</u>
Fund Balance	209,938

Special Revenue Funds:

Restricted for:

Donations	592,368
Student Activities	802,382
Food Service	2,840,248
Community Service	520,943
Total Special Revenue Funds	<u>4,755,941</u>
Restricted Fund Balance	4,755,941

Debt Service Funds:

Restricted for:

Debt Service	1,669,697
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Capital Projects Funds:

Restricted for:

Long-Term Capital Improvement	6,393,795
Capital Projects	202,505
Total Capital Projects Funds	<u>6,596,300</u>
Restricted Fund Balance	<u>6,596,300</u>

Total Restricted Fund Balance	<u><u>\$ 13,231,876</u></u>
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Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by District Board action. At June 30, 2023, fund balance was committed as follows:

General Fund:

Committed for:

Playground PTO Grant Program	<u><u>\$ 502,320</u></u>
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**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Fund Equity (Continued)

Minimum General Fund Balance Policy

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

Budgeted 2024 General Fund Expenditures	\$ 120,413,627
Minimum Fund Balance %	20%
Minimum Fund Balance Amount	<u>\$ 24,082,725</u>

The District's unassigned General Fund balance of \$22,234,279 is below the minimum fund balance amount. The entire unassigned general fund balance is expected to be utilized for cash flow needs.

NOTE 3 OTHER INFORMATION

A. Risk Management

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

Property and Liability Insurance

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

Self-Funded Insurance Program

On July 1, 2014, the District established a self-funded dental benefit plan for its employees. The Plan Administrator, Delta Dental, is responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The plan reports on a fiscal year ended June 30, 2023.

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.

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 OTHER INFORMATION (CONTINUED)

A. Risk Management (Continued)

Self-Funded Insurance Program (Continued)

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 \$52,297 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. The amounts not reported to the District were determined by the Plan administrator. Changes in the claims liability for the years ended June 30, 2022 and June 30, 2023 are as follows:

Year	Liability July 1	Current Year Claims and Changes in Estimates	Claims Payments	Liability June 30
2022	\$ 42,697	\$ 736,975	\$ 733,559	\$ 46,113
2023	46,113	706,809	700,625	52,297

B. Contingencies

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

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

C. Limitation on School District Revenues

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

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

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

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 OTHER INFORMATION (CONTINUED)

D. Commitments

The District has active construction projects as of June 30, 2023. Work that has been completed but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures. Estimated future costs to complete the construction projects is approximately \$296,316.

E. Subsequent Event

In July 2023, the District purchased a parcel of land and a building for \$270,000.

REQUIRED SUPPLEMENTARY INFORMATION

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS
YEAR ENDED JUNE 30, 2023

	Budget			Variance Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property Taxes	\$ 28,050,323	\$ 28,050,323	\$ 28,050,323	\$ -
Other Local Sources	1,399,435	1,758,597	2,053,526	294,929
Interdistrict Sources	1,566,472	1,566,472	1,462,026	(104,446)
Intermediate Sources	14,608	18,608	29,983	11,375
State Sources	54,531,495	54,558,183	54,813,254	255,071
Federal Sources	6,280,365	6,506,237	6,157,155	(349,082)
Other Sources	245,000	245,000	1,586,528	1,341,528
Total Revenues	92,087,698	92,703,420	94,152,795	1,449,375
EXPENDITURES				
Instruction:				
Regular Instruction	38,543,424	38,575,486	39,497,737	(922,251)
Vocational Instruction	2,610,327	2,651,335	2,619,217	32,118
Other Instruction	3,310,116	3,336,704	3,116,160	220,544
Total Instruction	44,463,867	44,563,525	45,233,114	(669,589)
Support Services:				
Pupil Services	2,682,064	3,004,364	2,498,079	506,285
Instructional Staff Services	3,844,566	4,009,428	4,017,364	(7,936)
General Administration Services	2,491,161	2,481,633	2,434,314	47,319
School Administration Services	5,210,708	5,211,929	4,974,494	237,435
Business Services	830,265	830,265	780,410	49,855
Operations and Maintenance of Plant	9,771,142	9,809,504	9,983,424	(173,920)
Pupil Transportation Services	4,392,822	4,421,692	4,600,288	(178,596)
Central Services	490,372	486,237	336,929	149,308
Insurance	961,432	961,432	873,862	87,570
Other Support Services	2,785,919	2,598,486	2,905,482	(306,996)
Total Support Services	33,460,451	33,814,970	33,404,646	410,324
Debt Service:				
Principal	1,278,984	1,278,984	1,291,565	(12,581)
Interest and Fiscal Charges	68,492	68,492	79,240	(10,748)
Total Debt Service	1,347,476	1,347,476	1,370,805	(23,329)

See accompanying Notes to Required Supplementary Information.

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS (CONTINUED)
YEAR ENDED JUNE 30, 2023

	Budget			Variance Final Budget - Positive (Negative)
	Original	Final	Actual	
EXPENDITURES (CONTINUED)				
Nonprogram:				
General Tuition Payments	\$ 4,007,798	\$ 4,169,349	\$ 3,847,115	\$ 322,234
Adjustments and Refunds	5,000	5,000	2,819	2,181
Voucher Payments	2,321,085	2,321,085	2,245,122	75,963
Charter School Payments	-	-	74,112	(74,112)
Revenue Transits to Others	8,500	8,500	8,500	-
Total Nonprogram	<u>6,342,383</u>	<u>6,503,934</u>	<u>6,177,668</u>	<u>326,266</u>
Total Expenditures	<u>85,614,177</u>	<u>86,229,905</u>	<u>86,186,233</u>	<u>43,672</u>
EXCESS OF REVENUES OVER EXPENDITURES	6,473,521	6,473,515	7,966,562	1,493,047
OTHER FINANCING SOURCES (USES)				
Proceeds from Financed Purchases	717,899	717,899	717,889	(10)
Proceeds from Sale of Capital Assets	209,000	209,000	248,496	39,496
Transfers Out	<u>(11,597,848)</u>	<u>(11,597,848)</u>	<u>(11,151,746)</u>	<u>446,102</u>
Total Other Financing Sources (Uses)	<u>(10,670,949)</u>	<u>(10,670,949)</u>	<u>(10,185,361)</u>	<u>485,588</u>
NET CHANGE IN FUND BALANCE	(4,197,428)	(4,197,434)	(2,218,799)	1,978,635
Fund Balance - Beginning of Year	<u>25,307,887</u>	<u>25,307,887</u>	<u>25,307,887</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 21,110,459</u>	<u>\$ 21,110,453</u>	<u>\$ 23,089,088</u>	<u>\$ 1,978,635</u>

See accompanying Notes to Required Supplementary Information.

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – SPECIAL EDUCATION SPECIAL REVENUE FUND –
BUDGETARY BASIS
YEAR ENDED JUNE 30, 2023

	Budget			Variance Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intermediate Sources	\$ -	\$ -	\$ 922	\$ 922
State Sources	4,190,000	4,190,000	4,404,570	214,570
Federal Sources	2,433,612	2,449,988	1,982,785	(467,203)
Other Sources	-	-	7,330	7,330
Total Revenues	6,623,612	6,639,988	6,395,607	(244,381)
EXPENDITURES				
Instruction:				
Special Education Instruction	14,019,287	13,954,504	13,659,478	295,026
Other Instruction	7,066	6,551	186	6,365
Total Instruction	14,026,353	13,961,055	13,659,664	301,391
Support Services:				
Pupil Services	2,182,809	2,220,435	2,041,645	178,790
Instructional Staff Services	864,888	796,612	632,953	163,659
Operations and Maintenance of Plant	13,500	17,000	9,890	7,110
Pupil Transportation Services	417,895	433,410	359,364	74,046
Central Services	26,197	26,197	1,856	24,341
Total Support Services	3,505,289	3,493,654	3,045,708	447,946
Debt Service:				
Principal	11,428	11,428	11,490	(62)
Interest and Fiscal Charges	1,075	1,075	1,080	(5)
Total Debt Service	12,503	12,503	12,570	(67)
Nonprogram:				
Special Education Tuition Payments	677,315	770,624	794,886	(24,262)
Total Expenditures	18,221,460	18,237,836	17,512,828	725,008
EXCESS OF REVENUES UNDER EXPENDITURES	(11,597,848)	(11,597,848)	(11,117,221)	480,627
OTHER FINANCING SOURCES (USES)				
Transfers In	11,597,848	11,597,848	11,117,221	(480,627)
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Required Supplementary Information.

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

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:							
Service Cost	\$ -	\$ 54,162	\$ 30,570	\$ 25,138	\$ -	\$ -	\$ -
Interest	-	12,710	10,670	28,462	90,515	163,999	242,138
Differences Between Expected and Actual Experience	-	-	53,932	-	(1,470,726)	(282,956)	(39,609)
Changes of Assumptions	-	(35,804)	165,046	22,880	118,267	50,268	-
Benefit Payments	-	(118,495)	(244,167)	(592,203)	(1,316,983)	(1,521,417)	(1,980,465)
End of Year Adjustment	(509,626)	-	-	-	-	-	-
Net Change in Total OPEB Liability	(509,626)	(87,427)	16,051	(515,723)	(2,578,927)	(1,590,106)	(1,777,936)
Total OPEB Liability - Beginning	509,626	597,053	581,002	1,096,725	3,675,652	5,265,758	7,043,694
Total OPEB Liability - Ending (A)	<u>\$ -</u>	<u>\$ 509,626</u>	<u>\$ 597,053</u>	<u>\$ 581,002</u>	<u>\$ 1,096,725</u>	<u>\$ 3,675,652</u>	<u>\$ 5,265,758</u>
Plan Fiduciary Net Position:							
Contributions - Employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,167	\$ 462,435
Net Investment Income	15,320	(35,557)	124,913	77,934	64,452	60,700	121,232
Benefit Payments	-	(118,496)	(244,167)	(592,203)	(1,046,926)	(1,389,662)	(1,706,381)
Distribution to District at Termination of Plan	(837,022)	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	(821,702)	(154,053)	(119,254)	(514,269)	(982,474)	(1,279,795)	(1,122,714)
Plan Fiduciary Net Position - Beginning	821,702	975,755	1,095,009	1,609,278	2,591,752	3,871,547	4,994,261
Plan Fiduciary Net Position - Ending (B)	<u>\$ -</u>	<u>\$ 821,702</u>	<u>\$ 975,755</u>	<u>\$ 1,095,009</u>	<u>\$ 1,609,278</u>	<u>\$ 2,591,752</u>	<u>\$ 3,871,547</u>
District's Net OPEB Liability - Ending (A) - (B)	<u>\$ -</u>	<u>\$ (312,076)</u>	<u>\$ (378,702)</u>	<u>\$ (514,007)</u>	<u>\$ (512,553)</u>	<u>\$ 1,083,900</u>	<u>\$ 1,394,211</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	N/A	161.24%	163.43%	188.47%	146.73%	70.51%	73.52%
Covered-Employee Payroll	N/A	<u>\$ 44,918,359</u>	<u>\$ 44,918,359</u>	<u>\$ 41,752,198</u>	<u>\$ 41,752,198</u>	N/A	N/A
District's Net OPEB Liability as a Percentage of Covered-Employee Payroll	N/A	-0.69%	-0.84%	-1.23%	-1.23%	N/A	N/A
Annual Money-Weighted Rate of Return, Net of Investment Expenses	3.28%	-3.80%	12.06%	5.76%	3.07%	1.88%	2.73%

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

See accompanying Notes to Required Supplementary Information.

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

	2023	2022	2021	2020	2019	2018	2017
Actuarially Determined Contribution (ADC)	N/A	\$ 35,491	\$ 35,491	\$ 3,372	\$ 3,372	\$ 49,166	\$ 49,166
Contributions in Relation to the ADC	N/A	-	-	-	-	49,167	462,435
Contribution Deficiency (Excess)	N/A	<u>\$ 35,491</u>	<u>\$ 35,491</u>	<u>\$ 3,372</u>	<u>\$ 3,372</u>	<u>\$ (1)</u>	<u>\$ (413,269)</u>
Covered-Employee Payroll	N/A	<u>\$ 44,918,359</u>	<u>\$ 44,918,359</u>	<u>\$ 41,752,198</u>	<u>\$ 41,752,198</u>	N/A	N/A
Contributions as a Percentage of Covered-Employee Payroll	N/A	0.00%	0.00%	0.00%	0.00%	N/A	N/A
<u>Key Methods and Assumption Used to Calculate ADC</u>							
Actuarial Cost Method	N/A	Entry Age Normal		Entry Age Normal		Entry Age Normal	
Asset Valuation Method	N/A	Market Value		Market Value		Market Value	
Amortization Method	N/A	30-Year Level Dollar		30-Year Level Dollar		5-Year Level Dollar	
Discount Rate	N/A	2.25%		3.5%		3.0%	
Inflation	N/A	2.00%		2.50%		3.0%	

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

See accompanying Notes to Required Supplementary Information.

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

<u>Plan Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
12/31/14	0.29066080%	\$ (7,139,424)	\$ 40,034,258	17.83%	102.74%
12/31/15	0.29484910%	4,791,241	43,414,112	11.04%	98.20%
12/31/16	0.29572680%	2,437,495	42,381,572	5.75%	99.12%
12/31/17	0.30477494%	(9,049,129)	43,093,273	21.00%	102.93%
12/31/18	0.29893846%	10,635,293	44,380,614	23.96%	96.45%
12/31/19	0.29685106%	(9,571,833)	46,154,698	20.74%	102.96%
12/31/20	0.28711571%	(17,925,032)	47,260,546	37.93%	105.26%
12/31/21	0.28424377%	(22,910,570)	48,564,798	47.18%	106.02%
12/31/22	0.27849933%	14,754,069	49,087,392	30.06%	95.72%

See accompanying Notes to Required Supplementary Information.

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

<u>District Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
6/30/15	\$ 2,843,593	\$ 2,843,593	\$ -	\$ 41,296,560	6.89%
6/30/16	2,812,735	2,812,735	-	41,997,168	6.70%
6/30/17	2,844,921	2,844,921	-	42,452,401	6.70%
6/30/18	2,816,778	2,816,778	-	41,752,198	6.75%
6/30/19	2,882,298	2,882,298	-	43,532,044	6.62%
6/30/20	3,158,126	3,158,126	-	47,468,768	6.65%
6/30/21	3,317,436	3,317,436	-	49,878,160	6.65%
6/30/22	3,262,249	3,262,249	-	49,395,318	6.60%
6/30/23	3,434,735	3,434,735	-	51,286,939	6.70%

See accompanying Notes to Required Supplementary Information.

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 1 OTHER POSTEMPLOYMENT BENEFITS

There were no changes of benefit terms.

As of June 30, 2022, there were no retirees left in the Plan. The School Board approved termination of the Plan and trust in accordance with the trust agreement in October 2023.

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

NOTE 2 WISCONSIN RETIREMENT SYSTEM

Changes of Benefit Terms

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

Changes of Assumptions

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

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

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

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

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

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING

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

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

- Based upon requests from District staff, District administration recommends budget proposals to the School Board.
- The School Board prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
- Pursuant to the public budget hearing, the School Board may make alterations to the proposed budget.
- Once the School Board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire School Board.
- Appropriations lapse at year-end unless authorized as a carryover by the School Board. The portion of fund balance representing carryover appropriations is reported as a committed or assigned fund balance in the fund financial statements.
- Encumbrance accounting is used by the District as an extension of formal budgetary control during the year.
- The DPI requires the District to separate special education revenues and expenditures from other General Fund amounts.

The District did not have any material violation of legal or contractual provisions for the fiscal year ended June 30, 2023.

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Budgetary Information

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

	General	Special Education Fund
Revenues:		
Actual Amounts (Budgetary Basis)	\$ 94,152,795	\$ 6,395,607
Reclassification of Special Education	6,395,607	(6,395,607)
Total Revenues	<u>100,548,402</u>	<u>-</u>
Expenditures:		
Actual Amounts (Budgetary Basis)	86,186,233	17,512,828
Reclassification of Special Education	17,512,828	(17,512,828)
Total Expenditures	<u>103,699,061</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures:		
Actual Amounts (Budgetary Basis)	7,966,562	(11,117,221)
Reclassification of Special Education	(11,117,221)	11,117,221
Excess of Revenues Over (Under) Expenditures	<u>(3,150,659)</u>	<u>-</u>
Other Financing Sources (Uses):		
Actual Amounts (Budgetary Basis)	(10,185,361)	11,117,221
Reclassification of Special Education	11,117,221	(11,117,221)
Total Other Financing Sources (Uses)	<u>931,860</u>	<u>-</u>
Net Change In Fund Balance:		
Actual Amounts (Budgetary Basis)	(2,218,799)	-
Reclassification of Special Education	-	-
Net Change In Fund Balance	<u>(2,218,799)</u>	<u>-</u>
Fund Balance - July 1:		
Actual Amounts (Budgetary Basis)	25,307,887	-
Reclassification of Special Education	-	-
Fund Balance - July 1	<u>25,307,887</u>	<u>-</u>
Fund Balance - June 30:		
Actual Amounts (Budgetary Basis)	23,089,088	-
Reclassification of Special Education	-	-
Fund Balance - June 30	<u><u>\$ 23,089,088</u></u>	<u><u>\$ -</u></u>

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Excess of Expenditures Over Budget Appropriations

The following expenditure accounts of the governmental funds had actual expenditures in excess of budget appropriations for the year ended June 30, 2023 as follows:

<u>Funds</u>	<u>Excess Expenditures</u>
General:	
Instruction:	
Regular Instruction	\$ 922,251
Support Services:	
Instructional Staff Services	7,936
Operations and Maintenance of Plant	173,920
Pupil Transportation Services	178,596
Other Support Services	306,996
Debt Service:	
Principal	12,581
Interest and Fiscal Charges	10,749
Nonprogram:	
Charter School Payments	74,112
Special Education:	
Debt Service:	
Principal	62
Interest and Fiscal Charges	5
Nonprogram:	
Special Education Tuition Payments	24,262

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

SUPPLEMENTARY INFORMATION

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Special Revenue		
	Donations	Food Service	Community Service
ASSETS			
Cash and Investments	\$ 1,376,253	\$ 2,556,710	\$ 634,319
Receivables:			
Accounts	51,431	-	-
Due from Other Governments	-	305,914	-
Total Assets	<u>\$ 1,427,684</u>	<u>\$ 2,862,624</u>	<u>\$ 634,319</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ 100,607
Accrued and Other Current Liabilities	32,934	22,376	12,769
Total Liabilities	<u>32,934</u>	<u>22,376</u>	<u>113,376</u>
FUND BALANCES			
Restricted	1,394,750	2,840,248	520,943
Total Fund Balances	<u>1,394,750</u>	<u>2,840,248</u>	<u>520,943</u>
Total Liabilities and Fund Balances	<u>\$ 1,427,684</u>	<u>\$ 2,862,624</u>	<u>\$ 634,319</u>

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2023

	Capital Projects	Debt Service		Total Nonmajor Governmental Funds
	Other Capital Projects	Nonreferendum Debt Service	Referendum Debt Service	
ASSETS				
Cash and Investments	\$ 446,005	\$ 467,708	\$ 1,201,989	\$ 6,682,984
Receivables:				
Accounts	-	-	-	51,431
Due from Other Governments	-	-	-	305,914
Total Assets	<u>\$ 446,005</u>	<u>\$ 467,708</u>	<u>\$ 1,201,989</u>	<u>\$ 7,040,329</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 243,500	\$ -	\$ -	\$ 344,107
Accrued and Other Current Liabilities	-	-	-	68,079
Total Liabilities	<u>243,500</u>	<u>-</u>	<u>-</u>	<u>412,186</u>
FUND BALANCES				
Restricted	<u>202,505</u>	<u>467,708</u>	<u>1,201,989</u>	<u>6,628,143</u>
Total Fund Balances	<u>202,505</u>	<u>467,708</u>	<u>1,201,989</u>	<u>6,628,143</u>
Total Liabilities and Fund Balances	<u>\$ 446,005</u>	<u>\$ 467,708</u>	<u>\$ 1,201,989</u>	<u>\$ 7,040,329</u>

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

	Special Revenue		
	Donations	Food Service	Community Service
REVENUES			
Property Taxes	\$ -	\$ -	\$ 500,099
Other Local Sources	1,902,862	1,508,846	170,062
State Sources	-	93,250	-
Federal Sources	-	2,820,506	20,035
Other Sources	-	-	-
Total Revenues	1,902,862	4,422,602	690,196
EXPENDITURES			
Instruction:			
Regular Instruction	932,752	-	-
Other Instruction	877,856	-	-
Total Instruction	1,810,608	-	-
Support Services:			
Instructional Staff Services	24,268	-	-
General Administration Services	-	-	3,424
Business Services	4,690	-	-
Operations and Maintenance of Plant	130	-	212,124
Pupil Transportation Services	14,231	-	-
Food Services	-	4,450,389	-
Central Services	3,505	204	-
Other Support Services	75,931	-	-
Total Support Services	122,755	4,450,593	215,548
Debt Service:			
Principal	-	934	-
Interest and Fiscal Charges	-	88	-
Total Debt Service	-	1,022	-
Community Service	-	-	326,457
Total Expenditures	1,933,363	4,451,615	542,005
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(30,501)	(29,013)	148,191
OTHER FINANCING SOURCES			
Proceeds from Sale of Capital Assets	-	2,888	-
NET CHANGE IN FUND BALANCES	(30,501)	(26,125)	148,191
Fund Balances - Beginning of Year	1,425,251	2,866,373	372,752
FUND BALANCES - END of YEAR	<u>\$ 1,394,750</u>	<u>\$ 2,840,248</u>	<u>\$ 520,943</u>

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

	Capital Projects	Debt Service		Total Nonmajor Governmental Funds
	Other Capital Projects	Nonreferendum Debt Service	Referendum Debt Service	
REVENUES				
Property Taxes	\$ -	\$ 2,071,563	\$ 8,388,522	\$ 10,960,184
Other Local Sources	46,629	21,036	73,124	3,722,559
State Sources	-	-	-	93,250
Federal Sources	-	-	-	2,840,541
Other Sources	8,682	-	-	8,682
Total Revenues	55,311	2,092,599	8,461,646	17,625,216
EXPENDITURES				
Instruction:				
Regular Instruction	-	-	-	932,752
Other Instruction	-	-	-	877,856
Total Instruction	-	-	-	1,810,608
Support Services:				
Instructional Staff Services	-	-	-	24,268
General Administration Services	-	-	-	3,424
Business Services	-	-	-	4,690
Operations and Maintenance of Plant	5,385,927	-	-	5,598,181
Pupil Transportation Services	-	-	-	14,231
Food Services	-	-	-	4,450,389
Central Services	-	-	-	3,709
Other Support Services	-	-	-	75,931
Total Support Services	5,385,927	-	-	10,174,823
Debt Service:				
Principal	-	1,240,000	6,065,000	7,305,934
Interest and Fiscal Charges	-	848,124	2,440,279	3,288,491
Total Debt Service	-	2,088,124	8,505,279	10,594,425
Community Service	-	-	-	326,457
Total Expenditures	5,385,927	2,088,124	8,505,279	22,906,313
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,330,616)	4,475	(43,633)	(5,281,097)
OTHER FINANCING SOURCES				
Proceeds from Sale of Capital Assets	-	-	-	2,888
NET CHANGE IN FUND BALANCES	(5,330,616)	4,475	(43,633)	(5,278,209)
Fund Balances - Beginning of Year	5,533,121	463,233	1,245,622	11,906,352
FUND BALANCES - END of YEAR	<u>\$ 202,505</u>	<u>\$ 467,708</u>	<u>\$ 1,201,989</u>	<u>\$ 6,628,143</u>

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOL AUTHORIZER OPERATING COSTS
YEAR ENDED JUNE 30, 2023**

OPERATING ACTIVITY	<u>Object</u>	<u>Point of Discovery School</u>
Employee Salaries	100	\$ 5,500
Employee Benefits	200	2,321
Purchased Services	300	-
Noncapital Objects	400	-
Capital Objects	500	-
Short-Term Debt	600	-
Insurance and Judgments	700	-
Other	900	-
Total		<u><u>\$ 7,821</u></u>

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Stevens Point Area Public School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Stevens Point Area Public School District's basic financial statements, and have issued our report thereon dated December 11, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

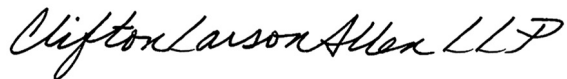
As part of obtaining reasonable assurance about whether Stevens Point Area Public School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could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

Stevens Point Area Public School District's Response to Finding

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

Purpose of This Report

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



CliftonLarsonAllen LLP

Wausau, Wisconsin
December 11, 2023

FEDERAL AND STATE AWARDS



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

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Stevens Point Area Public School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and *Wisconsin State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of Stevens Point Area Public School District's major federal and state programs for the year ended June 30, 2023. Stevens Point Area Public School District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Stevens Point Area Public School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*. Our responsibilities under those standards, the Uniform Guidance, and the *State Single Audit Guidelines* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the *State Single Audit Guidelines* we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Stevens Point Area Public School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Stevens Point Area Public School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of Stevens Point Area Public School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and the *State Single Audit Guidelines*, which are described in the accompanying schedule of findings and questioned costs as items 2023-002 and 2023-003. Our opinion on each major and state federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

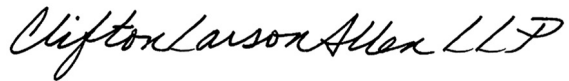
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-002 and 2023-003, to be significant deficiencies.

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

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

School Board
Stevens Point Area Public School District

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

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

CliftonLarsonAllen LLP

Wausau, Wisconsin
December 11, 2023

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

<u>Grantor Agency/Federal Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Agency</u>	<u>Pass-Through Entity Identifying Number</u>	<u>(Accrued) Deferred Revenue 7/1/22</u>	<u>Cash Received (Refunded)</u>	<u>Accrued (Deferred) Revenue 6/30/23</u>	<u>Total Expenditures</u>	<u>Subrecipient Payments</u>
U.S. DEPARTMENT OF AGRICULTURE								
Child Nutrition Cluster:								
School Breakfast Program	10.553	WI DPI	2023-495607-DPI-SB-546	\$ (9,365)	\$ 212,384	\$ 36,251	\$ 239,270	\$ -
School Breakfast Program	10.553	WI DPI	2023-495607-DPI-SB-SEVERE-546	(8,662)	185,105	34,613	211,056	-
Total School Breakfast Program				(18,027)	397,489	70,864	450,326	-
National School Lunch Program	10.555	WI DPI	2023-495607-DPI-NSL-547	(45,762)	1,509,798	234,023	1,698,059	-
National School Lunch Program - Donated Commodities	10.555	WI DPI	N/A	-	404,874	-	404,874	-
Total National School Lunch Program				(45,762)	1,914,672	234,023	2,102,933	-
Summer Food Service Program for Children - Donated Commodities	10.559	WI DPI	N/A	-	2,600	-	2,600	-
Summer Food Service Program for Children	10.559	WI DPI	2023-495607-DPI-SFSP-586	-	166,521	-	166,521	-
Total Summer Food Service Program for Children				-	169,121	-	169,121	-
Total Child Nutrition Cluster				(63,789)	2,481,282	304,887	2,722,380	-
Child and Adult Care Food Program	10.558	WI DPI	2023-495607-DPI-AR-551	(1,039)	98,139	1,026	98,126	-
Total U.S. Department of Agriculture				(64,828)	2,579,421	305,913	2,820,506	-
U.S. DEPARTMENT OF EDUCATION								
Title I Grants to Local Educational Agencies	84.010A	WI DPI	2022-495607-DPI-TIA-141	(210,555)	210,555	-	-	-
Title I Grants to Local Educational Agencies	84.010A	WI DPI	2023-495607-DPI-TIA-141	-	665,154	230,184	895,338	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2022-495607-DPI-TID-144	(3,511)	3,511	-	-	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2023-495607-DPI-TID-144	-	54,558	5,182	59,740	-
Total Title I Grants to Local Educational Agencies				(214,066)	933,778	235,366	955,078	-
Migrant Education State Grant Program	84.011	WI DPI	2023-495607-DPI-T1C-142	-	21,525	-	21,525	-
Special Education Cluster (IDEA):								
Special Education Grants to States	84.027A	WI DPI	2022-495607-DPI-FLOW-341	(391,663)	391,663	-	-	-
Special Education Grants to States	84.027A	WI DPI	2023-495607-DPI-FLOW-341	-	1,413,212	360,802	1,774,014	-
Special Education Grants to States	84.027A	WI DPI	2022-495607-DPI-UDLSUP-342	(1,070)	1,070	-	-	-
Special Education Grants to States	84.027A	WI DPI	2023-495607-DPI-UDLSUP-342	-	13,223	-	13,223	-
Total Special Education Grants to States				(392,733)	1,819,168	360,802	1,787,237	-
Special Education Preschool Grants	84.173A	WI DPI	2022-495607-DPI-PRESCH-347	(10,166)	10,166	-	-	-
Special Education Preschool Grants	84.173A	WI DPI	2023-495607-DPI-PRESCH-347	-	32,077	9,988	42,065	-
Total Special Education Preschool Grants				(10,166)	42,243	9,988	42,065	-
Total Special Education Cluster (IDEA)				(402,899)	1,861,411	370,790	1,829,302	-

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

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

<u>Grantor Agency/Federal Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Agency</u>	<u>Pass-Through Entity Identifying Number</u>	<u>(Accrued) Deferred Revenue 7/1/22</u>	<u>Cash Received (Refunded)</u>	<u>Accrued (Deferred) Revenue 6/30/23</u>	<u>Total Expenditures</u>	<u>Subrecipient Payments</u>
U.S. DEPARTMENT OF EDUCATION (CONTINUED)								
Career and Technical Education - Basic Grants to States	84.048	WI DPI	2022-495607-CTE-400	\$ (7,163)	\$ 7,163	\$ -	\$ -	\$ -
Career and Technical Education - Basic Grants to States	84.048	WI DPI	2023-495607-CTE-400	-	36,067	25,394	61,461	-
Total Career and Technical Education - Basic Grants to States				(7,163)	43,230	25,394	61,461	-
English Language Acquisition State Grants	84.365A	WI DPI	2022-495607-DPI-TIIIA-391	(1,186)	1,186	-	-	-
English Language Acquisition State Grants	84.365A	WI DPI	2023-495607-DPI-TIIIA-391	-	39,301	2,938	42,239	-
Total English Language Acquisition State Grants				(1,186)	40,487	2,938	42,239	-
Supporting Effective Instruction State Grants	84.367A	WI DPI	2022-495607-DPI-TIIA-365	(51,123)	51,123	-	-	-
Supporting Effective Instruction State Grants	84.367A	WI DPI	2023-495607-3DPI-TIIA-365	-	161,345	33,563	194,908	-
Total Improving Teacher Quality State Grants				(51,123)	212,468	33,563	194,908	-
Student Support and Academic Enrichment Program	84.424A	WI DPI	2022-495607-DPI-TIV-A-381	-	67,443	300	67,743	-
COVID-19 Elementary and Secondary School Emergency Relief	84.425U	WI DPI	2022-495607-DPI-ESSERFIII-165	(741,573)	2,929,790	833,927	3,022,144	-
COVID-19 Elementary and Secondary School Emergency Relief	84.425U	WI DPI	2023-495607-DPI-LETRS-165	-	6,134	-	6,134	-
COVID-19 Elementary and Secondary School Emergency Relief	84.425U	WI DPI	2023-495607-DPI-ESF Af-Sch-165	-	-	156,014	156,014	-
COVID-19 Elementary and Secondary School Emergency Relief	84.425W	WI DPI	2022-495607-DPI-ARPHCYII-173	-	3,053	-	3,053	-
Total Elementary and Secondary School Emergency Relief				(741,573)	2,938,977	989,941	3,187,345	-
Total U.S. Department of Education				(1,418,010)	6,119,319	1,658,292	6,359,601	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Medicaid Cluster:								
Medical Assistance Program	93.778	WI DHS	4421590	-	894,660	-	894,660	-
COVID-19 Public Health Emergency Response:								
COVID-19 Cooperative Agreement for Emergency Response:								
Public Health Crisis Response	93.354	CESA 5	Unknown	-	56,469	-	56,469	-
Total U.S. Department of Health and Human Services				-	951,129	-	951,129	-
Total Expenditures of Federal Awards				<u>\$ (1,482,838)</u>	<u>\$ 9,649,869</u>	<u>\$ 1,964,205</u>	<u>\$ 10,131,236</u>	<u>\$ -</u>

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

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED JUNE 30, 2023**

<u>Grantor Agency/State Program Title</u>	<u>State I.D. Number</u>	<u>Pass-Through Agency</u>	<u>State Identifying Number</u>	<u>(Accrued) Deferred Revenue 7/1/22</u>	<u>Cash Received (Refunded)</u>	<u>Accrued (Deferred) Revenue 6/30/23</u>	<u>Total Expenditures</u>	<u>Subrecipient Payments</u>
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION								
Special Education and School Age Parents	255.101	Direct Program	495607-100	\$ -	\$ 4,252,009	\$ -	\$ 4,252,009	\$ -
Special Education and School Age Parents	255.101	CESA 5	Unknown	-	922	-	922	-
State School Lunch Aid	255.102	Direct Program	495607-107	-	31,141	-	31,141	-
Common School Fund (School Library) Aid	255.103	Direct Program	495607-104	-	462,466	-	462,466	-
Bilingual Bicultural Aid Lea	255.106	Direct Program	495607-111	-	109,879	-	109,879	-
General Transportation Aid	255.107	Direct Program	495607-102	-	427,358	-	427,358	-
WI School Day Milk Program	255.115	Direct Program	495607-109	-	36,950	-	36,950	-
Equalization Aids	255.201	Direct Program	495607-116	-	47,691,039	-	47,691,039	-
High Cost Special Education Aid	255.210	Direct Program	495607-119	-	123,899	-	123,899	-
Peer Review and Mentoring	255.301	Direct Program	495607-141	-	24,934	-	24,934	-
State School Breakfast Aid	255.344	Direct Program	495607-108	-	25,159	-	25,159	-
Tuition Payments by State	255.401	Direct Program	495607-157	-	112,668	-	112,668	-
Early College Credit Program	255.445	Direct Program	495607-178	-	5,333	-	5,333	-
Educator Effective Evaluation System	255.940	Direct Program	495607-154	-	44,240	-	44,240	-
Per Pupil Aid	255.945	Direct Program	495607-113	-	5,263,748	-	5,263,748	-
High Cost Transportation Aid	255.947	Direct Program	495607-114	-	20,974	-	20,974	-
Career and Technical Education Incentive Grants	255.950	Direct Program	495607-152	-	59,041	-	59,041	-
Assessments of Reading Readiness	255.956	Direct Program	495607-166	-	11,265	-	11,265	-
Aid for Special Ed Transition Grant BBL	255.960	Direct Program	495607-168	-	28,662	-	28,662	-
Total Wisconsin Department of Public Instruction				-	58,731,687	-	58,731,687	-
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT								
Youth Apprenticeship	445.107	MSTC	Unknown	-	17,208	-	17,208	-
Total Wisconsin Department of Workforce Development				-	17,208	-	17,208	-
Total State Programs				\$ -	\$ 58,748,895	\$ -	\$ 58,748,895	\$ -

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

STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2023

NOTE 1 BASIS OF PRESENTATION

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

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

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the District's 2023 fund financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and *State Single Audit Guidelines*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the District in the succeeding year while unearned revenue represents advances for federal and state programs that exceed recorded District expenditures. Because of subsequent program adjustments, these amounts may differ from the prior year's ending balances.

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

NOTE 3 FOOD DISTRIBUTION

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

NOTE 4 OVERSIGHT AGENCIES

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

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

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2023**

NOTE 5 PASS-THROUGH ENTITIES

Federal and state awards have been passed through the following entities:

WI DHS – Wisconsin Department of Health Services
WI DPI – Wisconsin Department of Public Instruction
CESA 5 – Cooperative Educational Service Agency No. #5
MSTC – Mid-State Technical College

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section I – Summary of the Auditors' Results

Basic Financial Statements

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

Federal Awards

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

Identification of Major Federal Programs

Assistance Listing Numbers

Name of Federal Program or Cluster

10.553
10.555
10.559

Child Nutrition Cluster:
National School Breakfast Program
National School Lunch Program
Summer Food Service Program

84.425U & 84.425W

Elementary and Secondary School
Emergency Relief

84.010

Title I Grants to Local Educational Agencies

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

\$ 750,000

Auditee qualified as low-risk auditee?

_____ x yes _____ no

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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

State Financial Assistance

1. Internal control over state programs:

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

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

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

Identification of Major State Programs

State ID Number

255.103
255.107
255.201
255.945

Name of State Program

Common School Library Fund
General Transportation Aid
Equalization Aids
Per Pupil Aid

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

\$ 250,000

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings

2023-001 Preparation of Annual Financial Report

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

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

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

Effect: The District may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.

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

Repeat Finding: The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2022-001.

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

Views of Responsible Officials and Planned Corrective Actions: There is no disagreement with the audit finding. Management continues to rely on the audit firm to prepare its financial statements. Management reviews and approves the financial statements prior to issuance.

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section III – Federal and State Award Findings and Questioned Costs

2023-002 Child Nutrition Reporting

Federal Agency: US Department of Agriculture

Federal Program Name: Child Nutrition Cluster

Assistance Listing Number: 10.553, 10.555, 10.559

Federal Award Identification Number and Year: Unknown

Pass-Through Agency: Wisconsin Department of Public Instruction

Pass-Through Number(s): 2023-495607-DPI-SB-546, 2023-495607-DPI-SB-SEVERE-546, 2023-495607-DPI-NSL-547, 2023-495607-DPI-SFSP-586, Unknown

Award Period: July 1, 2022 – June 30, 2023

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matter

Criteria or Specific Requirement: Each request for reimbursement should be based on accurate and precise data. Review of the reimbursement request and supporting documentation by someone other than the preparer prior to submitting the request for reimbursement is an internal control intended to prevent or decrease the occurrence of errors.

Condition: Two of the eight claims in our sample did not reconcile to the underlying meal count records of the district. Food service director reviews the meal counts prepared by food service employees and enters that data into the DPI system for reimbursement. There was no subsequent view of the data entered into DPI's food service claim system prior to submission. Accordingly, this does not allow for a proper segregation of duties for internal control purposes over reporting compliance requirements.

Questioned Costs: None

Context: In the 3 School Breakfast claims tested, the District reported a total of 98,286 meals served, but had records to support 101,834. For the 5 National School Lunch Program claims tested, the District reported 342,381 meals served, but had records to support 342,399.

Cause: The District did not have a procedure in place to ensure the amounts entered into the Grant Reporting portal were accurate as there is no one reviewing the reimbursement requests before submission to verify accuracy of meal counts reported against supporting documentation.

Effect: The District filed incorrect meal reporting during the year and received the incorrect funding amount.

Repeat Finding: No.

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section III – Federal and State Award Findings and Questioned Costs (Continued)

2023-002 Child Nutrition Reporting (Continued)

Recommendation: We recommend the District implement a review procedure over reimbursement requests where someone other than the preparer reviews the claim to ensure counts agree back to supporting documentation prior to the reimbursement request being filed with the granting agency. In addition, due to the size and complexity of the reporting, we recommend the District review the compiling procedures for the schools to ensure the compilation procedure is complete and accurate.

View of Responsible Officials: There is no disagreement with the audit finding.

2023-003 General Transportation Aid Reporting

State Agency: Wisconsin Department of Public Instruction

State I.D. Number: 255.107

State Identifying Number: 495607-102

Award period: July 1, 2022 – June 30, 2023

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matter

Compliance Requirements: Reporting.

Criteria or Specific Requirement: Each request for reimbursement should be reviewed to ensure reports are free from error or fraud. Those reviewing the report should look at the data prior to submission to ensure amounts are free from error or fraud. Proper systems should also be in place to ensure data is not erroneous when being pulled from the source.

Condition: The Director of Transportation is responsible for preparing the Pupil Transportation Grant annual report and sends it to the Finance Manager to review and submit. In both the preparation and review steps there was no test or verification to check for duplicates. There was also no test or verification to check for incorrect mileage categories calculated by the transportation software used by the district.

Questioned Costs: None

Context: While performing audit procedures, it was found that the number of students transported was overreported by 16. This was due to some students being reported in two different mileage categories. Our testing also noted that one student in our sample of 25 students was misclassified for their mileage category, being in the 0-2 mile category when they should have been in the 2-5 mile category.

**STEVENS POINT AREA PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section III – Federal and State Award Findings and Questioned Costs (Continued)

2023-003 General Transportation Aid Reporting (Continued)

Cause: Students with a mileage amount exactly in between two categories being pulled in to both categories (i.e. the distance transported was 2.0 miles so the student was pulled into both the 0-2 and 2-5 categories) in the transportation software. There was also what appeared to be a glitch for the calculation of the mileage for the one student. In expanded testing done by both CLA and the client no other instances of this were found, and it appears to be an isolated incident.

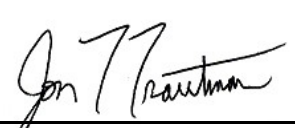
Effect: Claims could result in over- or under-claiming of pupil transportation funds resulting in potential payments back to WI DPI or receiving less reimbursement than is due to the District.

Repeat Finding: No

Recommendation: We recommend the district include a test to check for duplicates in the preparation and review stages of the transportation report to catch any potential double-listing. We also recommend the district contacts the software company to report the issue and have it corrected. We also recommend that both the preparer and reviewer test a handful of students each reporting period to verify the transportation software has correctly calculated and categorized students prior to filing the claim.

Views of Responsible Officials: There is no disagreement with the audit finding.

Section IV – Other Issues

- | | |
|---|--|
| 1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? | No |
| 2. Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue, or excess reserve) related to grant/contracts with funding agencies that require audits to be in accordance with the <i>State Single Audit Guidelines</i> : | |
| a. Department of Health Services | No |
| b. Department of Public Instruction | Yes |
| 3. Was a management letter or other document conveying audit comments issued as a result of this audit? | No |
| 4. Name and signature of principal | <div style="text-align: center;">

Jon T. Trautman, CPA</div> |
| 5. Date of report | December 11, 2023 |

